

**Wednesday
8 March 2017**

**Volume 622
No. 121**



**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Wednesday 8 March 2017

House of Commons

Wednesday 8 March 2017

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

MIDDLE LEVEL BILL

Second Reading opposed and deferred until Wednesday 15 March (Standing Order No. 20).

Oral Answers to Questions

WALES

The Secretary of State was asked—

Article 50

1. **Stuart C. McDonald** (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): What recent discussions he has had with the Secretary of State for Exiting the European Union on the process for triggering article 50. [909071]

The Secretary of State for Wales (Alun Cairns): I encourage the whole House to recognise that today is International Women's Day. Events are taking place here in Parliament and across government.

I have regular discussions with the Secretary of State for Exiting the European Union to ensure that our exit from the EU is a success. As members of the European Union Exit and Trade Cabinet Committee and the Joint Ministerial Committee (EU Negotiations), we are committed to working closely with the devolved Administrations to ensure that exiting the EU has a fair and strong outcome.

Stuart C. McDonald: I join the Secretary of State in welcoming International Women's Day.

At yesterday's sitting of the Exiting the EU Committee, the Welsh Finance Secretary, Mark Drakeford, voiced concerns about the UK Government using Brexit to grab new powers over such things as farming and fishing, which should without question go directly to Cardiff and Edinburgh under the existing devolution settlements. Can the Secretary of State give a cast-iron guarantee that there will be no such attempt to undermine and row back on devolution?

Alun Cairns: We have already said that no decisions currently taken by the devolved Administrations will be removed from them. We will use the return of decision making from Europe back to the UK to strengthen devolution and the Union.

Sir Edward Leigh (Gainsborough) (Con): On behalf of the people of Wales, will my right hon. Friend tell the Secretary of State for Exiting the European Union that nobody—not the unelected House of Lords or anybody else—is going to stand in the way of the will of the Welsh people to have their freedom?

Alun Cairns: My hon. Friend reminds us that Wales voted to leave the European Union at the recent referendum. There is an obligation on the Government and on both Houses of Parliament to accept its outcome.

9. [909079] **Nick Smith** (Blaenau Gwent) (Lab): A hard Brexit would be bad for jobs in Wales. Blaenau Gwent has one of the highest unemployment rates in the country, yet the Department for Work and Pensions proposes shutting Tredegar jobcentre. Will the Secretary of State meet me to talk about supporting the people of Blaenau Gwent into work?

Alun Cairns: I will happily meet the hon. Gentleman, although I do not necessarily recognise his message about our approach to Brexit—we want a deal that works for every part of the United Kingdom.

I am sure that the hon. Gentleman would welcome the fact that unemployment across Wales is lower than the UK average, which is remarkable considering the industrial heritage of constituencies in Wales such as the hon. Gentleman's. I will happily work with him on the issues he raises in connection with the Department for Work and Pensions.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): In his evidence to the Brexit Select Committee yesterday, Cabinet Secretary Mark Drakeford also said that the Welsh Government were, disgracefully, not made aware of the UK Government's 12-point Brexit plan or their White Paper. What is the Secretary of State doing to ensure that the Plaid Cymru-Welsh Government Brexit White Paper is fed into the article 50 letter and accompanying documents?

Alun Cairns: The Welsh Government's White Paper on exiting the European Union was considered by the Joint Ministerial Committee at the end of February, and we have a significant amount of common ground. The Welsh Government talk about "unfettered access", while my right hon. Friend the Prime Minister has talked about "frictionless" access and trade. We can work on the basis of a lot of common ground, and I am optimistic that we will continue to work in a positive environment with the Welsh Government and the other devolved Administrations to secure a Brexit deal that works for every part of the United Kingdom.

Infrastructure Investment: North Wales

2. **Ian C. Lucas** (Wrexham) (Lab): What recent discussions he has had with the Chancellor of the Exchequer on infrastructure investment in north Wales. [909072]

The Parliamentary Under-Secretary of State for Wales (Guto Bebb): My right hon. Friend the Secretary of State and I hold regular discussions with colleagues from across Government to champion the people and businesses of north Wales. Our commitment to north Wales is demonstrated by the Government's £212 million

investment in HMP Berwyn, and we have opened the door to a north Wales growth deal further to strengthen the region's economy.

Ian C. Lucas: The Mersey Dee Alliance meets tomorrow in Wrexham at Glyndwr University. It has presented a coherent and effective transport plan for improving links between north Wales and the rest of the country. Will the Government give us not just warm words, but a financial commitment to north Wales to match the investment put in by the Welsh Government?

Guto Bebb: The hon. Gentleman knows that the plans that he supports for better connectivity between north Wales and the north-west of England are also strongly supported by the Wales Office. The proposals made by stakeholders in north Wales are being given serious consideration, but I would not want to prejudge any financial decision made by other Departments here in Westminster.

Dr James Davies (Vale of Clwyd) (Con): Is the Minister aware of significant concerns among local authorities covering north Wales, west Cheshire, east Cheshire, Warrington and other areas about the inadequacy of the current proposals for the HS2 station at Crewe, in terms of both line routing and platform and junction arrangements? Will he undertake to represent those concerns at the highest level to ensure that a fit-for-purpose Crewe hub station can bring regional connectivity and economic benefits?

Guto Bebb: I pay tribute to my hon. Friend for his work in respect of the importance of connectivity between north Wales and the north-west of England, as well as more widely. He is clearly aware of the potential of HS2 to open the door to better connectivity. I recognise his concern about the Crewe hub. We are discussing the issue at a ministerial level, but I would be delighted to meet him to discuss it further at any point.

Albert Owen (Ynys Môn) (Lab): I look forward to welcoming the Secretary of State to my constituency tomorrow so that he can see the importance of connectivity between Wales, Ireland and the rest of the United Kingdom. On the broadband universal service obligation, has the Minister made the case to other Departments for finance to roll out superfast broadband to the extra 5%?

Guto Bebb: The hon. Gentleman is well known for championing Anglesey. I thoroughly agree with him about the importance of connectivity, both digital and by road and rail. The Wales Office is continually making the case for a scheme to ensure that the whole UK is well served by digital connectivity as we exit the European Union.

Chris Davies (Brecon and Radnorshire) (Con): Given the interconnective nature of the Wales-England border to constituencies such as mine, does my hon. Friend agree that collaboration between local leaders and industry is essential for people living on the borders?

Guto Bebb: That is an important point. I was in mid-Wales over the weekend, and there is no doubt that that connectivity is part of day-to-day life there. I agree that both the Government and business need to co-operate across the Wales-England border.

11. [909081] **Liz Saville Roberts** (Dwyfor Meirionnydd) (PC): In the context of infrastructure, we have just heard that Brexit rebel Lord Heseltine, who had been overseeing work on the already overdue Swansea city deal, has been ousted by the Government. What hope have we of securing similar deals for the rest of Wales if experts are axed at the whim of an insecure Executive who are fearful of parliamentary sovereignty?

Guto Bebb: The hon. Lady highlights an issue that is in the news today. It should be emphasised that the Swansea Bay region city deal has a bottom-up agenda. Lord Heseltine did contribute significant expertise during a challenge session, and I am confident that we will have a city deal for the region, followed by further growth deals for Wales as a result of the Government's work to ensure that Wales benefits from investment in the same way as any other part of the United Kingdom.

Alison McGovern (Wirral South) (Lab): May I bring the Minister back to north Wales and raise the issue of its connectivity through my constituency? In his response to my hon. Friend the Member for Wrexham (Ian C. Lucas), he seemed to pass the buck to another part of the Government, and that is not good enough. Will he ensure that the Government and their silos do not restrict connectivity between Wales and English cities, and will he arrange a cross-governmental meeting with Members of Parliament who want more investment in the connection between north Wales and Merseyside?

Guto Bebb: As a north Wales Member, I am very happy to be brought back to north Wales—that is nothing other than a pleasure.

The Government are moving ahead with a cross-border growth deal that will benefit north Wales and the north-west of England. The aim is to improve connectivity between north Wales and the cities of Liverpool and Manchester. I am proud of the fact that 57 trains a week now travel from my constituency to Manchester, but we need more of that to improve the economies of north Wales and the north-west of England.

Christina Rees (Neath) (Lab/Co-op): I wish a happy International Women's Day to all the women in the world, especially my daughter, Angharad, who has been my inspiration.

Last week, Economy and Infrastructure Minister Ken Skates launched "Moving North Wales Forward", the Welsh Government's "Vision for North Wales and the North East Wales Metro". When will the Minister launch his vision for north Wales?

Guto Bebb: I welcome the hon. Lady to her post, and I am delighted to respond to her question on International Women's Day. However, I am disappointed that the Welsh Government's "Vision for North Wales" seems to be a vision for north-east Wales. The Department and the Government have a vision of connectivity throughout north Wales.

Welsh Language

3. **Henry Smith** (Crawley) (Con): What steps the Government are taking to promote the Welsh language across the UK.

[909073]

The Parliamentary Under-Secretary of State for Wales (Guto Bebb): I was delighted that, on St David's day, the House resolved that the use of Welsh be permitted in parliamentary proceedings of Select Committees and of the Welsh Grand Committee held in both Wales and here at Westminster. That is just one example of the work that we are doing to promote the Welsh language throughout the UK.

Henry Smith: I might represent an English constituency, but I am also proud of my Welsh ancestry. Does the Minister welcome the increased viewing figures for S4C in England?

Guto Bebb: My hon. Friend makes an important point. It was highlighted to me at a recent reception in the Wales Office that since the partnership between S4C and the BBC has seen S4C programmes being available on the iPlayer, the largest area of S4C viewing figure growth has been in England—a 25% rise over the last year alone. This must be welcomed by everybody who cares about the Welsh language and culture.

Mr David Hanson (Delyn) (Lab): The funding last year for S4C was £6.7 million; the funding for next year is £6.1 million. How does that square with the manifesto commitment that the Minister stood on in 2015 to protect funding for S4C?

Guto Bebb: The right hon. Gentleman will be aware that the commitment was that the funding for S4C would be frozen until after the delivery of a review of S4C, and I am quite certain that there will be an announcement that the funding will be frozen until after the review has taken place.

Michael Fabricant (Lichfield) (Con): I proudly served on the Bill Committee that considered the Welsh Language Act 1993, during the John Major Government, so I am fully in favour of the use of the Welsh language, but may we have some consistency in Wales on road signs? In some areas Welsh is first followed by English; in other areas it is vice versa—that does make life complicated.

Guto Bebb: I think that the whole House is aware of my hon. Friend's commitment to and support for Wales—and certainly his support for Welsh questions. He makes an interesting point, but with road signs in Wales it is very much a case of localism—this is a devolved issue. If a local authority wants Welsh first, Welsh is first, but if an authority, because of the linguistic nature of the area, prefers to have English first, it can choose to do so.

Mr Mark Williams (Ceredigion) (LD): May I press the Minister a bit further? He says that he is “quite certain” that a positive announcement will be made, but can he guarantee that the freeze will be carried on until the review of S4C is concluded? S4C does marvellous work not only in Wales but across the world, and it needs the reassurance that its funding will be frozen again.

Guto Bebb: The hon. Gentleman is well known for his support for S4C and the Welsh language, but I have stated very clearly that this Department is committed to ensuring that that manifesto commitment is delivered.

More importantly, we need a long-term agreement on the future of S4C, and the whole point of this review is to ensure that S4C not only has a decent financial situation for this year, but is on a strong footing for the future.

Paul Flynn (Newport West) (Lab): This institution has spent four centuries disrespecting the Welsh language, which existed and was a sophisticated literary language for 1,000 years before English existed, so we pay tribute to the late Wyn Roberts and my hon. Friend the Member for Clwyd South (Susan Elan Jones) for this step forward now: “O bydded i'r hen iaith barhau.”

Mr Speaker: Order. I say to the hon. Gentleman that the deployment of another language should in all courtesy be immediately followed by a translation for those who would benefit from it—but the hon. Gentleman can save that delight up for us for another occasion.

Guto Bebb: The hon. Gentleman finished his comments by saying, “Long may the language live,” and I subscribe to that viewpoint. I am very grateful to him for highlighting the work of my predecessor Lord Roberts of Conwy in relation to the Welsh Language Act 1993 and Welsh language education. The fact of the matter is that the Welsh language is no longer a political football, and it should never be a political football again. We need to support it in all parties across Wales.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): All in the Scottish National party support the Welsh language and Sianel Pedwar Cymru—S4C. Will the Minister use his good offices to reciprocate the good wishes of the SNP and urge the BBC to fund BBC Alba to the same levels as Sianel Pedwar Cymru so that we have the same support for Welsh and Gaelic across the UK, as they rightfully should have?

Guto Bebb: I have a very fond recollection of a holiday on the isle of Barra when I was 10 years old where I heard Scots-Gaelic being spoken in the streets. I understand that an increase of £1 million for BBC Alba has been announced, which is to be welcomed, and I would say that people in Scotland want to support that language in Scotland in the same way as people in Wales want to support the Welsh language.

International Business

4. **Charlie Elphicke (Dover) (Con):** What assessment he has made of the strength of Wales's international business links since the UK's decision to leave the EU. [909074]

The Secretary of State for Wales (Alun Cairns): Wales is an exporting nation. Welsh lamb, Penderyn whisky and Anglesey sea salt are all known well beyond our own borders, but we can do more. On Monday I hosted a business export summit in Cardiff to ensure that businesses in Wales have full access to UK Government business support for exports.

Charlie Elphicke: What steps is the Secretary of State taking to engage with and understand the needs of smaller businesses in Wales as we negotiate to leave the European Union?

Alun Cairns: My hon. Friend recognises this Government's global trading ambition. There are 1,200 staff in the Department for International Trade, across 109 countries. Any businesses based in Swansea are as entitled to the same sort of support as businesses based in Swindon, and I encourage them to use the Department for International Trade.

Geraint Davies (Swansea West) (Lab/Co-op): Some 44% of trade goes to the EU, but the amount from Wales is 70%. Last week in Swansea, the CBI and producers told me that it is imperative that we retain access to the single market and the customs union. The people of Wales did not vote to leave them. Will the Secretary of State assure us that he will do everything he can to keep that going so that our exports are free to continue?

Alun Cairns: I remind the hon. Gentleman that on Monday I held an event to promote exports to not only Europe but all parts of the globe. Clearly there are great opportunities, and last year 4,000 Welsh companies took their first steps towards exporting. Europe is an important market. We want frictionless trade with Europe, and we also want to look to the great opportunities that exiting the European Union will bring to not only Welsh businesses but businesses across the whole United Kingdom. *[Interruption.]*

Mr Speaker: Order. An excessive number of rather noisy private conversations are taking place. I understand the sense of anticipation, but it is very unfair on Members asking questions and the Minister answering. Let us have a decent audience for Mr Stephen Crabb.

Stephen Crabb (Preseli Pembrokeshire) (Con): Despite Wales having world-leading companies that contribute to humanitarian efforts in some of the poorest nations on earth, no Welsh company has been able to secure a contract with the Department for International Development. Will my right hon. Friend look into that and work with the excellent International Development Secretary to make DFID not only more pro-business, but more pro-Welsh business?

Alun Cairns: My right hon. Friend raises an extremely important point. Not only has he been a strong champion for Wales over many years, but he has shown a strong interest in overseas development. I will happily work with him and my right hon. Friend the International Development Secretary on overseas aid to ensure that Welsh businesses get the same opportunity as any other UK business to win contracts to help to support and develop those nations.

Christina Rees (Neath) (Lab/Co-op): At a St David's day celebration, Wales's First Minister, Carwyn Jones, declared that Wales is open for business. Last week he spent four days in America, boosting post-Brexit trade between the USA and Wales. Does the Secretary of State plan to visit the USA and recruit more business for Wales?

Alun Cairns: May I welcome the hon. Lady to the Dispatch Box for her first Welsh questions? Last week GE Aviation announced a £20 million investment in Nantgarw. The UK and Welsh Governments worked

together to land that significant employment opportunity, which will secure 1,200 jobs for more than two decades. My right hon. Friend the Secretary of State for International Trade always rightly underlines that every business in Wales is entitled to the same support as any business in England, and I am working closely with him on not only that but trade missions.

Steel Industry

5. **Nick Thomas-Symonds** (Torfaen) (Lab): What recent discussions he has had with the Welsh Government on the future of the steel industry in Wales. [909075]

The Secretary of State for Wales (Alun Cairns): I recently met the unions. Following the positive outcome of the recent ballot, it is now vital that all parties work together to deliver the agreed proposals. We will continue to engage with the sector, as well as with the unions, the devolved nations and other partners, as we seek to find a long-term viable solution for the industry.

Nick Thomas-Symonds: The International Trade Secretary is said to have stated that the Government should ignore those who argue for protection. Will the Welsh Secretary agree to argue for a proper trade defence mechanism for steel, if that is what is required?

Alun Cairns: I hope that the hon. Gentleman will look to this Government's positive record, in spite of the scaremongering of many Opposition Members. There are already 41 trade defence measures in place and the outcomes speak for themselves. Rebar coming into the European Union has reduced by 99%, as has wire rod—the statistics speak for themselves. This Government are determined to take the right action to support not only free trade but Welsh and UK businesses and industry.

Bob Blackman (Harrow East) (Con): Will my right hon. Friend update the House on what action has been taken to ensure that Welsh steel is used in British procurements across the UK?

Alun Cairns: My hon. Friend is absolutely right to suggest that significant steps have been taken since 12 months ago when the crisis broke. Energy-intensive industry support has meant that £134 million has now been paid to the steel sector, and I have already mentioned the fact that 41 trade defence measures are in place. We have also introduced flexibility over EU emissions regulations. We are determined to ensure that everything will be done to make the steel industry sustainable over the longer term.

Gerald Jones (Merthyr Tydfil and Rhymney) (Lab): There has been much discussion in the past week about the automotive industry, particularly about Ford in Bridgend and the acquisition of Vauxhall by PSA, which are of major importance in south Wales and north Wales respectively. The presence of a domestic steel industry is key to our automotive industry, so will the Minister tell us what discussions he has had with his Cabinet colleagues about the automotive and steel industries and what assurances he can give to both industries about the Government's commitment to their sustainability?

Alun Cairns: My right hon. Friend the Secretary of State for Business, Energy and Industrial Strategy and I are in regular communication, not only about steel but about the automotive sector. Although Ellesmere Port is not in Wales, there are clearly a significant number of Welsh employees in the workforce there. I hope that the hon. Gentleman will take encouragement from major investments such as that being made by Nissan in Sunderland. There are 100 automotive component industries based in Wales that will have access to those contracts—

Mr Speaker: We are grateful to the Secretary of State.

Valleys Lines: Electrification

6. **Chris Bryant** (Rhondda) (Lab): When he expects the electrification of the valleys lines to (a) start and (b) be completed. [909076]

The Parliamentary Under-Secretary of State for Wales (Guto Bebb): The Government have confirmed their commitment to contribute £125 million to the Cardiff city deal, which will provide an investment fund for the region and support for the electrification of the valleys lines. The project has the potential to broaden employment opportunities for those living in some of Wales's most deprived communities and to act as a significant incentive for business investment. The scope, planning and delivery of electrification are matters for the Welsh Government.

Chris Bryant: That is a pitiful answer. It does not answer the question at all. The former Secretary of State for Transport, the right hon. Member for Derbyshire Dales (Sir Patrick McLoughlin), who is talking to the present Secretary of State for Transport, told the House in October 2012 that the project would be finished by May 2015, but it has not even started. When will the Minister ensure that my constituents get the proper service that they require, with clean trains, disabled access, proper toilets and services that do not break down?

Guto Bebb: I think that the whole House enjoys the hon. Gentleman's rhetoric, but it would appear that he—[*Interruption.*]

Mr Speaker: Order. There is far too much noise in the Chamber. One cannot fail to hear the hon. Member for Rhondda (Chris Bryant), but I want to hear the Minister's reply.

Guto Bebb: It would appear that the hon. Gentleman does not understand the way devolution works. The city deal has been agreed with the Welsh Government, and the scope, planning and delivery of electrification are matters for the Welsh Government. I advise him to speak to his colleagues in the Welsh Labour Government.

Byron Davies (Gower) (Con): With the arrival of electrification in south Wales and the Government's investment in the new bimodal trains, which have been greatly welcomed in my constituency, we need the correct infrastructure to ensure that people in south-west Wales can benefit. This could be realised by the creation of a Parkway station at Swansea. Will the Minister meet me to discuss this, please?

Guto Bebb: I congratulate my hon. Friend on the work he is doing to ensure that south-west Wales also benefits from the electrification of the Great Western main line. I would be delighted to meet him to discuss the proposals for a Swansea Parkway station, which would be a huge boost for that city as it moves towards a city deal.

“Securing Wales’ Future”

7. **Patrick Grady** (Glasgow North) (SNP): Whether he is taking steps to implement the Plaid Cymru-Welsh Government's White Paper entitled “Securing Wales’ Future”, published in January 2017. [909077]

The Secretary of State for Wales (Alun Cairns): The White Paper, “Securing Wales’ Future”, was presented to the Joint Ministerial Committee on EU negotiations in late February, and we are discussing the detailed proposals with the Welsh Government.

Patrick Grady: Does the Minister realise that there is a difference between discussing a paper and taking action on it? When are the devolved Governments going to have any tangible action taken on their Brexit strategies; or are the devolved Assemblies not going to be part of empire 2.0 and instead be left with the scraps from the table?

Alun Cairns: I hope the hon. Gentleman will recognise that there is a significant amount of common ground between the Welsh Government's paper and the 12 principles that my right hon. Friend the Prime Minister has outlined. This Government are determined to deliver a deal that works for every part of the United Kingdom. We have already said that no decisions currently taken by the devolved Administrations will be removed from them and that we will use the return of powers from Europe to the United Kingdom to strengthen devolution and the Union of the United Kingdom.

Hywel Williams (Arfon) (PC): Over 5,000 EU students study in Wales and over 1,300 EU academics teach and do research, greatly adding to our national wellbeing. The Welsh Government's EU White Paper makes it clear that their position must be secured. Why will the Secretary of State's Government not adopt that elementary piece of economic good sense?

Alun Cairns: My right hon. Friend the Prime Minister and others have said that we want to seek the earliest agreement to secure the status of EU nationals living in the UK and of UK nationals living in the EU. It is not in our interests to undermine any one sector. We would like to press for an early agreement, but it takes two people to come to an agreement.

Hywel Williams: Today, on International Women's Day, my constituent Shromini Satkunarajah will be studying for her final exams in electrical engineering. She is likely to get a first in her field, in which there is a world shortage of qualified people, women in particular. Had this Government had their way, she would have been deported last week. How would her deportation have steadied the Chancellor's dodgy post-Brexit spreadsheet?

Alun Cairns: The hon. Gentleman will know that we do not comment on individual cases, but he will know the detail and the latest situation. I hope that he will recognise, on International Women's Day, that no other nation across the European Union has lower unemployment among women than Wales.

PRIME MINISTER

The Prime Minister was asked—
Engagements

Q1. [909121] **Mrs Sheryll Murray** (South East Cornwall) (Con): If she will list her official engagements for Wednesday 8 March.

The Prime Minister (Mrs Theresa May): I am sure that Members across the House will wish to join me in marking International Women's Day, as we celebrate the social, economic, cultural and political achievements of women both here and around the world. We are also redoubling our efforts to tackle the problems that women all too often still face.

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

Mrs Murray: I join the Prime Minister in celebrating International Women's Day. Since 2010, Conservatives in government have a proud record of protecting and supporting both the victims and those at risk of domestic violence and abuse. I saw that myself when I visited my local police, and I thank them for the difficult job that they do. The evil is that far too many women are still at risk and are still suffering. What more can the Prime Minister do to tackle this abhorrent crime?

The Prime Minister: My hon. Friend raises a serious issue. It is one in which I have taken a particular personal interest, and I attach great importance to the issue. Tackling domestic violence and abuse is a key priority for the Government. What we have already done in government has the potential to transform the way in which we think about and tackle these terrible crimes when they take place. We have already committed to bringing forward new legislation, and I have confirmed today an additional £20 million to support organisations working to tackle domestic violence and abuse. This means that the total funding available for our strategy to end violence against women and girls will be over £100 million in this Parliament.

Jeremy Corbyn (Islington North) (Lab): May I start by wishing all women a very happy International Women's Day today? I am proud that the Labour party has more women MPs than all other parties in this House combined and a shadow Cabinet of which half the members are women.

A month ago, I raised the question of the leaked texts between the leader of Surrey County Council and Government officials about social care. The Prime Minister's response was to accuse me of peddling "alternative facts". Will she explain the difference between a sweetheart deal and a gentleman's agreement?

The Prime Minister: First, the right hon. Gentleman references women in this House, and I point out to him that, actually, the Conservative party has recently taken a further measure in relation to women in this House by replacing a Labour male MP with a female Conservative.

The right hon. Gentleman asks about the issue in relation to Surrey County Council. The substance of what he asks is whether there has been a particular deal with Surrey County Council that is not available to other councils, and the answer is no. As I have said before, the ability to raise a social care precept of 3% is available to every council. The ability to retain 100% of business rates will be available to a number of councils in April. Let us look at them: Liverpool, Manchester and London. What do we know about those councils? They are all under Labour control. So what he is actually asking me is why a Conservative council should have access to an arrangement that is predominantly currently available to Labour councils.

Jeremy Corbyn: My question was about the arrangement between the Government and Surrey County Council. A recording has now emerged showing that the leader of Surrey County Council, David Hodge, said that there was a "gentleman's agreement" between him and the Government that meant that the council would not have to go ahead with a referendum. My question is: what deal was done with Surrey County Council? There is an acute social care crisis affecting every council, with £4.6 billion of cuts made to social care since 2010. Can the Prime Minister tell every other council in England what gentleman's agreement is available for them?

The Prime Minister: On today of all days, if the right hon. Gentleman could just be a little patient and wait half an hour for the Budget, he will find out what social care funding is available to all councils. If he is asking me whether there was a special deal for Surrey that was not available to other councils, the answer is no. If he is looking to uncover a conspiracy, I suggest he look behind him.

Jeremy Corbyn: If all the arrangements are so clear and above board, will the Prime Minister place in the Library of the House a record of all one-to-one meetings between the Secretary of State for Communities and Local Government and the Chancellor and any council leader or chair of social services anywhere in England? If there is no special deal, can she explain why Surrey is the only county council to be allowed into the business rates retention pilot when it has been denied to others?

The Prime Minister: The business rates retention pilot will come into force for a number of councils this April, and that includes, as I have already said, Liverpool, Greater Manchester, Greater London and others. In 2019-20, it will be available to 100% of councils. Councils will be able to apply to be part of a further pilot in 2018-19, and that goes for all councils across the country.

Jeremy Corbyn: The text said that there was a memorandum of understanding, and the Prime Minister said that there was no deal. She is now unclear about that. Did she actually know what arrangement was made with Surrey County Council? She is not keen to answer questions about that.

There is another area of deep concern across the whole country. Can the Prime Minister tell us how many new school places will be needed by 2020?

The Prime Minister: The right hon. Gentleman really should listen to the answers I give before he asks the next question. He said I did not answer the question about a special deal for Surrey; I think that I have now answered it three times, but I shall do it a fourth time: there was no special deal for Surrey that was not available to other councils.

Jeremy Corbyn: The Prime Minister was also asked just a moment ago about the number of new school places needed by 2020. Perhaps she could explain why we have a crisis in school places and class sizes are soaring, thanks to her Government. What is the answer on the number of new school places needed, Prime Minister?

The Prime Minister: This Government have a policy that is about not only increasing the number of school places but doing more than that. I want to increase the number of good school places, so that every child has an opportunity to go to a good school. That is what the money we are putting into education is about. It includes money for new free schools, which will be faith schools, university schools, comprehensives, grammar schools and maths schools. There will be a diversity, because what I want is a good school place for every child and for parents to have a choice. What the right hon. Gentleman wants is for parents to take what they are given, good or bad.

Jeremy Corbyn: The National Audit Office tells us that a very large number of new school places are needed—420,000. Nothing the Prime Minister has said gets anywhere near to that. Instead, she proposes a flagship scheme to build the wrong schools in the wrong places, spending millions on vanity projects such as grammar schools and free schools, while at the same time per-pupil funding is falling in real terms. Is it not time that this colossal waste of money was addressed? It is doing nothing to help the vast majority of children and nothing to solve the crisis of school places and soaring class sizes. That is what every parent wants, not vanity projects from her Government.

The Prime Minister: It is no vanity project to want every child to have a good school place. The majority of free schools that have been opened have been in areas where there is a need for school places, and the majority have been opened in areas of disadvantage, where they are helping the very children we want to see have the opportunity to get on in life. I have to say to the right hon. Gentleman that this is about a fairer society. On this Budget day, we see that we are securing the economy; Labour wants to weaken it. We are working for a fairer society; Labour opposes every single reform. We are fighting for the best deal for Britain; Labour Members are fighting among themselves. That is Labour: weak, divided and unfit to govern this great country.

Q2. [909122] **Maggie Throup** (Erewash) (Con): This week in Erewash, it is likely that, sadly, four people will suffer a stroke. With that in mind and given that the current highly successful stroke strategy expires later this year,

will my right hon. Friend commit her Government to publish an updated strategy that includes advances in stroke treatments, such as mechanical thrombectomy, which dramatically improves outcomes for one in 10 patients?

The Prime Minister: My hon. Friend has raised an important issue. I assure her that the NHS wants to continue to build on the successes of the current stroke strategy. We all recognise that there have been huge improvements in stroke care over the past decade, and we want to deliver our ambition for truly world-leading care. On the particular treatment to which she refers, I understand that the NHS has already approved the use of mechanical clot retrieval in specific cases. The NHS rigorously audits the quality of stroke care throughout the country, so that we can ensure we are delivering on our commitments. We have some of the fastest improvements in hospital recovery rate for strokes and heart attacks in Europe.

Angus Robertson (Moray) (SNP): On International Women's Day, we wish all campaigners for equality well, including those from the Women Against State Pension Inequality Campaign. The cross-party Brexit Committee has recommended that the UK must guarantee the status of EU nationals living in the UK and act unilaterally, if necessary. The Committee went on to say:

“The current process for consideration of permanent residency applications is not fit for purpose and, in the absence of any concrete resolution to relieve the anxiety felt by the estimated three million EU citizens resident in the UK, it is untenable to continue with the system as it stands.”

Given the massive positive contribution that European nationals make to this country, what concrete plans does the Prime Minister have to deal with this matter?

The Prime Minister: As the right hon. Gentleman knows, we want to have an early agreement that will enable us to guarantee the status of EU citizens living in the UK, but also we need to guarantee the status of UK citizens living in the European Union. On the process of application, the Home Office is looking at that and at how it can improve the systems and simplify them, which it regularly does.

Angus Robertson: Since 2010, the Home Office has seen its full-time equivalent staff cut by 10%, so, at current rates of processing applications for permanent residency, it would take the Home Office more than 50 years to deal with 3.2 million European nationals living in the UK. That is clearly totally and utterly unacceptable. Will the Prime Minister tell us how quickly she hopes to be able to guarantee all European nationals permanent residency?

The Prime Minister: The right hon. Gentleman cannot just stand up and say that because the Home Office is getting more efficient, it will take longer for answers to be given. Yes, the Home Office is getting more efficient at dealing with these things. I do not know whether he has ever heard about technology, but these days people apply online and they are dealt with online.

Q3. [909123] **Chris Green** (Bolton West) (Con): Following the recent findings of a study of terror convictions in Britain, it is clear that there are serious problems with

how communities integrate into society and a danger that that lack of integration leads to acts of terror. Will the Prime Minister update the House on the Government's counter-extremism strategy and response to these findings?

The Prime Minister: Again, this is a very serious issue that my hon. Friend has raised. The Government are taking a comprehensive approach to tackling terrorism and violent extremism at source, but also, through our counter-extremism strategy, we are looking at extremism more widely. We want to defeat not just terrorism and violent extremism but extremism wherever it occurs. We will shortly be publishing a new counter-terrorism strategy. In the coming months, we will be responding to Dame Louise Casey's report on integration. That is backed up by additional investment in our security and intelligence agencies—£2.5 billion over five years—and I am clear that the Government are doing everything they can to tackle issues around integration, extremism and terrorism.

Q5. [909125] **Tracy Brabin** (Batley and Spennings) (Lab): I come from a Westminster Hall debate on behalf of my young constituent Sam, who is 11 years old. He developed narcolepsy as a result of receiving the Pandemrix vaccine to protect him from the swine flu. Sam's mum, Di, is in the Public Gallery today. In these rare and devastating cases, the link between Pandemrix and narcolepsy is proven, yet families like Di's face long legal battles with the Government. Will the Prime Minister today promise that no more of these disabled children will be hounded through the courts, apologise to the families concerned and oversee payments to support the children's long-term care needs?

The Prime Minister: May I first congratulate the hon. Lady on securing a Westminster Hall debate on this important topic? At the end of her question, she refers to the issue of payments. I am sure she realises that the vaccine damage payment scheme is not a compensation scheme, but a one-off tax-free lump sum that is paid to help to ease the burden of those who are disabled as a result of vaccination, and it is part of a range of support that is provided. She has raised a very specific case. Obviously she has had that Westminster Hall debate, but we want to ensure that the process is open and fair at every stage. The Department for Work and Pensions does look at every claim based on its own facts. If she wants to write with the details, I am sure that my hon. Friend the Minister for Disabled People, Health and Work will look into the specific case that she has raised.

Midlands Engine

Q4. [909124] **Michael Fabricant** (Lichfield) (Con): What recent assessment she has made of the (a) performance of the economy and (b) adequacy of provision of public services in the Midlands Engine region; and if she will make a statement.

The Prime Minister: Although I will not speculate on the statement that my right hon. Friend the Chancellor will make very shortly, I can assure my hon. Friend that the fundamentals of our economy are strong. Since 2010, employment in the west midlands has risen by 215,000 and private sector employment alone grew

by 80,000 in the past year. We have also seen schools and police budgets being protected, and more doctors and nurses in his local hospitals.

Michael Fabricant (Lichfield) (Con): And of course we have also witnessed the post-Brexit vote of confidence from Nissan, Boeing and Dyson investing in other parts of the country, but will my right hon. Friend say a little bit more about firms like Jaguar Land Rover in the west midlands?

The Prime Minister: I am happy to say to my hon. Friend that in the wider sense, of course, our plans for the midlands engine show that we want an economy that works for everyone. We have already confirmed over £330 million in the growth deal funding and money is going into the midlands engine investment fund and the Birmingham rail hub, but it is also important to recognise the investment that is being made in the UK by companies like Jaguar Land Rover, which will be building its new Range Rover model in Solihull. That is very good news for the west midlands and also for the British economy. It is a sign of the confidence that Jaguar Land Rover has in the UK for the future.

Engagements

Q7. [909127] **Gordon Marsden** (Blackpool South) (Lab): My Blackpool casework is now full of the anxieties that the DWP and the Home Office are imposing on vulnerable constituents, including officials' attempts to overturn tribunal decisions protecting benefits and residents. That includes a family settled here for eight years and a man with a severe brain injury. If the Prime Minister wants people to respect the idea that "Brexit means Brexit," should she not respect the idea that tribunals mean tribunals and not try to block them with grubby regulations affecting 164,000 disabled people?

The Prime Minister: If the hon. Gentleman is referring to the decision that has been taken in relation to the courts and personal independence payments, as I explained to the House last week, and as has been explained by the Secretary of State, this is about restoring the system to the state that was intended when Parliament agreed it. It was agreed by the coalition Government and by Parliament after extensive consultation.

Q6. [909126] **Mark Menzies** (Fylde) (Con): In National Apprenticeship Week, it is important to recognise this Government's commitment to investment, apprenticeships and skills. Will the Prime Minister look at encouraging a greater commitment to degree apprenticeships as part of the Government's strategy, as championed by businesses in my constituency such as BAE Systems, which has been at the forefront in developing these new programmes through its engineering degree apprenticeship scheme?

The Prime Minister: My hon. Friend raises a very important issue. As we look to the future, we want to ensure that people here in the UK have the skills they need for the economy of the future, and degree apprenticeships will be an important part of that. Companies such as BAE System, which he referred to specifically, have been right at the forefront of developing these new programmes. I am pleased to say that the

apprenticeship levy will take the total investment in England to £2.45 billion, which is double what was spent in 2010. That means more opportunities for young people to gain the skills they need for their future.

Q8. [909128] **Dan Jarvis** (Barnsley Central) (Lab): Tomorrow a memorial will be unveiled to those men and women who served our country in Afghanistan and Iraq. Does the Prime Minister agree that we should all pay tribute to their service and commemorate their sacrifice, not just with a memorial but with a commitment to learn from the past and do better in the future?

The Prime Minister: The hon. Gentleman raises a very important point. The unveiling of the memorial will be a very significant ceremony. I think that all of us across this House should pay tribute to those recognised by the memorial for the sacrifice they made—those in our armed forces and all those civilians who worked to deliver aid, healthcare and education. It is important that we recognise the sacrifices made by our armed forces and by their families. That will be a significant moment tomorrow. We are very clear that we do need to learn lessons from the past, and that is exactly what we will do.

Q11. [909131] **Johnny Mercer** (Plymouth, Moor View) (Con): I was delighted by the Prime Minister's intervention in mental health in January, which I still feel has not had the attention it deserves. In Plymouth we are completely reconfiguring our mental health services, because we understand that parity of esteem means nothing without parity of provision. Will the Prime Minister visit Plymouth to see some of the pioneering work that we are doing, perhaps during national Mental Health Awareness Week in May, when I am hoping that Plymouth will take a national lead?

The Prime Minister: I thank my hon. Friend, because I know that this is an issue that he has championed and that is very close to his area of concern—he has done a lot of work on mental health. He talks about parity of esteem, which the Government have introduced, which is very important. More money is going into mental health provision than ever before. I would certainly be delighted to see the work being done in Plymouth, provided my diary allows for that.

Q9. [909129] **Julie Cooper** (Burnley) (Lab): In my constituency of Burnley, primary and secondary schools are severely underfunded, and maintained nursery schools are struggling to survive. Why, then, at a time when we cannot adequately fund the schools we already have, is the Prime Minister suggesting spending millions of pounds to create new grammar schools that will help only a minority of children? That is unfair as a new funding formula, and will do nothing to help social mobility.

The Prime Minister: Let us be clear about what the Government have done. Record amounts of funding are going into education. It was a Conservative-led Government that introduced the pupil premium and it is a Conservative Government that has protected the core schools budget. The new money that will be going into schools as a result of today's announcements is not about a return to a binary system of grammar schools

and secondary moderns. That is not what we are going to do. What we are doing is ensuring that there is a diversity of provision—so, yes, some grammar schools, but also comprehensives, faith schools, university schools and maths schools. I want a good school place for every child and, more than that, the right school place for every child.

Q12. [909132] **Amanda Milling** (Cannock Chase) (Con): On this International Women's Day, it is absolutely fantastic that we have the highest female employment rate and the highest percentage of women on FTSE 100 boards on record, that the gender pay gap is at the lowest on record, and that we have an amazing female Prime Minister. However, I am sure the Prime Minister will agree that there is still much more to do, particularly in supporting women back to work after a career break. Will my right hon. Friend outline what more the Government are going to do to level the playing field?

The Prime Minister: I thank my hon. Friend for her question. When I stood on the steps of Downing Street back in July and talked about a country that works for everyone, I meant that. That is why we are taking a number of measures, including on International Women's Day today. We are setting up a new fund to help mothers returning to work after a long career break. Returnships are important. They are open to men and women, but we should all recognise that the majority of those who take time out of a career are women who devote themselves to motherhood for a period. Getting back into employment is often very difficult for them; they find that it is closed off. That is why, as well as making economic sense, it is right and fair for those women that we provide for returnships to enable them to get back into the workplace.

Q10. [909130] **Yasmin Qureshi** (Bolton South East) (Lab): Everyone agrees that early years education is crucial for the welfare and future of our children. However, nurseries in my constituency tell me that the funding for 30 hours of free childcare is not sufficient, and many of them will be forced to close. What steps will the Prime Minister take to ensure that those nurseries do not close?

The Prime Minister: The hon. Lady talks about the 30 hours that is being introduced, but let us look at what we are doing on childcare. We have already introduced 15 hours of free childcare a week for all three and four-year-olds, 15 hours of free childcare a week for disadvantaged two-year-olds, help with up to 70% of childcare costs for people on low incomes, and shared parental leave. We will spend a record £6 billion on childcare support by the end of this Parliament. That is a Conservative Government, and it is Conservatives in Government who have a record of supporting parents with childcare needs.

Q15. [909135] **Alec Shelbrooke** (Elmet and Rothwell) (Con): Does my right hon. Friend agree that it is indefensible for the Labour police and crime commissioner in West Yorkshire to be raising the council tax precept when he has £120 million in reserves and underspent this year's budget by £4 million?

The Prime Minister: As my hon. Friend knows, it is of course for the directly elected police and crime commissioner for West Yorkshire to decide what to do about the police precept of council tax, as it is in every area that has a police and crime commissioner, but I would always encourage those commissioners to look at ways to introduce efficiencies into their forces before looking to increase local taxes. Over the past six years, we have seen that police forces can find sensible savings and reduce crime at the same time.

Q13. [909133] **Geraint Davies** (Swansea West) (Lab/Co-op): Mr Speaker, you will know that the Royal College of Physicians has found that 40,000 people die prematurely each year from diesel pollution, at a cost of £20 billion to the economy, and that YouGov has found that 45% of diesel drivers are willing to switch, given the right scrappage or tax incentive schemes. Will the Prime Minister commit today to a fiscal strategy and a new clean air Act to put us on a new, cleaner, healthier trajectory and to take global leadership, rather than being dragged into the courts to fulfil basic EU air quality standards?

The Prime Minister: As the hon. Gentleman will know, we are looking at the measures that we need to introduce to improve air quality. There have been improvements in recent years, but we do need to go further, and that is what the Government are looking at across Departments, obviously with the Department for Environment, Food and Rural Affairs paying most attention to that, because it is within its remit. We will be bringing forward proposals on air quality in due course.

Victoria Atkins (Louth and Horncastle) (Con): International Women's Day is a chance to reflect on how Governments and democracies across the world serve women. Will my right hon. Friend confirm that, when it comes to female Prime Ministers, it is 2:0 to the Conservatives?

The Prime Minister: I am grateful to my hon. Friend for having pointed that out, which I refrained from doing earlier in response to questions. I think it is very telling that the Labour party spends a lot of time talking about rights for women, giving support to women and getting women on, whereas it is the Conservative party that is the party in this House that has provided two female Prime Ministers.

Q14. [909134] **Deidre Brock** (Edinburgh North and Leith) (SNP): Will the Prime Minister give an undertaking that any new Scotland Act will be drafted only after full consultation with the people of Scotland and with the consent of the Scottish Parliament?

The Prime Minister: I am not sure whether the hon. Lady is referring to discussions that are currently taking place about the powers that might be available to the devolved Administrations once we have left the European

Union, but she knows full well that we undertake full discussions with the Scottish Government on measures that are reserved matters and on measures where we are negotiating on behalf of the whole of the United Kingdom.

Simon Hoare (North Dorset) (Con): Crowdcorns, a business in my constituency, operates out of the small market town of Sturminster Newton; it also has offices in Seattle and Sydney. It employs 24 people, providing high-quality IT jobs, and it avails itself of high-tech, fast rural broadband and mobile telephone communication. That is the recipe for growing our rural economy. Will my right hon. Friend undertake to ensure that her Government do all they can to fill the blackspots in our rural areas?

The Prime Minister: I can assure my hon. Friend that we very much want to ensure that we are doing that. My right hon. Friend the Secretary of State for Culture, Media and Sport is looking at our digital strategy and ensuring that broadband is available in rural areas and, indeed, at good speeds in other areas, which might be less rural than my hon. Friend's constituency.

Mr Speaker: Finally, Mr Tim Farron. *[Interruption.]* Order. I do not know whether Members are cheering because it is "finally" or because of the popularity of the hon. Gentleman, but he is going to be heard.

Tim Farron (Westmorland and Lonsdale) (LD): You are all so very, characteristically, kind.

On International Women's Day, we stand with women and girls across the world and note with resolve that we must not take for granted the progress we have made towards equality over the last few decades.

Yesterday, we heard that hundreds of families of soldiers who died in Iraq and Afghanistan have been denied seats at tomorrow's unveiling of the memorial to our fallen troops. Inviting a relative of each of those killed in Iraq and Afghanistan would have taken up fewer than a third of the 2,500 seats at that event. Will the Prime Minister now apologise to those families for what I assume is a careless oversight and rectify that mistake immediately so that bereaved families can come and pay their respects to their fallen loved ones?

The Prime Minister: May I reassure the hon. Gentleman that charities and groups representing the bereaved were asked to put forward names of attendees, and we look forward to welcoming them so that we can publicly acknowledge the sacrifice that their loved ones made on our behalf? Over half of those attending tomorrow are actually current or former members of the armed forces. No one from the bereaved community has been turned away, and everyone who has applied to attend has been successful, but I have been reassured that if there are any bereaved families who wish to attend, the Ministry of Defence will make every effort to ensure that they are able to do so.

Ways and Means

Financial Statement

Mr Deputy Speaker (Mr Lindsay Hoyle): Before I call the Chancellor of the Exchequer, I remind hon. Members that copies of the Budget resolutions will be available in the Vote Office at the end of the Chancellor's speech. I also remind hon. Members that it is not the norm to intervene on the Chancellor of the Exchequer or the Leader of the Opposition.

12.35 pm

The Chancellor of the Exchequer (Mr Philip Hammond): I report today on an economy that has continued to confound the commentators with robust growth, a labour market delivering record employment and a deficit down by over two thirds. As we start our negotiations to exit the European Union, this Budget takes forward our plan to prepare Britain for a brighter future. It provides a strong and stable platform for those negotiations; it extends opportunity to all our young people; it delivers further investment in our public services; and it continues the task of getting Britain back to living within its means. We are building the foundations of a stronger, fairer, more global Britain.

As the House knows, this will be the last spring Budget. The Treasury has helpfully reminded me that I am not the first Chancellor to announce the "last spring Budget". Twenty-four years ago Norman Lamont also presented what was billed then as "the last spring Budget". He reported on an economy that was growing faster than any other in the G7, and he committed to continued restraint in public spending. The then Prime Minister described it as the

"right Budget, at the right time, from the right Chancellor".

What the Treasury failed to remind me was that 10 weeks later the Chancellor was sacked. So, wish me luck today!

Last year, the British economy grew faster than the United States, faster than Japan and faster than France. Indeed, among the major advanced economies Britain's economic growth in 2016 was second only to Germany. Employment is at a record high; unemployment is at an 11-year low, with over 2.7 million more people enjoying the security and dignity of work than in 2010—a very far cry from the 3 million unemployed predicted by the Labour party. I am pleased to report, on International Women's Day, that there is now a higher proportion of women in the workforce than ever before. I am even more pleased to report that, as my right hon. Friend the Prime Minister has remarked, since 23 February there is a higher proportion of women in work in the parliamentary Conservative party.

But, Mr Deputy Speaker, there is no room for complacency, and you will not find any on these Benches. As we prepare for our future outside the EU, we cannot rest on our past achievements. We must focus relentlessly on keeping Britain at the cutting edge of the global economy. The deficit is down, but debt is still too high. Employment is up, but productivity remains stubbornly low. Too many of our young people are leaving formal education without the skills they need for today's labour market, and too many families are still feeling the

squeeze, almost a decade after the crash. So our job is not done, and our task today is to take the next steps in preparing Britain for a global future—to equip our young people with the skills they need, to support our public services and to help ordinary working families as we build an economy that works for everyone.

I thank the Office for Budget Responsibility under Robert Chote for its report received today. Let me also take this opportunity to thank my right hon. Friend the Chief Secretary and my ministerial team, who really are the unsung heroes of the Budget, doing much of the heavy lifting over the last few weeks, and of course my excellent Parliamentary Private Secretary, my hon. Friend the Member for Salisbury (John Glen).

I turn now, Mr Deputy Speaker, to the OBR forecasts. This is the spreadsheet bit, but bear with me because I have a reputation to defend. The OBR forecasts the level of gross domestic product in 2021 to be broadly the same as at autumn statement. However, the path by which we get there has changed. Reflecting the recent strength in the economy, the OBR has upgraded its forecast for growth next year from 1.4% to 2%, and I do not see too many people on the Opposition Front Bench indicating flatlining. In 2018-19, growth is forecast to slow to 1.6%, before picking up to 1.7%, then 1.9% and returning to 2% in 2021.

Resilience in the economy is reflected in a strong labour market. Since 2010, the employment rate has risen from 70.2% to 74.6%, with positive news for all parts of the United Kingdom. Unemployment has fallen fastest in Yorkshire and the Humber, and Wales; wages have grown fastest in Northern Ireland; and productivity has grown fastest in Scotland and in the north-east. This positive trend is set to continue over the forecast period. The number of people in employment is set to grow in every year, with a further two thirds of a million people in work by 2021. The OBR forecasts inflation at 2.4% this year, then 2.3% next year and 2% in 2019. Most importantly, despite higher than target inflation, real wages continue to rise in every year of the forecast.

While the economic forecasts are broadly unchanged since the autumn, the OBR has substantially revised down its short-term forecast of public sector net borrowing. The OBR attributes this change to a number of one-off factors that it does not expect to lead to a structural improvement over the forecast period. Combining these factors with the higher short-term forecast for growth and taking into account the measures that I shall announce today, the OBR now forecasts borrowing in 2016-17 to be £16.4 billion lower than forecast in the autumn at £51.7 billion, then £58.3 billion in 2017-18, £40.8 billion in 2018-19, £21.4 billion, £20.6 billion and, finally, £16.8 billion in 2021-22—all lower than forecast at autumn statement.

Overall, public sector net borrowing as a percentage of GDP is predicted to fall from 3.8% last year to 2.6% this year. For those who care about such things, it means we are forecast to meet our 3% EU stability and growth pact target this year for the first time in almost a decade, but I will not hold my breath for my congratulatory letter from Jean-Claude Juncker. Borrowing is then forecast to be 2.9% in 2017-18, and then to fall over the remainder of the Parliament to 1.9% in 2018-19, then 1% and 0.9%, before reaching 0.7% of GDP in 2021-22, its lowest level in two decades.

[Mr Philip Hammond]

The OBR expects cyclically adjusted public sector net borrowing to be 0.9% in 2020-21, giving us £26 billion of headroom against the headline 2% target in our new fiscal rules, maintaining our fiscal resilience over the period. The OBR's forecast of lower near-term borrowing, coupled with recent strength in the economy, means lower debt across the period. The OBR now forecasts that debt will rise to 86.6% this year, before peaking at 88.8% next year, 1.4 percentage points lower than forecast in the autumn. It then falls in 2018-19—for the first time since 2001-02—to 88.5%, and continues to decline to 86.9% in 2019-20, 83% in 2020-21 and then reaches 79.8% in 2021-22.

At the autumn statement, I set out our plan to return the public finances to balance in the next Parliament—a plan that is now underpinned by our new fiscal rules. That plan strikes the right balance between reducing our deficit, preserving fiscal flexibility and investing in Britain's future. Some have argued that lower borrowing this year makes a case for more unfunded spending in the future. I disagree. Britain has a debt of nearly £1.7 trillion—almost £62,000 for every household in the country. Each year, we are spending £50 billion on debt interest—more than we spend on defence and policing combined. Borrowing over the forecast period is still set to be £100 billion higher than predicted at Budget 2016.

So the only responsible course of action is to continue with our plan, undeterred by any short-term fluctuations and undistracted—[*Interruption.*]—by the reckless policies advanced by the Opposition. We on this side of the House will not saddle our children with ever-increasing debts. [*Interruption.*] Mr Deputy Speaker, I think Opposition Members may need to have a word with their own Front Benchers, who propose borrowing another half a trillion pounds with which to saddle our children and burden their futures. So the Budget that I set out today will again fund all additional spending decisions over the forecast period.

A strong economy needs a fair, stable and competitive tax system, creating the growth that will underpin our future prosperity. My ambition is for the UK to be the best place in the world to start and grow a business. Under the last Labour Government, corporation tax was 28%. By the way, they don't call it the "last" Labour Government for nothing. From April this year, corporation tax will fall to 19%, the lowest rate in the G20. In 2020, it will fall again to 17%, sending the clearest possible signal that Britain is open for business.

I am listening to the voice of business.

Ian C. Lucas (Wrexham) (Lab): Resign!

Mr Hammond: The one place where I will not hear the voice of business is on the Opposition Benches.

I committed at the autumn statement to review, with business, our R and D tax credit regime. We have done so and concluded that it is globally competitive. But to make the UK even more attractive for R and D, we have accepted industry calls for a reduction in administrative burdens around the scheme and will shortly bring forward measures to deliver that.

In a digital age, it is right that we develop a digital tax system, but in response to concerns about the timetable expressed by business organisations and by several of

my right hon. Friends, including the Chairman of the Treasury Committee, I have decided that for businesses with turnover below the VAT registration threshold I will delay by one year the introduction of quarterly reporting, at a cost to the Exchequer of £280 million.

I have heard, too, the calls by North sea oil and gas producers and the Scottish Government to provide further support for the transfer of late-life assets. As UK oil and gas production declines, it is essential that we maximise the exploitation of remaining reserves, so we will publish a formal discussion paper on the options in due course.

There is one further area in which I can announce action to back British businesses. My right hon. Friend the Communities and Local Government Secretary and I have listened to the concerns raised by colleagues in this House and by businesses about the effects of the 2017 business rates revaluation. Business rates raise £25 billion per year, all of which, by 2020, will be going to fund local government, so we cannot abolish them, as some have suggested; but it is certainly true in the medium term that we have to find a better way of taxing the digital part of the economy—the part that does not use bricks and mortar. In the meantime, there is scope to reform the revaluation process, making it smoother and more frequent to avoid the dramatic increases that the present system can deliver. We will set out our preferred approach in due course and will consult on it before the next revaluation is due.

The revaluation itself is by law fiscally neutral. Ahead of this revaluation, the Government committed to a package of cuts to business rates now worth nearly £9 billion, permanently doubling the rate of small business rate relief to 100%, and raising the thresholds so that 600,000 small businesses are taken out of paying rates altogether. The revaluation has undoubtedly raised some hard cases, especially for those businesses coming out of small business rates relief, so today, as I promised many of my right hon. Friends, I address those concerns with three measures which apply to the national business rates system for England. First, any business coming out of small business rate relief will benefit from an additional cap. No business losing small business rate relief will see their bill increase next year by more than £50 a month, and the subsequent increases will be capped at either the transitional relief cap or £50 a month, whichever is higher.

Secondly, recognising the valuable role that local pubs play in our communities, I will provide a £1,000 discount on business rates bills in 2017 for all pubs with a rateable value of less than £100,000—that is 90% of all pubs in England. Thirdly, on top of these two measures, I will provide local authorities with a £300 million fund to deliver discretionary relief to target individual hard cases in their local areas. This fund will be allocated to local authorities by formula, and my right hon. Friend the Communities and Local Government Secretary will set out details in due course. Taken together, this is a further £435 million cut in business rates, targeted at those small businesses facing the biggest increases, protecting our pubs, and giving local authorities the resource to respond flexibly to local circumstances.

Just as a strong economy requires a tax system that is competitive, a strong society requires one that is fair; and because I have committed to funding my spending decisions in this Budget rather than borrowing more,

I make no apology for raising additional revenues and for doing so in ways which enhance the fairness of the system. First and foremost, that means collecting the taxes that are due. Since 2010, we have secured £140 billion in additional tax revenue by taking robust action to tackle avoidance, evasion, and non-compliance.

These actions have helped the UK achieve one of the lowest tax gaps in the world, but there is more that we can do. In this Budget, we set out further actions to stop businesses converting capital losses into trading losses; to tackle abuse of foreign pension schemes; and to introduce UK VAT on roaming telecoms outside the EU, in line with international standard practice. From July, we will introduce a tough new financial penalty for professionals who enable a tax avoidance arrangement that is later defeated by Her Majesty's Revenue and Customs. Taken together, these measures will raise £820 million over the forecast period.

As well as collecting taxes that are due, a fair system ensures that those with the broadest shoulders bear the heaviest burden. As a result of the changes we have made since 2010, the top 1% of income tax payers now pay 27% of all income tax, a higher proportion than in any year under the last Labour Government. But a fair system will also ensure fairness between individuals, so that people doing similar work for similar wages and enjoying similar state benefits pay similar levels of tax. As our economy responds to the challenges of globalisation, shifts in demographics, and the emergence of new technologies, we have seen a dramatic increase in the number of people working as self-employed or through their own companies. Indeed, many of our most highly paid professionals work through limited liability partnerships and are treated as self-employed. There are many good reasons for choosing to be self-employed or for working through a company—indeed, I have done both in my time—and I will always encourage and support the entrepreneurs and the innovators who are the lifeblood of our economy.

People should have choices about how they work, but those choices should not be driven primarily by differences in tax treatment. My right hon. Friend the Prime Minister has asked Matthew Taylor, chief executive of the RSA—the Royal Society for the encouragement of Arts, Manufactures and Commerce—to consider the wider implications of different employment practices. I look forward to his final report in the summer, and am grateful to him for sharing his preliminary thoughts. He is clear that differences in tax treatment are a key driver behind the trends we are observing—a conclusion shared by the Institute for Fiscal Studies and the Resolution Foundation.

An employee earning £32,000 will incur, between him and his employer, £6,170 of national insurance contributions. A self-employed person earning the equivalent amount will pay just £2,300—significantly less than half as much. Historically, the differences in NICs between those in employment and the self-employed reflected differences in state pension entitlement and contributory welfare benefits, but with the introduction of the new state pension last year, these differences have been very substantially reduced. Self-employed workers now build up the same entitlement to the state pension as employees—a big pension boost to the self-employed.

The most significant remaining area of difference is in relation to parental benefits, and I can announce today that we will consult in the summer on options to

address the disparities in this area, as the Federation of Small Businesses and others have proposed. The difference in national insurance contributions is no longer justified by the difference in benefit entitlements. Such dramatically different treatment of two people earning essentially the same undermines the fairness of the tax system. Employed and self-employed alike use our public services in the same way, but they are not paying for them in the same way. The lower national insurance paid by the self-employed is forecast to cost our public finances over £5 billion this year alone. This is not fair to the 85% of workers who are employees.

The abolition of class 2 NICs for self-employed people announced by my right hon. Friend the Member for Tatton (Mr Osborne) in 2016 and due to take effect in 2018 would further increase the gap between employment and self-employment. To be able to support our public services in this Budget, and to improve the fairness of the tax system, I will act to reduce the gap to better reflect the current differences in state benefits. I have considered the possibility of simply reversing the decision to abolish class 2 contributions, but the class 2 NIC is regressive and outdated—it is absolutely right that it should go—so, instead, from April 2018, when the class 2 NIC is abolished, the main rate of class 4 NICs for the self-employed will increase by 1% to 10%, with a further 1% increase in April 2019.

The combination of the abolition of class 2 and the class 4 increases I have announced today raises a net £145 million a year for our public services by 2021-22. That is an average of around 60p a week per self-employed person in this country. Since class 2 contributions are payable at a flat rate while class 4 is chargeable as a proportion of profits, all self-employed people earning less than £16,250 will still see a reduction in their total NICs bill. This change reduces the unfairness in the NICs system and reflects more accurately the current differences in benefits available from the state.

Alongside the gap between employees and the self-employed, there is a parallel unfairness in the treatment of those working through their own companies. Britain has the most competitive corporate tax regime in the G7, and we are determined to make Britain the most attractive place to start and grow a business, but to do that, we must ensure that our corporate tax regime does not encourage people across the economy to form companies simply to reduce tax liabilities, pushing the burden of financing our public services on to others.

HMRC estimates that existing incorporations cost the public finances over £6 billion a year, and the OBR forecasts that at the current rate of increase, an additional annual cost to the Exchequer will occur from those choosing to incorporate of £3.5 billion a year by 2021-22. The gap in total tax and NICs between an employed worker and one who has set up his own company will normally be greater even than the gap with the self-employed, and there are several perfectly legal ways in which that gap can be made bigger still. This is not fair, and it is not affordable. Fairness demands that this discrepancy in treatment be addressed, just as I have addressed the discrepancy with the self-employed.

The dividend allowance has increased the tax advantage of incorporation. It allows each director/shareholder to take £5,000 of dividends out of their company tax-free, over and above the personal allowance. It is also an extremely generous tax break for investors with substantial share portfolios. I have decided to address the unfairness

[Mr Philip Hammond]

around director/shareholders' tax advantage, and at the same time raise some much-needed revenue to fund the measures I shall announce today, by reducing the tax-free dividend allowance from £5,000 to £2,000 with effect from April 2018. About half the people affected by this measure are director/shareholders of private companies. The rest are investors in shares with holdings typically worth over £50,000 outside individual savings accounts. Of course, everyone will benefit from the generous £4,760 increase in the annual ISA allowance to £20,000, and the further increase in the personal allowance to £11,500 from April.

I now turn to duties and levies. Unusually for a Chancellor, I am delighted to announce a reduction in the expected yield of a tax—the soft drinks levy. I can confirm today the final rates of 18p and 24p per litre for the main and higher bands respectively, but producers are already reformulating sugar out of their drinks, which means a lower revenue forecast for this tax. This is good news for our children. In further good news for them today, I can confirm that we will none the less fund the Department for Education with the full £1 billion that we originally expected from the levy this Parliament, to invest in school sports and healthy living programmes.

I am freezing for another year both the vehicle excise duty rates for hauliers and the heavy goods vehicle road user levy. I am introducing a new minimum excise duty on cigarettes, based on a pack price of £7.35, and I can also confirm that I will make no changes to previously planned upratings of duties on alcohol and tobacco. The tax measures I have announced enhance the sustainability of our public services into the future and, by improving the fairness of the system, help us to keep tax rates low.

Economic policy does not exist in a vacuum, and economic growth is a means, not an end in itself. The objective of our economic policy is to support ordinary working families and to build an economy that works for them. Government Members know that we can achieve rising living standards and deliver investment in our vital public services only if we have a strong economy and sustainable public finances. It is a simple proposition, yet one that Opposition Front-Benchers seem to find strangely difficult to understand.

We start from a strong base: real wages have grown for 27 straight months; the wages of the lowest-paid grew faster last year than in any of the previous 20 years; and the poorest households have seen their labour incomes rise more since 2010 in the UK than in any other country in the G7. Last year, we delivered a pay rise to over a million of the lowest-paid through the national living wage, and next month we take more steps to support working families with the cost of living. The national living wage will rise again to £7.50 in April, which is over £500 more for a full-time worker than this year and £1,400 more than when the national living wage was introduced. The personal allowance will rise for the seventh year in a row to £11,500, and the higher rate threshold to £45,000; 29 million people will be better off, with a typical basic rate taxpayer paying £1,000 less than in 2010. We will meet our manifesto commitment to increasing the thresholds to £12,500 and £50,000 respectively by the end of this Parliament.

I can also confirm today that the new National Savings and Investments bond that I announced in the autumn statement will be available from April, and will pay 2.2% on deposits up to £3,000—a welcome break for hard-pressed savers. The universal credit taper rate will be reduced in April from 65% to 63%, cutting tax for 3 million families on low incomes.

Next month, we will see the introduction of our flagship tax-free childcare policy, which will allow working families across the UK to receive up to £2,000 a year towards the cost of childcare for each child under 12. The scheme will be rolled out to all eligible parents by the end of the year, and in addition, from September, working parents with three and four-year-olds will get their free childcare entitlement doubled to 30 hours a week. That is worth around £5,000 a year to a young family with a three-year-old and both parents working. By the end of this Parliament, this Government will be spending on childcare £6 billion a year.

These childcare measures represent a further huge step forward in support for ordinary working families, and for women in the workplace. I am delighted to use the occasion of International Women's Day to announce three additional measures—well, not quite announce them, because my right hon. Friend the Prime Minister has already announced two of them.

The Prime Minister (Mrs Theresa May): It is International Women's Day!

Mr Hammond: It says here that I will commit a further £20 million of Government funding to support the campaign against violence against women and girls, which, as my right hon. Friend the Prime Minister said earlier, takes the Government's commitment to this campaign to over £100 million in this Parliament. That is on top of the tampon tax, which today delivers another £12 million in support of women's charities across the UK. The Prime Minister also mentioned earlier that the Government will commit a further £5 million to promoting returnships to the public and private sector, helping people back into employment after a career break.

Next year is the centenary of the Representation of the People Act 1918, which was the decisive step in the political emancipation of women in this country. I will commit a further £5 million to projects to celebrate this centenary, and to educate young people about its significance.

As well as knowing that the Government are on their side, people want to know that they are getting a good deal from private markets. A well-functioning market economy is the best way to deliver prosperity and security to working families, and the litany of failed attempts at state control of industry by Labour leaves no one in any doubt about that—except, apparently, the right hon. Member for Islington North (Jeremy Corbyn), who is now so far down a black hole that even Stephen Hawking has disowned him.

The Government recognise that sometimes markets, particularly in fast-developing areas of the economy, can fail people. Sometimes the market does not deliver the outcome that the textbooks suggest that it should. When that happens, the Government will not hesitate to intervene. We will shortly present a Green Paper on protecting the interests of consumers, but ahead of the Green Paper we will take the first steps to protect

consumers from unexpected fees or unfair clauses, to simplify terms and conditions, and to give consumer bodies greater enforcement powers. Together, those measures will boost incomes, help family budgets to stretch a little further, support parents back into work, and tackle some of the frustrations that sometimes make it seem that the dice are loaded against ordinary people going about their everyday lives.

The House knows that the only sustainable way to raise living standards is to improve our productivity growth. Put simply, higher productivity means higher pay. The stats are well known: we are 35% behind Germany and 18% behind the G7 average, and the gap is not closing. Investment in training and in infrastructure will start to close that gap. The Government place addressing the UK's productivity challenge at the very heart of their economic plan, because the cornerstone of an economy that works for everyone must be rising living standards for ordinary working people.

A key element of our plan is the £23 billion of additional infrastructure and innovation investment that I announced in the autumn statement. Today, to enhance the UK's position as a world leader in science and innovation, I am allocating £300 million of that fund to support the brightest and the best research talent. That includes support for 1,000 new PhD places and fellowships, focused on STEM subjects: science, technology, engineering and maths. I am allocating £270 million to keep the UK at the forefront of disruptive technologies such as biotech, robotic systems and driverless vehicles—a technology that I believe the Labour party knows something about. There will be £16 million for a new 5G mobile technology hub, and £200 million for local projects to leverage private sector investment in full-fibre broadband networks.

On transport, I am today announcing £90 million for the north and £23 million for the midlands from a £220 million fund that addresses pinch points on the national road network, and I am launching a £690 million competition for local authorities across England to tackle urban congestion and get local transport networks moving again. My right hon. Friend the Transport Secretary will announce details shortly.

Because we believe that local areas understand local productivity barriers better than central Government, we will make further progress with our plans to bolster the regions. In May, powerful Mayors will be elected in six of our great cities. Across Britain, local areas will take control of their own economic destiny, and we will support them. I can inform the House that I have reached a deal with the Mayor of London on further devolution. Tomorrow, I will follow the launch of the northern powerhouse strategy in the autumn statement by publishing our midlands engine strategy, which will address productivity barriers across the midlands.

For the devolved Administrations, our announcements today deliver additional funding of £350 million for the Scottish Government—*[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Let us just move on. We are doing very well; let us not spoil a good day. Come on, Chancellor of the Exchequer.

Mr Hammond: Wait for it: there will be £200 million for the Welsh Government and almost £120 million for an incoming Northern Ireland Executive, demonstrating once again that we are stronger together in this great, United Kingdom.

Perhaps the single most important thing that a Government can do to support ordinary working families is invest in the future, so that their children and grandchildren can make the most of the opportunities ahead. That means addressing the skills gap, and ensuring that every child, regardless of background, has the opportunity to go to a good or outstanding school. In the autumn statement, I focused on investment in infrastructure and research and development. The next step today in our plan to raise productivity and living standards is to focus on the quality of our children's education and the teaching of technical skills.

While investing in education and skills of course helps to tackle our productivity gap, delivering greater prosperity, it does something else as well. It delivers greater fairness, because investing in skills and education is the key to inclusive growth—to an economy that works for everyone. If you talk to people from any background and any part of the country about their hopes and their aspirations for the future, you will hear a recurring concern for the next generation. Will they have the qualifications to find a job?

Will they have the skills to retrain as that job changes, and changes again, over a working lifetime? Will they be able to get on to the housing ladder, or save for a pension? In short, the question that concerns so many people is, "Will our children enjoy the same opportunities as we did?" Our job is to make sure that they do, and that is why we are investing in education and skills to ensure that every young person, whatever their background and wherever they live, has the opportunity to succeed and prosper.

The proportion of young people not in work or education is now the lowest since records began. That is a good base on which to build, but it is only by equipping them for the jobs of tomorrow that we ensure that they will have real economic security. We have put education reform at the heart of our agenda since 2010, and that commitment is already paying off: 89% of schools in England are now rated "good" or "outstanding", which is the highest proportion ever recorded. That means that 1.8 million more children are being taught in good or outstanding schools than when the Labour party left office in 2010.

Our forthcoming schools White Paper will ask universities and private schools to sponsor new free schools. It will remove the barriers that prevent more good faith-based free schools from opening, and it will enable the creation of new selective free schools so that the most academically gifted children—from every background—have the specialist support that they need to fulfil their potential. Today I can announce funding for a further 110 new free schools, on top of the current commitment to 500. That will include new specialist maths schools to build on the clear success of Exeter Mathematics School and King's College London Mathematics School, which my right hon. Friend the Prime Minister visited earlier this week.

We are committed to that programme because we understand that choice is the key to excellence in education, but we recognise that for many parents, the cost of travel can be a barrier to exercising that choice. Pupils typically travel three times as far to attend selective schools, so we will extend free school transport to include all children on free school meals who attend a selective school, because we are resolved that talent alone should determine the opportunities that a child

[Mr Philip Hammond]

enjoys. [Interruption.] Before Labour Members get too excited, let me add that we will invest in our existing schools too. [AN HON. MEMBER: “No, you won’t.”] Oh yes, we will—by providing an additional £216 million over the next three years, which will take total investment in school condition to well over £10 billion in this Parliament.

Good schools are the bedrock of our education system, but we need to do more to support our young adults into quality jobs and help them to gain world-class skills, and while we have an academic route in this country that is undeniably one of the best in the world, the truth is that we languish near the bottom of the international league tables for technical education. Our rigorous, well-recognised system of A-levels provides students with the qualifications to move into our world-class higher education system, and we support this route further today by offering maintenance loans to part-time undergraduates and doctoral loans in all subjects for the first time. But long ago our competitors in Germany, the US and elsewhere realised that in order to compete in the fast-moving global economy, they had to link technical skills to jobs, and I am pleased to report, in national apprenticeship week, that our apprenticeship route is now, finally, delivering that ambition here, with 2.4 million apprenticeship starts in the last Parliament and the launch of our apprenticeship levy in April supporting a further 3 million apprenticeships by 2020.

But there is still a lingering doubt about the parity of esteem attaching to technical education pursued through the further education route. Today, we end that doubt for good with the introduction of T-levels. Thanks to the work of Lord Sainsbury, Baroness Wolf and other experts in this field, we have a blueprint to follow. Their review concluded that students need a much clearer system of qualifications: one that is designed and recognised by employers, with clear routes into work, more time in the classroom, and good quality work placements; and one that replaces the 13,000 or so different qualifications with just 15 clear, career-focused routes. Delivering on those recommendations is the third part of our plan, so today we will invest to deliver, in full, these game-changing reforms. We will increase by over 50% the number of hours of training for 16 to 19-year-old technical students, including a high-quality three-month work placement for every student, so that when they qualify, they are genuinely “work-ready.”

Once this programme is fully rolled out, we will be investing an additional £500 million a year in our 16 to 19-year-olds. To encourage and support the best of them to go on to advanced technical study, we will offer maintenance loans for those undertaking higher level technical qualifications at the new institutes of technology and national colleges, just as we do for those attending university—putting the next generation first, to safeguard their future and to secure our economy.

Because changing labour markets will mean that retraining is vital—with many of our young people today needing to retrain at least once, and perhaps more often, during a working life that may span more than 50 years—we will consider how best to deliver high-quality learning and training throughout working lives. The Department for Education will invest up to £40 million in pilots to test the effectiveness of different approaches

to lifelong learning, so that we can identify what works best and help the next generation learn and train throughout their lives.

Just as the principle that every child should have the opportunity to fulfil his or her potential is central to this Government’s values, so is the principle that everyone has access to our national health service when they need it, and that everyone should enjoy security and dignity in old age. Today, our social care system cares for over 1 million people, and I want to pay tribute to the hundreds of thousands of carers who work in it. But the system is clearly under pressure, and this in turn puts pressure on our NHS. Today, there are half a million more people aged over 75 than there were in 2010, and there will be 2 million more in 10 years’ time. That is why the Government have already delivered more than £7 billion of extra spending power to the system over the next three years, and it is why we are ensuring that local authorities and the NHS work more closely together to enable elderly patients to be discharged when they are ready, freeing up precious NHS beds and ensuring that elderly people are receiving the appropriate care for their needs. So today I am committing additional grant funding of £2 billion to social care in England over the next three years; that is £2 billion over the next three years, with £1 billion available in ’17-18. This will allow local authorities to act now to commission new care packages and forms a bridge to the better care funding that becomes available towards the end of the Parliament.

Of course, this is not only about money. While there are many excellent examples of best practice around the country, at the other end of the scale just 24 local authorities are responsible for over half of all delayed discharges to social care. Alongside additional funding, the Health and Communities Secretaries will announce measures to identify and support authorities which are struggling and to ensure more joined-up working with the NHS.

These measures, and greater collaborative working under NHS sustainability and transformation plans, will bring short and medium-term benefits, but the long-term challenges of sustainably funding care in older age requires a strategic approach, and the Government will set out their thinking on the options for the future financing of social care in a Green Paper later this year. For the avoidance of doubt, I would like to make it clear that those options do not include, and never have included, exhuming Labour’s hated death tax.

The social care funding package that I have announced today will deliver immediate benefit to the NHS, allowing it to re-focus on delivering the NHS England forward view plan—a plan which this Government have supported with the £10 billion increase in annual funding by 2020, £4 billion of it in this year alone. We recognise the progress that the NHS is making in developing sustainability and transformation plans, and we recognise, too, that in addition to the funding already committed, some of those plans will require further capital investment. The Treasury will work closely with the Department of Health over the summer as the STPs are progressed and prioritised, and at autumn Budget I will announce a multi-year capital programme to support the implementation of approved high-quality STPs across our health service in England. In the meantime, my right hon. Friend the Health Secretary expects that a

small number of the strongest STPs might be ready ahead of autumn Budget, so today I am allocating an additional £325 million of capital to allow the first selected plans to proceed.

I have one further announcement related to the NHS. The social care package I have announced today will help to free up beds by easing the discharge of elderly patients. That is one of the two big pressures on our hospitals. The other is inappropriate A&E attendances by people of all ages. Experience has shown that on-site GP triage in A&E departments can have a significant and positive impact on A&E waiting times. I am therefore making a further £100 million of capital available immediately for new triage projects at English hospitals in time for next winter.

This Government back the NHS's plan. We are funding it with a £10 billion above-inflation increase by 2020. We have addressed the pressures on the NHS from the social care system with a total of £9.25 billion in additional resources. We will protect the NHS from the effects of the changed personal injury discount rate, and have set aside £5.9 billion across the forecast period to do so, and today we have made a clear new commitment to fund the capital programme for the implementation of high-quality STPs, with a first down-payment for the early pioneers. As the voters of Copeland so clearly understood, we are the party of the NHS—we are the party of the NHS because we have not just the commitment and the will, but also the economic plan that will secure the future of our most important public service.

Last November I set out our plan to build an economy that works for everyone, to enhance our productivity and protect our living standards, to restore our public finances to balance and to invest for our future. Today's OBR report confirms the continued resilience of the

British economy. At this Budget we continue with our plan, building on the foundation of our economic strength, reaching out to seize the opportunities that lie ahead, backing our public services, supporting Britain's families, investing in the skills of our young people and making Britain the best place in the world to do business.

Our United Kingdom has a proud history. We have done remarkable things together, but we look forwards, not backwards, confident that our greatest achievements lie ahead of us. Today, we reaffirm our commitment to invest in Britain's future. We embark on this next chapter of our history, confident in our strengths and clear in our determination to build a stronger, fairer, better Britain. I commend this Budget to the House.

PROVISIONAL COLLECTION OF TAXES

Motion made, and Question put forthwith (Standing Order No. 51(2)),

That, pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following motions:—

- (a) Pensions (offshore transfers) (motion no. 12);
- (b) Alcoholic liquor duties (rates) (motion no. 40);
- (c) Tobacco products duty (rates) (motion no. 42).—(*Mr Philip Hammond.*)

Question agreed to.

Mr Deputy Speaker (Mr Lindsay Hoyle): I now call on the Chancellor of the Exchequer to move the motion entitled "Amendment of the Law". It is on this motion that the debate will take place today and on succeeding days. The Questions on this motion, and on the remaining motions, will be put at the end of the Budget debate on Tuesday 14 March.

Budget Resolutions

AMENDMENT OF THE LAW

Motion made, and Question proposed,

That,

(1) It is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation;

(b) for refunding an amount of tax;

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.—(*Mr Philip Hammond.*)

1.33 pm

Jeremy Corbyn (Islington North) (Lab): This is a Budget of utter complacency about the state of our economy, utter complacency about the crisis facing our public services, and complacency about the reality of daily life for millions of people in this country. It is entirely out of touch with the reality of life for millions.

This morning, over 1 million workers will have woken up not knowing whether they will work today, tomorrow or next week. Millions more workers know that their next pay packet will not be enough to make ends meet. Millions are struggling to pay rent or a mortgage, with private renters on average paying nearly half their income in rent. Yesterday, more than 3,000 people in this country will have queued up at food banks to feed themselves and their families. Last night, over 4,000 people will have slept rough on the streets of this country. And the Chancellor makes his boast about a strong economy.

But who is reaping the rewards of this economy? For millions, it is simply not working. It is not working for the NHS, which is in its worst crisis ever, with funding being cut next year. It is not working for our children's schools, where pupil funding continues to be cut. It is not working for our neighbourhoods, which have lost 20,000 police officers, leaving the force in a perilous state in many parts of the country. It is not working for our public services and the dedicated people who work in them—nurses, firefighters and teachers; no pay rise in seven years for them—or for people with disabilities, who are twice as likely to be living in poverty, and whom this Government are denying the support that the courts say they need.

There are 4 million children living in poverty, and that figure will rise by another 1 million in the coming years. The economy is not working for the thousands of young people who cannot get anywhere to live, cannot get on the housing ladder and, in many cases, cannot leave the parental home. Parents of grown-up children whom they would expect to be debt-free by now are having to bail out student debt, or are trying to help them with a deposit to get housing, if they can manage it. A million elderly people—I will come on to this again—are being denied the social care that they need due to the £4.6 billion of cuts made by the Chancellor's Government, with the support of the Lib Dems, over

the past five years. The economy is not working for pensioners, for whom the security of the triple lock remains in doubt.

This is the reality facing Britain today: a Government cutting services and the living standards of the many, to continue to fund the tax cuts of the few. Some people are doing very well under the Conservative Government. The chief executives of big companies are now paid 180 times more than the average worker and being taxed less. Big corporations are making higher profits and being taxed less. Speculators are making more and being taxed less. The wealthiest families are taxed less due to cuts in inheritance tax. All that adds up to £70 billion of tax giveaways over the next five years to those who need it the least. This Government have the wrong priorities.

Let me give three examples. The pain of losing a child is unimaginable for most of us, but for those who do lose a child, their pain is worsened by the stress of having to pay for their own child's funeral. I pay tribute to my hon. Friend the Member for Swansea East (Carolyn Harris) for her campaign to establish a children's funeral fund, but far from establishing such a fund, which would cost just £10 million a year, the Government are instead cutting support for bereaved families—three in four bereaved families will receive less. That is utterly heartless.

Despite generous tax giveaways at the top end, there was no money either for the 160,000 people with disabilities whom a court has ruled deserve a higher rate of personal independence payments. These are people with debilitating mental health conditions such as dementia, schizophrenia and post-traumatic stress disorder. The Prime Minister came to office talking about fighting "burning injustices". Less than nine months later, she seems to have forgotten all about them, because none of them is being fought today.

Low pay holds people back and is holding our country back. We are the only major developed country in which economic growth has returned yet workers are worse off. Wages are still below 2008 levels. Inflation is rising and there is an urgent need to address the pressure on people's incomes. Personal debts are rising massively and there are rising energy bills, and the costs of the weekly shop, transport and housing are all rising.

The Chancellor faced a series of tests as to whether he would stand on the same side as the people or not. He could have raised the minimum wage to the level of the living wage—the real living wage of £10 an hour—as we, the Labour party, have pledged to do. That would give a pay rise to 6 million people in this country, 62% of whom are women. He failed to do that.

Since 2010, millions of public sector workers have endured a pay freeze and then a pay cap. The dedicated public servants who keep our services going have lost over 9% of their real wages, or will have done by 2020. The Chancellor could have ended the public sector pay cap, as we have pledged to do, and given a pay rise to the 5 million dedicated public servants whom we all rely on—day in, day out—in our hospitals, our health service in general and our local government. He failed to do that. It is an insult to say that they deserve falling living standards when we all know that those in the public sector are working harder than ever, covering the jobs of those who have gone.

There is a crisis, too, in job security. Millions of workers do not know whether they will be working from one day to the next. Millions of workers do not know how many hours they will be working this week or next week. Just imagine what it is like to try to plan your life if you do not know what your income is going to be from one week to the next. That is the reality—*[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Can I just say to Members on the Government Benches that I want to hear the Leader of the Opposition? I do not want him to be shouted down. You might not be interested, but our constituents out there want to hear what the alternative is, so please—*[Interruption.]* If the Whip wants to be funny, he can go and get a cup of tea now. Let us show the same respect that was given to the Chancellor of the Exchequer.

Jeremy Corbyn: Thank you, Mr Deputy Speaker.

There is nothing funny about being one of the 900,000 workers on zero-hours contracts, 55% of whom are women. The Chancellor could have announced a ban on zero-hours contracts, as we have pledged to do, but again he failed. Zero-hours contracts are only the tip of the iceberg, with 4.5 million workers in Britain in insecure work, 2.3 million working variable shift patterns and 1.1 million on temporary contracts. We have long argued for a clampdown on bogus self-employment, but today the Chancellor seems to have put the burden on self-employed workers instead. There has to be a something-for-something deal, so I hope the Chancellor will bring forward extra social security in return. One policy that Labour backs is extending statutory maternity pay to self-employed women, which is likely to cost just £10 million a year.

Low pay and insecure work have consequences for us all. In reality, we all pay for low pay. A million working households have to claim housing benefit. Let me repeat that figure: 1 million working households have to claim housing benefit because their wages are not enough to pay the rent. There are 3 million working families who rely on tax credits simply to make ends meet. This is modern Britain.

The most effective way of boosting wages and increasing job security is, as all studies show, to improve collective bargaining through a trade union. Those are words that the Chancellor did not use in his speech; instead, the Trade Union Act 2016 will further shackle unions and perpetuate the chronic low pay that costs us all a lot of money through in-work benefits. We will promote collective bargaining and repeal the Trade Union Act. This is a Chancellor and a Government who are not on the side of the workers, and not on the side of the taxpayers who pick up the bill for low pay and insecure work.

On International Women's Day, did the Chancellor deliver a Budget that works for women? According to House of Commons Library analysis that was commissioned by my hon. Friend the Member for Rotherham (Sarah Champion), who is doing a brilliant job speaking up for women from our Front Bench, 86% of the savings to the Treasury from tax and benefit changes have fallen on women. Women's lives have been made more difficult through successive policies of this Government. Women are struggling with more caring responsibilities due to the continuing state of emergency

in social care. The WASPI women born in the 1950s are, with little notice, having to face a crisis in their retirement that they could not possibly have predicted. Some 54,000 women a year are forced out of their jobs through maternity discrimination, but they cannot afford this Government's extortionate fees to take their employer to a tribunal in search of justice.

Women up and down the country will have to wait another 60 years before the gender pay gap is closed. Hundreds of women are being turned away from domestic violence shelters every year due to a lack of space or appropriate services, or simply because the shelters have closed. Mothers who are already struggling are being put under more pressure through cuts to universal credit and tax credits. As if it was not bad enough to cut benefits to children whose only crime is to be born third or fourth in a family, as of next month, most shamefully, women will have to prove that their third child is a product of rape if they wish to qualify for child tax credits for that child. I pay tribute to my hon. Friend the Member for Rotherham and to the hon. Member for Glasgow Central (Alison Thewliss) for their campaigning on this issue, and I hope that the Chancellor will reverse that cut.

This country has a housing crisis—a crisis of supply and of affordability. Since 2010, house building has fallen to its lowest rate in peacetime since the 1920s. The building of social homes for rent is at its lowest level for a quarter of a century. Did the Chancellor empower councils to tackle the housing crisis by allowing them to borrow to build council housing, as we have pledged to do? No. Have the Government replaced council houses sold under the right to buy, as they promised? No; just one in six have been replaced. And was there any commitment to return to councils the £800 million of right to buy proceeds that the Treasury has taken back, which would be enough to build 12,000 homes? No. Did the Chancellor scrap the unfair bedroom tax, as we have pledged to do? No. Did he reverse housing benefit cuts that would take away support from 10,000 young people? No, despite opposition from Shelter, Crisis, Centrepoint and even the hon. Member for Enfield, Southgate (Mr Burrowes), who has correctly described the policy as “catastrophic”.

Last week, the Institute for Government said that there were “clear warning signs” of the damaging impact of the Government's cuts on schools, prisons, and health and social care. This Government have taken a sledgehammer to public services in recent years, yet the Chancellor now expects praise for patching up a small part of that damage. This Budget did not provide the funding necessary now to deal with the crisis in our NHS, which the British Medical Association reckons needs an extra £10 billion. The Budget did not provide the funding necessary to end now the state of emergency in social care, which needs £2 billion a year just to plug the gaps, according to the King's Fund. Those needs will not be met by £2 billion over three years—the money is needed now. More than a million people, mainly elderly people, are desperate for social care and still cannot get it. The money ought to be made available now.

This Government duck the really tough choices, such as asking corporations to pay a little more in tax. Not every local authority can just text Nick and get the deal it wants. Other council services are suffering as well.

[Jeremy Corbyn]

Our communities are stronger when we have good libraries. They are valuable for children, obviously, but also for the entire community. However, 67 libraries closed last year because of local government underfunding, and 700 Sure Start centres closed because of a lack of local authority funding, denying the life chances that a Labour Government delivered with the opening of Sure Start centres in the 1990s. Six hundred youth centres have closed as well. These painful decisions are being taken by councils not because they want to do it, but because they just do not have enough money even to keep essential services running, following the slashing of their budgets year on year. And it goes on—this affects our communities and lives in so many ways. Last year, councils proposed the sell-off of school playing fields with the equivalent size of 500 football pitches—500 pitches unavailable for young people to indulge in sport. Surely it is our duty as a community to ensure that all our young people, wherever they live, have a decent chance to grow up with a library, a playing field and a Sure Start centre. It is not a lot to ask.

The Chancellor boasts of a strong economy, but he abandoned the previous Chancellor's targets, so let me give a more realistic context for today's figures. The deficit was going to be eradicated in 2015—do we all remember the long-term economic plan?—and debt was going to peak at 80% of GDP and then start falling. Our economy is not prepared for Brexit. It still suffers from underinvestment, an over-reliance on consumer spending, and wholly unsustainable levels of personal and household debt. Investment must be evenly spread around our country. Despite today's announcements, London continues to receive six times as much investment as the north-east. Labour is backing a fair funding formula for investment so that every area gets its fair share of capital spending. What has been announced today does not achieve that. The Government cannot build a northern powerhouse or a midlands engine if investment does not follow the soundbite.

Our country spends 1.7% of GDP on research and development, which is well below the OECD average. The strongest economies spend over 3%. In the immediate term, the Chancellor must focus his attention—he did not have much to say about this—on the precarious future of skilled workers' jobs at Vauxhall in Ellesmere Port and Luton, and at Ford in Bridgend. Exporting businesses would have more confidence if the Government clearly committed to negotiating for tariff and impediment-free access to the single market and dropped the reckless threat of turning Britain into a tax haven on the shores of Europe.

One of the biggest challenges facing our country is environmental—climate change. The Government are failing to lead and failing to drive a mission-led industrial strategy, which our Business, Energy and Industrial Strategy Committee has recommended. The Chancellor failed to make energy efficiency a national infrastructure priority. There was no commitment to establish zero-carbon standards on new buildings, and he was unclear about investment in public transport that will definitely reduce pollution. The poor air quality is appalling. It is killing thousands of people in this country and taking away the life chances of many children who grow up alongside polluted roads. The good work being done by Labour's London Mayor, Sadiq Khan, and by the Welsh Labour

Government has rightly recognised air quality as a public health crisis, particularly for children. We have to deal with this crisis urgently.

There cannot be an industrial strategy or productivity gains without serious investment in skills. Adult skills training has been cut by 54% and further education by 14%. The small amounts committed today are long overdue, but woefully insufficient. The schools budget is being cut by 8% over the coming years. Does the Chancellor want fewer teachers and teaching assistants, larger classes or shorter school days? Which is it? I agree with the Prime Minister that every child deserves a decent education and every community deserves a decent school, but we should achieve that by working with communities to provide those schools, not by plonking in selective schools that communities are not demanding. The money announced by the Prime Minister yesterday for new grammar schools is, frankly, a vanity project. The Government should cancel this gimmick and reject selection and segregation. Why do they not honour their own 2015 manifesto pledge to protect per pupil funding, which has clearly not happened?

This Budget lacks ambition for this country and fairness. It demonstrates again this Government's appalling priorities: another year of tax breaks for the few and public service cuts for the many. When the Prime Minister took office, she said:

"If you're one of those families, if you're just managing, I want to address you directly."

This Budget did not address them; it failed them. This Budget does nothing to tackle low pay, nothing to solve the state of emergency that persists for the many people who demand and need health and social care now, and nothing to make a fair economy that truly works for everyone. It is built on unfairness and on a failure to tackle unfairness in our society.

1.54 pm

Mr Andrew Tyrie (Chichester) (Con): I do not think that there is a great deal of concord in the House about that speech, but I think that there is some agreement across the House about a number of things that the Chancellor said. In fact, I think that there has been a quiet consensus in this place for steady deficit reduction ever since Alistair Darling's Budget of 2010, and I am delighted that the Chancellor is persisting with that reduction.

Before picking up on a few of the measures, particularly those that affect small businesses, I want to make one point about overall fiscal policy. The Chancellor does not have much room for manoeuvre. He is pretty heavily boxed in, and I see him nodding in agreement. On the spending side, three quarters of public spending is covered by manifesto pledges, so every round of savings has to fall on a progressively smaller area, which makes it painful for it to absorb. On the tax side, he is just as constrained. In fact, he is even more constrained, because he has inherited the tax lock—the statutory prohibition on any reduction or increase in a number of taxes—and a commitment to reduce corporation tax to 15%. That puts over 80% of revenue beyond his reach should he need to raise more money later. Of course, there is also the fuel duty freeze—I think it is a freeze—that was announced in the autumn statement. All those tax and spending pledges are the fallout of an electoral bidding war, but dealing with that is a matter for another day.

I want to pick up on a few detailed measures that we just heard about, particularly on those, as I said, that affect small businesses, because I am particularly concerned about them. I was delighted to hear some good news, but first it is worth going through the list of things that small businesses are having to deal with at the moment: the doubling of insurance premium tax that was announced last year; automatic enrolment for pensions; the extra cost of the living wage; the infrastructure levy; the revaluation of rates—I will come on to the proposals that have just been announced in a moment—and the “Making tax digital” plan. In addition, there are the proposals for class 4 national insurance contributions.

Chris Leslie (Nottingham East) (Lab/Co-op): The right hon. Gentleman is providing a good analysis so far. On the increase in national insurance contributions for the self-employed, does he think that the Chancellor needs to explain why he is breaking a 2015 general election manifesto pledge?

Mr Tyrie: The Chancellor set out his reasons quite carefully. He thinks that there is a strong argument for matching what people get out of NICs on the receipt side to the contribution side. I will look carefully at the hon. Gentleman’s point about the specific manifesto pledge, about which the Chancellor and I will no doubt have a further discussion when he comes before the Treasury Committee.

The Chancellor announced some quite important changes to “Making tax digital”, and we need to be clear about the problem that he seeks to address. Until today’s statement, several million people, mostly small traders, would have been required by law from 2018 to fill in their tax returns electronically for the first time. Some of those traders will not even have a smartphone, let alone a computer. The plan’s effect would have been to impose a massive, unfair burden on small businesses and some of the smallest traders, so it is good news that the Chancellor made a concession today, one which appears to be aligned with at least one of the suggestions made in a Treasury Committee report on this subject. The most important thing that the Chancellor is doing is keeping the starting threshold for another year at the VAT threshold of £83,000. That is the good news, but the not so good news is that the relief is only for a year.

May I ask the Chancellor to consider phasing in the lower threshold over a run of three or four years? He has suggested a lower threshold of £10,000, which seems extremely low—he looks puzzled, but he will find that that is what HMRC has been talking about. Dropping the VAT threshold dramatically from £83,000, or whatever it becomes, in one year strikes me as unreasonable. Of course I understand why the Chancellor is doing that—he needs the money—and I am sure that HMRC has told him that there is a huge amount of money waiting to be collected. He is nodding in agreement with that, too.

I think that I am right to say that HMRC previously suggested that £2 billion of uncollected tax is available, but I doubt that figure, and so does the Treasury Committee. If the Chancellor is brutal about introducing the measure, he might not get very much money. Some businesses will go into the grey economy, and some will cease trading altogether, so the pot of gold might not be there at all.

Wes Streeting (Ilford North) (Lab): Will the right hon. Gentleman give way?

Mr Tyrie: I give way to the hon. Gentleman, who is a member of the Treasury Committee.

Wes Streeting: I agree with the right hon. Gentleman that merely delaying by a year is insufficient. Does he agree that the Chancellor should enact the Treasury Committee’s other recommendations and that, unless he does, today’s Budget will be good news for accountants and bad news for small businesses?

Mr Tyrie: The hon. Gentleman makes a powerful point, and of course I support his support for the proposals that we worked up together on “Making tax digital”. I will continue to make those points as vigorously as I can on behalf of the Committee, and I am sure that the Chancellor is listening. We should welcome his acknowledgment that the pre-existing proposals were not workable, and we have already had a bit of adjustment. Now that the door is ajar, perhaps we could have another conversation through the gap.

Kit Malthouse (North West Hampshire) (Con): Like my right hon. Friend, I welcome the easing for businesses below the VAT threshold, but does he recognise that for those businesses over the VAT threshold, and they are not necessarily enormous businesses, that are struggling with some of the additional burdens that he mentioned, not least auto-enrolment, business rates and the changes to dividend taxation, particularly for owner-managers—I declare an interest as an owner-manager—accommodating the new system within the next 12 months will be a challenge and have a significant compliance cost?

Mr Tyrie: My hon. Friend, who is also a member of the Treasury Committee, makes the point that modest or slightly larger businesses will also find the bureaucratic burden introduced by the “Making tax digital” proposals pretty tough. The Committee has taken a lot of evidence on that. In the very long run, digital returns will be the future, but the question is how we get there. This is a generational change, and it is important not to sour relations between small businesses and the Revenue, which can easily happen if we hit small businesses over the head in the hope of getting a bit of extra money in years 1 and 2, or years 2 and 3. With a little more caution, small businesses can be brought into the system and yield a higher long-term revenue because we have their co-operation.

The second change—I will not linger too long on this because I lingered on “Making tax digital”—is to business rates. The Chancellor has announced a welcome relief for those businesses hit by revaluation. He has announced three concessions, which will cost quite a bit of money taken collectively. The concessions are not only important but essential. The small businesses that are being hit by the business rate changes are the lifeblood of the local economy in all our constituencies, and the measures will give them some relief from the pressure.

The Red Book suggests that the Chancellor might consider proposals for more frequent revaluation of business rates. I am pleased about that, because the big problem is the cliff edge created by revaluations every five or seven years. In a nutshell, we require both more

[Mr Tyrrie]

frequent revaluation and quicker appeals. We need both. It cannot be beyond the wit of man to devise a reform that can deliver them.

While I am thanking the Chancellor, I thank him for agreeing, as he did when he came before the Treasury Committee recently, to publish the distributional analysis of the Budget measures on a basis comparable to that published in the last Parliament. The Committee will look carefully at the distributional analysis and other tax measures, and it will do so in a slightly more considered and less rushed way than we have in the past.

Mr David Burrowes (Enfield, Southgate) (Con): In the spirit of thanking the Chancellor, will my right hon. Friend join me in thanking him for saying on page 35 of the Red Book that he wants to consult on introducing a new duty band for still cider just below the 7.5% band that targets white ciders? Many Members on both sides of the House will know that white cider is particularly damaging to young people and homeless people, and the consultation is a great signal of intent that we will get to grips with the issue, so that we do not have this harmful, damaging and too-cheap white cider on our high streets and particularly in our off-licences.

Mr Tyrrie: My hon. Friend has made his point, and he may well be right. I never talk about cider for long in the House of Commons because, whatever I say, I have always found that it results in a great deal of correspondence. I will avoid cider altogether.

I end on a couple of larger points about the backdrop to the Budget. The Chancellor is having to deal with two big risks. First among those, and by far the biggest, is the risk to the economic prosperity of our constituents and the stability of the west from the resurgence of economic nationalism. There is a bit of that in Britain and a great deal more elsewhere in the world. Protectionism has been on the rise for some time, and it is already affecting global growth. It is worth bearing in mind that global growth has been anaemic over the past five years compared with the average of the past 30 years, and that includes the effects of the financial crash. There is a big difference between those two numbers.

Global trade growth has been even weaker. Global trade is now declining as a share of world economic activity, and we should all be concerned about that. The link between prosperity and trade does not seem to have registered with President Trump, at least not yet. He has withdrawn from the Trans-Pacific Partnership, and the Transatlantic Trade and Investment Partnership looks to be in trouble. He has called the World Trade Organisation “a disaster,” and he is threatening to withdraw from that, too. But not the Prime Minister. She has made it clear that Britain should be the firmest advocate for free trade anywhere in the world, and she is right. If it were all to go wrong and we were to return to full-blooded protectionism, we would not have to look into a crystal ball; we could read the book of the 1930s.

Stella Creasy (Walthamstow) (Lab/Co-op) *rose*—

Geraint Davies (Swansea West) (Lab/Co-op) *rose*—

Mr Tyrrie: I will give way one last time.

Geraint Davies: Is the right hon. Gentleman disappointed, as I am, that the Chancellor did not mention that real wages and asset values were reduced at a stroke by 15% through devaluation? Although devaluation secures more exports in the short term, it will be offset by tariffs in the future. What are the prospects for trade when the single market hits us over the head with tariffs?

Mr Tyrrie: I will end with a word or two about Brexit, but I will not comment on the exchange rate except to say that devaluation makes the country poorer, but devaluations can come and go. We need to look at it as a shock absorber that the market has put in place as a consequence of the Brexit decision and in a much more long-term framework rather than judging it, as we are now, so soon after the event. Brexit does pose the risk of a trade shock.

Stella Creasy: Will the right hon. Gentleman give way?

Mr Tyrrie: If the hon. Lady will forgive me, I would rather wind up. I am sure she will want to make her own speech in a moment.

There certainly will be a trade shock if we revert to WTO rules, so I am pleased that the Prime Minister has made it clear that she is working for what she calls a “bold and ambitious” deal with the EU. Deep engagement, political and economic, from outside the EU almost certainly commands a majority in the House and in the country; cutting off Britain almost certainly does not. Hopefully all parties to the negotiations grasp the importance of securing a deal, but wanting a comprehensive deal and getting one in what will amount to 18 months of negotiations are not the same thing. Getting one will be a massive undertaking. Businesses know that, which is why many of them will not wait around to find out whether there will be a deal; they will protect themselves. They will start to move economic activity out before 2019 and the supply chains will start to adjust, too—to the UK’s detriment.

I shall make one further point. There is a straightforward way to safeguard the UK from the risk I have just described, and the UK must ask for it in the negotiations. It almost certainly requires only qualified majority voting, and it is available under article 50 of the treaty. The UK should make it clear, now, that after leaving the EU—that is, having repealed the European Communities Act 1972—the UK’s first requirement is that a standstill on the implementation of the detailed terms of any deal should be put in place. That is a crucial ingredient to bring stability and certainty during the negotiations.

When the Conservatives first came into power in 2010, there was a 10% budget deficit, ballooning public debt and the second-lowest growth in the G7. That all amounted to a massive challenge. Now, the public finances are stronger—only after six years of hard work—but the two risks to which I have alluded could amount to a cocktail scarcely less difficult to handle, particularly if mistakes are made. The Chancellor has told us that he has taken a cautious approach by steadily reducing borrowing; I strongly support him in that, and he has my strong support to persist, even if he hits heavy weather.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. After this next speech, the time limit on speeches will be 10 minutes.

2.11 pm

Stewart Hosie (Dundee East) (SNP): In many ways, the Chancellor did not disappoint us. We had the self-effacing jokes about spreadsheets and the spun lines about being stronger together, and then it went downhill. There was barely a mention of Brexit—the most momentous challenge facing the UK—and, more importantly, what the Chancellor would do to mitigate the damage that we expect as a consequence. Before I come to that, though, I had very much hoped to welcome a concrete package of measures for the oil and gas sector, and particularly for end-of-life fields; instead, we have been offered an options paper. One of my sharp-eyed assistants told me that that is exactly the same promise as the one made in 2016, so perhaps at some point the Chancellor will actually deliver the paper and set out some concrete measures.

Geraint Davies: Will the hon. Gentleman give way?

Stewart Hosie: Not at the moment.

Budgets can sometimes be assessed more by what is omitted than by what is included. I thought there would have been more reference made to the city deals and how important they are for the areas that are negotiating them.

Steve Rotheram (Liverpool, Walton) (Lab): Will the hon. Gentleman give way?

Stewart Hosie: I shall give way in a moment.

Although in passing the Chancellor mentioned fairness and, indeed, living standards, he did not dwell for very long—in fact, not at all—on the counter-analysis to his assertions, which is that child poverty will increase by 30% by 2021-22. That is entirely explained by the direct impact of tax and benefit reforms. He spoke about an increase to the minimum wage, which is of course welcome, but ignored the assessment that says that real average earnings are forecast to rise by less than 5% between now and 2020-21. In essence, that will mean more than a decade without real earnings growth.

Andy Burnham (Leigh) (Lab): On the subject of omissions from the Chancellor's statement, the hon. Gentleman will know that hundreds of women have travelled to Westminster today from Scotland, Greater Manchester and all over the country to campaign against the unfairness of their not being properly informed about changes to their state pension. Does he agree that it is disrespectful to say the very least that on International Women's Day those women fighting for justice on their pensions got no mention at all from the Chancellor of the Exchequer?

Stewart Hosie: The final omission is any redress for the WASPI women. That is absolutely correct.

Steve Rotheram: Will the hon. Gentleman give way?

Stewart Hosie: Not at the moment.

It is worth reminding ourselves how we got to where we are today. It is not all the fault of this Chancellor, but the Tory targets on debt, deficit and borrowing that were promised in 2010 simply were not met. I shall

demonstrate the scale of the failure. We were told that debt would begin to fall as a share of GDP in 2014-15, that the current account would be in balance the following year, and that public sector net borrowing would be barely £20 billion in that same year. Of course, as many of us warned it would not at the time, that did not happen. Debt will not begin to fall as a share of GDP until 2018-19, the current account will not be in the black until the same year, and public sector net borrowing in 2015-16 was not the barely £20 billion promised, but £72 billion. In short, the Scottish National party argues that the first five years of Tory austerity failed, and we have little confidence that the second five years will be any better.

I turn to the present, and then the future. Last autumn, the Chancellor told us that net debt would peak at 90% of GDP, or £1.84 trillion—that is 12 zeros. Today, he gave us the startling news about the huge progress: it will now peak at £1.83 trillion. Borrowing is down a few hundred million for 2017-18, and the current budget, due to be in surplus by £18.5 billion in 2019-20, has barely changed. The forecasts are as bad as they were promised to be in the autumn and have barely changed from last spring.

What growth there is seems to be driven in large measure by an assessment of increased business investment of around 4% over the next few years. The Office for Budget Responsibility says that there will be “a 0.1% fall in business investment in 2017, before uncertainty begins to dissipate”.

We are about to have article 50 invoked, followed by a tortuous 18-month to two-year negotiation, and the OBR and the Treasury are telling us that the uncertainty will dissipate sometime at the back end of this year. That almost beggars belief.

John Redwood (Wokingham) (Con): Can the hon. Gentleman explain why he and his party thought before and immediately after the referendum that there would be a sharp slowdown or recession this winter? Were they not completely wrong then, and are they not wrong now about article 50?

Stewart Hosie: The right hon. Gentleman is completely wrong. I can say with absolute certainty that there was never, ever a threat of an immediate collapse. Indeed, I am on record as saying there would be no problem in week one, month one or year one, or even in year two or year three, which gets us to just beyond the negotiation. The danger was always the long-term risk of decreases in foreign direct investment and trade, and of loss of GDP from reduced migration, to which I shall turn because the Chancellor did not.

Much of the previous failure came about because the last Tory Government strangled the lifeblood from recovery by cutting too much or too quickly, with little or no regard to the consequences. That error was set in stone by the old fiscal charter and its requirement to run a permanent surplus quickly, almost irrespective of the economic conditions. The new fiscal charter, which was not really given a look-in today, is certainly more flexible than the last one, but it still targets a surplus early in the next Parliament. The numbers and the timescale look precarious. The forecasts for a current account surplus are tiny, not even reaching 1.5% of GDP in this Parliament. If there is any external shock or any capital flight, if we

[*Stewart Hosie*]

suffer more devaluation, which is quite likely, or if the negotiations go badly, the figures could fall apart very quickly indeed.

These numbers are being delivered before the full impact of a hard Tory Brexit are felt. We cannot even assess properly what the consequences of that will be, because the OBR tells us

“there is no meaningful basis for predicting the precise end-point of the negotiations as a basis for our forecast.”

That is a central assumption that pretends Brexit does not exist—a ridiculous thing to do with the invocation of article 50 looming.

The OBR’s central forecast is in rather stark contrast to what we already know. The Treasury had reported previously that the UK could lose up to £66 billion from a hard Brexit, and that GDP could fall by almost 10% if the UK reverted to WTO rules, which echoes what the Chair of the Treasury Committee said. Other assessments mirror that. The London School of Economics says:

“In the long run, reduced trade lowers productivity.”

That is a huge problem for the UK. It went on to say:

“That increases the cost of Brexit to a loss of between 6.5% and 9.5% of GDP.”

It puts a range of figures on that of between £4,500 and £6,500 per household.

Last year’s PricewaterhouseCoopers report suggested that employment could fall by 600,000. The figures for Scotland produced by the Fraser of Allander Institute suggest that a hard Tory Brexit could result in 80,000 lost Scottish jobs and a drop in wages averaging £2,000 in a decade. If we add to that the report by senior executives in the FTSE 500 saying that Brexit is already having a negative impact on business, and the British Chambers of Commerce reporting that half the businesses surveyed have already seen a hit to margins due to devaluation, we can see the scale of the problem. What we should have seen today is mitigation to match that.

To be fair to the Chancellor, he did move a little last autumn with announcements of additional support for capital investment and research and development. Today, he reiterated some of the R and D statements and put some flesh on the bone of other investment, no doubt taking his cue from the IMF, which had said previously that the Treasury had done enough to stabilise finances for the Government to embark on extra investment spending. However, the figures from last year’s autumn statement show public sector net investment falling in 2017-18 to 2018-19 and not recovering again until we are in the next Parliament. The figures today for public sector gross investment show them falling this coming year, 2017-18, to the forecast made only three and a half months ago. The money should be spent now to mitigate that rather than waiting for the OBR to say that the damage has been done.

However, it is not all about broken promises on debt, deficit and borrowing. It is not even about repeating the mistakes of the past on investment. We are now in such uncertain times that, to protect jobs and the current account, trade should be front and centre, but little was said about that today. The Red Book tells us already that the current account is in negative territory for the entire forecast period. The impact of net trade will be

zero or a drag on GDP growth for almost every year in the forecast period. That is after an average 15% devaluation in sterling since the EU referendum.

George Kerevan (East Lothian) (SNP): Is my hon. Friend aware that the Red Book also points out that, over the forecast period, the cumulative current account deficit is more than 13% of GDP? We will have to sell an awful lot of UK companies to fund that.

Stewart Hosie: That is precisely the point. The choices are that we grow and we take exports seriously, or we do what Tory Governments have always done, which is to sell off the family silver.

Growth is forecast to be based on heroic levels of business investment after the uncertainty of Brexit ends this year. It will be propped up by household consumption with a commensurate rise in household indebtedness, central Government investment, which I welcome, and fixed investment in private dwellings, but with house prices forecast to rise at two or three times the rise of inflation. The Budget report seems to make merit of that: people will feel wealthy, it says. We know what happens when prices fall, and we know what the impact is on youngsters trying to get on the property ladder. On household debt in particular, the Chancellor should have been much more aware of the concerns that, even after excluding mortgage payments, household debt has now reached record levels. This is not a balanced recovery.

However, it is the issue of trade that is most worrying. The figures are clear. The last full year for which we have figures—2015—saw a current account deficit of £80 billion, and a deficit in the trade in goods of £120 billion. At least the Chancellor did not repeat the claims of his predecessor that we could double exports by the end of this decade to £1 trillion. Perhaps he should enlighten the Secretary of State for International Trade, who still thinks that it is sensible to keep the target even though he does not believe that it can be met. This is not all the fault of this Chancellor. Many of these failings have been embedded in the UK economy for decades. It is not just about exports, but about support for innovation, which I welcome, and manufacturing as well as boosting productivity across the board.

We should have had specific plans today—the Chancellor has had enough time in office—for substantial GDP growth, not the less than 2% in every year for the forecast period, which is lower than the pre-crisis trend. We should have had measures to boost productivity. In Scotland, productivity is 4% higher than the 2007 level, compared with next to nothing in the UK. We should have had targeted support for high-growth export-focused small and medium-sized enterprises. The Chancellor should have taken more businesses out of business rates entirely in England rather than offering just a bit more help for a short period of time.

I welcome what the Chancellor said about education. If we tackle the attainment gap, we can get inclusive growth. We will not get inclusive growth if people are struggling to put food on the table because the welfare cap is squeezing people’s real incomes.

Caroline Lucas (Brighton, Pavilion) (Green): Earlier, the hon. Gentleman was talking about significant omissions. Does he share my deep concern about other omissions?

There was nothing at all in this statement about the climate crisis; nothing about investing in green energy; nothing about energy efficiency; nothing about reversing the solar tax hike; and nothing about the public health emergency caused by air pollution. Does he agree that that is a reckless and irresponsible squandering of a vital opportunity?

Stewart Hosie: The pattern that we have seen over the past few years confirms that. It is not just about the photovoltaics and the contracts for difference changes, which were not helpful, but all the other issues that the hon. Lady has raised too. She is right to keep on making those points.

One reason why the Government cannot fund their policies is to do with the yield from taxes. I believe in tax competition, but if we look at the corporation tax yield, we can see that it has flatlined and fallen in real terms for the past four years of the forecast period. In order to make amends today, or to make the numbers stack up, we have seen a scandalous attack on aspiration and on the self-employed by taxing more and making more changes to national insurance contributions to the tune of £4.2 billion or so. The party of aspiration is taxing those who are self-employed, pouring in active, real hard disincentives to starting businesses, to employing people, and to stepping out on one's own. That is a decision that will come back to haunt this Chancellor.

Charlie Elphicke (Dover) (Con): Does the hon. Gentleman not agree that, if people work, they should be taxed equally? There is a non-level playing field when it comes to taxing people who are employed and taxing those who are self-employed. Does he think that that is fair or sustainable?

Stewart Hosie: This is the problem with Tories. They talk about business as if they know it. They assume that every businessman is a multi-billionaire. When most self-employed business people start, they earn less than the minimum wage. If they can take out £1,000 or £2,000 in a dividend to help them make ends meet at the end of the year, that is the right thing for them to be able to do. If they become half a Microsoft in the future, they pay taxes, employ tens of thousands of people, and we all get to benefit. None of these people will now do that automatically. They will take a second look, have a pause, and wonder whether the risk is worth taking because of the disincentive put in place today.

Mr Mark Prisk (Hertford and Stortford) (Con) rose—

Stewart Hosie: I will not give way for the moment, because I want to make a little progress.

The Chancellor also announced some £350 million for Scotland. *[Interruption.]* I thought that he might want me to welcome that. The problem is that it is all smoke and mirrors. Even after today's announcement, Scotland's discretionary spending will still be down £1 billion between this year, 2016-17, and the end of this Parliament, and more than £2.5 billion down in the Tory decade since 2010. Every little helps, but we will not be putting out the bunting to celebrate the Chancellor's largesse.

The key point I want to make is about Brexit. The hard Tory Brexit—the elephant in the room barely mentioned by the Chancellor—is approaching quickly. It means that we will revert to WTO rules, with all the tariffs and other regulatory barriers, if a better deal cannot be struck, and I have no confidence at all in this Government's ability to deliver that deal.

Steve Rotheram: Will the hon. Gentleman give way?

Stewart Hosie: Not at the moment.

There is no guarantee that a deal will be done. If the Chancellor expects that the plans outlined today can cope with the consequence of a cliff-edge Brexit, which the Prime Minister plans, then the whole Government are in for a very rude awakening.

Let us look at some facts. The economic value of EU citizens working in the UK is enormous. PricewaterhouseCoopers told us last year that the impact of migration restrictions alone due to Brexit could lead to a loss of over 1% of GDP. That 1% fall would more than halve the Government's GDP growth forecasts for every single year of this forecast period, rendering them meaningless.

Just to put some colour into that, my hon. Friend the Member for Dundee West (Chris Law) today met representatives of the computer games industry, who said that 98.4% of the companies that responded to them had said that the Government should immediately guarantee the status of EU nationals working in the UK. That would have been, if not a fiscal measure, an active and positive economic one for the Chancellor to have announced today. It would have been an active and positive economic measure to guarantee that the UK would fully replace lost EU funding post-2020, specifically the less favoured area support scheme, particularly if the UK leaves the EU before the closure window in 2019. It would have been a positive economic measure today to confirm the UK's intention to negotiate substantial and long transitional arrangements for the financial sector, to avoid the loss of jobs, income, headquarters and tax.

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): Was my hon. Friend as concerned as I was at the announcement just six days ago in the Irish press that since the Brexit vote over 100,000 UK companies have registered, or taken steps to register, offices in Ireland?

Stewart Hosie: I am not shocked or surprised by that. What we need to do is ensure, certainly in Scotland, and in the UK if the Government can find the will to do it, that we make this country as attractive as possible as a place to continue to invest in and run businesses in, and for us that means staying in the single market and, frankly, staying in the EU.

Finally, I want to refer to announcements made in relation to the Budget over the past week. There was the decision to have extra departmental spending cuts, and the decision on personal independence payments and other welfare measures. The latter, we believe, demonstrates the real impact of the welfare cap in punishing the most vulnerable and balancing the books on the backs of the poor, confirming many predictions that the UK is set to become more unequal than it has been since the days of Margaret Thatcher, and further confirming that this

[*Stewart Hosie*]

Government have learnt nothing. They are tweaking the numbers to fit the ideology, driven by an austerity agenda and failing to realise that they cannot cut their way to growth. At its heart, the real tragedy of this Budget, only a week or so before article 50 is invoked, is that Brexit was the word that dared not speak its name, and this country is completely unprepared for the economic tsunami that this Government will unleash.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): There is now a 10-minute time limit on speeches.

2.33 pm

John Redwood (Wokingham) (Con): I draw the House's attention to my entry in the Register of Members' Financial Interests.

The good news is in the forecasts. I am delighted that the Government have gone back to the forecasts they put to us in March 2016, when they rightly said that the UK economy would grow by 2% in 2016, and by little over 2% in 2017. I welcomed those forecasts at the time and held to them throughout the past year. I am delighted that the Treasury has now largely backed those more sensible forecasts.

However, we need to ask why the Treasury, the Office for Budget Responsibility, the Bank of England and many other independent forecasters got the forecasts so comprehensively wrong in the summer of 2016, and why the autumn statement forecasts were still so wrong at the end of last year. I wonder whether we need some efficiency improvements in their economic forecasting departments. Do we really need all those forecasters in the OBR, the Treasury and the Bank of England, if they are going to get it so comprehensively wrong and make the Chancellor's job so difficult? He is trying to chart a consistent and stable course through a set of forecasts that are rather like a wild ride to some kind of nightmare world, only to discover that there is no nightmare but rather a good outlook.

Alison McGovern (Wirral South) (Lab): The right hon. Gentleman says that we ought to get rid of forecasters in the OBR and the Bank of England if they get the forecasts wrong. Plenty of modellers and forecasters in the City of London got their forecasts wrong before the crash in 2008, but I am sure he does not believe that we should end the banking trade in the City of London.

John Redwood: I do not think that the hon. Lady was listening to what I said. I asked whether we have too many of them, because we do not need quite so many to get it wrong; I think that we could be more economical in getting it wrong, if that is what they persist in doing. Certainly, the official forecasters completely missed the banking crash of 2008-09, which some of us did not miss. Then, of course, they got the Brexit impact completely wrong. The Scottish National party is redefining what it believed at the time of the remain campaign. I remember quite clearly it supporting a campaign that said, in terms, that those official forecasts were right—that confidence would be damaged, and therefore consumer expenditure would fall, whereas it has actually gone up

very strongly. It said that investment would collapse, but it did not, because the demand was there, and companies need to meet it.

George Kerevan: I clearly remember being in the Treasury Committee when we interviewed the Chancellor, and clearly remember holding him to account for his bogus forecasts, which were clearly over the top, clearly bound to turn people off and clearly led to the wrong result on 23 June.

John Redwood: I am delighted that the hon. Gentleman shared my scepticism. I just wish that he had said rather more at the time when we were fighting the referendum campaign, because I do not remember him being on my side or making similarly helpful comments before people went to vote.

Mr Prisk: One of the difficulties I found when I was Minister with responsibility for construction was that statistics from the Office for National Statistics are often incomplete and based on only partial information. Does my right hon. Friend agree that if forecasts were more infrequent, we might get the numbers right more often?

John Redwood: That might be worth looking at. We need to consider why the forecasts went so comprehensively wrong on this occasion. We also need to probe further why they went so wrong in 2007-08, when they disrupted the world economy in the west. They disrupted the Labour Government very dramatically, because there was absolutely no foresight about the consequences of the actions they were taking over the banking system, first allowing it to expand too fast and then collapsing it far too quickly, with awful consequences, as we know. I am delighted that I can fully support the Government's latest forecasts, because they are in line with where I have been throughout.

That brings me neatly to the monetary situation. The Government need to recognise that there is a new move afoot. We will probably see an interest rate rise in the United States of America next week, and we might see two or three rises of 25 basis points over the course of this year, because it recognises that its recovery is sufficiently advanced. There is quite a bit more inflation in the American system, and it needs to start to normalise interest rates a little more. We might even hear from the European Central Bank tomorrow that it is no longer thinking of cutting rates further; they are already negative. It might need to think in due course about tapering its rather generous quantitative easing programme.

We are moving into a world where interest rates tend to go upwards, rather than going downwards or staying stable. If we are too slow in responding to that mood, we will find undue pressure on the pound. I do not think that has anything to do with Brexit; I think it is to do with interest rate differentials. The pound started to fall away in the summer of 2015, and most of the devaluation we have seen to date actually took place by April last year, before the vote, but there has been more pressure in recent weeks. When people look at these interest rate differentials, they will say, "Why don't I hold my money in dollars? Not only will I immediately get a pick-up in interest, but I think there will be further rate rises in America." We need to factor that in. That is

why I welcome the Government's decision to increase public spending in certain areas. As a constituency MP, I want more money spent on social care. I represent a high-cost area of the country, where the shoe is pinching and there are more people needing that assistance. The Government were right to make a sensible contribution, and I look forward to seeing the details.

Stella Creasy: Will the right hon. Gentleman give way?

John Redwood: I am running out of time, so I cannot take any more interventions.

I welcome the decision to have more money for schools and the NHS, because there, too, my area has been poorly funded for many years. We are looking forward to getting a much better settlement for our schools under fairer funding, and I hope that there will be something for our schools as a result of the Chancellor's sensible decision to make some increases. I think that colleagues will generally welcome the Government's attention to schools, the NHS and social care funding. I hope that the rate relief fund will be generous, because I represent an area where there are likely to be substantial increases in the rates, but where businesses are not necessarily generating the extra turnover that makes it easy to pay those sharp increases. We particularly need to look after small and growing businesses. I hope that the fund will be well targeted and will deal with what will otherwise be a series of tough, hard cases.

I welcome the extra spending and relief on tax, because I am not as worried as some about the level of UK debt. We need to remember that the figures the Government are giving us are for the gross debt. They are saying that the debt, at 86% of GDP, is high and needs to be brought down, but of course quite a bit of that debt is owned by the Bank of England on our behalf, so we owe the money to ourselves. The adjusted figure is about 65%, which is a perfectly reasonable level, particularly at a time of very low interest rates. Whatever happens with advanced country monetary policies, we all think that interest rates will remain abnormally low for quite a long period of time—well below the averages we were used to before the banking crash.

This is not a bad time for the state to borrow, particularly if it is investing in projects that we need and that may have some return. We definitely need better transport and strengthened broadband, much of which can be done by private finance. We also need better flood control and, at the same time, more water reserves for the fast-growing areas of the country. We need a lot of extra housing, which brings with it the need for more provision of schools and hospitals.

If we are to carry on growing at something like the rate at which we have done in recent years, we have to accept that there is a backlog of infrastructure requirements—everything from roads to water supply, through to getting our broadband up to speed and sufficient in capacity. I want as much of that as possible to be financed in the private sector, and a lot can and will be, but the Government have an important role in all these areas. They have to offer licences and organise planning permissions. They may need to pump-prime. Parts of the networks may not be financially viable without Government money. That is certainly true of

our road system, because we have a system that is free at the point of use, owned by the state in all its manifestations. As we need better roads, Her Majesty's Government clearly need to invest a decent amount in roads.

I note that the Budget was mercifully short of measures on the tax side, although I am always in favour of measures that cut taxes, rather than increase them, and I would have welcomed rather more of those. The Chancellor understandably wishes to go to having one Budget a year, in the autumn. We look forward to a Budget that deals with taxation in the autumn. He has set out a number of ideas for consultation, or perhaps pre-announcements; I trust that there might be some modification to those by the time we get to the proper Budget in the autumn. I urge him to understand just how crucial flexibility is to our economy, and that flexibility comes from having so much, and a growing volume of, self-employment. We need to ensure that it is as easy as possible to get into self-employment, and that it is as worthwhile as possible when people are successful.

I always think it is a good idea to try to confine taxes, and certainly tax rises, to things that we do not approve of very much. We have quite a number of sin taxes, which are rather easier to sell to the public. We should not go out of our way to tax work, enterprise and success. I know we have to do some of that, because we need a lot of revenue for the range of public services we offer, but our taxes on those things are quite high enough. We might actually find that we raised more revenue from more work and more enterprise if the rates were lower, because there is definitely a beneficial effect if we can get our rates to a competitive level worldwide. We need to understand that other countries around the world are getting the idea of cutting tax rates. The new President of the United States of America is working with Republicans on the hill on a major set of tax proposals that could cut American corporate tax rates and income tax rates dramatically, which would give America an important competitive advantage and make it a much more attractive place for talent and inward investment. We need to bear that in mind as we go into our autumn Budget cycle here, because I want the UK to be the most competitive major economy in the world.

My last point, in response to the previous speaker from the Scottish National party, the hon. Member for Dundee East (Stewart Hosie), is that he should not start painting this picture of misery and collapse in three years' time, given that there was no collapse immediately after the vote. Were we to end up on World Trade Organisation terms, we would collect £12 billion in tariff revenue, which we could give back to businesses and consumers here; other countries would collect only £5 billion in tariff revenue from our exports to them, so we would be better off financially in that transaction. We would also be better off because if countries placed large tariffs on food exports to us, which would be an extraordinary type of self-harm on their part, we would presumably substitute a lot of imported food from cheaper parts of the world.

2.46 pm

Rachel Reeves (Leeds West) (Lab): The Chancellor spoke today about his determination to tackle the dangers lurking in the small print of contracts, so let us look at the small print of the Chancellor's Budget. Inflation is

[Rachel Reeves]

up, wages are stagnating, household debt is rising, and the NHS and social care system are on their knees. Social care has been cut by £4.6 billion in the past five years. A £2 billion increase was announced today, but that is not enough to deal with an ageing population and the huge cuts faced by local authorities.

The issue of Europe is not even in the small print of the Budget; there was not a single mention by the Chancellor of the European Union or the negotiations that we presume will begin at the end of this month. There is increasing concern that a hard Tory Brexit, in which we fall back on WTO rules and tariffs, will further harm our exports and inward investment, yet there was nothing today to assure businesses and investors that we will have a system that works for them in the years ahead.

Today is International Women's Day, but there is very little in the Budget that does anything at all to help women. It is women who have borne 86% of the cuts—benefit cuts and cuts to in-work benefits—and tax rises over the past few years. Some £80 billion a year has been taken out of the pockets of women over the past seven years under this Tory-led Government, yet the Budget does nothing to reverse that trend.

When it comes to household debt, the figures are startling. The whole forecast is dependent on consumers continuing to spend, but that consumption is based on consumers continuing to rack up the debts. Our savings ratio has been falling since 2010, and is now at a record low. Unsecured debt went up by 10% last year. The household debt to income ratio is now at 145%, up 6% in just one year.

John Redwood: Is not it a good thing if a young person with a reasonable job takes out a mortgage? Is not it sensible to borrow?

Rachel Reeves: Unsecured debt, as the right hon. Gentleman knows, grew by 10% last year. That is not secured against anything solid at all. The household income ratio, which is back to being close to the levels of 2008, should sow seeds of doubt in all our minds about the sustainability of our economy. I am concerned about the ability of consumers to carry on bearing this burden. To do so, they will have to increase their debts or have real wage increases, but this Budget sees real wage growth contract sharply because of the sharp increases in inflation as a result of the depreciation of our currency. This is not an economy that is well placed to withstand the strains and shocks that lie ahead.

My argument today is that this dangerous reliance on borrowing and debt is directly connected to the Government's failure to put wealth and opportunity in the hands of the many rather than just the few. While those on the Government Front Bench keep saying that they are on the side of ordinary people, they have not shown it in their actions today.

Last week, the Institute for Fiscal Studies reported that we are on course for a rapid rise in inequality over the next five years. The bottom 10% of the earnings distribution—those who already have the least—will see their incomes fall in the next few years, particularly due to cuts to universal credit. Meanwhile, those with the most—the top 10%—will see their take-home pay increase

by 10%. That is a direct consequence of the Government's failure to reverse our economy's growing reliance on low-paid work and low productivity, with one in five people now paid less than the living wage, and deep cuts to in-work benefits, which make it harder for those families in work to make ends meet. That cannot be right.

However, that is not all. The Government have now ignored two independent court rulings by cutting access to disability benefits for over 160,000 people, which will save them £3.7 billion. There is no mention at all of that in the Budget. Switching people from disability living allowance to personal independence payments has also seen nearly 50,000 people lose their Motability cars because their benefits have been cut under the blatantly unfair changes to the assessment rules. That is not the sort of country I want to live in, and I do not think it is the sort of country our constituents want to live in either. Not only is this a betrayal of the hard-working majority the Government promised to put first, but it shows a callous disregard for the poorest and most vulnerable in all our communities. It is also not the way to build the better balanced and more broad-based economy we need to build for the more turbulent times we are bound to see ahead.

Let me set out a few areas where today's decisions have been misjudged, and how the Government could have delivered a fairer Budget. First, the Government are going ahead with a £1 billion cut to inheritance tax for the richest people in our country. That money should instead be spent on expanding free childcare for families, particularly those on the lowest incomes. Almost half of this inheritance tax giveaway will go to London and the south-east; in fact, 96 of the top 100 constituencies that will benefit are in London and the south-east. But what about our constituencies in the north of England, Scotland, Wales and Northern Ireland—in the rest of the UK, which does not benefit by one penny from these cuts in inheritance tax?

Lucy Frazer (South East Cambridgeshire) (Con): The hon. Lady said it was important to spend more on childcare. When the Chancellor delivered his speech, did she hear that the Government spend £6 billion a year on childcare?

Rachel Reeves: The hon. and learned Lady will also know that the manifesto promise the Conservative party was elected on has been delayed time and again. If she really thinks that the support that will, we hope, come forward in September will be enough to help women get back to work and to deliver the high-quality childcare we need for all children, I am afraid she is deluded.

Cutting inheritance tax is unfair and misguided, and this blatantly unfair policy is further evidence of the Government's warped sense of priorities at a time when we should be doing far more to help the millions of families struggling with childcare costs. Just one in 2,500 people in England and Wales will benefit from this cut, which will lift 26,000 of the richest families out of inheritance tax. This measure will only deepen the north-south divide, and it is another Tory policy benefiting the already well-off, when we could be investing in the future of all our people.

Secondly, I would like to turn to the issue of the self-employed. Today, the Chancellor made changes to national insurance contributions for the self-employed.

I am all in favour of cracking down on bogus self-employment, especially when employers effectively force employees to become self-employed and to lose out on the security and benefits that go with being employed. I am also all in favour of cracking down on tax avoidance as a result of individuals incorporating rather than being direct employees.

However, I am worried about these changes. My back-of-the-envelope calculations suggest that a self-employed person on £20,000 a year will end up paying £20 extra a month because of these changes in national insurance. We also know from the Budget documents and from previous announcements in Budgets that the cuts to corporation tax are worth £3.8 billion and will primarily benefit the largest businesses, yet in this Budget, we are increasing taxes on the self-employed by £2 billion. That seems to be the wrong priority: we should be doing more to help the self-employed and small businesses, and less to help the big businesses already making large profits. In the Budget documents, the Chancellor also speaks about tax avoidance, but the tax avoidance measures amount to £810 million. Again, we have this huge discrepancy: we are taking £810 million from tax avoidance, but asking the self-employed to pay an extra £2 billion.

While it is right for the Chancellor to say that we should look at access to maternity and paternity benefits for the self-employed, what about the other benefits that people take for granted if they are direct employees, such as sickness benefits, out-of-work benefits and access to universal credit? Will the Chancellor look at access to those for the self-employed, as well as ensuring that the self-employed can get a mortgage and a private pension—things that too many self-employed people find are denied to them?

Kevin Foster (Torbay) (Con): I am listening with interest to the hon. Lady. She made reference to a number of benefits; she might recall that in late 2013, the Labour party's then shadow Secretary of State for Work and Pensions said that Labour would be tougher than the Tories on benefits. Is that still her party's approach?

Rachel Reeves: I am sure that the hon. Gentleman read that article; I said I would be tougher than the Tories in controlling the rising costs of benefits. For all the cuts we have seen from the Tories, the benefits bill keeps rising. Why is that? More young people are out of work, more is being spent on housing benefit because we are not building social housing, and one in five people is not paid a living wage. I will take no lectures at all from the Tories on controlling social security benefits; in fact, they have breached their social security cap, and they have had to come back to Parliament to explain themselves.

Thirdly, I welcome the announcement that the Government want to crack down on the small print in contracts, but I have a specific request, which the Minister at the Dispatch Box knows about. In 2013, Parliament capped charges on payday loans, resulting in a maximum charge of £24 a month if someone borrows £100. However, if someone goes overdrawn with their high street bank, they can be charged as much as £5 a day—almost £100 a month. If the Government are serious about protecting consumers from unscrupulous business practices, they should get tough on the banks that are

using excessive overdraft charges to exploit customers, particularly those who are vulnerable and getting into debt.

Finally, I want to say something about grammar schools. The Budget documents say that the Government will spend £1 billion on new schools—presumably, those will be primarily grammar schools—but only £260 million on all other schools combined. How can that possibly be right? How can that new spending be fair and ensure that all our children get access to good schools? Instead of spending £25 million on bussing children to these new grammar schools, why do we not do more to ensure that all our children have the best possible start in life? That would be a fair Budget; that would be a Budget that addressed the concerns of all our constituents. We will not get it from the Conservatives; we will get it only from a Labour Government.

2.58 pm

Charlie Elphicke (Dover) (Con): It is a pleasure to follow the hon. Member for Leeds West (Rachel Reeves), who spoke with greater passion, far greater clarity and much more intellectual and policy coherence than the leader of her party some moments ago.

This Budget is important for three key reasons. First, I have campaigned for a long time on avoidance, and I care deeply about the issue. Secondly, Brexit will touch and concern my constituency very deeply, and I will set out why we need to be ready on day one, two years hence, for all eventualities. Finally, I am going to talk about the cost of motoring and the need to make sure that we have a fair deal for car drivers. Given that 90% of all journeys in this country are made on our roads, it is important to be fair to people who travel on them.

On avoidance, I have long felt passionately that it is fair, right and proper to have a level playing field for internet retailers, big businesses, big multinationals and the like that trade in this country but do not contribute to the tax system, including Amazon, Apple, Google, Starbucks and all the rest of them. I have talked about this on many occasions. I am also deeply concerned that for too long there has been a serious problem with internet retailers from overseas—outside the European Union—not accounting for VAT and customs duties on their imports into the United Kingdom, and that needs to change. The Government calculate that that is worth about £2 billion; according to my calculation, the gap since 2005 is closer to £7 billion. Either way, it is a serious problem, and that gap needs to be closed. I welcome the fact that the National Audit Office is investigating this.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): Does the hon. Gentleman agree that that problem simply hammers small businesses in the UK that are trying to do a good thing, and that it creates such an un-level playing field that it really is time for the Government to act?

Charlie Elphicke: The Chair of the Public Accounts Committee makes a powerful point. That is why I greatly welcome the call for evidence on the VAT split payment model in paragraph 3.49 on page 37 of the Red Book. I am glad that the Government are looking at this. That is absolutely right and absolutely welcome. The work of the many campaigners is encouraging the

[*Charlie Elphicke*]

Government, Her Majesty's Revenue and Customs, the Public Accounts Committee and the NAO to look at the situation closely. I am more confident than I have been for a very long time that we may yet see a more level playing field to enable British businesses to compete fairly and squarely against those from overseas in internet retail.

It is also important to have a level playing field for workers, be they employed or self-employed. I heard the remarks of the Leader of the Opposition and the SNP spokesman, the hon. Member for Dundee East (Stewart Hosie), about how appalling it all is. Surely, however, there should be a level playing field for the self-employed and the employed. That is something about which I feel quite strongly, and I think that the Chancellor was right to introduce measures to that effect today.

Stella Creasy: What will the hon. Gentleman say to the 10,000 self-employed people in my constituency and the 3,500 self-employed people in his constituency who read the Conservative manifesto, which pledged four times that there would be no increases in national insurance?

Charlie Elphicke: The hon. Lady knows that we have legislated to place a lock on class 1 national insurance contributions, VAT and income tax, but I think that class 4 contributions—as part of creating a more level playing field—are a different matter. For me, it is about fairness and pragmatism. The playing field is so skewed that social justice, fairness and doing the right thing must come first. I regret the fact that the Labour party does not seem to take that position or agree with it.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): I would not usually intervene in such a situation, but I must say to the hon. Gentleman that self-employed people do not have equal access to in-work benefits such as holiday pay, sick pay, auto-enrolment and parental leave. How, then, can it be right to put up the tax on self-employed people?

Charlie Elphicke: It is absolutely fascinating, is it not? One moment, the Labour party and the trade unions say, "Isn't it outrageous? We have got to stop the gig economy", and the next moment they say, "Isn't it outrageous? We have got to make sure we protect the self-employed." There is no intellectual coherence in today's Labour party. It is completely and utterly unfit for government.

Let me turn to the matter of Brexit. In my constituency of Dover last summer we had a taster of what will come if we are not ready. We saw queues of traffic all the way down the motorways, and some say that that was a tea party compared with what will happen if we are not ready. That is why I am making the case again today for more and faster investment in lorry parks off the M20, for widening and strengthening the M20, for dualling the A2 and for the lower Thames crossing. We need the infrastructure in the channel ports as well to make sure that we are ready on day one.

I know that there are Labour Members who look forward to that day, and who like to warn about it and, frankly, feast on it. I take a different view. We need to be ready and prepared so that the worst does not happen.

That is why I call for investment to be brought forward, for the lower Thames crossing to be built quickly, and for us to get on with it. We should make an investment in the port of Dover that is similar to, and greater than, that which we have most graciously made in Calais in recent years. It is time we put Britain, and Britain's border, at the forefront of our policy.

In addition, we need to be ready on day one if we do not get a deal. I hope that we will get a deal in two years' time. I hope that the Commission will negotiate in good faith. So far, the way in which it has gone about dealing with legally non-existent liabilities makes me think that it will not necessarily do so. Even if we get a deal from the Commission, the European Parliament has to vote for it, and the European Parliament is in an even worse emotional place than the European Commission. After that, a qualified majority vote of the 27 will be required.

I hope that we will manage to do the deal, and I believe that this Government's Prime Minister is the only leader who could possibly deliver such a deal, but it may be that we do not manage that in two years' time, because on top of that we will have the French and German election cycles. We have to be ready if the European Union is unable to do a deal. Although we are ready and able, the European Union will not necessarily be, and if that is the case, we must make sure that we can maintain a seamless flow of trade. That is why I am also looking with industry experts at how to manage a seamless flow of traffic through Dover and Calais—we have very good relations with France and the French authorities at Calais—and how we can make that work.

It is important that Members from all parts of the House are heavily invested in making that work, because it needs to work for all of us. It will not be much good for Scottish Members if we have a queue at Dover, because they will not be able to get Scottish whisky out of the country by road at any great pace. It will not be very good for the northern powerhouse if it cannot get the things it needs to power itself. The midlands engine will conk out if it cannot get the components it needs at pace. That is why we all need to be invested in making sure that the channel ports continue to work. I will set out detailed proposals and ideas about what we can do, and we need to debate the matter to make sure that we are ready on day one. This matters to all of us in England, Scotland, Wales and the whole of the United Kingdom, and it matters to Ireland as well. We are all in this together, and we need it to work for the good of us all.

Geraint Davies: I am listening carefully to the hon. Gentleman, but does he not agree that after we trigger article 50, it will be for the other EU 27 member states to decide among themselves what is good for them and to stop other people leaving the EU? If we hold the line on migration, we will not be in the single market or the customs union, and that will be it. The people deserve a final say on the exit package, because that is not what they voted for.

Charlie Elphicke: The hon. Gentleman has long had a strong position on the matter. He knows as well as I do that people of this nation, whether he likes it or not, voted for an end to unchecked migration and an end to the billions of pounds for Brussels bureaucrats and to the payments to Brussels. Frankly, the vote meant that

we would not be able to stay in the single market, because that aim was not compatible with the single market. Equally, it was clear that we would have to leave the customs union if we were to have a successful Department for International Trade. I am simply saying that if on day one no free trade deal has been agreed, we need to be ready to play our part. I believe that we can, should and must be, and I am setting out how we can help to deliver that for the good of this nation.

Finally, let me talk about motoring. I welcome the fact that we have had a freeze in fuel duty for more than seven years. I am proud of the work that has been done by the all-party group for fair fuel for motorists and hauliers, which I chair. My predecessor chairman, my hon. Friend the Member for Colne Valley (Jason McCartney), worked very hard on the matter. The freeze is great, because it means drivers spend £130 less. That is a good thing for the hard-working classes of modern Britain who travel by road, and as I said 90% of all journeys are by road.

It is important that we are fair and just to the owners of diesel cars. I hear people say, “We have got to put more taxes on the drivers of these cars,” but let us not forget that after Kyoto people were encouraged to buy such cars by the previous Government. It is right that we support those people to get replacement cars, if a replacement is necessary. It would be wrong to demonise them. We must make the right decisions. I think that we should increase the tax on gas guzzlers, but it is important that we are sensitive and careful.

We must also look at the statistics, which are clear. In London, diesel cars are 10% of the problem. We do not hear about polluting planes, which are also 10% of the problem. We do not hear about dirty diggers and construction sites, which are more than 10% of the problem. We do not hear about clapped-out London buses, which are 10% of the problem, or about ageing trains chuffing up fumes at various mainline stations, which are getting on for 10% of the problem. We need to look across the whole piece, rather than just picking 10% and saying, “Let’s bully these people and ignore the rest.” We need to deal with it holistically for the benefit of everyone, so that we all get fresher and cleaner air and can breathe more easily.

We need to invest more in roads to ease congestion, not to allow congestion to increase. It is very important to look beyond the strategic road network to the wider road network around the country. Regional bottlenecks and the problems of congestion across the country cost the country and the economy money. The air pollution problem also costs the country money. If we keep traffic flowing smoothly, we can reduce pollution. If we invest in the modern technology of the future—electric cars—we will reduce pollution. If we treat motorists fairly and encourage them to make the right decisions, we will reduce pollution. We can have a very positive future for motoring. Modern technology, modern vehicles, reduced pollution and effective roads will make our economy more successful and productive, and enable our children to have a better future in terms of economic prosperity and health.

3.10 pm

Chris Leslie (Nottingham East) (Lab/Co-op): It is always good to try to find an area of the Budget on which we can show that there is some common ground,

so I want to say at the outset how much I am pleased that the Chancellor focused on the midlands engine. I will talk about that on another occasion.

I want to mention a couple of facts that particularly stand out. There is a shocking 20% cut in local authority spending from £8.2 billion in 2016-17 to £6.5 billion in the following year. A 20% drop in council funding in one year is incredibly difficult for local authorities to cope with, given the services that depend on that money. The other point, which was mentioned by my hon. Friend the Member for Leeds West (Rachel Reeves)—I very much associate myself with her analysis of the Budget statement—is the incongruence between the £1 billion given to free schools for capital spending, and the £260 million—only a quarter of that amount—provided for the thousands of other schools that our constituents and children use. I think that is typical of the Government’s priorities.

In the short time that I have, however, I want to talk about the two key issues that stand out for me in the Budget speech. One is the issue of the self-employed, and I will come on to that later. The other is the looming hurricane on the horizon, and the fact that the Government have decided not to veer around it, but to head straight towards it by failing to try to negotiate on our ability to stay in the single market. For a Chancellor of the Exchequer, at this point of the economic cycle, to fail even to mention Brexit—our imminent exit from the European Union—is incredible. For our potential exit from the single market not to be part of the core analysis of the economic outlook, let alone for him not to be finding ways to bolster our economy so that we are prepared for the storm, is a real betrayal of the interests of our economy and our constituents.

Dr Andrew Murrison (South West Wiltshire) (Con): The hon. Gentleman clearly has not read the report on the Budget, because its very first sentence, on page 1, starts:

“As the UK begins the formal process of exiting the European Union”.

He can hardly argue that the Treasury Bench has not taken into account our departure from the EU, can he?

Chris Leslie: Why did the Chancellor not mention it in his speech? It is true, as somebody said recently, that this is a “mono-purpose” Government, and that everything has been blown out of the water because of Brexit. Why be so coy about it? They are pretending that it is not an issue, saying, “It’s fine. We’ll cope. Don’t worry, there’s nothing to see here.” But Brexit will be at the front and centre of our considerations.

Let us look at what has happened since sterling has been devalued so significantly. Consumer spending, which has propped up our economy so much in recent months, has started to feel the squeeze. Retail sales are already starting to head down. If we do not have consumers with such spending power—if living standards are squeezed, and wages do not keep pace with that—we should not be surprised if our economy starts to shudder. The OBR says on page 6 of its report that we will see a squeeze on GDP growth in the year ahead.

We know that we have a productivity problem, and at least the Chancellor acknowledged that, but unless we can find some way to catch up with the Germans and the French and to narrow the productivity gap—they produce in four days what our employees in this country

[Chris Leslie]

take five days to produce—we will not generate the wages we need to ensure that there is growth and prosperity.

The uncertainty hanging over businesses that export and depend on trade for their income is immense. That is not just about market access, because services account for 80% of our economy, and whatever free trade agreements Ministers manage to get—they had jolly well better get a free trade agreement—such agreements tend not to deal with service sector trading issues. The National Institute of Economic and Social Research predicts that there may be a 61% fall in our trade in services, even with a free trade agreement. Ministers have got their work cut out, and I think it is astonishing that the Chancellor did not mention Brexit. That is the big issue in the Budget.

Sammy Wilson (East Antrim) (DUP): I hate to deflate the hon. Gentleman's main argument, but the Chancellor did actually mention Brexit. In fact, in the second sentence of his Budget speech, he said: "As we start our negotiations to exit the European Union, this Budget takes forward our plan...for a brighter future."

Chris Leslie: The Brexit analysis that should be in the Budget should take into account the drivers that produce economic growth. Brexit will affect consumers, as we know—the Chancellor did not touch on those issues. It will affect business investment—he did not touch on some of those issues. Trade will obviously be affected and, of course, public sector investment and public service expenditure will be radically affected by it. The reason I keep banging on about the impact on the financial services sector is that it generates £67 billion of revenue for our Exchequer. I need that in my constituency of Nottingham East to pay for the schools, hospitals and vital public services, and the Economic Secretary knows that. Brexit therefore has to be at the centre of our analysis and our policy expectations, and I am astonished that the Government are trying to skirt around it. They do not want to talk about it; they are hoping that it will just disappear.

Labour Members have to acknowledge that there is no magic money tree to deal with all the issues that lie ahead. We know that debt is very high and that borrowing is high. In fact, the Chancellor did not talk about the fact that he is projecting borrowing actually to rise—to go up—in the next financial year from £51 billion to £58 billion. We have to be very prudent and careful with taxpayers' money. That is absolutely the case, and the OBR predicts real problems over the next 20, 30 or 40 years, because of the ageing population and health expenditure questions.

Just as there is no magic money tree, however, there is also no such thing as the "Have your cake and eat it" world outside the single market. I have to say to those on the fringes of politics and the hard Brexiteers who think they can continue our economic relationship with the 27 other European Union countries with no economic effect whatsoever that they are living in cloud cuckoo land. We should be doing all we can to salvage our relationship with the single market and to preserve the frictionless tariff-free trade that very much serves as the cornerstone of many of our industries, particularly manufacturing ones such as the car industry.

The other big issue I want to talk about is self-employment. There are 5 million self-employed people in this country, and I have 5,100 self-employed people in Nottingham East. They will have seen the Chancellor's decision to break the solemn manifesto promise made at the last general election, when the Conservatives promised that there would be no increase in national insurance contributions. They have ripped up that promise. I feel that people will see the increase in national insurance contributions for the self-employed—it is not a 1% increase; it is going up to 11%—as a betrayal of the offer or promise that was made by the Conservatives at the last general election.

Those 5 million self-employed people have a number of disadvantages, relative to those with stable salaried employment contracts, that make their lives more precarious. These are the entrepreneurs who generate much of the wealth and prosperity that this country needs. As my hon. Friend the Member for Leeds West said, they do not necessarily have the opportunities of holiday pay and sick pay that exist in full-time salaried employment. They are less likely to be able to save for the long term and often do not have the company pensions and so forth that exist in other forms of employment. They face enormous risks if they fall ill, given the poor insurance coverage for loss of earnings. The self-employed also find it much harder to get a mortgage because their income is far less predictable than is the case for those on stable salaried contracts.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): The hon. Gentleman is making a telling point about the self-employed. Is the change not also an attack on rural communities, where many people are not able to access employment and have to be self-employed?

Chris Leslie: That is exactly right.

The self-employed do not have the same security, which is why we have had the discrepancy in the levels of taxation historically. Nearly half of those who are self-employed in the UK are on low pay, compared with a fifth of those in employment. Social Market Foundation research suggests that 1.7 million self-employed people earn less than the national living wage, yet the Government's new universal credit rules will cap self-employed recipients on the assumption that they receive the living wage over a standard working week, which is not necessarily the case in seasonal work and elsewhere.

The self-employed, who work longer despite earning less, and twice as many of whom work 50 hours each week than those in employment, will be paying a significant price. If they take home £27,000 of profit, they will be hit by an extra £30 a month because of this decision. I say to my hon. Friends that another change that the Chancellor announced—cutting the dividend allowance to just £2,000—is also a hit on the self-employed because the dividend allowance is part of how they derive their income.

It is a double whammy for the self-employed, who are hit by a broken promise from the Conservatives—they said they would not increase national insurance and they are doing so—and hit again by the cut in the dividend allowance. That will harm those running small businesses by really hitting their incomes and devalue the trust that should exist in politics. When politicians

make a promise, they ought to be able to keep it. This erodes the trust that people have in the words of Ministers. I say on behalf of my 5,100 self-employed constituents in Nottingham East and the 5 million self-employed people nationwide, they will not forget this betrayal.

3.22 pm

Dr Andrew Murrison (South West Wiltshire) (Con): It is a great pleasure to follow the hon. Member for Nottingham East (Chris Leslie). It is also a pleasure to support the statement and the OBR's "Economic and fiscal outlook", which supports it and gives generally very good news and confounds many of the doomsayers who have been prognosticating so luridly over the past several months.

I say from the outset that, although I agree with the statement and some of the things that were announced, I have some small concerns about national insurance. On that matter, I find myself in agreement with the concerns expressed by the hon. Members for Nottingham East and for Leeds West (Rachel Reeves). It is very important to ensure that we do not disadvantage self-employed people. The Conservative party always has been and, I hope, always will be the party that supports white van man and—may I say on this particular day?—white van woman.

It is vital that in abolishing class 2 NICs and instituting class 4 NICs, we do not disadvantage those individuals covered by them. My back of a cigarette packet calculations support the concerns expressed by the hon. Lady. Her figures were more or less the same as mine. I hope very much that we will have some reassurance from Treasury Ministers that plumbers, electricians, plasterers and people of that sort will not be disadvantaged, particularly as we consider further measures to equilibrate them with employed people, such as those who have been described on parental benefits and the like, which of course ignore the fact that employed people have advantages that the self-employed very often do not.

I do not have a university in my constituency, but I do have a further education college. I know that the principal of Wiltshire College will warmly welcome today's announcement on T-levels. We have long ignored technical education in this country, to our great disadvantage, and I suspect that our poor productivity compared with our European competitors is in large part due to the fact that we have not skilled our workforce in the way we should since 1945. I therefore very much welcome this development.

I also welcome the funding for children who wish to access selective education. I think that the hon. Lady missed the point that it is money for children on free school meals, so it is not generally available. It is a measure that seeks to improve the chances of the poorest. I would have thought that the Labour party welcomed that. However, I oppose further grammar schools. They would not be good for areas like mine. I fear this development because its flipside is an increase in the number of secondary modern schools. That has not been positive in the past and I would not like to see it visited on areas such as mine in the future. I would be concerned if the measures announced today, which appear to advantage disproportionately free schools seeking to select their intake, introduced grammar schools by the back door.

I am particularly concerned for health and social care. I very much welcome the positive announcements that have been made today. By my reckoning, they mean £2.4 billion over three years for health and social care, which will be very helpful, over and above the announcements that have been made previously—in particular, the increase in the social care precept to 3%. To sound a cautionary note, I think that it would be wrong in principle if we were to shift from raising money for social care from general taxation, which is the current situation, to a system based on property. The reason for that is very obvious: the most disadvantaged areas are the least capable of sustaining that kind of tax burden. However, £2.4 billion over three years is a great deal of money.

I am particularly pleased that the Chancellor suggested in his statement that there will be more in his autumn statement, in particular to fund the capital costs of sustainability and transformation plans. Many of us in areas that will be profoundly affected by STPs are concerned that those capital costs simply are not being met. The revenue savings that are necessary over the years to guarantee the five year forward view will not be possible without the injection of significant sums, of which I hope this is the start. I therefore very much welcome the £300 million announced for those capital costs and look forward to even more in the autumn statement.

The £100 million announced for accident and emergency is extremely welcome. We have got off relatively lightly this winter—it has been a relatively mild winter—but we cannot expect that to be the case in future. I welcome the Chancellor's ambition to get the money in place to deal with next winter's pressures. That is ambitious and I hope that he can achieve that and a system of triage to ensure that people are treated appropriately and by the right practitioner. Luton and Dunstable hospital is an example of very best practice in that respect, and one that should be mirrored, copied and emulated elsewhere.

We are still left with a big problem: the future funding of our national health service. When William Beveridge made his report in the mid-1940s, he tried to address society's five great evils as best he could and suggested that spending on healthcare would reduce over time the costs of the NHS. How wrong he was. That is an example of how we can get our predictions so badly wrong with devastating consequences. Clem Attlee's Government rapidly realised that that was wrong, which led to Nye Bevan's resignation in fairly short order over what became known as teeth and specs.

The fact of the matter is that the burden of disease is going up because of our ageing population, as are patients' expectations. We welcome the ageing population and the increase in patient expectations. Innovations and medical advances are also increasing, but all that costs a great deal of money, which the OBR makes clear. It makes it clear that we need to find a great deal of money over the next several years—eye-watering sums—but what is happening now is important as well as the future. Compared with countries such as Germany, France and the Netherlands—countries with which most people in this country would wish to be compared—our healthcare outcomes are significantly worse. In my view, there is a causal link between the amount of money we are prepared to spend on healthcare and the outcomes we will eventually get. The amount of money we spend on healthcare is very much less than the amount spent in the aforementioned countries.

[Dr Andrew Murrison]

Ministers will rely on the OECD average and say that we are doing relatively well in that respect, which is perfectly true. However, the OECD contains countries such as Mexico, Turkey, Hungary and Poland. They are great countries but have healthcare economies that are surely less advanced than ours and that do not therefore present reasonable comparators. We find that poor little five-year-old Ashya King had to go to the Czech Republic for his proton beam therapy for medulloblastoma. That would strike most people in this country as being distinctly odd. We find that cancer drugs that are routinely available on the continent are not available here or, if they are available, that they take much longer to appear on the market than they take in comparable countries. We find that cancer staging is delayed in this country, with obvious consequences for people's chances of survival. It is hardly surprising that the much-cited Commonwealth Fund puts the UK 10th out of 11 in terms of healthcare outcomes for conditions amenable to healthcare.

Last year, the Office for National Statistics perfectly reasonably tweaked the figures so that the UK health spend related better to the OECD methodology. That rolled in publicly funded social care costs, which is also perfectly reasonable, but it bumped up the UK spend on healthcare a few notches in the international league table—it went from 8.7% to 9.9%, and meant we overtook Spain, Portugal and Greece, but we are still well behind France, Germany and the Netherlands.

The question for me is how on earth we close that gap. Many right hon. and hon. Members have suggested that we ask a commission to examine the long-term future funding. We need that level of public conversation to enable us to examine how we will lever in the significant funds necessary to close that gap. I hope that just as we are having a Green Paper on social care, which is welcome, the Government are open to suggestions from the public on how we can fund healthcare through hypothecated taxation or the various other mechanisms open to them.

3.33 pm

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): Today's Budget makes promises on NHS investment and on investing in education, and promises to tackle businesses rates and look at the security and dignity of work, to quote the Chancellor. We have had promises to put areas in charge of their local economic destiny. Those headlines may seem appealing, but I want to unpick the figures behind them, starting with the national health service.

The Public Accounts Committee has spent a lot of time in the past year and a half raising concerns about the underinvestment and lack of a sustainable plan for the NHS, particularly in the light of the increasing demand of a growing ageing population. The figures speak for themselves. We need look only at the financial data for NHS England trusts and clinical commissioning groups in the past few years. The deficit for trusts increased from £91 million in 2013-14 to a whopping £2.5 billion in 2015-16. There were huge shenanigans as the Department of Health struggled to ensure that the books balanced. The measures were criticised by the National Audit Office and the Comptroller and Auditor General as one-off and unsustainable, as even the permanent secretary acknowledged.

The Public Accounts Committee is concerned about the funding. Any additional funding is welcome, but let us look at what the Chancellor has promised on social care. He promised £2 billion over three years—front loaded because £1 billion is available in 2017—but the Local Government Association, representing local authorities that have to spend the money on social care estimates that the current shortfall is £1.3 billion. Even the 2017 figure, then, is not enough, and it drops off after that.

It is an irony that this injection of cash follows a 10% reduction in social care funding since this Government came to power in 2010. The latest survey of local authority directors of social care says that only around a third believe that they can deliver their statutory duties this year—and it falls to 8% next year. Even with the injection of cash, I do not think that local government can have 100% confidence that social care can be delivered.

Let us look at the capital injection that the Chancellor promised for sustainability and transformation plans. That may be helpful—£300 million sounds like a lot of money—but if it is spread across the 44 STPs around England, it is very little to fund what might be needed. The fact that capital budgets were raided for resource funding in the last Budget settlement shows a contrary approach and a lack of planning. We keep seeing pots of money thrown at different parts of the NHS and social care system, but what we need is a long-term sustainable solution. I hope that the Treasury will watch closely as the Department of Health and local health bodies spend this money to make sure that it is spent as sustainably as possible. What we really need is that long-term settlement.

On education, I proudly represent the Borough of Hackney, which has excellent schools. We have some of the best results and some schools in the top 1% in the country. The Chancellor talks about focusing on the quality of our children's education, but we are already doing that in Hackney—without a grammar school in sight. The focus on the creation of selective grammar schools is disappointing, partly because we can show what works in Hackney and other boroughs that have excellent education, but also because if we look at the existing free school programme, we see a real problem.

Let us debunk the myth that the Government are putting more money into education. Yes, they are in cash terms, but with pupil numbers increasing, this amounts to an effective cut per pupil of over 8%. That poses a key question about how the Government present their figures, as well as a key question about what price the Government place on choices.

In making this announcement, the concerns expressed in the NAO's recent report on the capital funding of schools have not been taken into account. By 2015, the Department for Education had spent £1.8 billion on 305 free schools; winding back to what was promised, it was estimated that the Government would spend £900 million on 315 of them, so it has doubled in price already, and this compares with the total estimate for the existing programme of £9.7 billion by 2021.

The Education Funding Agency is one of the biggest purchasers of land nationally. We have a property market going on, with land prices often increasing because of a bidding war in which the EFA plays a role. If, as my hon. Friend the Member for Leeds West (Rachel Reeves) highlighted, we measure this, we find that the cost of

improving other schools is substantial. The estimated bill for returning all school buildings in England to a satisfactory or better condition—satisfactory rather than very good—is £6.7 billion, with an estimated further £7.1 billion to bring parts of school buildings up to satisfactory or good conditions. This applies to a school that might be generally good but has an area that needs attention. I recognise that more school places might be needed in some parts of the country, but free schools are not always located in the areas of the greatest demographic need, and there are too many of them.

Mr Kevan Jones (North Durham) (Lab): Does my hon. Friend agree that this means diverting funds from schools that badly need improvement? St Leonard's School in the constituency of my hon. Friend the Member for City of Durham (Dr Blackman-Woods), for example, also serves some of my constituents, and it has been in need of capital improvements for many years, but the need will not be met because of the diversion of funds to free schools.

Meg Hillier: My hon. Friend raises an important point. It is a matter of concern when too many free schools do not fill their places and in many cases are not required to pay back to the Government—indeed to the taxpayer—for those empty spaces. Some 46 secondary free schools—a fifth or 21% of the total—are in local authority areas in which no new capacity is needed up to 2020. Free school places are also much more expensive than places provided by local authorities, mainly because of the land purchasing that the EFA is pursuing.

A place in a primary free school opening in 2014-15 cost an average of £14,400—a third more than one created by a local authority through a more planned programme. A place in a secondary free school cost £19,100, 50% more than a local authority place. Taxpayers' money is being overspent, and it is not delivering results. We have seen a number of failures of free schools, and we have seen free schools undersubscribed. In Suffolk, for instance, more than half the total number of places in three free schools have not been filled. Two schools in Greater Manchester are also having problems. My hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams) mentioned *Collective Spirit*, which is set to be broken up because of educational and financial failings.

In Hackney, what has worked is good leadership, good education and committed pupils and parents. The structure of a school is much less important than those things. However, spending this amount of money on a hell-for-leather delivery of 500 schools, a numerical target that must be met by 2020 whatever the cost, is not sensible, and spending money on selective free schools—grammar schools—on top of that beggars belief.

Business rates are a big issue in my inner London constituency. There were more than 10,000 signatures to a petition from small businesses throughout east London that we presented to Downing Street yesterday. Those businesses are concerned about the impact of business rate increases of up to 250%. It is very difficult for someone who is running a bike shop, a coffee shop or a small jewellery company to increase prices to cover such overheads. The reliefs are welcome, but we need to know more about the long-term review and what it will

mean for businesses. One year of relief will do no more than stave off problems and save them up for the future.

The problem is that the Government have banked that money in their local government settlement, and councils cannot then reduce business rates themselves. There is no magic pot of money, and they did not see this coming. In our area, we are proud of our diverse high streets with their many small independent businesses. More than 96% of businesses in my constituency employ fewer than six people, and most employ only one or two. Because they are so small, the business rate increases are a real issue for them.

Mr Clive Betts (Sheffield South East) (Lab): My hon. Friend is right: these measures may be welcome, but they are temporary. The Government have said that they will compensate local authorities for any loss of income resulting from the changes. Will the Public Accounts Committee try to ensure that the compensation does not last for only one year or two years, but is permanently built into the system?

Meg Hillier: My hon. Friend has raised a very important point. In the coming weeks, the Public Accounts Committee will be looking into the proposal for retention of business rates, and how effective and efficient that would be. I will keep my hon. Friend and other Members informed, because this is a cross-party issue that concerns many of us. I welcome the changes, but I worry that they do not go far enough and that there may be hidden costs.

The Chancellor mentioned tax, but I was disappointed that he did not say whether the Government would be considering tax reliefs. The Public Accounts Committee does a fair amount of work on tax, as does the Treasury Committee. There are many tax reliefs out there that cost more than was budgeted for them, some of which lie fallow in the system for too long without challenge. When we have challenged HMRC to publish its list of reliefs, it has been very reluctant to do so. We find that extraordinary, because transparency would enable effective and serious change to take place. It is possible that, quite often, industries, individuals and companies point out that some of the tax reliefs are no longer fit for purpose. I believe that the black beer tax relief, which had been on the statute book for more than 100 years, was dropped only recently. Perhaps that is the pace at which some of these matters are considered, and perhaps we should urge the Government to think a bit faster about whether tax reliefs are delivering what they set out to deliver.

The Chancellor talked a great deal about the security and dignity of people at work. I echo what some of my hon. Friends have said about the impact on the self-employed, of whom there are a large number in my constituency, but I was particularly disappointed that the Chancellor did not refer to people in low-paid, part-time jobs. Many of them want to work more hours, but their employers do not create full-time jobs because of disincentives in the tax system and, in particular, the national insurance system.

Those people, many of whom are doing multiple part-time jobs, are at the difficult end of the scale. They are working hard, and they are paying tax because they are over the threshold, so they do not receive free benefits such as dental care. They are struggling to survive: "just about managing" barely covers it. They find it

[Meg Hillier]

very hard to reach the next rung of the ladder. I think that it behoves the Treasury to have a close look at that situation, and I intend to take it up with the Minister outside the Chamber.

The national living wage is very welcome in my constituency, but we do need to look at the knock-on effects. It is already causing huge challenges—for example, in delivering social care. I hope the Treasury is working across government to look at how it can ameliorate the impact on the costs of provision in some sectors.

This is not a Budget that is really on the side of ordinary people, because of the impact on the self-employed, the lack of action on the lowest paid, the smoke and mirrors on funding for the NHS and social care, and the facts that there are too many short-term cash injections into the NHS, that it is not looking at the evidence before injecting more money into programmes like the free school programme and that there are no measures to support stability in low-paid jobs. The Budget therefore leaves many questions unanswered. In particular, there is the fact that, as many Members have pointed out, the Chancellor did not really address the elephant in the room: how will Brexit affect our economy and what measures will he take at the Treasury to make sure he provides a buffer?

3.45 pm

Mr Jacob Rees-Mogg (North East Somerset) (Con): The hon. Member for Hackney South and Shoreditch (Meg Hillier) lays down the challenge that not enough was said on Brexit, so let me try to put that right; it is a challenge I am happy to rise to. If one thinks back to just a few months ago, we were expecting this to be the “punishment Budget,” and that my right hon. Friend the Member for Tatton (Mr Osborne) was going to be telling us that it was all doom and gloom. I have looked up a quotation from one Mr Angel Gurría, the secretary-general of the OECD, which yesterday gave us a little good news. He said there would be a Brexit tax of £2,200 per person and went on to tell us:

“The costs are piling up, and we are still two months away from the referendum.”

He said it was getting worse and worse.

I rather feel as the diners must have felt at Belshazzar’s feast, when the words appeared written on the wall, “Mene, Mene, Tekel, Upharsin,” and Daniel came and translated them and said, “You have been weighed in the balances and found wanting.” After the feast they all went to bed and woke up the next morning, and instead of Darius the Mede having taken over, Belshazzar carried on as normal. It was business as normal, and that is what is so impressive about this Budget.

We are, indeed, in a period of transition with Brexit; we are heading out of the door, I am glad to say, in spite of their lordships’ obstructionism, but we are doing so from a position of extraordinary strength and remarkable stability. And that stability is deliberate and is part of Government policy.

It is worth looking at page 57 of the Red Book, because we see there the percentage of GDP that is anticipated to come in as public sector receipts. It will be consistently between 36% and 37.5% over the period we are looking at. If we look back over a much longer time period, all

the way to Harold Wilson’s prime ministership, we see that public sector receipts remain in the region of 34.5% to 38.5%.

However detailed, pernickety and fiddly the changes in taxation, it is remarkably difficult to raise that taxation much above current levels, and therefore what we are talking about in this Budget is more a question of how the cloth is cut than whether there should be more taxation or not. Expenditure must then fit in with that, and to ensure that expenditure remains under control remains the business of government, whether they are this Conservative Government, they were the last coalition Government, or, heaven forfend, they are a socialist Government, should Labour ever manage to return from its current sorry state.

Geraint Davies: Does the hon. Gentleman not agree that the Brexit vote reduced the size of the cloth at a stroke? It shrank by 15% through devaluation—of the value of our economy, our wages, our savings and our assets. Moreover, after the short-term window of export growth because of that devaluation, we are going to face tariffs that clobber us again.

Mr Rees-Mogg: That really depends on how we measure our cloth. I am in favour of measuring my cloth in imperial measures—that is to say, pounds and ounces, inches and feet and so on, and therefore of using sterling as my base for measuring things. If we do that, our international assets have gone up enormously, because any dollar assets we hold are worth 15% more in pounds. That is more income coming in, and that helps reduce the current account deficit; it is good news for the British economy. Our exporters are 15% more competitive. That deals with any tariffs that may be imposed—if any are imposed. What is more, we are at the front of the queue for a trade deal with the strongest and biggest economy in the world, so, actually, post-Brexit we are fighting fit. The Chancellor of the Exchequer said that he would ensure that we were fighting fit, and we are. We are open for business with the world. With the continuing cuts in corporation tax, we are showing that we are absolutely willing to compete with anybody in attracting capital investment and that we are ready to do business in a way that investors will like.

Rob Marris (Wolverhampton South West) (Lab): May I sound for the hon. Gentleman two notes of caution? First, he has just said that post-Brexit we are fighting fit. May I remind him that we have not even triggered article 50 yet? We are a member state of the European Union and are likely to remain so for the next two years and two weeks. Secondly, he prays in aid the Red Book, but I cannot see in it—perhaps he can tell me otherwise—any forecasts caveated with a statement that when we do Brexit, the situation may change for the better or for the worse. There are no caveats at all.

Mr Rees-Mogg: The forecasts are taken from the OBR and if the hon. Gentleman looks at its rather thicker report, he will see its comments in relation to Brexit and trade deals. The OBR is still rather negative on trade deals and I think that it is wrong. I have the greatest respect for the OBR, because it is the one body that during the Brexit campaign behaved properly and within its remit and did not dabble its fingers into the politics of the Brexit debate. Its view is cautious on

trade. It thinks that over the next 10 years, post-Brexit, our trade position will be less good. I happen to think that that is wrong.

Helen Goodman (Bishop Auckland) (Lab) *rose*—

Mr Rees-Mogg: Of course I give way to the hon. Lady.

Helen Goodman: The hon. Gentleman should give way not to me, but to the OBR, which he has been complimenting so much. Paragraph 4.6 on page 86 of its report states:

“Given the uncertainty regarding how the Government will respond to the choices and trade-offs with which it will be confronted in the negotiations, there is no meaningful basis for predicting the precise end-point on which to base for our forecast.”

Mr Rees-Mogg: That was broadly the point I was making—the OBR is quite cautious. I was not disputing that it is cautious, but I am not cautious. I am sorry to say that, much though I respect the OBR and much though I think it does its work diligently, it got it hopelessly wrong a year ago and had to raise its forecasts for GDP growth consistently, because it did not manage to get them right. It revised down the November autumn statement and has had to revise back up again now. I think it is a terrible mistake, though earlier I quoted holy scripture, to take forecasts from these people as holy writ. They are not.

This comes down to a question of judgment, both political and economic. The political judgment is on whether this Government are going to be competent to negotiate well and effectively. I have complete confidence that they will do that—that they will be able to negotiate in the councils of Europe more effectively than anybody else could on our behalf. The economic judgment is on the balance between what we get from the European Union and what we can do with the rest of the world. I expect that, if we trade more freely with the rest of the world, that will more than compensate for the risks that we may take in having harder terms of trade with the European Union.

Having taken up the challenge from the hon. Members for Hackney South and Shoreditch (Meg Hillier) and for Nottingham East (Chris Leslie), who both wanted a Government view on Brexit—I cannot claim to speak for the Government, but I can at least say something about Brexit—I want to go through some of the details. This Budget has some very good news about the deficit. Although £51.8 billion, the deficit for this year, is still a very large amount of money, as a percentage of GDP we are now back within the norms of the types of deficits that Governments can run with. That is not to say that I think having a deficit is a good thing in principle, but GDP growth is near 2.6% and this is about remaining steady with total debt and GDP. If we go no further than that, it is an amount that can be lived with. That is important, because although there is more to be done, the vast bulk of what was necessary to live within our means has now been done.

I want to make some little points about certain areas of concern. I would encourage the Government not to proceed with the personal injury discount rate reduction to minus 0.75%. The idea that awards against the Government should be calculated with a negative time

cost of money is wrong. It would be better and cheaper for the Government to underwrite annual payments, rather than making lump-sum payments with a discount rate of a negative kind—[*Interruption.*] The hon. Member for Wolverhampton South West (Rob Marris) mutters that I do not understand this. I do understand it, and I know that the Government are obliged by law to do this, but they have the ability to introduce new laws in this House and can often do that as part of the Finance Bill.

Rob Marris: I will tell the hon. Gentleman what I was chuntering on about. He talks about periodic payments. They are called structured settlements, and in order to calculate the future value, we have to use a discount rate. That is what it is all about.

Mr Rees-Mogg: We can set rates in a different way. We can set them, then adjust them for inflation at a lower initial rate, rather than having a payment based on a capital sum. Reducing the rate from 2.5% to minus 0.75% is a mistake and will result in an undue cost to the Exchequer.

I also have concerns about the probate tax. I see that it is likely to be judged by the national statistics people as a tax rather than as a charge, and I do not think it right that the Government should introduce stealth taxes. Probate charges should relate to the cost of the probate work, which is broadly irrelevant to the size of the estate. There might be some more work for bigger estates, but the difference will not necessarily be as large as has been proposed.

The biggest issue is national insurance contributions. I see the logic in what the Government want to do, because there is an unfairness between self-employment and employment, but the question is not so much one of revenue as of whether having a structure in the economy that encourages self-employment is beneficial overall, and whether that is a price worth paying. If we look at what has happened since 2008, we can see that unemployment in this country remained so low as we went through a deep and challenging session partly because of the great flexibility within our labour market. Part of that flexibility comes from self-employment, because employers do not have to take on all the risks of full employment, with all the benefits such as holiday and sickness pay that that entails. That means that the self-employed are a major contributor to the flexibility of the economy.

I very much doubt that increasing the national insurance contributions for the self-employed by 1% and subsequently 2% will fundamentally change the balance, but in economics, things often happen at the margins rather than being an easily identifiable inflection point when we are starting out. I would therefore be cautious about this change, and I urge the Government to look at the whole question of the relationship between national insurance and income tax in the round. National insurance represents about £130 billion of revenue. It is an enormously important source of funding for what the Government wish to do, but its relationship to income tax creates confusion and distortion within the system. This is just one of those distortions, and I am not sure that making a minor change at the edges is the right way to go about changing the relationship in taxation between the self-employed and the ordinarily employed. Those are the

[Mr Rees-Mogg]

three minor cautions that I would offer on the Budget, but I remember a Conservative party slogan, “Britain’s on the right track, don’t turn back”, and that seems to me to be where we are.

3.58 pm

Sammy Wilson (East Antrim) (DUP): The Chancellor started his Budget speech in an appropriate way by making a confession. He said that the commentators, including himself, his predecessor and many others in this House, had got it wrong when it came to the growth of the UK economy. In fact, he started by saying that the economy had “continued to confound the commentators with robust growth” since the historic vote to leave the European Union and that that growth was predicted to continue over the next number of years.

Several Members have already said that the Chancellor made no mention of Brexit, but many Members still feel that Brexit has been properly mentioned only if it is referred to in negative terms. They do not want to hear the good news that Brexit and the decision to leave the EU has not and will not destroy our economy. The Chancellor pointed out at the start of his statement that the Budget was designed to prepare the United Kingdom for a brighter future and to provide a stable platform for the negotiations. While I do not agree with everything in the Budget, we must accept that the spending on infrastructure development, innovation, research and development, and education, including the changes to technical education, is designed to make our economy more competitive and to enable us to take the opportunities that will be presented when we are free of the EU and therefore able to make trade deals with countries across the world. It is wrong to say that the Budget did not mention, does not cater for, or does not acknowledge the challenges that we will face when we leave the EU.

There are several things in the Budget that I particularly welcome. I will not go into all of them in detail in the short time available to me, but we have raised “Making tax digital” with the Treasury on a number of occasions, and the line in Westminster Hall debates has been much harder than what was announced today. I am glad that the Chancellor accepts that the strategy was going to create huge problems for many small businesses. I trust that the arguments for extending and delaying its introduction for one year will apply in future years because, as has been pointed out, many businesses do not have the necessary facilities or even access to the internet. They rely on accountants and would have found it either impossible or costly to meet the requirement.

I welcome the extra £200 million for innovative broadband initiatives. In rural areas such as my constituency, despite BT’s monopoly and the money that it has received, we still do not have proper broadband coverage. Indeed, innovation is sometimes stifled by BT’s monopoly and its control of the network. I hope that we will see innovation there.

I also welcome the £120 million that will be available to the Northern Ireland Executive. However, the attitude that Sinn Féin has adopted over the past couple of days means that anybody—including the Secretary of State for Northern Ireland—who does not accede to what they want is accused of waffle; their members then walk out. If we do not get the Assembly up and running,

will the money be held? I fear that it may be some time before the Executive are in a position to spend that money, so will interest be added to it?

The forecast for growth still heavily depends on consumer spending, which depends on consumer borrowing. By 2021, consumer borrowing will reach 153% of household income, and I have a problem with the Government here. I understand that they have to control public spending and borrowing, but why is it okay for growth to be fuelled by high levels of consumer debt? In fact, consumer debt is twice the level of Government debt as a percentage of GDP. Why is it okay for consumers to continue borrowing to fuel growth, but not for the Government to accept that there may be arguments, in a low-interest-rate regime, for marginal increases in spending on the plenty of good infrastructure projects that could provide a good return for the economy through increased productivity?

Rob Marris: As the hon. Gentleman may be aware, according to the Library briefing paper, an OECD working paper in 2012 found that

“when household debt levels rise above trend the likelihood of a recession increases.”

The International Monetary Fund found that recessions preceded by large increases in household debt were “more severe and protracted.” There are real dangers here.

Sammy Wilson: There are real dangers. Consumer spending is a huge component of GDP, and of course we need buoyant consumer spending, which is one reason why the constant talking down of the economy is not good for future economic growth. At the same time, we have to recognise that focused public investment in the economy is, first, affordable and, secondly, desirable, yet the Chancellor seems to be resistant to undertaking such investment.

George Kerevan: On that point, does the hon. Gentleman agree that, rather than the Chancellor keeping his investment war chest for another two years, it would be better to spend the money now on infrastructure and offset anything that might come in future?

Sammy Wilson: There is a strong case for saying that, especially given the way in which Government fixed capital spending is due to fall over the next year. Of course, as interest rates are low and are predicted to go up, now is the time to borrow and spend.

My second issue has been raised by a number of Members, but it needs to be restated, because it is so important to constituencies like mine, that there will be an increase in tax, through national insurance contributions, for the self-employed. I serve a constituency that is about half rural. Many of my constituents depend on self-employment for work. We have lost a number of jobs through big manufacturing closures over the past couple of years, and many of the people who lost their job have moved into self-employment. Local enterprise agencies in my constituency, according to figures they recently gave me, have encouraged some 1,400 people into self-employment through training. Many of those people start by taking a risk with their redundancy money. They work long hours for not a great deal of money, and they do not have the benefits and security that people in full-time employment have.

The Government say, “The system has been abused, so we have to level up the tax paid.” We do not do that in other areas of taxation. The BBC, for example, gets its top presenters to go into self-employment to avoid taxation. If that is an abuse, stop it, but do not impose additional costs on people who help to bring up the United Kingdom’s employment figures and bring down the unemployment figures by taking risks and going into self-employment. The Chancellor tried to downplay the amount of money involved, but many self-employed people are struggling at the margins because they are trying to get businesses up and running. The difference in taxation will be significant for them. The Government have got that one wrong. Hopefully, the issue will not come back to bite them; it has not been very well explained.

The last issue I shall raise is housing. One way to increase employment and, of course, productivity in the economy is by having a good housing stock that enables people to move around easily. However, if we look at the figures, we find that housing investment is due to fall by 50% this year and stay at a low level. The statistics attached to the Budget indicate that house prices will go up by more than twice the rate of inflation as a result. That will make the average house price around nine times the average salary, which will mean that many young people will never have the chance to own their own house. At the same time, the restrictions on buy to let mean there will be increased costs for the rental market. It is disappointing that the Chancellor did not make any proposals on how he will deal with the housing issue, because it is as much part of making the economy fit for the future as it is part of giving people the opportunity to have a decent home.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Unfortunately, I have to reduce the time limit for Back-Bench speeches to eight minutes.

4.11 pm

Nigel Mills (Amber Valley) (Con): Like the hon. Member for East Antrim (Sammy Wilson), I welcome the overall message and direction of the Budget. I would not be so cruel as to say it was a boring Budget; perhaps we could say it was a sensible and cautious Budget. When, between Budgets, we think about what an ideal Budget would look like, most of us think it should basically be a sensible evolution of previous policies, and that we should not have expensive rabbits pulled out of hats for the purposes of political grandstanding, but when we get one of those Budgets, we cannot quite work out what to say about it, so we try to talk about—and moan about—all the things that are not in it.

It is absolutely right for the Government to carry on along the course they have previously set. We know that there will be uncertainty over the next two years while we work out precisely what deal we will get with the EU and its impact, so it would have been totally the wrong time to have made big tax cuts or spent loads of money; we might have found out in a couple of years that that was not the right thing to do.

We should welcome the fact that the Budget statement shows that the growth in the economy is stronger than we thought it would be even only three months ago, at

the autumn statement, and that for the coming year it is back up to the 2% mark. Many people doubted that we would get to that mark by next year, so that is a welcome sign. The extra growth will allow the deficit to come back down by the end of the Parliament and fall as a percentage of GDP, which is what we promised.

We should note a couple of things about that trajectory. First, between this financial year and the end of the forecast period, tax receipts will rise by 20% to £802 billion in 2021-22. Given the level of growth and how much can be taken out of it, I suspect that that is an optimistic assumption. Secondly, public spending is set to rise over the same period by only 14.6%—I say only, but that is probably quite a large amount. That is how we close the deficit down: with higher tax receipts from economic growth than the increase in spending.

It is worth noting that the increase in public spending in the coming financial year will be 4%, which is quite high and in excess of inflation by quite a lot. It is pretty hard to say it is an austerity Budget when public spending will increase by 4% next year.

I shall spend the rest of my time talking about measures of particular interest to people in Amber Valley. It is probably easy to gloss over, as perhaps the Chancellor did, important measures such as the increase in the national living wage to £7.50, the rise in the personal allowance and the higher rate tax threshold, and all the childcare measures that are coming in. Those measures are extremely important for people’s everyday income, and contribute to the increase in households’ surplus income that we will see each year. It is welcome that wages are still going to increase at a higher rate than inflation.

I also welcome the various measures to mitigate the business rates revaluation. The official numbers show that business rates in Amber Valley will fall by just over 5% after the revaluation, but it is still right that there are measures to help the businesses with the individual highest rises. I welcome the discretionary fund, and I welcome the measure to support pubs by £1,000 a year. It is a pity that the beer duty freezes of recent years have stopped, but I guess that £1,000 off business rates will help with that.

I welcome the funding for the midlands engine and the potential for increased transport funding. I look forward to hearing how those funds will be spent to help the east midlands in particular. I am always a bit nervous when we talk about the midlands, because I tend to think that the west midlands believes that it is the midlands and that the east midlands is the east midlands.

I hope that a fair proportion of that midlands engine funding finds its way to the east side of the midlands. I especially welcome the measures to transform technical education—both the quality of it and the esteem in which it is held. It is really important in places such as Amber Valley that people can get quality technical education and the skills that they need to get a decently paid job. It is right that we do all we can to help people achieve that.

I welcome the increase in social care funding. I agree with the Chair of the Public Accounts Committee that in an ideal world it would have been done on a long-term basis, but there was a clear and compelling case for some short-term money to get us over the current situation. Ironically, my local county council sent a letter to all Derbyshire MPs during the Budget statement, calling

[Nigel Mills]

for an increase of £2.3 billion over the rest of this Parliament. I am sure that it will be very glad to have an increase of £2.4 billion over the next three years. I suspect that that will not fix the problem; I am not sure how much money it would take to fix the issues that we have with social care completely, but it is, none the less, a welcome step until we can find a permanent solution.

I welcome the funding for NHS transformation plans. The one in Derbyshire has perhaps not had as much attention as it might have done. That is probably because the issues are quite complicated. There is a clear need for capital funding and for allowing the measures in the Budget to be effective. In the case of Amber Valley, I hope that the money that was promised to allow us to rebuild Heanor memorial hospital so that it may be used for more out-patient appointments can now be found, and that the project can be definitely confirmed. A key part of relieving the pressure on our hospitals is having more work done in the community, rather than in the hospitals themselves.

There is a lot of concern in my constituency about the strategy, "Making tax digital". I always thought that it should not be applied to those companies operating below the VAT threshold. It may not be easy for businesses that do not regularly account for VAT to get accounting records for use under the strategy. I am not sure whether, in a year's time, that situation will have changed greatly. I hope that there is some kind of delay while we work out the right solution for that level of business. May I also suggest that if we go ahead we make the scheme voluntary for those very small businesses? If there really are clear advantages for companies to keeping better records and knowing what their tax bill will be in real time, let them choose to opt in and find those benefits, rather than our trying to make them do it, as that would boost their confidence in the reform. I am not sure how many would choose to opt in, but perhaps it would help if we showed them that the benefits were there.

I have some concern about schools capital funding. I have no ideological objection to grammar schools and selection; if they can help to improve school standards in Amber Valley, let us give them a try. What I am not so sure about are the mechanisms for making that change. Amber Valley has issues with school standards. The league tables last year were pretty disappointing. I am not sure how areas such as mine get those new schools and therefore gain access to that funding. We have to find a plan that works for the areas that need to improve their educational standards and then fund it, rather than hoping that, somewhere, there are parents with enough money and time to do something—I certainly have seen no evidence of that. I look forward to the Government showing us how their plans will work to benefit areas such as mine.

Finally, I have a few remarks on self-employment. Clearly, a tax rise that discourages any kind of activity is not attractive, especially when our economy is quite reliant on self-employment. If we put it in context, though, we see that national insurance for people who are in employment is somewhere just under 26%, if we take into account employees and employers, so a rise to 11% for the self-employed is nothing like levelling out the situation. Although there are advantages that those

in self-employment do not get, they do not equate to a gap of that size. None the less, that rise will be unwelcome news to people who are probably struggling and not getting all the rights to which they are entitled.

4.19 pm

Diana Johnson (Kingston upon Hull North) (Lab): As it is International Women's Day, I want to start my remarks by paying tribute to Mary Denness, one of the "headscarf revolutionaries" of Hessle Road in Hull, who sadly died a few days ago. She fought to improve safety in the trawling industry after many husbands, sons and brothers died while at work. She won that battle.

I want to quote another formidable woman, the late Barbara Castle, who said:

"In politics, guts is all."

I pay tribute to the women of the WASPI lobby, who are here today, for their guts in standing up and saying that an injustice has been done to them, and in continuing to campaign. I am very disappointed that there is nothing in the Budget to deal with that injustice.

I want to make two points at the outset. First, I was very surprised indeed that the Chancellor made no mention of Brexit in his statement, given that it is the major issue facing the country. Secondly, the Government have clearly broken their party's 2015 manifesto pledge by introducing the rise in national insurance contributions for the self-employed. They stated four times in their manifesto—I checked—that they would not raise those contributions. Many of the 9,200 self-employed people in my constituency—the hairdressers, plumbers and electricians—are already just about managing. They are part of the group of people the Prime Minister said she wanted to be on the side of. I think this is a real kick to that group.

I want to focus on three issues today. The first is social care. I welcome what the Chancellor said about the need for a review. Of course we need a review and a long-term strategy for dealing with social care. In my view, the time has come to set up a national care service akin to the national health service created in 1948. However, the announcement made by the Chancellor—to spend £1.2 billion in 2017-18, £800 million in 2018-19 and £400 million in 2019-20—will overall close only half the gap that we already know exists in social care, and there are no specifics on how the money will be distributed.

Disadvantaged areas such as Hull face a crisis in social care. We are the third most disadvantaged area in the country, we have more people in need of social care than other areas, and we have fewer people who are able to self-fund. The Government have so far introduced an increase in the council tax precept of up to 3% to deal with the demands on social care. In Kingston upon Hull, because of our low council tax base, that will raise only £8.01 per head. Contrast that with Kingston upon Thames, where it could raise £15.27 per head. Clearly that policy will not meet the needs of areas that have such a low council tax base. I want the Minister to set out some clear guarantees about the most disadvantaged areas getting funding from the pot of money that has been made available.

We know that in politics it is all about making choices. One policy area that I thought the Government could have looked at for filling the gap in social care has been

put forward by the Women's Budget Group. It has said how successive cuts in corporation tax by 2021 will amount to about £13 billion per annum, and it has compared and contrasted that with the cost of free social care for those with critical care needs, which would cost £14 billion. The Government could have taken different decisions about how they raise money and spend it than the ones set out in the Budget.

On investment in the north, the Red Book contains just one reference to the northern powerhouse and the north-south regional divide. It states:

"As set out in the Industrial Strategy green paper, the government's ambition is to support growth in all areas of the UK. The government will shortly be announcing the Midlands Engine Strategy, and is continuing to build the Northern Powerhouse."

The latest Treasury figures show that transport investment in London is £1,943 per head of population, but in Yorkshire and the Humber it is £190. There is a real gap in the investment going into the north. The Chancellor said that £90 million is being made available to "the north". The north is such a large area. It just goes to show that the Government really do not have a handle on the needs—

Ian C. Lucas (Wrexham) (Lab): Over four years, as well.

Diana Johnson: And the money is for over four years, as my hon. Friend rightly points out.

No money was identified to help Hull, particularly with the electrification that we have been fighting for over many years, even though we put together our own plan to bring in private sector money. There was no mention of trying to assist with that. There was also no mention of devolution for Yorkshire and the Humber. That would obviously be a way of accessing funds, but no decision has been made about that.

On education and skills, we all want our children and young people to have access to the best high-quality education possible. The renewables industry is very important to Hull, so we want young people to come through with the skills for that industry. I am really disappointed that the money allocated for education is for the ideological pursuit of free schools and selective education, rather than ensuring that the schools we have are properly funded. There is likely to be a cut of £380 per pupil by 2020 in Hull; 8% of the budget is going. The announcement about busing children who are on free schools meals to selective schools does not help us because there are no selective schools in Hull. If the Government are serious about social mobility, that money would have been much better spent on nursery school funding. It was announced that there were 2.4 million apprenticeship starts in the last Parliament, but today is International Women's Day, and we know that young women in apprenticeships are paid less and that there are fewer of them in science, technology, engineering and maths.

This Budget is a bit of a damp squib. Hull will have to carry on making its own luck, as it has done for many years. We have been fortunate with the City of Culture and the investment from Siemens. In the spirit of where I started—the headscarf revolutionaries—we will continue to battle for a fair deal for our city from this Government, because we are certainly not getting it at the moment.

4.27 pm

David Rutley (Macclesfield) (Con): It is always a pleasure to participate in a Budget debate, and that is no less the case today. It is an honour to be sitting close to a good friend of mine, my hon. Friend the Member for Fareham (Suella Fernandes), whom I have known for decades.

I am pleased to follow the hon. Member for Kingston upon Hull North (Diana Johnson), who characteristically made an impassioned speech for her constituents and for the north. However, it is only fair to say that, although there were not as many references to the northern powerhouse in this Budget, the autumn statement contained a policy and a statement about what the northern powerhouse would be doing in the years ahead. An investment programme of £90 million has been set out, which should be seen against the context of the hundreds of millions of pounds that are being invested in rail and roads across the north.

Ian C. Lucas *indicated dissent.*

David Rutley: The hon. Gentleman is shaking his head vigorously. I would welcome an intervention, if he wants to speak. If we compare the narrative for the north created by the Conservative party in recent years with the Labour party's woeful track record on infrastructure and its narrative for the north when it was in power, the truth is that we are heads and shoulders above what Labour put in place.

Ian C. Lucas: I hope to catch Madam Deputy Speaker's eye shortly, and this topic will be a big part of my speech. I would just point out that not one penny piece has been invested in transport in north Wales by this Government; and after today, it still has not been invested.

David Rutley: There are interesting schemes ahead, which I am sure the hon. Gentleman is also working on, to try to improve the interconnectivity of rail in north Wales and in Cheshire. He is aware that we are moving those plans further forward. I look forward to hearing his speech.

The Budget statement highlights the resilience of the UK economy, and seeks to ensure that we build on the clarity, certainty and confidence that business needs as we seek to forge a new role for Britain on a truly global scale and stage. Our first task after the vote to leave the EU is to reassure the markets. Britain has to be seen, and is being seen, as welcoming. It remains firmly open for business, and the Chancellor has done an outstanding job today in that respect. We have already talked about infrastructure projects, which the Chancellor highlighted. Importantly, on skills—I look forward to saying more on this in a few minutes—we will deliver millions of quality apprenticeships during this Parliament, making sure there are 15 clear, meaningful career paths linked to defined industrial sectors. There is also action on science, as we saw in the autumn statement. Some £2 billion a year of extra funding is promised for science, which will make a huge difference to what we are seeking to achieve.

Overarching all of this has to be the need to control our public finances. It has been, and continues to be, a long and hard slog to reduce the deficit left to us by Labour

[David Rutley]

in 2010. I therefore applaud the Chancellor's commitment to continuing on a sensible path to a global Britain that pays its way in the world.

In leaving the EU, we can become a global champion of enterprise and free trade, but we must recognise that Brexit, combined with other world events, has created heightened uncertainty in the short term, and that requires national economic assumptions and policies to be revisited. In its latest quarterly small business index, the Federation of Small Businesses has found that, while confidence is improving—getting back to pre-referendum levels, according to the FSB's chairman, Mike Cherry—actual investment intentions remain somewhat subdued in the face of an uncertain landscape.

The Government are therefore right to take measures to steady the ship and to revive confidence after the momentous vote to leave the EU. As we know, buoyant consumer confidence has boosted the economy by more than was predicted in the aftermath of the referendum, but we need long-term investment too. The Government stepped up to the plate with infrastructure projects that will boost the capacity of the economy—notably, in transport policy, and I have already talked about the extra £90 million of investment that is being made available to address pinch points in the north.

We now need to make sure that we boost business spending and much-needed business investment too. Some of that will come through leveraged funds—from projects the Government support or enable. The £1 billion investment in Manchester airport over the next 10 years is a classic example of how, by clarifying things and building confidence, the Government will encourage business to invest in these vital infrastructure projects.

Underlying the measures the Chancellor has taken today is the Prime Minister's clear plan for leaving the EU, which will work hand in glove with the modern industrial strategy. That strategy is modern because it will create an economic environment that enables winners to emerge without being picked. It is a healthy mix of horizontal and sectoral measures that enables the Government and businesses to drive forward with determination and commitment.

Those actions are solid foundations for the clarity and certainty that businesses need, establishing strong links with the place-based, sub-regional strategies of local enterprise partnerships and combined authorities, with their newly devolved powers. This comprehensive, joined-up approach stands in stark contrast to the chaotic, sloganeering and uncosted spending plans we heard from the shadow Chancellor at the weekend and again from the Leader of the Opposition today—woeful!

The way our modern industrial strategy is shaped is just as important as the end result. The strategy needs to be not only ambitious but effective, and businesses must be fully engaged, so it is good to see that the Chancellor and the Secretary of State for Business, Energy and Industrial Strategy are taking the lead in developing stronger, more trusting relationships with many businesses. Establishing a modern industrial strategy in that way creates the clarity we need to counter uncertainty and to build confidence and trusting relationships so that we can seize the economic opportunities that lie ahead.

That rightly puts a clear focus on productivity. I was pleased to hear what the Chancellor said today about the national productivity investment fund, and particularly about investment in skills and the commitment to improving the reputation of technical skills, which has been left undone for decades. The new T-levels will be vital and will make a real difference to social mobility and life chances, regardless of where people live in the country.

In the spirit of improving productivity and life chances across the country, I also welcome the Chancellor's action—this was not mentioned too much in his speech—to boost broadband, as set out on page 43 of the Red Book, where there are proposals for connection vouchers, which will be welcome in parts of the country that have felt overlooked in recent years.

I am pleased to see the Chancellor's continued commitment to the northern powerhouse, despite the comments of the Opposition, and particularly to the Cheshire science corridor, which is pivotal to the growth that we want in constituencies in Macclesfield and across Cheshire. It is worth noting that the ONS has set out that R and D spending by businesses is much greater in the north-west than it is in London. We have a really solid base of investment in the private sector, as well as in the public sector, in the north-west. The single largest area of R and D expenditure for businesses is in pharmaceuticals, which are critical not just for the science corridor in Cheshire, but to ensure that the whole country achieves its full potential.

We must continue to foster and support the gross value added that is created by pharmaceutical manufacturing, which contributes massively to our country—more so than in any other country except Germany. Cheshire East has a higher GVA per head than east Surrey, and we want to see a similar improvement in productivity throughout the entire north-west. We will make sure that that happens through the innovative work that is being done in technical training. We must do more to improve skills. Setting out 15 clear career pathways for apprentices is vital and the new T-levels that are being talked about are very welcome, as is the £500 million investment in tech skills for 16 to 19-year-olds. That will help to transform their experience and help us to be ready for the challenges ahead. For those reasons, I give my full support to this very important Budget.

4.36 pm

Rob Marris (Wolverhampton South West) (Lab): In his response to the Budget, the Leader of the Opposition set out an impressive list of spending commitments. Unfortunately, he ran out of time, so he was unable to spend much time on macroeconomic matters, wealth creation or setting out an alternative economic strategy.

The context of the Budget is that there are some good things in the economy. Growth has been better than many of us had expected, and better than most people forecast before the Brexit vote, were it to be a Brexit vote. The unemployment figures are singularly impressive: 2.6 million more jobs in the past seven years, one in five of them on zero-hours contracts, and the majority of those working part time do not wish to work full time. Inflation is up, and most economists say that a little bit of inflation is a good thing. The Government are prepared, quite rightly, to guarantee the triple lock on pensions only until 2020, because of their concern about intergenerational imbalance.

On the other side of the balance sheet, however, we have economic positives bought on a sea of debt. The Government have been spending money for the past seven years like a drunken sailor. The national debt has gone up almost 70% in the past seven years. We are still running a huge deficit on current expenditure, and the Government forecast that we will continue to do so. The Government have been sweating the infrastructure for the past seven years, so it is wearing out. We only need to look at all the potholes around the United Kingdom to see that.

The Government keep saying, “We are trying to cut debt for the benefit of the next generation,” when in fact they have loaded debt on the next generation—not only the national debt, which is up 70%, as I said, but student loans, which are a massive burden on the next generation, and of course the failure to address the market failure in housing across the United Kingdom has meant that the cost of renting or buying has shot up massively in the past seven years. Who does that hit the hardest? The next generation. It is nonsense to talk about lifting the economic burden on the next generation, because we have market failure.

The hon. Member for East Antrim (Sammy Wilson) said—to use my phrase, not his—that when we look at Brexit, we need to look at the silver linings: the things that we can do differently when we leave the European Union. There are some positives, and I say that as someone who thought we should remain in the European Union. We are not going to do so. Outside the European Union, we can adopt a more collectivist approach. We can have a bigger role for the state in our country. For example, we could have a state investment bank. In appropriate circumstances, the state could take equity stakes in our enterprises and could own patents—not just financing research and development, but owning patents—as a source of collective wealth for us in the future. The Budget does not address the imbalances of wealth and power in our society, which is what Labour Members want to use the economic levers of the state to do.

On wealth creation, which I mentioned earlier, we welcome the spending on productivity announced in the autumn statement and rehashed again today, but the state ought to take a stake in some of that investment in STEM matters. Similarly, on broadband, the Chancellor glibly trotted out his encouragement for 5G today, which sounds great. There is not yet even a standard on 5G, but the Government keep banging on about it.

I welcome cutting down the number of skills qualifications from 13,000 or so to 15, because some of them, frankly, are Mickey Mouse qualifications. That continues the Government’s drive—their fetish—about having 3 million more apprenticeships. For many years, our country has been bad at workforce planning, as we can see in the NHS. Workforce planning in relation to skills for the future will be made worse by the Chancellor appropriating to himself powers over schools. We will have a worse school system in England, which will make skills provision and workforce planning worse.

The Budget totally failed to mention housing once not only in relation to its cost but as a driver of economic growth and an investment for the future. We should allow councils to borrow to build council houses—a state-owned asset that provides a return for us all for the

future, as well as better lives for people. We should look at rebalancing the economy away from London and the south-east, as was mentioned by my hon. Friend the Member for Kingston upon Hull North (Diana Johnson), and we could do that with much better and targeted infrastructure spending.

On the taxation side, there were—as ever—many missed opportunities in this Budget. There will be fewer HMRC staff in fewer offices, which will increase the likelihood of tax avoidance continuing. We need stronger measures on financial wrongdoing—we have not had any—so that those doing wrong in the City go to prison; prison is the big disincentive. For example, wrongdoing in Mitie’s accounts has just been uncovered, which the Financial Reporting Council did nothing about.

We have missed the opportunity to address the whole structure—for the future, in a digital age—of taxation on businesses. We keep banging on about corporation tax, but the Chancellor should be investigating a turnover tax on business. Such a tax lessens the chance of tax avoidance. If it was done the right way, the Government could do away with business rates and corporation tax. If they wanted to be really inventive, they could even do away with employer’s national insurance contributions—a tax on job creation—and have a turnover tax, which is much fairer and taxes virtual companies, as well as bricks-and-mortar companies. It is not just me saying that from left field—I tell hon. Members that I am from left field—but the Federation of Small Businesses, which has floated the idea of a turnover tax in relation to business rates. We ought to align taxation for simplification purposes, so that instead of playing around—as the Chancellor did, with £2,500 or £5,000 on some dividend tax break—we should align the rate of tax on dividends with that on capital gains tax and income tax.

We should split up the banks that are too big to fail. The Chancellor has ducked that one; in fact, he is going into reverse and weakening financial protections for us all. The Government should have announced that they were abandoning the private finance initiative. They are still investing in these disastrous projects. These are missed opportunities for thinking big about the future, while in the context of Brexit—the whole world is going to change—the Chancellor is still looking backwards. He did not even mention Brexit because he just does not know what to do: he is a rabbit in the headlights.

4.44 pm

Mr Alan Mak (Havant) (Con): It is a pleasure to follow the hon. Member for Wolverhampton South West (Rob Marris). I am pleased to speak in support of today’s Budget. It puts Britain in a strong position as we leave the European Union, and it positions Britain and areas like Havant to take advantage of the fourth industrial revolution, as new technologies transform economies and societies around the world, including our own.

I welcome the fact that the Budget is given against the backdrop of an economy that has shown itself to be extremely resilient, confounding expectations by performing strongly in 2016. Britain is one of the world’s fastest growing advanced economies, the deficit has been cut by more than two thirds, the growth forecast is up and there is record employment, with 2.7 million more people in employment than in 2010. This Budget builds on the huge progress and strength in the economy that this Government have delivered.

[Mr Alan Mak]

I welcome the £500 million of new funding for technical skills and the introduction of T-levels. Those measures will upskill the workforce, build an economy that works for everybody and, ultimately, boost productivity. They will prepare British workers to succeed in the economy of the future, which will be underpinned by the fourth industrial revolution. Of course, all those measures build on the Government's strong track record in education and skills generally, from the new university technical colleges to the 2.9 million apprenticeship starts since 2010.

The new £500 million of funding is particularly necessary, given the impact of automation on the labour market. I will focus on that point for the rest of my speech. Historically, the impact of automation has largely been felt in blue collar industries, such as manufacturing and mining, that involve repetitive tasks. As we enter the fourth industrial revolution, which is characterised by increasingly capable automation, artificial intelligence and sophisticated robotics, jobs in a vast array of services will be affected.

We must not be Luddite or downbeat about that development. The emerging technologies that are part of the fourth industrial revolution can be harnessed to catalyse economic growth and generate long-term prosperity. Today's Budget will help us to do that. In Britain, we have to be the first to seize this opportunity. That means taking a proactive, high-investment approach to the challenge of automation. This Budget will help us to do that.

The Bank of England has estimated that up to 15 million British jobs may be at risk of automation, suggesting profound structural changes in the nature of our labour market in the decades ahead in this new industrial age. The potential job losses are largely in roles where a pattern of work can be replicated by a clever algorithm, a ready supply of data or a ready supply of energy. That led Professor Mary Cummings, the director of Duke University's humans and autonomy lab, to say, paradoxically, that

"the more certainty your job entails the more likely is to be automated out".

However, Britain has cause to be optimistic because of the measures announced in the Budget.

From the printing press to the personal computer, and now to the advent of artificial intelligence, driverless cars, 3D printing, robotics and advanced manufacturing that we see today, Britain's economic history has been a continuous story of technology substituting for human labour across all sectors of our economy, as increasingly sophisticated machines displace workers at a fraction of the cost. From farm automation to the big bang in the City, we have always embraced technology. That technological progress has also led to rising productivity gains, as new jobs are created in new industries. If we want the words "invented in Britain", "manufactured in Britain" and "designed in Britain" to be our hallmark in the 21st century, we have to continue investing in skills and technical education. That is what this Budget does.

The answer to what John Maynard Keynes called "technological unemployment" has always been the same. Today's Budget reaffirms our answer as a Conservative party: we have to embrace the efficiencies brought by

innovation; we have to reach for the future; and we have to help people learn new skills, so that they can take up the jobs created by economic growth.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): By mentioning John Maynard Keynes, the hon. Gentleman tempts me too much. Surely, John Maynard Keynes would have eschewed austerity and looked for a fiscal stimulus instead. That is what the Government, and particularly the previous Chancellor, should have been doing, rather than the austerity cult we have had for years.

Mr Mak: I thank the hon. Gentleman. I think that John Maynard Keynes's economic theory is now largely discredited. As Conservatives, we prefer a pro-innovation, free-market, low-tax economy that helps entrepreneurs and businesses to grow. As we enter the fourth industrial revolution, our job is not to hold things back and yearn for the past, but to reach for the future. That is what investing in skills and T-levels will do. That is why I am so pleased that the Government have decided to invest in T-levels and in streamlining the 15,000 courses down to just 15 routes that are linked to the needs of employers in a modern economy. I prefer Adam Smith to John Maynard Keynes. He is much more relevant to the modern economy that we want to build in this country, and he was a Scotsman.

As we move to a more automated digital economy based on the free market and innovation, the supply of workers with science, technology, engineering and maths skills—STEM skills—will be critical to Britain's ability to compete in the world, harness the fourth industrial revolution to our benefit and project an image to the world as we leave the European Union of a bold, confident and technologically enabled modern country. The Budget helps because it helps our skills base to get fit for the future.

As we leave the EU, develop a new industrial strategy and adopt an outward-looking global trade policy, we must continue investing in skills and reforming our education system to ensure that people have the right skills to succeed in future. As we do that, we will build on a position of tremendous strength. We have world-class universities, sixth forms and further education colleges, including South Downs in my constituency; a strong base of scientific research; and an extra 1.8 million children going to good or outstanding schools since 2010.

We build on very strong foundations, but to equip Britain to lead the fourth industrial revolution we need fully to understand its implications on our labour force and skills base. Our approach must therefore be strategic and long term. I hope that Ministers in the Treasury and other Departments, including in the Department for Work and Pensions, will consider my proposals for a detailed review of the nation's skills base to be conducted at the start of every Parliament—a future skills review backed by the Treasury. I hope that my hon. Friend the Financial Secretary considers that as a representation for the next Budget.

Just as the strategic defence and security review examines the country's long-term security needs, and just as the comprehensive spending review sets out our long-term spending priorities, so a new national future skills review will help us to futureproof our economy and skills base.

That future skills review will look above the horizon and examine our long-term skills needs. It will also identify the sectors and industries that are vulnerable to automation, and the opportunities for new technology to help drive economic growth. The review would give us valuable data to identify skills gaps, inform national policy making and help educational institutions to plan for the future, particularly to meet the needs of employers.

In the long term, a new wave of jobs will be created by businesses harnessing the power of the fourth industrial revolution. They will harness that power to expand and provide new jobs and products, from British-made 3D printers to British-designed driverless cars. Mastering and leading the fourth industrial revolution must begin with closing the skills gap, so that Britain's workers are equipped to take up those new jobs. A first step is investing in skills, fully understanding the challenge of automation, and responding decisively and strategically through a skills review and new investment. Those are the steps that will get Britain to the future first.

I invite right hon. and hon. Members with an interest to the launch of the new all-party group on the fourth industrial revolution on 20 March, where the Chancellor will speak from the platform about how the Government are committed to helping to deliver an economy fit for the future. In the meantime, I am proud to support the Budget and will be delighted to support the Finance Bill as it progresses through the House because it helps Britain to futureproof its economy and improve its skills base.

4.53 pm

Ian C. Lucas (Wrexham) (Lab): It is a pleasure to follow the hon. Member for Havant (Mr Mak), who spoke about the fourth industrial revolution. We still have lessons to learn from the first.

This is the eighth Budget delivered by a Conservative Chancellor since 2010. Those of us who are old enough to remember will know that the first was rather cheekily called an emergency Budget. It said boldly that, by 2015, the deficit would be gone. Today, we heard that, by 2022, the deficit will be £19 billion. The Government have a record of failure. That target was set by the Government and they failed to meet it. They knew what the task ahead was, set a target and failed.

David Rutley: Does the hon. Gentleman recall that, shortly after the Budget speech given by the former Chancellor, the OBR set out clearly how it had underestimated the scale of the deficit and the impact of Labour's management?

Ian C. Lucas: Strangely, I do not remember that; but the Government certainly got their excuses in early.

What we had from the Chancellor Alistair Darling in 2010 was a really excellent costed plan to reduce the deficit in a measured and sensible way. What we got from the Conservatives was an increase in VAT, deflation of the economy, stopping investment in infrastructure projects—a mess that has led to increased failure and decreased capacity delivering in the economy.

Mr MacNeil *rose*—

Ian C. Lucas: Let me make some progress.

I recently saw an example of the problems in our economy, and I want to talk about the difference between investment in the economy in the south-east of England and failure to invest in the economy in the rest of the country.

I recently had the great pleasure of going to Belfast. I flew from Manchester airport and I caught the excellent mini-bus from Wrexham station to the airport. It is really good, but holds only about 12 people. It got me there well. When I came back, I flew to London City airport, and from there I seamlessly drifted on to the docklands light railway, which came through investment in the local economy. I then moved seamlessly on to the Jubilee line, and I was here in 45 minutes. Wrexham is a 45-minute drive from Manchester airport, but can we get a rail connection to Manchester airport from north Wales, where some of the best businesses in the country are based? In the present system, that is absolutely impossible, and the reason for it relates to the 1980s, to where we need to look back.

In 1985, I was a newly qualified solicitor. I ran my own business and employed 12 people, so I do not need lectures from the Tories. When I started off, we had wonderful institutions such as the Halifax building society, the Leeds Permanent building society and Northern Rock—do Members remember them? They were all destroyed by demutualisation. Not only were they the main lenders to house buyers—to young people who wanted to start up new businesses; they were great regional institutions. The Halifax building society was an incredibly important regional institution. In the 1980s, those institutions were destroyed, and all the power was sucked into the south-east of England and the City. Now we have about three banks in the country from which everybody borrows. That is at the root of the problem we face.

The right hon. Member for Tatton (Mr Osborne) talked a good game: he talked about devolution and about the northern powerhouse—I was pleased to hear that. I am delighted to see that the Minister for the Northern Powerhouse has just arrived. He obviously got word that my speech was coming. It is really good to see him; he must come to Wrexham. If he does, I will look after him very well, as he knows. What we want in Wrexham, in north-east Wales and in Cheshire—the hon. Member for Macclesfield (David Rutley) is no longer in his place, but would benefit from this—is a local functioning infrastructure system that supports our local businesses.

As we have heard in the Chamber today, Germany is at the top of the list as the most efficient economy in the G7. Germany has lots of regional centres: Hamburg, Munich, Frankfurt, Düsseldorf, Stuttgart—I could go on. All those regional economies have regional banks, Sparkassen, which are required to invest in their local economies. I live in Wrexham, and if there were a Sparkasse there, I could pay my salary into it and I would know that the money was being invested in my local economy.

We need a fundamental reassessment of how to support local areas. Let me explain why. The private sector does not invest in this country's regions. There is a market failure, as my hon. Friend the Member for Wolverhampton South West (Rob Marris) says. He made an excellent speech, and I am grateful that he is coming forward with sensible, radical economic thinking. We need new

[*Ian C. Lucas*]

institutions through which local people can choose to invest in their local economy, because the present system is not working.

The only way of getting money from this Government—I am afraid it was the same with the Labour Government—is to go to the Treasury with a begging bowl and say, “We want some public investment in services in our area.” I have been an MP for 16 years and I have done this every year. It is very unsuccessful. It was announced today that over the next four years £200 million would be invested in public sector projects in Wales. Not one penny piece has been invested by the UK Government in transport projects in north Wales, although we have major businesses such as Airbus, and just over the border is General Motors, which needs Government support over the next few years in order to preserve jobs and be efficient. It is virtually impossible to get money from the Government, and it is virtually impossible to get private sector investment. That is because we do not have the institutional framework that enables us, if not to receive money from the Government, to borrow the money. I saw that in the 1980s in the north-east of England, where I was brought up.

Mr MacNeil: Will the hon. Gentleman give way?

Ian C. Lucas: I cannot give way; I have very little time.

In the 1970s, an excellent public transport system, the Tyne and Wear Metro, was built on Tyneside. That is what we need in north-east Wales. It was created by the Tyne and Weir passenger transport executive. Mrs Thatcher abolished that body because it was successful, and because it was a threat to her centralisation programme, which was a massive step. Not only was the private sector centralised; the public sector was centralised as well. What we need to see in this country is a radical change. We need to get away from the small-scale tinkering that took place today, and start investing in our local economy.

Let me end by mentioning a company in Wrexham called Dee Valley Water. It was doing an excellent job in Wrexham and Chester, but I am afraid that in the last three months, against the wishes of its own workforce and against the wishes of local people, it has been taken over by Severn Trent, which will now provide monopoly water services in our area. I cannot remember exactly what Severn Trent pays its chief executive, but it is either £2.4 million or £2.6 million, and we, the people who pay for water in the area, have to contribute to that sum. This was done over our heads: we had no say.

We need a change in the corporate governance system relating to businesses so that such obscenities end. We need the devolution of powers to local communities, which have been waiting for far too long. We have had centralisation under both Governments. The horrors of the 1980s need to be swept away, so that we can make real progress for our people.

5.2 pm

Kevin Foster (Torbay) (Con): It is a great pleasure to follow the hon. Member for Wrexham (Ian C. Lucas). I felt as though I were being given a history lesson rather than engaging in a Budget day debate. However, one part of the history was missing: the years between 1997

and 2010, when the hon. Gentleman sat on this side of the House as part of a Labour Government. If certain things were so bad, the Labour Government would surely have rushed to change them, but, of course, they did not.

As for the idea that there are “only three banks”, the hon. Gentleman might want to pay a visit to a branch of the Nationwide Building Society some time soon, or even visit the Coventry Building Society, which is not so well known throughout the country, but which now has customers in virtually every postcode district. It is also proud to say that it was the largest lender not to lose money on the sub-prime market.

However, it was not the history lesson on which I was planning to comment. I was planning to comment on what has been said so far in the Budget debate, and to welcome what we heard from the Chancellor earlier today. In particular, I note the growth projections. Given some of the prophecies of doom that we were hearing from all sides this time last year, when we were being told what might happen if we voted to leave the European Union, the rise in those projections is welcome.

Mr MacNeil: We have not left yet.

Kevin Foster: I hear a heckle. It is true that we have not left yet, but most businesses do not look at what is happening immediately; they look at what will happen in a year’s time, or in two or three years’ time. The fact that businesses are still prepared to invest—and we have seen major investments coming into this country—shows that there is a confidence in the economy that has not been shaken by the vote, which is very positive.

George Kerevan: Will the hon. Gentleman give way?

Kevin Foster: I will, briefly.

George Kerevan: I thank the hon. Gentleman. I realise that he has only just begun his speech. If he alludes to the shift in the growth projections in the Office for Budget Responsibility document, he also needs to know that, on page 87, the OBR has reduced its forecast for wages and salaries growth, and that on page 61 it has lowered its forecast for household disposable income.

Kevin Foster: I am sure that, as ever, the hon. Gentleman was seeking to be helpful with that intervention. Let us be blunt: the root of our economy is its size and overall growth. That is what we base our public services and funding on, and what we build our whole economic structure on, and it is strange to say that that is negative. Actually, we should be looking at things such as the living wage, and the fact that we are implementing and targeting tax changes for those on lower salaries; many people in my constituency of Torbay will benefit from that. I can understand, however, why there might be some uncertainty about the future among employers north of the border, particularly given the SNP Government’s intention to try to rip Scotland away from the single market of the United Kingdom. If anything is going to take growth down for Scottish companies, that will. [*Interruption.*] Well, we hear the shouting—

Mr MacNeil: Will the hon. Gentleman give way?

Kevin Foster: Briefly.

Mr MacNeil: Canada exports 75% of its products to the United States of America. Is the hon. Gentleman arguing that a country should be united, with the same Government, with its chief export destination? That logic will ultimately lead to one global Government, as all countries will have to join with the country they are majorly exporting to. The hon. Gentleman is promoting a fallacy—a Tory fallacy, obviously.

Kevin Foster: It is interesting to hear the example of Canada; of course, there is a part of Canada called Quebec that rightly rejected nationalist arguments in two referendums, and I hope there will be a parallel situation in Scotland if the SNP is daft enough to call another referendum.

I say this about international trade and how we do well: I know the hon. Gentleman will be greatly looking forward to working as Chair of the International Trade Committee and as part of the United Kingdom to make sure we get the best deal we can out of Brexit. We will all look forward to receiving his Committee's reports.

Mr MacNeil *rose*—

Kevin Foster: I will not give way again, because I have already given way twice in the first two minutes of my speech.

The Chancellor made a joke about spreadsheets and his nickname of "Spreadsheet Phil," but what I quite liked were the tables, and in particular chart 1.2 showing the consistent reduction in unemployment. That again shows one thing that we have always known about Conservative Governments: we find unemployment a lot higher than it was when we left office, and then proceed to reduce it again while in office, giving more people the stability of an income, and making a difference.

To focus on the key issues for my constituency, I greatly welcome the additional funding for social care. I am a member of the Public Accounts Committee, and we published our report on the NHS and social care last week. There is clearly a need for a long-term debate about how we manage the future liabilities and pressures that will come on those services.

We debated what that means for the future of local government in the Local Government Finance Bill Committee. All of us want to know that when we or our loved ones reach our 70s, 80s or 90s—one of the greatest successes of the NHS is that more people are doing so—the social care will be there. [*Interruption.*] I will not be cruel enough to point to one particular Member who was making these comments—[*Interruption.*]—although I will mention the hon. Member for Wolverhampton South West (Rob Marris), who is chuntering from a sedentary position. To return to the subject, it is right that the Chancellor recognised that challenge, particularly in communities such as Torbay; we do need to make sure the funding is in place.

I would, however, disagree with some of the comments about having a national care service, because I want to see an integrated care service. If we were setting up the NHS and social care system today, we would not set it up with a split between local government and the national health service for services which we would all refer to as healthcare services.

I particularly welcome the measures on business rates. The discount for pubs is welcome, but I am keen that we must not penalise those who have been most successful. When we look at how we value these things in future, moving away from purely property taxes, we must not hit those who have been very successful, and there has been a debate about that in relation to pubs. The revaluation is broadly welcome, however. Torbay was not served well at all by the revaluation in 2008; our high street was clobbered with rates that are totally beyond likely rental incomes, particularly given that landlords end up offering discount "pay the business rates" deals rather than rent in order to get units occupied. The revaluations will see much of that corrected.

Looking ahead to the future, it is easy to say, "Let's consider a fundamental change," but as those of us on the Public Accounts Committee who had the pleasure of taking part in the inquiry into Google know, there is an issue with how we make sure that taxation follows the modern economy. It is much easier to say that a physical building on a high street or an industrial estate should pay x amount of tax, but that is more of a challenge with regard to websites based on overseas servers that allow companies to route their orders and billing and invoicing operations more easily. I hope we can have a sensible and positive cross-party debate about that.

I have two grammar schools in my constituency and one just outside it, so I welcome the support for them. The funding formula presents a challenge, in that a lower percentage of pupils in Torbay grammar schools are on free school meals than those in other secondary schools in the area. The plans to encourage them to increase that rate are welcome, and the three headteachers are absolutely committed to doing that. It is unlikely that we will see a new grammar school in the bay—that has always been clear—but Government support for them is welcome and positive.

Although I felt that going to university was the right choice for me, it is vital that we up-value technical education, so I was pleased to hear about the proposed T-levels. Tomorrow night I will be at the South Devon College apprenticeship awards, presenting awards to those who have done an apprenticeship. It is good to think about how we can get them more recognised. As has been said, they are solid qualifications that an employer can look at and understand in the same way as a degree, an A-level and a GCSE. They also have appropriate rigour. Some people think that a technical qualification is easier, but it is not. When I first spoke about encouraging degree-level apprenticeships, someone wrote on my Facebook page, "Is that like a YTS?" That just showed a complete lack of knowledge about how demanding a top-end apprenticeship is compared with quite a lot of university degrees. It is absolutely vital that people know what is available.

The Chancellor has put forward a solid and effective plan. I welcome the fact that we will continue to meet our manifesto pledges on allowances, particularly the basic allowance on income tax. I also welcome the overall tenor of the Budget: it is a positive statement about Britain's economic future and many people will want to get behind it. We have only to look at this morning's opinion polls to see that people have confidence in this Conservative Government and no confidence in the alternatives.

Several hon. Members rose—

Madam Deputy Speaker (Natascha Engel): Order. Before I call the next speaker, who will maintain the eight-minute limit, I should warn Members that after that the limit will go down to seven minutes and it may have to come down a little lower.

5.13 pm

Mr Alistair Carmichael (Orkney and Shetland) (LD): I am grateful to you, Madam Deputy Speaker, for the opportunity to take part in this debate. It can occasionally be a dangerous debate in which to speak. In my experience, Budgets that are welcomed on Wednesday are often damned by Sunday, but I do not know what would need to happen between now and Sunday for this one to be described as exciting.

Other Members have referred to Brexit as the elephant in the room. It is important that we understand and explain to those on the Treasury Bench why the Chancellor's failure to address Brexit was so important. As a member of the Select Committee on Exiting the European Union, it is rarely necessary for me these days to stick my hand in my pocket to pay for bacon and eggs. Just about everybody wants to buy me breakfast to explain why Brexit is going to be so difficult for their sector. The one recurring message, whichever sector I speak to, whether it is the Corporation of London or farmers, crofters and fishermen in Orkney and Shetland, is that a hard Brexit and the determination to leave the single market and the customs union, possibly without securing a trade deal, which would leave us on World Trade Organisation rules, would be disastrous for them.

This is the first day since the Prime Minister made her speech at Mansion House on which the Chancellor of the Exchequer has had an opportunity to give some reassurance, and to tell the various sectors of our economy that there was an understanding of their position, but he failed to do that. His failure to say anything on the subject was culpable and could ultimately be catastrophic.

It was also disappointing for Opposition Members that the Chancellor seemed to have nothing to say about the need to tackle climate change. There are so many possible measures, many of which are not particularly expensive. There could have been more measures to encourage energy efficiency, and only a small amount of money would be necessary to develop renewable energy—most notably, in my constituency, through wave and tidal power generation—but there was absolutely no mention of those things. At a time when there are so many other pressures calling for the Government's attention, it is more important than ever that the long-term issues—of which climate change is probably the most clamant—should not be forgotten.

I am not, however, one of those who think that a determination to tackle climate change means that we should turn our back on hydrocarbons. They remain an important part of our economy, particularly in my constituency in the Northern Isles. I was a little underwhelmed by the Chancellor's offer of a discussion document, especially since it was the second such offer, but on reflection, and having heard a few other emerging details, I believe that this at least shows an understanding of the need to take continued, serious action to help the North sea oil and gas industry.

The Chancellor did not refer to it, but I understand that the Government have today laid before Parliament a statutory instrument—I have not yet had sight of it—to extend the definition of investment expenditure for certain categories of operating and leasing expenditure. That will be welcomed by the industry. *[Interruption.]* The Financial Secretary to the Treasury has just indicated that it will be backdated. This measure could have a significant effect on our continued exploitation of resources on the UK continental shelf. We will await the Government's discussion document with interest and see what it says.

The real story that will emerge from this Budget is the Chancellor's lack of understanding of small businesses. He is really out of touch, and at no time was that more transparent than when he spoke about the changes to national insurance contributions for self-employed people. There are abuses of self-employed status. In the so-called gig economy, employers such as Uber are taking people on as self-employed agents when they are, to all intents and purposes, employees. That needs to be tackled, and it is something that the Chancellor could usefully have taken on today.

In fact, the Chancellor has introduced a tax increase for some of the most hard-pressed people in our communities. I think he has done this because he just does not understand what life is like for people who work as builders, plumbers, window cleaners or hairdressers, and for the many others who will be affected by this change. He says that this is about levelling the playing field between employment and self-employment, but we all know that that playing field will never be level, and that fact has to be recognised in our tax structures. Self-employed people take risks, sometimes putting their house on the line. The reality is that if a sole trader does not work, they get no sick pay. If their business goes bust, no one will step in and give them a redundancy payment.

Geraint Davies: Does the right hon. Gentleman agree that millions of these people are, in essence, not self-employed by choice? They have just been let out by big companies to save those companies paying national insurance and all the other benefits. They have been left on their own in a position that they do not want to be in, and now they are being punished by the Government.

Mr Carmichael: That was the point I was making about Uber and other companies that take on people as nominally self-employed agents, when to all intents and purposes they are employees. That must be tackled, but this Chancellor seems to have no great enthusiasm for tackling the big corporates. The change will not hurt them; it will hurt the small sole traders who are working in their own right, rather than as agents of a bigger corporate.

Rob Marris: The right hon. Gentleman talked earlier about waking up tomorrow and having another look at the Budget; may I suggest that he does that with regard to this issue? According to the Chancellor's figures—I do not know whether they are accurate—the increase will raise £146 million a year, and national insurance tax breaks for the self-employed are £5 billion a year. Proportionally, on the Chancellor's figures, that is not a big increase.

Mr Carmichael: That brings us back to the same crux of the problem, which is that we are treating everybody with self-employed status as though they were living in the same way, but they are manifestly not. There is a distinction to be drawn between risk-takers and entrepreneurs, and those who are effectively employed but are treated as self-employed. That is the issue, but it will not be tackled by today's change.

Likewise, the digitisation of tax will affect many sole traders and small business people. It is welcome that the proposal has been delayed for a year, but we all know about the problems that will make it difficult and, frankly, I do not see many of them being resolved in a year. All we have done is kick the can down the road.

The Liberal Democrats welcome the extra money for social care, but I fear that it will ultimately be inadequate, and that we will be in the middle of another NHS winter crisis this time next year. I wonder how many more crises our NHS will be able to sustain while retaining good-quality staff and providing the service that we enjoy at present.

My final point is about spirits duty—*[Interruption.]* I do hope that I am not intruding on the shadow Chancellor.

Madam Deputy Speaker (Natascha Engel): Order. I do not think that the shadow Chancellor is aware of how loudly he is speaking. It is quite difficult to hear the right hon. Member for Orkney and Shetland (Mr Carmichael).

Mr Carmichael: I am grateful, Madam Deputy Speaker. The shadow Chancellor may not have been aware, but I was.

John McDonnell (Hayes and Harlington) (Lab): I am really sorry.

Mr Carmichael: I am an easy person to miss.

Spirits duty is being increased by 3.9%, which has already been rightly condemned by the Scotch Whisky Association. Not only will that affect an enormously important manufacturing sector for my constituency and for the Scottish and UK economies, but the effect will go beyond Scotch whisky. When I was first elected to the House in 2001, my constituency had what would be called one and a half whisky distilleries. We now have two full-time whisky distilleries and three gin distilleries. *[Laughter.]* I am not claiming responsibility or credit for that, but we all know that the market supplies when demand increases. The point is that that is typical of many areas of the country. It is a growth area with small, growing businesses that deserve support; they do not need to be clobbered in this way.

5.23 pm

Kit Malthouse (North West Hampshire) (Con): I must confess that I feel as though the Chancellor has dusted off the black polo neck that he apparently used to wear as a young man and has delivered to us a box of Milk Tray, such are the delights that we heard about this morning. I want to run through a few of them before I get to the coffee cream and the nutty centre, which may provide a little more grist to the mill.

On schools and skills, more money in the system is extremely welcome. I particularly welcome the formalisation of training in the new T-levels. A huge number of young people in my constituency will look to those new qualifications with glee and will be pleased to participate in them. Such careers are increasingly developing as an alternative to going to university. A lot of young people want to get straight into the workforce, so the qualifications will be extremely welcome.

Similarly, the new money for the social care system will be welcome in constituencies such as mine, where the average age is higher than the national average. I have a large number of older people, and they often get trapped in the health service and look to the Government to help them to transfer back home, and back to a happy life.

Although the vast majority of businesses in my constituency are seeing a reduction in their business rates bill—hooray!—some smaller pubs in which there has been particular investment, and that have had success in trading over the past few years, have been presented with quite large rises, notwithstanding the transitional relief available. It is extremely welcome that the Government are making more money available to those pubs, and a foaming pint will be raised to the Chancellor at The Wellington Arms in Baughurst this evening.

I will now pick out and welcome one or two of the more obscure items mentioned by the Chancellor that have not been part of the general debate. His commitment to science as part of the British economic mix over the next few years is extremely welcome. His predecessor had a similar commitment, but the current Chancellor has made a point of mentioning science in pretty much every announcement he has made.

The £300 million allocation towards more PhDs and more research into innovative technologies, particularly in academia, is extremely welcome, as is the crucial simplification of research and development tax credits. If we are to bring together the alchemy of private capital and publicly backed science, we need to make it as simple and as easy as possible, so the encouragement to companies to invest capital in order to take advantage of R and D tax credits in a simplified way is extremely welcome.

The Chancellor also announced a Green Paper on consumer markets, which will be critical over the coming years, because notwithstanding the fact that the internet has disrupted a number of consumer markets, including insurance and energy, there is too little uptake by consumers of the advantages that the internet provides in markets such as energy and telecoms. Some 90% of people have yet to consider switching their energy provider, but by doing so, they could save a huge amount of money. Those areas need to be looked at, and I will participate in the Green Paper with enthusiasm.

The NHS capital programme is absolutely key, and it is brilliant that we are getting more support. In North West Hampshire, we are looking at a whole new model of operation around a new critical treatment hospital at junction 7 of the M3. The clinical commissioning group is wrestling with the issue at the moment, so more resources to help it would be fantastic.

Finally, domestic violence is an issue with which we have struggled. When I was doing the policing job at City Hall, we were the world's first major capital city to

[Kit Malthouse]

introduce a strategy to address violence against women and girls, and we did so with our own resources. That was followed shortly thereafter by the Government, under the leadership of the then Home Secretary, now Prime Minister. It is fantastic to see her ongoing commitment, through the Chancellor, to investing in this important area.

Now on to the coffee creams. I am grateful to the Financial Secretary—this is part of her responsibilities—and the Chancellor for listening to the howls of anguish about “Making tax digital”, the prospect of quarterly returns of information to the Inland Revenue, and the burden that would place on small businesses. The extra year for those below the VAT threshold is extremely welcome. Nevertheless, I am sure that the Financial Secretary will appreciate that many of the small businesses that will be left out of the easing of that obligation will now feel that they should be included. I hope that she and her colleague, the Chancellor of the Exchequer, will be open to more conversations about how the system can be improved.

I accept that the path, in reporting business taxation, should be towards digital, as there will be enormous savings for the Government and for businesses, but I encourage the Financial Secretary to listen to the professional and business organisations that still think the Government can go further to make the system work. I am more than happy to sit down with her to talk about that, but I am grateful for the fact that she has listened to the campaign by me and others.

Finally, it will come as an enormous relief to an awful lot of businesses that the predictions of doom and gloom before the referendum have not come to pass, and that the macroeconomic picture is improving, forecast by forecast. Every organisation, from the OECD and the OBR to the Bank of England and, indeed, a lot of private forecasters, have revised their ideas about the economy upwards with every month and quarter that passes. That is a great relief.

Suella Fernandes (Fareham) (Con): Is my hon. Friend pleased that Donald Tusk’s prediction did not come true? He said in June last year that Brexit would bring about not only the “destruction of...the EU” but the end of “western political civilisation”.

Kit Malthouse: Yes. Of course, given the comparative economic situation in the EU, his words seem even more hollow.

The economic picture is looking better and better as each forecast is delivered. Having said that, I am enormously reassured by the Chancellor’s continued commitment to sorting out the deficit and trying to get our public debt under control. I know I am not the only person in the House who, on seeing the figures he presented, was reassured about the economy’s path but remained terrified by the level of our national debt and the speed with which it is growing. We accrue national debt of around £5,000 a second. We are spending enormous amounts of money over and above what we earn, and unless we get that under control, we will leave a dreadful legacy to our children and grandchildren. It would have been easy for the Chancellor to ease up a bit—to try to keep Members happy, or happier, by splurging a bit of money

here and there and spending even more on the chocolate box—but the fact that he did not, and instead prioritised the notion that we should get our house in order, is enormously reassuring. In the early days of his chancellorship, he is showing great promise in helping us to turn the country around.

North West Hampshire is a part of the county of Hampshire, which is teeming with small businesses. We do not have that many large ones—one or two—but we have hundreds, if not thousands, of small businesses that are extremely sensitive to movements in the national economy. The fact that we are in the hands of a Chancellor who is committed to steering the economy on a steady path, without lurches one way or the other, will be an enormous reassurance to them and will set the course for future success.

5.31 pm

Helen Goodman (Bishop Auckland) (Lab): I am pleased to follow the hon. Member for North West Hampshire (Kit Malthouse), with whom I am happy to serve on the Treasury Committee. I agreed entirely with what he said about science and about “Making tax digital”. He ended with some remarks about the forecast, which is where I shall begin.

I think everybody agrees that the most interesting thing about the Chancellor’s speech was what he did not say. The biggest economic change in the past year has been the 12% fall in the exchange rate since the Brexit vote. For the past six months, the uncertainty about our future trading relationship with the EU has damaged business investment, but it has not damaged consumption, which is why growth has continued faster than expected. Nevertheless, as the independent OBR’s forecast shows, that will not continue. As inflation rises, it will put a squeeze on real incomes. The boost we are currently seeing in export earnings is likely to be followed by a squeeze on margins for many businesses over the next few months. I notice that the Chancellor has put aside £26 billion, which is half what Michel Barnier says he will ask for in the negotiations. Meanwhile, public services are showing serious signs of strain, and we need to tackle the UK’s poor productivity record.

The best thing the Chancellor could do is to start to win battles on Brexit in the Cabinet. He needs to start to win the arguments on the customs union and on the need for harmonised regulation for industry on everything from medicines and chemicals to aviation and railway safety. It is uncertainty about those things that is causing the economic uncertainty and the fall in the exchange rate. New barriers will make real dents in our economic efficiency that we cannot afford, and they will be felt in lost jobs and lost opportunities.

The Chancellor’s money for productivity is welcome; this is a time not for short-term fixes but for long-term reform to address economic weaknesses and social discontent. His extra money for adult skills is welcome as far as it goes, but he is not yet offering maintenance loans for people in further education. Parity of esteem with higher education means parity of treatment.

On the money for schools, the Chancellor began by saying that education is the key to inclusive growth, but then went on to spend a lot of money on selective grammar schools—surely shone mistake. My constituents will be appalled by that move. In St Helen Auckland,

where 48% of children are on free school meals, each child will get £609 less over the course of this Parliament. In Woodhouse Close, where 83% of children are on free school meals, there will be a cut of £571 per child. In Butterknowle, the cut is £1,881 per child. It is totally unfair to pour all the money into a tiny number of schools. The measures on school transport are unfair as well, as they do not take account of the long bus journeys that people have to make in rural areas.

The Resolution Foundation has published some interesting work recently, showing that the incomes of pensioners have overtaken those of working-age people. That problem will get worse over the next few months. We know that, for people in the bottom 10%, £1 in £6 is spent on food; for people in the top 10%, it is £1 in £12. At this moment, when we have higher inflation, the Government have decided to go ahead with a freeze on tax credits and child benefits, which are the income supports for the low-wage working poor. The Chancellor could have unfrozen those benefits to help millions of people had he not been committed to going ahead with inheritance tax cuts.

George Kerevan: Does hon. Lady agree that one of the other things that the Chancellor failed to mention was inflation and the fact that it is going through the roof?

Helen Goodman: Absolutely. The Chancellor said very little about Brexit, the exchange rate or inflation. Those are the major changes in the economy over the past six months.

The Chancellor could have unfrozen those benefits that go to the low-paid working poor had he not been committed to going ahead with cuts to inheritance tax, capital gains tax and corporation tax. To cut corporation tax to 19% may be good for competitiveness, but to cut it to 17% is surely unnecessary at this moment.

I want to throw a lifeline of support to the Treasury team who seem somewhat embattled on the issue of national insurance. I do not know whether they want a lifeline from me, but I will offer it to them anyway. It is reasonable, on equity grounds, to even up the tax that is paid by people in employment and by those in self-employment. We need to look at that whole matter more closely.

I am pleased also that the Chancellor has eschewed the gimmicks of his predecessor. The commitment not to raise income tax and national insurance whatever the circumstance was exactly one such gimmick. However, if we are to look at national insurance, let us look at the fact that it kicks in at £8,000, below the personal allowance.

The one thing on which we all agree across the House is the importance of tackling tax avoidance. What the Chancellor did not say was that the largest amount of money that he is taking in—this is in the final section of the chapter—is an extra £500 million from tax credits, which amounts to another cut in tax credits. The Red Book says that it is a pre-announced cut, but it cannot be pre-announced because the extra savings of £500 million are new.

One of the problems with the Government's productivity plan is that it is not sufficiently inclusive in respect of workers and people at the top, and of the regions. The

Government should really start thinking about making this country more equal, both as an economic efficiency measure and as a social justice measure. The fact is that people with predictable and secure incomes can take on more commitments, and that in turn will boost the economy in the medium term.

5.40 pm

Lucy Frazer (South East Cambridgeshire) (Con): "It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change." That is the theory of the great evolutionist, Charles Darwin. That theory is now very relevant, because we are facing a technological revolution. We have recently seen the rise and fall of various technologies, from Polaroid and PalmPilot to vinyl and video. The pace of change is so extreme that economists predict that two thirds of children starting school today will be in jobs that do not yet exist. The countries that can adapt and change will be the most successful.

As the Chancellor highlighted, in order to give our children the best opportunities we need to think carefully about how we train them. That training must not only encompass the ability to write, read and calculate, and include the capacity for thought, judgment and responsibility; it must also incorporate the practical, technical training needed to support our local economies.

As I represent an area with a thriving bio and agri-tech industry, I am delighted by the Chancellor's focus on the importance of technical education, because his announcement in and of itself recognises the value of those skills. He is right to identify their worth, in circumstances where ICM Research states that employers rate higher apprentices as 25% more employable than others. His proposal to streamline such qualifications, putting them on a par with academic qualifications, makes them of equal weight and more comprehensible to employers. His announcement of £500 million a year to give 16 to 19-year-olds the necessary technical skills is also most welcome.

For many years we have talked about technical education. Today the Chancellor has given it the support and respect it deserves, but should we go further and be even more ambitious? Responding to change, linking up with business and inspiring innovation should start not as children leave their formal education but much earlier, in our primary and secondary schools. That needs to be facilitated by our dedicated teaching workforce. We need to link up our businesses with our teachers and to incentivise our innovative and technological industries to play a role in supporting, training and informing teachers of the work they are doing at the cutting edge of industry. When we fully embrace this, we will truly become a flexible, responsive and competitive country.

5.43 pm

Mr David Hanson (Delyn) (Lab): I am pleased to follow the hon. and learned Member for South East Cambridgeshire (Lucy Frazer), who made a shorter speech than I was expecting—it is always good to be ready to go when called to speak, Madam Deputy Speaker.

The Chancellor of the Exchequer undoubtedly has some laudable aims: he wants to support growth, have an economy that works for everyone, support infrastructure investment and improve productivity, but when he sat

[Mr David Hanson]

down after making his statement, I thought, “Is that it?” I share those objectives, because I want to support growth and aspiration, tackle poverty and improve public services, but his statement contained no strategy for how to achieve them. I believe that my right hon. Friend the Member for Hayes and Harlington (John McDonnell) and the Labour party have a definitive plan to do that, rather than the smoke and mirrors we saw today from the Chancellor.

For example, the first item was supporting growth. I think that this year’s “golden pasty” for the quickest unravelling of a policy set out in the Budget will go to the rise in national insurance contributions—it might even be called the golden caravan, because that was also a policy that unravelled several years ago.

The Chancellor today announced a 2% to 5% increase in national insurance contributions for 5 million people. How does that support growth? Those 5 million people, including 3,000 in my constituency—7% of the workforce in my area of north Wales—are the hairdressers, window cleaners, builders, plumbers, electricians, small shopkeepers, gardeners and market traders who are taking risks, being entrepreneurial and not necessarily having the holidays that those in the employment of major companies would have. They are taking risks with their own capital and are not earning when they fall ill. Yet, in supporting business growth, the Chancellor has put an additional tax on those individuals, amounting to about £20 a month for someone earning £20,000, £30 a month for someone earning £27,000, £45 a month for those with a £35,000 income and £55 a month for those with a £42,000 income.

The golden pasty award relates to the Conservative party’s manifesto commitment not to raise national insurance contributions. People in my constituency will have put a cross next to the Conservative candidate’s name on the basis of no tax rises and no national insurance rises. If a Conservative Government have broken that promise, how can we trust them on anything else? The Financial Secretary to the Treasury has said that the changes were not to class 1 but to class 4 contributions, so it did not matter because that was not a manifesto commitment. I would like to see her explain that to the small businesses in the small towns in my constituency when I go back there this weekend.

I welcome the £435 million movement on rates, but it does not go far enough to deal with the impact on businesses in my constituency. For example, the Government have offered £1,000 to local pubs in constituencies such as mine. I was contacted last week by a pub whose rates on 1 April will have gone from £22,000 to £66,000. That is unbearable for a small business, and the Government should revisit that in due course if they can.

The Chancellor talked about investment in infrastructure. I want a growth deal for north Wales. In fact, the north Wales growth deal is mentioned in paragraph 4.29 of the Red Book, which says:

“The government...looks forward to...a North Wales Growth Deal.”

Exactly one year ago this month, the Secretary of State for Wales came to north Wales and said, “I want to push forward with a growth deal for north Wales. I want north Wales to come up with proposals for a growth deal.” Well, north Wales has come up with and submitted proposals for a growth deal.

North Wales sees the benefit to job creation of infrastructure investment in roads, transport and broadband. It wants the partnership between the state at local council, Welsh Government and UK Government level to make that growth deal happen, yet there is nothing in the Budget to support a growth deal but warm words. Why does this matter? It matters because the Government have promised in the Red Book a £200 million uplift to expenditure in Wales over the next four years. Let me put that into context. Inflation is currently running at 1.8%. The actual cost of that £200 million is about 1.3% of the total Welsh budget. Even with the Government’s figures on inflation—at 1.8% now, rising to 2.4% by 2017—the level of investment increase in the Welsh Government is below the rate of inflation. It will not meet the needs of our community. That matters because I want investment in infrastructure.

Before I came to London last Monday morning, I went to see a local £30 million investment by the Welsh Government and Flintshire County Council in a brand-new secondary school under the Building Schools for the Future programme, which is not now operational in England, but is operational under Labour’s Welsh Government. That £30 million is investment in schoolchildren and parents, but, conversely, it is actually investment in Galliford Try, a private sector building company, and in the people who make and paint schools. It is investment in carpets, computer technology and construction, all of which are done by the private sector. We can therefore boost local employment by public spending on infrastructure, as in the example of that school.

The £200 million is welcome, but let me finish by saying one thing: we will not be spending any of it on grammar schools in Wales, because the Labour Government believe in equality of opportunity and will invest that money in secondary education, supporting every pupil, rather than those who just happened to pass an exam at the age of 11.

Several hon. Members *rose*—

Madam Deputy Speaker (Natascha Engel): Order. I am going to leave the limit at seven minutes for the next speaker, but after that it is going to come down to six minutes.

5.50 pm

Tom Tugendhat (Tonbridge and Malling) (Con): What we have here is a Budget that sets out a transformational moment in our history. As many people have mentioned, we have spoken a lot about Brexit—about leaving the European Union—not just today, but over many of the weeks and months past. The idea that the Chancellor has somehow dodged the question is therefore frankly a little odd, in the same way that it would be odd to describe how we speak about democracy in that way—of course, the whole element is democratic. It is absolutely absurd to pick out bits and pretend they have not been picked on.

There are a few areas of the Budget I would like to pick out, which I am particularly keen on. The digital infrastructure budget of £740 million—much of it going into 5G and broadband—will be absolutely essential in constituencies such as mine. Rural communities such as mine have huge amounts of innovation and enterprise but little of the infrastructure to hold them together, and this money will allow them to communicate with

not just each other but the world. As we open ourselves up to the world, and as the Department for International Trade makes such extraordinary efforts to link us very much to communities on the other side of the planet, it seems quite absurd that I could get 3G and 4G signals very easily in Kabul and Khartoum, but that, in Kent, getting a phone call at all is pretty tricky.

That money is very welcome, and so too is the spending on national roads infrastructure, because, of course, we do need to communicate internally. However, one area I have not heard enough about, which I would like to hear more about, is rail. So often, we focus on the economics of rail as though rail paid for itself through the ticket prices, but, of course, it does not. Trains pay for themselves not through the ticket prices paid by the travelling public but through the economic development they allow. I therefore hope very much that we will look again at rail infrastructure and look very seriously at how much more we can put in.

There are, of course, other areas. As an investor in a few start-ups in this country—I refer you to my entry in the Register of Members' Financial Interests, Madam Deputy Speaker—I am pleased to see the £100 million for the global research talent pool and the £250 million of talent funding going to PhDs and suchlike. Attracting the best and the brightest to our community is about starting those businesses and generating that enterprise and innovation that will turn us into not just a more advanced, better and richer society but the think-tank and the start-up capital of the world, and I think that we can get there.

Alison Thewliss (Glasgow Central) (SNP): The case the hon. Gentleman is making about attracting the brightest and the best is a good one, and I agree with him on that, but does he agree that the Home Office has to play its part? In my constituency, I have two entrepreneurs who were brought here on entrepreneurial visas to start their business, and they are now being thrown out.

Tom Tugendhat: I am not going to comment, obviously, on the individual case the hon. Lady raises, but she is absolutely right that we will have to look with imagination at how we bring migrants into this country. As she will know, I was on the remain side of the argument, but many people on the leave side would say the same as I say now, which is that we must be open and much freer in how we look at this. Instead of focusing so much on European migration, we should perhaps go more global. I understand the argument, and I would rather have had freer European migration as well, but we are, as they say, where we are, and the vote has been cast. So, yes, the hon. Lady is absolutely right that the Home Office must play its part.

As we look through the various areas in which investment will happen, there are a few I would like to highlight a little more. First, I want to highlight the combating of domestic violence. Domestic Abuse Volunteer Support Services, which operates out of Tunbridge Wells, does a great deal to help victims of domestic violence to present themselves to court, to ensure that they get appropriate legal representation and to defend their interests properly against their abusers.

If we look in greater detail at devolution, we see that there is a lot of talk in the Red Book about city deals and about extra money going to Scotland, Wales and

Northern Ireland, all of which I welcome, but there is not so much on devolution to Kent, for example. There is not so much on devolution to our boroughs and parishes, where a lot of our centralised efforts could be placed.

I want to highlight a few areas that contain perhaps a small element that I would work on. The Budget is not simply a collection of numbers; it is not an exercise in accounting; and it is not a spreadsheet. It is a political document, and it speaks to the areas in which we as a community, a Government and a nation wish to see investment and effort. It is a political work. That is why I find the emphasis on national insurance slightly concerning. I come from a political tradition that believes in small government and low taxes and that seeks to encourage entrepreneurship and enterprise. Although the figures that we are discussing are very minor—a percentage point here and there, or two over two years—they speak to a tone that is not entirely helpful, and in that I urge a rethink. We should be encouraging the self-employed, start-ups and people who are taking risks and carrying those risks themselves. We should recognise that through support, yes, but we should do so particularly through taxation.

That brings me to quarterly tax returns. I understand that the Chancellor has been generous in delaying their introduction by a year, but let us not kid ourselves that £85,000 a year is a particularly large turnover for a business; it is not. I would very much welcome a rethink about how we can assist those who do not have large budgets to pay accountants and who are not running businesses that will definitely generate millions in the future. We are talking about people who are experimenting. It may be two or three friends trying out an innovative idea, or two or three business partners experimenting with a new area of technology, who may indeed be the next Google but who are now in a garage somewhere in Manchester. It is worth thinking about what we can do to make sure that they have opportunities.

If we start putting burdens on businesses at a sum as low as £85,000, we will have to be careful that we do not discourage qualities that we Conservatives value—I know that the Chancellor, in his youth, demonstrated these—the innovation, the entrepreneurialism and the talent to succeed in this now-liberated Britain.

5.57 pm

Karin Smyth (Bristol South) (Lab): It is an honour to follow the hon. Member for Tonbridge and Malling (Tom Tugendhat). Bristol South has a proud industrial and economic heritage. It is part of the west of England economy, which contributes more than £10 million to the Treasury every year, but it is also home to some of the greatest health inequalities in England. The last Labour Government recognised the contribution made by the people of Bristol South to our prosperity. The last Labour Government invested in our future, in our young people and in the fabric of our city, but they also recognised the severe economic need that people faced. This Government continue to short-change the people of Bristol South, and today is no exception.

Let us consider the contrast between the 13 years of the last Labour Government and what has happened since 2010. In health, investment in doctors and nurses meant the shortest waiting times that NHS has ever experienced, with demonstrable improvements in health

[Karin Smyth]

outcomes. The money allocated by the Labour Government meant that after more than 50 years of campaigning, the people in my community finally got the hospital that they had been waiting for—the excellent and well-appreciated South Bristol community hospital.

In education, teachers, support staff and teaching assistants improved educational outcomes for children. Every secondary school was rebuilt under Labour, with new classrooms, laboratories and other facilities in Bedminster Down and Ashton Park schools, as well as in schools in Whitchurch, Hengrove, Hartcliffe and Withywood. Families from across Bristol South benefited hugely from Sure Start, and a brand new £30 million state-of-the-art post-16 campus was an investment in our further education. Further education was thriving, with a wealth of adult skills opportunities.

But what has life been like since 2010? On health and social care, the Public Accounts Committee, of which I am a member, has asked for an end to the bickering about funding. The money is not enough for the programme of work that is expected, and the Government need to start being honest with the public about that. Today does not alter that position.

In education, our children face school funding cuts—every school in my constituency will lose out—and children's services are under threat. Headteachers have told me their concerns about losing £1.9 million in cuts across the city, with a £1.8 million cut in the education services grant and a reduction in special needs funding as well. This Government have cut 40% from the adult skills budget, and there is now a gaping hole in adult training provision. We expected some social care money and that money is welcome, but over three years it is not enough. I look forward to the Green Paper, but it bodes ill that the Government have already said they do not want to talk about a death tax. Such talk will not help the future of older people in our society.

Under Labour, child benefit went up and child tax credits were introduced. We cut long-term unemployment and introduced the national minimum wage. Pensioners were lifted out of poverty, and children were lifted out of relative poverty. Now, under this Government, the one in five households in Bristol South that rely on tax credits have lost out. The Library has shown that the bedroom tax has cost Bristol South people some £3.6 million. Some 9% of people in my constituency are hard-working, entrepreneurial self-employed people, and today is a devastating blow for them.

With some hubris, the Chancellor said today that “they don't call it the ‘last’ Labour Government for nothing.”

I assure him and the people of Bristol South that the next Labour Government will once again reward their hard work, recognise their endeavour and deliver for them all.

6.1 pm

Suella Fernandes (Fareham) (Con): I am pleased to respond to the Budget. I welcome the Chancellor's commitment to consolidating the UK economy and investing in the next generation through education, skills and innovation.

I have two main points to make. First, support provided for ordinary families, children and young people is only possible because of a resilient economy. I am delighted

by the various forecasts and upgrades that were set out at the beginning of the speech delivered by my right hon. Friend the Chancellor. As well as the OBR having updated growth this year from 1.4% to 2%, we should note the jobs miracle in this country and the upturn in employment since the Conservatives were elected to power in 2010. The fact that employment has risen from 70.2% to 74.6%, with a further two thirds of a million in work by 2021, has not happened by accident. It has happened because of a concerted effort to get people off welfare and into work and to create a jobs climate in which employment pays. Despite the higher than target inflation, real wages will also continue to rise in every year of the forecast.

The positive picture is further reflected in the predicted fall in public sector net borrowing and in relation to the debt we still face in this country. When Labour left office in 2010, we were borrowing £1 in every £5 we spent, which was unsustainable and irresponsible. This year, it is set to be £1 in every £15, so we are back on track towards living within our means.

All those elements contribute to and add up to a strong economy. Since the referendum, that strength has been undeniable. We heard today about Nissan and Google investing in the UK, but it goes much further. Despite the predictions this time last year about a recession, with a cost per family of £4,300, and of negative forecasts from the IMF, the IFS, the OECD and the Bank of England, the reality has been very different indeed. UK manufacturing has hit a two-and-a-half-year high, and services are seeing similar growth. The UK was the fastest-growing economy of the G7 last year, and PwC predicts that we will be the fastest-growing economy until 2050. Other companies are making significant commitments to the UK: Jaguar Land Rover, McDonald's, Facebook, Adobe, IBM, Ford and Toyota have all made commitments to significant job creation and investment in the UK. I say that “Project Fear” is over and that it is time for “Project Cheer”.

Kit Malthouse: Does my hon. Friend agree that the fact that economists and forecasters systematically underestimate the growth in the British economy reflects the fact that they cannot quite believe that the British people who voted so overwhelmingly for Brexit feel optimistic about the future and are therefore reacting in that way economically? That is what is driving growth forward. Does she think that if they embraced the idea that the British are optimistic about Brexit, they might get their forecasts a bit more accurate?

Suella Fernandes: I agree entirely. The facts and figures and the behaviour in our economy since the referendum reflect the strength and resilience of our consumers, our economy and our businesses. That is laying the ground for a successful future as we leave the European Union.

My second point relates to education and skills. Education is the engine of aspiration and one of the core reasons that I am a Conservative. I believe in self-improvement, personal responsibility and hard work. This Conservative Government have notable achievements, such as 1.8 million children now being in good or outstanding schools. Of course, the job is not done. Much of that success can be linked to the free schools revolution. Today, we have seen £320 million of capital investment to create new free schools and extend this

success story, which is empowering teachers and improving standards in schools. Some 70,000 new school places will be created following today's announcement.

As someone who co-founded, set up and now chairs a free school, I am a fan of them. I have seen in the three years in which I have founded and chaired Michaela Community School, in an area of deprivation in inner-city London, how our teachers have been freed to pioneer new teaching methods and how they have gained more power and autonomy over their spending, curriculum and teaching methods. We are seeing fantastic results.

Free schools work. They perform above average: 28% of free schools inspected by Ofsted have been graded outstanding, compared with 14% of those maintained by the council. Free schools are popular among parents: secondary free schools attract, on average, 3.5 applicants per place, compared with 2.3 applications to maintained schools. Free schools are not just for the middle class: two thirds of free schools have opened in deprived areas. They are also cost-effective, as the National Audit Office found recently. Free schools signify a revolution in education, liberating teachers and communities to deliver high quality, high expectations and high standards for their children.

That leads me to selection and grammar schools. We know that grammar schools also work very well, with 90% of them being good or outstanding. The Select Committee on Education has examined considerable evidence of their effectiveness in achieving high progress rates for their children. In the Netherlands, selection takes place at 12 and it does better than us in the PISA tables, which shows that selection is compatible with good results. The Sutton Trust has showed that there would be no adverse effect on non-grammar schools and ResPublica recently commissioned an independent study that showed that a grammar school would have a transformative effect on a deprived area like Knowsley.

I am a Conservative because I believe in aspiration, in rewarding effort and in fairness. The Budget reflects those values and I am pleased to support it.

6.8 pm

Chris Evans (Islwyn) (Lab/Co-op): I congratulate the hon. Member for Fareham (Suella Fernandes) on her speech, which summed up the Conservative philosophy of rewarding effort. Today's Budget puts that reputation in doubt. The Conservative party's reputation for being on the side of business hangs by a thread tonight. Can anybody who fought the 2015 election, or any previous election, believe that today the Conservative party, the party of the small business, the party that worships at the altar of the daughter of a greengrocer from Lincolnshire, has put up national insurance by 11%? Somebody earning £27,000 a year will pay an extra £30 a month. That is the reality of what the Conservative party has done.

The Conservatives have gone further. They have decreased the threshold of the dividend on profits from £5,000 to £2,000, which is more money out of the small businessman's pocket. We are not talking about Facebook, Costa, Google or Starbucks. We are talking about the painter, the decorator, the tradesman, the greengrocer and the IT set-up. Those people, day to day, run our economy. Can hon. Members imagine what that greengrocer's daughter from Grantham would say? She would say: "Think again." As much as Conservatives worship Lady Thatcher, she would not have endorsed the Budget

today. She would not have endorsed that tax on small business people. Hon. Members have stood up today and said that they are Tories because they believe in effort and self-worth, and in taking a punt, as the former Prime Minister said once. Those people are being penalised for taking a punt. Unless they U-turn on this, never again can Conservatives say that theirs is the party of business or of small business. That is a cheek. Tonight in my constituency of Islwyn, 3,300 small business people will be directly affected by that change. So much for "Steady Phil" or "Spreadsheet Phil", as the Chancellor is called.

More in hope than anything, I expected that this would be the most momentous Budget we would ever see in this country, but what did we get? The Chancellor seemed to totally forget that, on 23 June, this country voted for its desire to leave the European Union. We heard no mention of that in his speech. It is okay saying that he touched on it and is aware of it, but more damning is the Office for Budget Responsibility "Economic and fiscal outlook", which states in paragraph 3.2 that the Government directed it to two recent statements that set out in greater length their objectives for exiting the European Union. Paragraph 3.3 states:

"While the Government has now set out some of its objectives more formally, there is understandably little detail about how it intends to achieve them. In many areas the policy outcome will depend not just on decisions made by the UK Government, but also on those of the parties that it will be negotiating with".

In other words, nobody is any the wiser about what is happening.

At the same time, for all the lauding of the success of business and the economy, tucked away on page 8, paragraph 1.7, the Red Book says:

"Business investment fell 1.0% in Q4 2016, following a modest increase of 0.7% in Q3 2016. This resulted in a 1.5% decline in business investment in 2016. Private business surveys cited uncertainty about future demand and the outcome of the EU negotiations as weighing on activity and investment."

The Prime Minister, who campaigned to stay in the European Union, is as much a prisoner of her Back Benchers as the rest of the Conservative party, but business needs to plan. Business needs five to 10 years to work out where it wants to go. That inertia helps no one. The worrying thing is that the Budget should not have lauded how great the Conservative party is at running the economy. It should have been a road map for how we leave the European Union. All we get, as usual, as we have seen in the debate, is the Tory party patting itself on the back and saying how wonderful it is doing.

I notice in the back of the Red Book that the Government say we have the biggest railway infrastructure developments since the Victorian age. The electrification of the rail lines to Wales, which is very important to my constituency for investment, is overspent by £1.2 billion. It is all very well talking about those projects, but the fact is that many have overrun and are overspent. The National Audit Office said that one third of infrastructure projects might not be achieved at all. When the Chancellor makes those announcements in future, I hope we have a report on whether the projects are still on track and whether they will be achieved.

For me, the Budget was a huge disappointment. I was expecting something better. Britain deserves better, and business above all deserves better than what it got today.

6.14 pm

Andrew Selous (South West Bedfordshire) (Con): I am pleased to see the continued progress that the Government have been able to make in reducing the deficit from the enormous 9.9% of GDP that the coalition Government inherited in 2010, to a forecast 0.7% of GDP in 2020-21. It has taken longer than we thought, and we have faced stronger headwinds than we thought, but it is absolutely the right thing to be doing. As the Chancellor rightly reminded us, it is not right for this generation to load more and more debt on to the shoulders of our children and grandchildren, who will have restricted public spending in their time if we do not get on top of this and start to live within our means as a country.

I am pleased, too, that the Chancellor has continued his focus on increasing productivity—an area on which we have not focused enough in the past. The Chancellor was absolutely right to point out that the UK's productivity is significantly worse than that of the average of our international competitors and much worse—some 35% worse—than that of Germany, which is one of our major competitors.

The way to improve productivity is to focus on skills and infrastructure in particular. It is excellent news that whereas we were 33rd in the world in the quality of our infrastructure—behind countries such as Namibia and Slovenia—we are now seventh in the world, and we must carry on trying to improve and move further up the league table. We should note and celebrate the success we have had in this area.

Productivity is also an issue of social justice. At the moment, British workers on lower rates of pay are having to work longer to produce the same as a German worker. If we can increase productivity, we can pay people more and they can work for less time and produce the same amount of wealth. That is why this issue matters so much.

The Government are absolutely right to focus their attention on artificial intelligence, robotics and battery technology, which is particularly important for the electric vehicles of the future that we will need to deal with the serious air quality issues that we face.

The Government are right, too, to focus their attention on better broadband connectivity and on the roll-out of national 5G, and indeed on ensuring that those people who live in rural areas have the ability to use their mobile phones—something that is still not possible in large areas of my constituency, although I am pleased to note that the Minister with responsibility for digital affairs has said that we should see a significant improvement by the end of this calendar year.

I was pleased, too, about the Chancellor's emphasis on everyone paying their fair share of tax and about the fact that we have raised an extra £140 billion of tax revenues through clamping down on evasion, which is very welcome. I was, however, visited by someone about to set up a major business in my constituency in an area of service provision that can be found in every high street in the country. He told me only yesterday morning how the practice in that industry is to pay people cash in hand, and that when he has tried to recruit people as an above-the-board legitimate business owner, they have complained about not being paid cash. Clearly, avoidance of tax, including VAT, is happening. I believe that we

need to sustain a continued focus on this issue, so that a level playing field can be established for decent businesses that do the right thing. We need to make sure that we collect all the tax revenue that we should have.

The focus on T-levels is excellent. Although we have climbed the international league table on infrastructure, we are near the bottom of the international league table for technical education—notwithstanding the efforts of previous Governments in this area. This is absolutely the right thing to do, as is our focus on ensuring quality apprenticeships for the future.

I am very pleased about the extra investment in social care, and about the capital funds that will be provided to ensure that the NHS sustainability and transformation plans are successful. I am particularly pleased that the sterling work done by Luton and Dunstable hospital in its urgent care centre is to be replicated, so that similar GP urgent care will be available at accident and emergency departments in hospitals across England. I welcome the extra £216 million in capital funding for schools. I also welcome the transitional relief for business rates, although in my area the average business rate is set to fall by a very welcome 7.4%.

6.20 pm

Simon Danczuk (Rochdale) (Ind): It is a pleasure to follow the hon. Member for South West Bedfordshire (Andrew Selous).

In my speech, I shall concentrate mostly on business rates. The Chancellor was right to say that the business rates scheme must better reflect the digital economy—firms such as Amazon have had an unfair advantage over high-street companies for far too long—but I suspect that some business people will be sceptical about the Chancellor's announcement that he is to conduct a review of business rates. The previous Chancellor, the right hon. Member for Tatton (Mr Osborne), proposed a review in the run-up to the 2015 general election, but we have seen nothing of it.

We must also bear it in mind that the Chancellor is now trying to repair a business rates scheme which the Government damaged by refusing to carry out the previous revaluation. It is because they did not publish revaluation results in 2015, delaying until this year, that businesses in towns such as Rochdale had to carry a disproportionate burden for additional years when their rateable value had actually fallen as a result of the impact of the recession. Businesses in London, and particularly in the south-east, were advantaged by the revaluation cancellation. Businesses in Rochdale and similar towns will now be sceptical about the new £50 cap on any business rates increase, not least because no such limit was offered to them when they were experiencing difficulties in 2014, 2015 and 2016.

CAMRA, the Campaign for Real Ale, has been right to raise concerns about business rates affecting public houses. As Members will know, pubs' business rates are based on turnover rather than rateable values. It does not matter whether they are profitable. In many respects, that is a tax on entrepreneurialism, because someone who builds up a business will pay a lot more in business rates. I think that those who conduct the review should consider looking into how pubs' business rates are determined.

The Chancellor has announced a £1,000 discount for what we are told will be about 90% of pubs. While I am sure that that will be welcome, I suspect that it will not go very far, and that it will be “small beer” for pubs that face major business rate increases this year. The Baum in Rochdale, which was the national CAMRA pub of the year in 2012, faces a rateable value rise of a whopping 377%. I cannot help thinking that a £1,000 discount will not go that far in helping that business.

The Chancellor also announced a £300 million discretionary fund for local government. Rochdale council has already led the way in devising a business rates reduction scheme to help new independent retailers in our town centre, so I understand the logic, but we now need to see how that £300 million will be shared among local authorities across the country. If it follows other Government funding for councils, it could well fail to reach the parts of the country that really need it.

Talking of business rates and local government, I believe that the Government were right to adopt a 50% business rate retention scheme for local authorities, and I welcome the piloting of a 100% retention scheme. That should help to drive local economic development, and I hope that councils will step up to the mark. I would make the general observation that Surrey council's situation is clearly a sweetheart deal; no other such authority has been offered that kind of deal so far.

Let me conclude by making a couple of brief points. First, there must be a proper review of the whole business rates scheme, including the Valuation Office Agency, which clearly is not fit for purpose. Secondly, I welcome councils retaining business rates, but the Government must now give local authorities more freedom over how they allocate, set and collect this tax. Thirdly, to avoid any more scepticism around business rates among business people, the Government need finally to overhaul them to the point where they are seen as fair and equitable across all towns and cities in the country, not just some.

6.25 pm

Mr David Lammy (Tottenham) (Lab): May I begin, as a former Minister with responsibility for higher education, by welcoming the Government's decision to award maintenance grants to those in part-time education? I also welcome the changes to business rate caps, the recognition that urgent action is needed to avoid a further meltdown in our health service and in social care, and the steps taken to boost technical education and improve its standing compared with that of our universities. I welcome the lifelong learning fund and the recognition that we are living longer; we will need to retrain and reskill throughout our careers, and we will certainly need to do much more to improve our skills base when we leave the single market.

It is difficult to celebrate massively overdue action on social care when the chair of the National Care Association says:

“We are now beyond the crisis point. We really are at the edge of the cliff now.”

When hospital beds are blocked by elderly patients with nowhere to go; when local authority budgets have been cut to the bone; when expenditure on social care has dropped by more than a fifth in real terms since 2005; and when £4.6 billion has been cut from social care budgets since 2010, it is difficult to be optimistic about this investment.

On technical education, the pledge to make vocational qualifications equal to A-levels or higher education was not fully explained by the Chancellor. This year, nine of the 10 most popular apprenticeships will be cut by between 27% and 43%. It is difficult to believe the spin about T-levels and streamlining qualifications when we have heard it all before. Less than 1% of apprenticeships are up to the Government's much-vaunted new apprenticeships standards, first announced back in 2014.

A fund of up to £40 million to pilot new approaches to encouraging lifelong learning sounds good, but we need to put it in its proper context. The Association of Colleges has warned that adult education will disappear by 2020. The total number of adult learners is falling by over 10% a year, the number of adults getting a level 4 qualification has fallen by a staggering 75% in two years, and we have had a 40% cut to the adult skills budget between 2010 and 2015. We do not need a fund of a few million pounds; we need a rescue package to bring back night schools and bring back adult education.

The reason this is so important today is that we are about to trigger article 50. It is very simple: if we are to leave the single market, businesses will no longer be able to recruit from the continent to plug skills gaps. Much more will need to be done to reskill and retrain people in our country. We heard very little—in fact, nothing—about that in this Budget, because the emphasis was on young people, not adults.

The situation is already dire. Skills shortages account for a quarter of all job vacancies. Over two thirds of businesses are worried that they will not be able to find the talent to fill the jobs. We are living in an ageing society. In the modern economy, there is no such thing as a job for life; people will be changing jobs and careers for far longer. We should have heard more about those who have been left behind and have not benefited from globalisation. It is unrealistic to expect people with a mortgage and kids to drop everything and do a university course for £9,000 a year. Where was the articulation of the adult skills need in this country? We are talking about people who have lost out because of the loss of manufacturing and the hoarding of money in London and the south-east. There are no colleges for adults in seaside towns in particular. The Chancellor said nothing about that in his Budget statement.

This Budget is important because we are embarking on a journey that is so immense that the country has not really experienced anything like it, certainly not in my 45 years on the planet. The Chancellor talks about continuing to reduce the deficit, investing in the future and ensuring that we have a strong economy, but let us be clear: exiting the single market is the only show in town. It is the economic issue of our time; everything else is just window dressing. Growth, trade, inflation, public finances, jobs, wages and investment—every single aspect of our economy is vulnerable to Brexit and the leap into the great unknown outside the single market. That is the reality. That is where we are as we prepare to trigger article 50. To pretend otherwise is a totally ignorant view of what is going on. From what we have heard today, the Government have not grasped that.

Everything that the Chancellor talked about today should have been wrapped up in Brexit and the fact that we are leaving the single market. What do the Government mean when they brief the newspapers that they have put aside £60 billion? What are the consequences of having

[Mr David Lammy]

to put aside £60 billion? What does it mean for our surplus and our reserves? What impact does it have on the economy as a whole? The Chancellor said nothing about that. We have let the country down at this critical point in our history.

6.31 pm

Mr Clive Betts (Sheffield South East) (Lab): I want to address two issues, social care and business rates, which are related to inquiries undertaken by the Select Committee on Communities and Local Government.

On social care, the Chancellor mentioned the rising number of elderly people in this country. People are living longer, which is obviously to be welcomed. What he did not say, of course, is that cuts to local council budgets mean that they have reduced spending on social care by 7%, despite prioritising it since 2010. He did not mention the extra costs of the minimum wage or the Care Act 2014, or the fact that councils are now, in the words of the Comptroller and Auditor General, Amyas Morse, moving from doing more for less to doing “less for less”.

When our cross-party Committee looked at the issue, we had a range of forecasts for the gap in next year’s social care funding. Age UK believes that more than 1 million people in this country should be receiving social care but are not. That range of forecasts led the Committee to say that we need £1.5 billion to bridge the gap next year. Although I welcome the fact that the Chancellor recognises that more needs to be done, I am disappointed that the more he has identified is not sufficient to deal with the problem.

I am also disappointed that the Chancellor has not taken up another of our suggestions: that we ask the National Audit Office to undertake a review of the funding gap for the rest of this spending round. I do not believe that the extra £500 million that has been allocated for the next two years is sufficient, given that the Local Government Association says that the total gap in local government funding will be £5 billion by the end of this Parliament. We need the NAO to conduct an independent review.

I am pleased that the Government are prepared to undertake a long-term review of spending for social care, but I am disappointed that the Chancellor has, at the beginning, effectively ruled out one of the options. There are clearly a limited number of ways to raise money to fund social care properly in the long term. The money could be raised from general taxation, from people’s direct contributions to the care they receive, from a new system of discrete taxation through increased national insurance contributions, as happens in Germany, or from an increase in the tax on people’s estates when they die. The Chancellor ruled out the last of those options, even though people might be taxed on their estate, depending on whether they end up in residential care. That is an arbitrary tax. It depends on whether someone ends up in social care because they have dementia, for example, or whether they die of a heart attack without having needed that kind of care at all. The way in which someone’s life ends can determine whether their house and other assets make a contribution to the Treasury.

Rob Marris: It is pot luck.

Mr Betts: It is completely pot luck, as my hon. Friend says. The Chancellor should not rule out a more appropriate approach to assessing people’s estates when they die, and to determining what contribution should be made towards social care costs.

Karin Smyth: Does my hon. Friend agree that the opportunity has been missed to give us an understanding of what postponing part 2 of the Care Act will mean, and of the Conservative party manifesto commitment that people would not have to sell their house to fund their care, once their spending on care had gone above a certain level?

Mr Betts: Absolutely. That is clearly a major problem with the system, and it needs to be addressed. I think my hon. Friend is referring to the Dilnot recommendation that people should pay no more than £72,000 in total for their care. When the Minister with responsibility for social care came to the Select Committee, he said that Dilnot would be implemented, but I am not sure how that fits in with this long-term review. I hope that the Government can explain that better in their Green Paper.

There has been no commitment to a cross-party look at this issue. The Chair of the Health Committee, the hon. Member for Totnes (Dr Wollaston), and the Chair of the Public Accounts Committee, my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier), have requested a cross-party review before the publication of the Green Paper, or at least an element of cross-party scrutiny of its proposals. At some point, we have to look at this issue for the long term, assuming that the Conservatives will not be in office for ever.

I also want to address the issue of business rates. The Government have brought this problem on themselves by extending the period between revaluations from five to seven years. That has made the problem worse, because the difference between what businesses were paying before the revaluation and the new rates is wider as a result of the period being longer. We need a commitment to more frequent revaluations. The Government mentioned that in 2015, but it seems to have fallen off the radar. The Select Committee agreed with the Government at the time, so let us have a commitment to more regular and more frequent revaluations.

Will the Government give an absolute commitment that the extra money that they have brought in to help with the revaluation, which I welcome, will not cost local government a single penny, either next year or thereafter? The Treasury should pay for it all. I also agree with the point made by my hon. Friend the Member for Rochdale (Simon Danczuk) that we need to know how the extra money that will be given to local government for discretionary reliefs is to be allocated between councils. Will it be allocated on a fair and transparent basis? When will we be given that information?

I have said to the Communities and Local Government Secretary that if the Government are looking for a fairer way of conducting valuations for business rates—to ensure that the digital services and online shopping sectors pay more, for example—we in the Select Committee will help with that review. It is also clear that there is something wrong with the proportion of payments being made by shops on the high street and by shops in out-of-town centres, and we need to look at that as well.

In 2010, the Conservative Chancellor at the time said that after five years of austerity he would have balanced the budget. Seven years later, after an awful lot more austerity than most of us could possibly have imagined, another Conservative Chancellor is saying that there will be five more years of austerity, after which he will still not have balanced the budget. That is an awful lot of pain for my constituents for very little gain, and there is no sign at all that austerity will end while this Government are in power.

6.38 pm

Gavin Newlands (Paisley and Renfrewshire North) (SNP): It is fair to say that the Chancellor's style is somewhat different from the bombastic approach taken by the right hon. Member for Tatton (Mr Osborne), but the song sounds the same. This Chancellor's first Budget completely decimates any notion of this being a one nation Government—whichever nation that might be. His tone when he announced the additional Barnett consequential for the devolved nations was akin to that of a nursery teacher dishing out sweets to children. Of course we welcome the additional £350 million, but Members must excuse me if my enthusiasm is tempered by the real-terms cut of £2.9 billion over the last 10 years by a Tory Government that Scotland did not vote for.

This Budget is designed to deal with the mess that the Government and their forerunners have gotten us into. For the past seven years, this Tory Government have mishandled the economy, missed their own economic targets, and forced those with the least to pay for their right-wing ideological desires. Nothing encapsulates that better than Brexit, which the Chancellor mentioned only once in his statement. The EU argument was an internal Tory party squabble that has, over time, been visited upon the rest of the country, the consequence of which is self-imposed economic vandalism. The country now faces a situation in which the elderly, the young, the disabled, and ordinary working people will pay the price for a hard Tory Brexit.

The Prime Minister called it a red, white and blue Brexit, but the reality facing her is that there is nothing blue about it. Scotland voted remain with a clear 24 percentage-point majority. If we sit back and allow this folly to happen to us, the independent Fraser of Allander Institute predicts that a hard Tory Brexit will threaten 80,000 Scottish jobs and cost Scotland's economy up to £11 billion a year by 2030. The Prime Minister is in receipt of "Scotland's Place in Europe", a document containing a set of compromise proposals to ensure that Scotland's vote is, in part, recognised, and that we are allowed to remain in the single market, if not the EU itself. The ball is very much in the Prime Minister's court, but if she fails to act she can rest assured that the First Minister will not be so reticent. In shamefully failing to address Brexit, the Chancellor singularly failed to provide any answers to the problems that exiting the EU and the single market will visit upon us.

I am most disappointed, but not entirely surprised, that the Budget contains no provision for the tens of thousands of disabled people whose Motability vehicles are being removed by this Government. At Prime Minister's Questions a couple of weeks ago, I raised the case of a constituent, Mrs Margaret Gibson, who was due to lose her Motability car despite having been on the higher rate of disability living allowance for 20 years. I spoke

to Margaret on Monday, and she explained that her Motability vehicle is a lifeline, and that if it was ever removed, she would be forced to become housebound. Last November, the Minister for Disabled People, Health and Work announced that the Government were looking at ways to enable PIP claimants to keep their vehicle pending appeal, and were exploring options to allow those not in receipt of the higher-rate mobility component of DLA access to the Motability scheme.

However, just a few days after I asked that question at PMQs, Margaret's mobility component was restored, resulting in her being able to keep her car. Margaret was lucky, but the U-turn was purely down to the fact that I had been drawn in the PMQs raffle and was able to help her. Tens of thousands of disabled people are not so fortunate. The Chancellor had the opportunity to provide some relief to people in the same position as Margaret and many more of my constituents, but as per usual with this callous Government we are met with deafening silence when it comes to the needs of our most vulnerable.

I am also disappointed that the Budget refused to acknowledge the pleas of the 2.6 million WASPI women. Today, those women have travelled from across the UK to make their voices heard outside Parliament. I accept that the WASPI issue is not of the Chancellor's own making, but his continued aversion to introducing transitional arrangements to help the 2.6 million affected women, including over 8,000 in Renfrewshire, makes him as culpable as those who brought in the 1995 and 2011 Pension Acts. The Tories cannot hide from this; the WASPI women and their supporters inside this place will not go away. They should do the right thing and provide relief and dignity in retirement for the millions of women who have been affected.

This Budget lays bare seven years of Tory mishandling of our public finances. It lays bare the fact that, despite all the Prime Minister's rhetoric, those with the least will pay the highest price. The Resolution Foundation reported only this month that the Tory Government's tax and social security policies would "drive the biggest increase in inequality since Thatcher."

A separate report from the IFS projected that child poverty would increase to 30% by 2021-22, and said that that is

"entirely explained by the direct impact of tax and benefit reforms".

This Budget lays bare the fact that the price of a hard Tory Brexit will be paid by those who have the least throughout this United Kingdom. If that is the price of staying in this dysfunctional Union, I am not buying, and neither will Scotland.

6.44 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): My hon. Friend the Member for Paisley and Renfrewshire North (Gavin Newlands) covered many key issues, and my hon. Friend the Member for Dundee East (Stewart Hosie) gave a forensic critique of the statement's flaws earlier, so I intend to confine my remarks to what was said, or rather what was not said, about universal credit in the Budget.

The Chancellor opened by saying that he wanted to produce something that was for "women in work" and for people "feeling the squeeze", and "an economy that works for everyone." Well, those words ring particularly hollow for people in my constituency who are at the

[Drew Hendry]

sharp end of the universal credit full service roll-out. My constituency has been one of the first to deal with the roll-out.

People are going months without money, and there is little help in the Budget for them. There is nothing on investment to sort out the system boorach. Highland Council reports that the average housing arrears accrued to date by someone on universal credit is now around £900 and rising. Imagine, they are forced into debt through no fault of their own, and not many landlords are patient with folk who are three months in arrears because of universal credit. Failure to address that today is symptomatic of a failed austerity agenda, a failure to listen and a failure to comprehend the pain that ideological Tory austerity is inflicting. It is causing stress that is impossible to imagine and is leaving families without money for months.

Alison Thewliss: My hon. Friend is highlighting the issues with universal credit in Inverness in his constituency. Only 73 homeless people in total are on universal credit in Glasgow, and they have racked up £144,000 in arrears between them. Does he agree that this is just not working for the most vulnerable people in society?

Drew Hendry: I completely agree with my hon. Friend. The Budget could have been an opportunity to stop that manifest injustice, but it is another failure. The shambolic universal credit roll-out is pushing women who are returning to work, low-income families, the disabled, those looking for work and the most vulnerable into desperate situations.

By the start of the Chancellor's statement today, four people had visited my constituency office in tears over universal credit. The DWP service standard for universal credit applications is supposed to be six weeks, but in reality that is the minimum that most people wait. People usually have to wait for months.

I received an email at 11.15 am today from a constituent, Natalie:

"Dear Drew,

I'm writing with an update to the ongoing case.

I attended the jobcentre appointment on Monday morning to advise that the issue with the Childcare payments had still not been attended to. At that point my journal entries had still not been read. I had also been advised for the 3rd time, by the UC call centre, that a mistake had been made and would be escalated urgently. 9 days had passed since I was told this would be corrected.

At the job centre I met with a gentleman"—

I will call him Mr X.

"I first explained the problem, he could also see...the notes from the UC call centre agents agreeing that a mistake had been made. He then looked further into the system and noticed that my most recent declaration of childcare was not on the system. This caused major confusion as there are notes on the system referring to the most recent one, along with the invoices and receipts being on the system. Also, none of the previous 4 agents I had dealt with had flagged up the...declaration was missing. At this point"

Mr X

"decided to add the declaration himself. A message then comes up on the screen to say that the declaration has not been made within the award period. Which essentially means it will not be paid. At that point...the JobCentre manager looks into it and also agrees that the notes from the agents indicate that they are aware a mistake has been made and it needs to be dealt with."

He

"raises the issue with the UC...manager. He then phones me to advise that he has to escalate the issue even higher as no one has responded to his request to look into the matter."

Natalie finishes by saying:

"It's now the morning of the 8th, still no resolution. This issue was raised on Friday 24 February, the date that payment was due. The date that any errors need to be corrected to enable...payment to be issued within the award period. Since then I have been continually fobbed off. Admittedly I am...fobbed off in the politest of ways with each and every person advising that they are going to help and have this addressed within 24hrs. It's now been 287hrs since my original phone call and I'm still waiting.

I'm at my wits' end here. I've followed their procedure, none of them are following theirs."

Do not take my word for it or, indeed, Natalie's. Citizens Advice says:

"Universal Credit is failing to live up to its promise. Right from the outset people have experienced problems...delays to claims and errors in their payments."

As I have said, my team and I see that for ourselves every single day, with people facing months of anguish and hell.

The Chancellor could have helped people today, but he has not. He has failed to take any action, other than to tinker with the taper rate, which will not stop the continuing and damning litany of failure, confusion and heartache, or the crushing drive to increase poverty that the universal credit system is creating. It is a shambles. There are long delays to payments, short payments, lost sick notes, misplaced documents and data, and failures to respond, and there is confusion between departments and crushed morale. Please spare a thought for the poor Jobcentre Plus staff at the centre of this. There is an inability to act on common sense.

In Inverness, we held a roundtable with the local welfare support team, the housing department at Highland Council, Citizens Advice and local DWP staff, to try to deal with this mess. The problem is not with local staff; it is with the system. I have invited the Secretary of State for Work and Pensions to come to my constituency to hear these people and see what is happening at first hand, but to date I have had no response. Perhaps the Chancellor would like to come to see what the failure to address the problems with universal credit is actually doing.

The introduction of the universal credit full service is failing. It is adding to poverty for children and families, and it is time to halt it. Today's Budget will simply accelerate poverty and suffering.

6.51 pm

Judith Cummins (Bradford South) (Lab): The Budget is remarkable for what it fails to mention. I listened carefully to the Chancellor's statement, and was really worried not to hear a single mention of policing. Funding increases for the police were a staple of previous Budgets. Under the previous Labour Government, we witnessed strong investment in the police; consequently, in many areas crime fell to the lowest levels in generations. Sadly, that investment in the determined fight against crime now appears to be consigned to the past.

With a funding crisis in the NHS, adult social care, local government and many other areas of the public sector, the police are one more victim of this Government. The police should be fighting crime, not fighting for

funding. The Chancellor has offered no respite to the culture of cuts that has gripped every police force in the country. The police have faced multi-year budget cuts, which has meant plummeting numbers of frontline officers.

West Yorkshire police, which serve my constituency, Bradford South, have not been immune to the cuts. Since 2010, their budget has been cut by nearly a third, which amounts to £147 million. The Government think the police can weather the cuts by trimming budgets, tackling waste and shrinking the back office, all with no impact on frontline services. This is nonsense. The challenges can be met only through frontline cuts, so further frontline reductions in policing are now unavoidable.

West Yorkshire police have 2,000 fewer officers and support staff. They are under-resourced and understaffed. Let us be clear about this: fewer police officers means that people are less safe, and people feel less safe.

Rob Marris: Does my hon. Friend agree that the work of the police is made even more difficult by the funding cuts and chaos in the prisons? That has meant that rehabilitation in prisons has plummeted, so criminals are coming out of prison and starting to commit crime again. The underfunding of prisons makes it harder for the police.

Judith Cummins: I absolutely agree with my hon. Friend.

Neighbourhood policing has arguably suffered the most. It is the basic building block of our police service, underpinning all the work the police do. It provides the first point of contact, and the bobbies on the beat are the eyes and ears that inform how the police work. It is the frontline—the most visible and important aspect of our police service.

Policing in this country is done by consent, central to which is trust. Without the trust and confidence of local people, the police cannot police. Cuts to neighbourhood policing impact directly on that trust and confidence. Without trust, the police lose local intelligence and a feel for the communities they serve. The gaining of trust does not happen overnight; it takes months, sometimes years, to develop. This familiarity allows police officers to detect if something is amiss or out of the ordinary. Knowing their communities well informs their judgment, which means that they are well placed to detect crime and to tackle it swiftly and effectively. As neighbourhood policing is eroded by wave after wave of cuts, trust is undermined, as is the idea of policing by consent.

Bradford is a complex city with complex challenges, and we need a police service that is equipped to meet them. The police in Bradford are determined to meet those challenges and maintain that trust. They are reaching out to communities—they have a target of making sure that every child in the district knows a police officer by name.

One complex challenge the police face in my constituency relates to the availability and use of firearms. Incidents involving firearms have risen substantially—by a third—over the past four years. To their credit, West Yorkshire police are rising to that challenge. Their efforts have been commendable, but diminishing resources impede their ability to get those weapons off the streets of Bradford. Adequate funding as well as strong local intelligence are vital in tackling this.

The demands on police resources go beyond everyday crime. The landscape of policing in Bradford has altered radically. Modern policing means that our police officers spend a great deal of time and public money on increasingly complex, costly and time-consuming things such as safeguarding issues, missing persons, issues relating to mental health, child sexual exploitation, human trafficking, domestic violence, and abuse of the elderly, to name but a few. Those are officer and money-intensive issues that cannot and should not be ignored.

Our police are being asked to do more and more, but are being given less and less with which to do it. West Yorkshire police are committed to dealing with and meeting these challenges, but strong commitment is not enough. To meet these new, complex and costly challenges, they need officers and they need to invest in those officers. Without investment, the service will be ill equipped to tackle the emerging demands on its resources. As budgets continue to contract, I fear that the absence of investment will mean that the communities that the police serve—and indeed that we serve here in this House—will be less safe than they should be.

Ordered. That the debate be now adjourned.—
(*Christopher Pincher.*)

Debate to be resumed tomorrow.

PETITIONS

Unfinished Dwellings in Heol Berwyn, Cefn Mawr

6.57 pm

Susan Elan Jones (Clwyd South) (Lab): I rise to present this petition concerning Harron Homes and unfinished developments and dwellings in Heol Berwyn, Cefn Mawr. In so doing, I wish to pay a special tribute to Councillor Derek Wright for all his work on this issue.

The petition states:

The petition of residents of Cefn Mawr in the constituency of Clywd South,

Declares that the petitioners believe that it is unacceptable that Harron Homes has only part finished the construction of residential dwellings in Heol Berwyn, Cefn Mawr; further declares that part finished construction sites may become magnets for anti-social behaviour and infestations of rats due to partially constructed sewers; and further that such part finished construction sights are a blight upon communities.

The petitioners therefore request that the House of Commons urges the Government to declare and enforce that part finished construction sites be completed, sold outright, part sold or gifted to the Local Authority or a Housing Association.

And the petitioners remain, etc.

[P002025]

Proposed Development of Two Distribution Buildings on Land South of Meadow Lane, Raunds

6.59 pm

Tom Pursglove (Corby) (Con): I rise to present a petition on behalf of residents of Raunds and Stanwick, in the names of Geoff Dyne and Sue Göksu, relating to the proposed development of two distribution buildings on land south of Meadow Lane in Raunds.

The petition states:

The petition of residents of the UK,

Declares that residents of Raunds and Stanwick wish to oppose the planning application Ref.16/02119/FUL for a proposed development of two distribution buildings, on land South of

[Tom Pursglove]

Meadow Lane; further that at a meeting in the town and at the town Council there was very strong support for refusal of this development; further notes that the grounds for refusal include that this is a protected open space listed in the proposed Neighbourhood Plan; further that the plans are contrary to the aims of the Nene Valley Nature Improvement Plan recently adopted by East Northamptonshire Council; further that the proposed development is close to a designated Site of Special Scientific Interest; further that the transport assessment has calculated there will be daily just under 800 HGV movements as well as employees' cars, including during the night, with significant pollution effects and that the increase in traffic to the site and along the A45 will have a detrimental effect upon local air conditions; further that reversing alarms, loading and unloading and vehicle movements will cause significant noise pollution day and night; further that light pollution will inevitably increase, especially with a 24-hour operation; further that there is a considerable hydrology and flood risk; further that the development will create an industrial feel to anyone walking down Meadow Lane, which could not be mitigated by any planting due to the height of the proposed building and earth formed platform approaching 29 metres above ground level; further that as employees at the current site near Northampton are to be given inducements to move their work place to Raunds, there would be minimal employment opportunities for local people; further that the proposed large visually solid buildings will have a detrimental effect on the setting for Stanwick Lakes as they will be clearly visible from this country park and will also have considerable impact on the setting for Raunds and Stanwick; further declares that the submitted Neighbourhood Plan seeks to protect this area of land from development, to protect the rural character of the area and those who regularly use Meadow Lane to connect to Stanwick Lakes; further that allowing this development will seriously undermine the Neighbourhood Plan objectives and will be against the wishes of the local community.

The petitioners therefore request that the House of Commons urges the Government to urge East Northamptonshire Council to refuse the planning application Ref. 16/02119/FUL for a proposed development of two distribution buildings, on land South of Meadow Lane.

And the petitioners remain, etc.

[P002026]

Vinovium House

Motion made, and Question proposed, That this House do now adjourn.—(Guy Opperman.)

7.2 pm

Helen Goodman (Bishop Auckland) (Lab): I am very pleased to have this opportunity to raise the proposed closure of Vinovium House, the office in Bishop Auckland that administers part of the child maintenance system, with the consequent loss of between 85 and 100 jobs. I have tabled early-day motion 1,001, which hon. Members are most welcome to sign.

To set the debate in context, the reforms to child support introduced by the Tory-led Government in the last Parliament were highly controversial, appearing to rely on good will, which is sadly lacking in all too many cases. None the less, it was agreed that the administration of the old system should continue, so that children could receive their legal entitlements. According to the Department for Work and Pensions December 2016 statistics, there are 1.1 million cases in the Child Support Agency system, and arrears now totalling £3.4 billion. It is vital for those million families—probably 1.5 million children—that this money is recovered and paid to them.

There is no published plan for how the debt cases currently administered at Vinovium House will be administered if the closure goes ahead. The team at Vinovium House had secured the debt work until 2020. In a four-year programme, surely it does not make financial sense to relocate and retrain staff to undertake that work if the current staff will no longer do the job. What exactly is the Department's plan? How does it intend to run it, or is the plan to let the old child support system wither on the vine, irrespective of the impact on the 1 million families receiving their money?

The staff are extremely well respected. They were a top five office when they administered incapacity benefit. They are currently the highest performing office. They have the highest engagement score. They provide telephone cover from 8 o'clock in the morning until 8 o'clock at night—hours that are not covered in other offices. The telephone system went down when the announcement was made, and the entire national system crashed as it was unable to cope with the volume of calls without those staff. This does not bode well for the future. Child poverty is increasing under this Government, and further delays in Department for Work and Pensions systems for child support will undoubtedly tip some families over the edge.

In correspondence with me, the Minister for Employment said that he has conducted an equality impact assessment. I find that difficult to believe given that 69 of the staff are women and 14 are men. There are also support staff. The one-to-one interviews currently being conducted are a sham. Staff are asked to say whether they want to be transferred to other jobs or to leave on voluntary redundancy, but they are not being told where else they might work.

Phil Wilson (Sedgefield) (Lab): Quite a few of the staff who work at Vinovium House live in Sedgefield. I have had several emails from staff who have a deep anxiety about the way they have been treated, their futures and where they might be transferred to. This is

not just an issue for Bishop Auckland and Sedgefield. The staff live all over County Durham, and a lot of families will be affected.

Helen Goodman: My hon. Friend is absolutely right. There is a lot of anxiety, and I will read out an email from someone who works there to explain to the Minister why:

“On the day the closure was announced to us, we were told there would be an option between a job if we were prepared to travel, or an exit package if not—a small lifeline to me that may have cushioned the closure up to my pension age, but the next day the package offer was revoked with a statement that failure to accept a compulsory transfer could result in disciplinary action.”

Will the Minister please tell us exactly what is going on? What offers are being made to people?

Jim Shannon (Strangford) (DUP): I congratulate the hon. Lady on bringing this issue to the House for consideration. Surely, if someone has a contract of employment with a Department and that contract is changed, the rights of the individual must be retained. Therefore, should not the option of a package to leave still be on the table? Should not the Government endorse and deliver that earlier commitment?

Helen Goodman: The hon. Gentleman makes an excellent point. I agree, which is why I want to know what is going on in the Department for Work and Pensions.

The underlying issues are travel times and costs, the lack of affordable childcare and the fact that most people who work at Vinovium House combine their job with some caring responsibilities. Many work part-time close to home, as they have caring responsibilities for children or elderly parents. The Tory party claims to be the party of the family. This change will adversely affect at least 85 families and will have a devastating impact.

Let me give one example. I talked to a woman who was very young—well, I think she was very young because she was in her 30s—and a widow with two children. Unfortunately, her partner died a year ago. At the moment, she drops her children off at school, gets to work by 9 o’clock and works until 6 o’clock, but she is given time to pick her children up at 3.30 pm. If she has to go to work in another town or another place, there is no possibility that this arrangement can continue. Her children are beyond three and four years old, when free childcare is available, but are too young to leave at home after school.

One thing Ministers need to bear in mind is the pay. The highest full-time pay is £18,000, and many of these people are on £12,000. They simply cannot afford to take home less, because they have to fork out on travel costs or childcare. There is also little other office work in the area, which is why the DWP is a valuable employer.

As my hon. Friend the Member for Sedgefield (Phil Wilson) suggested, a third of these people come from other villages round about. There is currently a bus connection into Bishop, but if the Bishop office closes, there is no guarantee people will be able to get transport onwards to other locations. The Department’s Darlington and Peterlee offices are already scheduled for closure. I strongly suggest that the Minister’s officials stop looking on Google Maps and that she send them up to the north to start looking at the geographical problems. Let them try to get a bus at 8 o’clock in the morning to Washington, near Sunderland, or to Newcastle, and get back in time

to collect children from school at 3 o’clock. It is frankly impossible; it is a five-hour trip, including eight different buses. Of course, there is the massive devastation of public transport. What is being proposed is intolerable for these families.

There are many unanswered questions. The DWP guideline for staff travel times is one hour. How many sites are available for the staff to transfer to that are within an hour’s travel by public transport? What happens to people who received travel costs for three years if they go to work at another site? What happens after that? I suppose they will have to pay for themselves. Is there capacity in other offices nearby to take on these workers? Will they need to be retrained? What will that cost?

I am extremely grateful to the Public and Commercial Services Union for arranging for me to visit the office in February. I met a large number of staff, and they said things like this: “My husband is due to leave the armed forces later this year, so that could be two of us without a job,” “I moved here specifically to be close to my elderly parents,” “There is no childcare for children over 10-years-old,” “I have a child with disabilities, which results in lots of appointments. I couldn’t manage to meet them if I had to travel further afield,” “I’m dependent on my mum for childcare. If I had to leave earlier to travel further, she might not be able to manage, because she is dependent on getting to my children on the bus,” “I’m on maternity leave. I’ve worked here for nine years, and my future is up in the air. Will I have a job to come back to?” “I live in the Dales, where there is limited and often no public transport. How could I travel further afield? If I finished work in Newcastle at half-past seven, it would be physically impossible for me to get home at night,” and “I have a child starting university in September. How can I afford to support my child if I lose my job?”

The Minister must understand that these are significant problems for people. These people are not simply cogs in a machine or units of production; these are real people with real families. Many of the staff said that, in effect, they had to put their lives on hold, because they do not know what the upshot is going to be. They have had to cancel their holidays and things like that.

I want to propose a better way forward to the Minister. Historically, the jobcentre was in Vinovium House, and it would be much better in the long term if, instead of the medical assessment team moving to the jobcentre in the marketplace, the jobcentre people moved to Vinovium House and held on to the lease with the CSA people. There is already information and communications technology, telephones and security. That move would be much more cost-effective than what is being proposed at the moment.

There is, of course, another aspect: the impact on the rest of the town. I have had a letter from the Auckland Castle Trust. I do not know whether the Minister is aware that a philanthropist called Jonathan Ruffer has put at least £50 million into restoring and regenerating Auckland castle, with a view to building up the tourist industry. The Auckland Castle Trust says that it has moved into the upper five floors of Vinovium House, and it requires that office space until 2020. It has been told that if the DWP moves, it will also have to move, and that will cost it a great deal of money. If it has to spend money moving, it will have less money for the regeneration project that it is undertaking.

[Helen Goodman]

The DWP decision is doubly bad; it threatens unemployment for the 80 people employed by the DWP, and at exactly the moment when the trust is bending every sinew to regenerate the town, the DWP is pulling the rug from under it. The staff are 100% committed to the local area. They have done a lot of work for local charities, and they have counted up how much they spend every week, which is about £2,000. We know from that that local shops will be extremely badly affected and there will be job losses there, too.

I think the Government should take a more holistic approach. The problem is that Whitehall lives in departmental silos, but people do not. I understand the pressure to save money, but I do not understand why Bishop Auckland is always at the sharp end. We have lost our magistrates court. We have lost our driving test centre. We have lost an HMRC officer. For once, if there is going to be centralisation, could it be into Bishop Auckland instead? I simply do not believe that the Minister can find a place where rents are cheaper than they are in Bishop; that is not credible. People in Bishop Auckland feel very strongly about this, and thousands are currently collecting signatures for a petition. As a hard-working, long-serving staff member said to me,

"It's become about the building not the service and the staff".

I am sure the Minister will agree that that is not the right approach.

7.16 pm

The Parliamentary Under-Secretary of State for Welfare Delivery (Caroline Nokes): I thank the hon. Member for Bishop Auckland (Helen Goodman) for securing this debate. Its subject, as she has passionately and ably outlined, is Vinovium House in Bishop Auckland, one of the Department's back-of-house processing sites for child maintenance claims. From the outset of the debate, I want to be clear that the services provided by the Department for Work and Pensions matter to millions of people every single day. But for the Department to continue to deliver its critical services and support across the country, it is vital that arrangements are put in place to protect the long-term sustainability of our services.

There is near-universal agreement that the Department for Work and Pensions needs to continue to provide excellent services for its customers while providing good value for money for the taxpayer. Reducing the amount of under-utilised space that the Department occupies is an excellent way of making sure that the Department is delivering value for money, both for those using its services and for the taxpayer.

On 31 March next year, DWP's 20-year contract, which covers the majority of its current property portfolio of more than 900 sites, will expire. That portfolio includes Vinovium House, in the hon. Lady's constituency. To put that into context, the DWP currently occupies about 1.5 million square metres of office space, and we must acknowledge that at least 20% of that is under-occupied. The falling claimant count and the increased use of our online services in recent years means that 20% of the money that the Department is spending on rent is going towards space that we are not using. By

paying only for the space that we need and the services required to operate from it, we anticipate saving £180 million per annum over the next 10 years.

In response to the changing demands facing the Department, we have redesigned our estate in a way that delivers better value for the taxpayer. The expiry of the property contract has presented both a unique opportunity and an essential requirement to review our estate. Let me be clear: this is not about reducing services; it is about taking the opportunity to stop spending taxpayers' money on empty space so that we can spend more on supporting those in most need.

We have carefully considered the challenges that we anticipate in the Department, but the jobs landscape and the way people work have changed significantly in the past 20 years. The Department's services always have adapted and always will adapt to social trends. Nearly 90% of universal credit claims are made online, and more of our services are moving online. We want to continue making the most of the opportunities that new technologies present to help best meet our claimants' needs. It is right that we reflect not only the impact of such a digital revolution on meeting our claimants' needs, but the realities of a more flexible labour market and the significant falls in unemployment since 2010. The employment rate is at 74.6%—a new record high—and unemployment is down 913,000 since 2010, as the economy has grown. Only by building a more modern and more dynamic DWP estate can we take full advantage of new opportunities and ensure that we have sufficient flexible capacity to allow us to expand in the event of an economic downturn.

In every case where change is proposed, including that of Vinovium House, we have sought to minimise disruption and to listen carefully to those who might be affected. As I have already said, Vinovium House is a back-of-house processing site for child maintenance claims. It is a comparatively small processing site, which has total capacity for only about 135 people, and is currently only 64% used. As a result of modernisation and efficiencies, the Department's Child Maintenance Service now takes fewer people to deliver than it did previously. Across the whole of the DWP estate, there is significantly more capacity than is needed, and it is only right that we consider our options.

Delivering a modern and dynamic service to claimants requires modern and dynamic working environments, and we are striving to work towards that as part of our vision for the DWP in 2020. Our aim is to maintain and improve the services offered across the country, and we recognise how important DWP staff are to achieving that aim. In fact, DWP staff are our most valuable resource. It is as a result of their immense effort that the Department is able to provide such a high level of service to our customers. The hon. Lady is absolutely right to point out the high performance of our staff at this location and to comment on the office's top-five rating. I recognise and celebrate how great our staff are, and I reassure her that our staff are our highest priority. My colleagues and I have been clear that the proposals put forward for the DWP's redesigned estate do not mean a reduction in the number of frontline staff. In fact, we are recruiting, and we expect to have more work coaches in every nation and region in March 2018 than we have today.

For staff at Vinovium House, we are currently working through options with each individual, identifying relocation opportunities in the event of closure, but, most of all, listening carefully to them to understand fully the impact on staff. To that end, every member of staff has been offered a face-to-face meeting with their manager as part of the current consultation. This will allow us to hear the opinions of any of the staff members who would be impacted by the proposed changes. We are listening to the views that the staff are expressing. The hon. Lady was good enough to write to the Department in advance of this debate, and she has highlighted in her letter and this evening the concerns that the staff have already raised. I want to reassure her that we are taking those concerns very seriously indeed.

In the event of site closure, the Department has already made a commitment to support anyone who chooses to relocate, including the payment of additional travel expenses for up to three years. However, the fact remains that the Department has significantly more capacity across its network than is needed to serve the needs of child maintenance group clients.

Vinovium House in Bishop Auckland accommodates a team of Child Support Agency staff working on the 2003 scheme cases. These staff ensure that compliance is maintained on ongoing cases. We recognise the vital importance of compliance and of as many children as possible benefiting from the maintenance they are owed by their non-resident parent. Although we do not envisage this, should the closure of Vinovium House result in a shortfall of staff, we are committed to deploying appropriate resources to make sure we continue to keep the money flowing for the children.

Helen Goodman: Before the hon. Lady moves on to another aspect of this problem, may I say that when someone phones up non-resident parents to get them to pay the money that the parent with care is entitled to receive, they have to have a bit of a negotiation. It is not like applying for child benefit—I agree that people can apply for child benefit online—because, as she must know, such discussions are particular, personalised and specific. All this about being able to do it online is irrelevant to the work done by these people in this office.

Caroline Nokes: The hon. Lady is absolutely right. I have sat with Child Maintenance Service officers, listening to the calls that they make to non-resident parents. My first visit as a Minister in the Department for Work and Pension was to the north-east. I went to Cobalt House and saw the Child Maintenance Service in action. I have also been to the compliance unit in Hastings. She is right that those discussions are not easy—they are negotiations. That is something the staff made very clear to me. I want her to understand that one of my highest priorities is ensuring that we keep the money flowing to the children who are owed it by their non-resident parents.

I emphasise the need to cleanse the cases on the old CSA system that we are transferring to the new CMS caseload. While compliance work is immediate and happens, the arrears cleanse process can be undertaken as resources are available. We will, therefore, be able to flex our rate of cleanse in line with the amount of resources needed, to ensure that compliance work is not affected.

The overriding story to be told about the child maintenance group is one of immense improvement. All ongoing maintenance liabilities, like those managed by Vinovium House, will be managed by the Child Maintenance Service once all case closure is complete. We are seeing non-resident parents contributing to maintenance liability in seven out of eight cases. That has resulted in nearly 90% of the money due being paid towards the liability. Arrears growth is slowing and is down to 13% of total liability from 17% in 2015. Those figures reflect the Department's commitment to improving the performance of the Child Maintenance Service.

We have made a number of changes in line with the recommendations of the Henshaw report. We have simplified the administration of the service; we have made our calculations faster and simpler through the use of HMRC income information; and we have introduced new applications in a staged pathfinder approach to ensure smooth delivery of the new scheme. All of those measures have put collaboration between parents and increased parental responsibility at the heart of the Child Maintenance Service. I am proud to say that, according to the latest figures, approximately 250,000 children are benefiting from maintenance, in part due to the excellent work of the DWP's child maintenance service.

The proposed changes—I emphasise to the hon. Lady that they are proposed changes—are the result of careful analysis and planning. I appreciate the hon. Lady's concerns about the proposals and thank her again for this debate, but the rationale for them is very clear: Vinovium House is currently only 64% utilised, and across the whole DWP estate 20% of the occupied space is underutilised. We are striving towards a more modern, dynamic DWP estate. That will ensure that we continue to have sufficient flexible capacity and to deliver the best services we can to our customers. To that end, we are considering whether the work currently undertaken at Vinovium House could be redistributed across the existing DWP network. In the event that that course of action is required, we would expect it to have no impact on the services we continue to provide to child maintenance group users. It is important to stress again that the closure of Vinovium House is still only a proposal at this stage, and we are continuing the consultation process with our staff to assess how each of them might be affected.

Question put and agreed to.

7.28 pm

House adjourned.

Westminster Hall

Wednesday 8 March 2017

[JOAN RYAN *in the Chair*]

Apprentices: Financial Support

9.30 am

Kelvin Hopkins (Luton North) (Lab): I beg to move, That this House has considered financial support for apprentices.

It is a great pleasure to serve under your chairmanship, Ms Ryan, and to introduce this important debate about apprenticeships and funding for apprentices.

Well-trained and highly skilled workers are vital for our economy, and for too long the apprenticeship route has been neglected. For years—decades even—apprenticeships and apprentices have been underfunded and poorly paid. That must change if we are to provide our economy with the skills that it needs and young workers with the opportunities and rewards that they deserve.

The Government have made some moves to boost apprenticeships, but those are too little and inadequate. Not only are apprenticeships under-resourced, but businesses, those with sector skills, universities and colleges have raised real questions about the potential quality of the new apprenticeships. Young people will be doubly disincentivised if both the incomes that they receive and the quality of their courses and experience are not sufficient.

The Government have set an arbitrary target of 3 million apprenticeship starts by 2020 and have introduced a 0.5% apprenticeship levy for any company with a payroll of more than £3 million a year. There has seemingly been little focus on the quality or content of those apprenticeships, potentially leaving young people without the high-calibre skills that they should be able to expect.

I have personally been concerned about the skills deficit in British industry since the 1980s and wrote much about the problem in those days. Research in the 1980s and 1990s by the National Institute of Economic and Social Research, led by Professor Sig Prais and others, drew comparisons with workers in continental Europe, notably Germany, and found Britain wanting. Maths skills were especially poor in Britain, and that remains a problem today.

In more recent times, the proprietor of an engineering company in Bedfordshire—my own county—has complained that he cannot find the employees he needs, despite repeatedly advertising. A motor industry supply chain manufacturer in my constituency could not find a single toolmaker in a town that used to be dominated by manufacturing, which employed many tens of thousands. We need to do better across all fields, not just in manufacturing.

Some comparisons are especially significant. Research by the National Union of Students and *The Times Educational Supplement* suggests that, in contrast to the benefits and finances available to higher education students, apprentices are being hung out to dry and treated like “second-class citizens”. Some apprentices earn as little

as £3.40 an hour. They are also excluded from a number of means of support available to their counterparts studying in further education institutions.

David Simpson (Upper Bann) (DUP): One issue that we face in Northern Ireland on apprenticeships is that 20 young people might start a course, but less than one third will finish it, whether they be electricians, joiners or plumbers. In the hon. Gentleman’s opinion, is that down purely to finances, or do we have to find another way of incentivising young people to finish their courses?

Kelvin Hopkins: I thank the hon. Gentleman for his intervention. I will touch on the issue of drop-outs later, but he is right that finances are a significant problem.

The research shows that a college student with one child could be eligible for more than £10,000 a year in financial support, and the families of such students could receive thousands more, but apprentices, including those on the minimum wage, earning as little as £7,000 a year, are not entitled to any of that. The Department for Work and Pensions does not class apprenticeships as “approved education and training”, and that affects the benefits that apprentices can receive. Specifically, when a young person takes up an apprenticeship, their family will become ineligible to claim child benefit and child tax credit. Further education students between the ages of 16 and 19 could be eligible for either a £1,200 a year vulnerable student bursary or a discretionary bursary. No bursaries are available for apprentices.

In many areas, students enjoy concessionary or discounted travel to college or university. For apprentices, there are some discounts, but only for the first 12 months of an apprenticeship and only for those apprenticeships leading to a serious qualification.

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con): I congratulate the hon. Gentleman on securing the debate. He will be aware that, in the east of England, many apprentices work in farming or in the land economy and often have to travel long distances to work and to the agricultural colleges that provide some of the additional training for apprenticeships. Does he agree that that group might be deterred by the additional travel costs, because the car is the only option for those apprentices?

Kelvin Hopkins: I thank the hon. Gentleman for his intervention; that is the point I am making. According to the NUS, the average apprentice spends £24 a week on travel.

Parents of students are eligible for child benefit of up to £1,066 a year for the oldest child, but parents of apprentices are not eligible for child benefit. Parents of students are also eligible for child tax credit of £2,750 a year and up to £3,324.90 a year for the first child under universal credit. Parents of apprentices are not eligible for either child tax credit or universal credit for them. Care to learn grants are available to student parents but not apprentice parents. Those amount to £160 per child per week. Students are often offered bank accounts with such benefits as an interest-free overdraft; those are not available to apprentices. Finally, students are entitled to either a full exemption from, or a discounted rate of, council tax. That is available only to some very low-paid apprentices taking a course leading to a recognised qualification.

[*Kelvin Hopkins*]

One effect of the travel costs is that some young people do apprenticeships that involve shorter travelling distances, in preference to the apprenticeships that they really wanted to do. With all the comparative financial disadvantages, it must be the case that some young people for whom an apprenticeship might be appropriate and the best route to qualifications and skilled employment are persuaded to take other courses of study, as students rather than apprentices. There may even be pressure from their families to do so. That is more likely in less affluent families.

Then there is the question of diversity. The Learning and Work Institute points out that people from black, Asian and minority ethnic backgrounds are half as likely as other young people to secure access to apprenticeships. Women, too, are more likely to be apprentices in low-paid sectors, entrenching the gender pay gap, and young people eligible for free school meals are up to half as likely to undertake advanced apprenticeships. Those significant equality issues must be addressed. There is also a regional dimension: 40% of the firms that will pay the apprenticeship levy are based in London and the south-east.

Colleges play a major part both in educating young people and in supporting apprentices, but the Association of Colleges is concerned that the Government's 3 million target could drive quantity over quality, and the Government's existing approach to financial support means that many young people from disadvantaged backgrounds face barriers to accessing apprenticeships, with a key reason for students dropping out being the lack of financial assistance.

I have laid out some of the significant problems holding back apprenticeships, most of which are financial. I could spend much longer dwelling on some of the other disadvantages, but other hon. Members will wish to add to what I have said, so I shall soon conclude. The Opposition sought to make changes to the Technical and Further Education Bill in Committee and on Report, and I had the pleasure of serving on the Committee and making a contribution there, too. However, it is now in the Government's hands to address all the problems, to make better financial provision for apprenticeships, to better fund our colleges and to incentivise employers to sustain apprentices and apprenticeships. That is vital for our young people and vital for our economy, and I ask the Minister to respond positively to what I have said.

9.39 am

Marion Fellows (Motherwell and Wishaw) (SNP): It is a pleasure to serve under your chairmanship, Ms Ryan. I congratulate the hon. Member for Luton North (Kelvin Hopkins) on securing the debate.

I want to put a kilt on this debate, as everyone in this room would expect me to do, and in Scotland there is a good story to be told, but before I do that I will talk about my visit yesterday, as part of the Select Committee on Education, to Gateshead College. I was absolutely enthralled. It was like coming home for me, as a former further education lecturer, to see the commitment and enthusiasm in that well known and highly regarded college, and to see what it is doing with apprentices. It was very positive and I saw an example of a new type of

apprenticeship—the PlanBEE—where apprentices are taken on at a much higher level and work within different companies in the north-east, gaining absolutely wonderful training that can eventually lead to a degree. The hon. Gentleman talked about funding; those are the types of course that also need to be funded to the maximum.

As some of my late preparation for this debate, I looked at the rates in Scotland and at what the Scottish Government have been doing. Scotland has led the way in many regards, because it has had modern apprentices for years, but the UK Government bringing in the apprenticeship levy and changing the law here has had a subsequent effect in Scotland. The Scottish Government consulted with employers across Scotland to see how they might best deal with the additional funding, so they set up a special skills fund. The distances in Scotland tend not to be so large in some cases, but are extremely hard in others. It is very difficult for some apprentices in the north of Scotland to secure work, but there is a real drive by the Scottish Government to look at how best that can be localised and help be given.

David Simpson: The hon. Lady is on a roll about Scotland. In Northern Ireland, the Government have new incentives for apprenticeships and there is now a closer working relationship between the business and education and apprenticeship sectors to tailor courses to suit industry, and to make sure we get apprentices for the jobs.

Marion Fellows: To that end, a lot of money from the Scottish Government is going to local colleges that are mandated to work with local employers. As I said, I have previous experience of this area. Now the focus has moved from being on when a large company goes bust and people need retraining, to getting business owners and companies in and saying, "What is it that you need?" and then planning courses around that.

Kelvin Hopkins: It is not for me to praise the Scottish National party or the Scottish Government, but is it possible that the British Government serving England and Wales could learn something from Scotland?

Marion Fellows: Of course I agree with that. In this case, there is a lot to be learnt because of the positive way forward and how the Scottish Government understand and realise the necessity of training a highly skilled workforce to move us forward with lots of economic opportunity. We have a different agenda—I will not go into that now—but it is important for economic growth that every country looks at how it best trains and prepares.

As a former further education lecturer, I understand only too well the difficulties young people have when they are in any kind of education, and how important it is that they are properly resourced. It is also true in Scotland that apprentices do not fare quite as well as others. Although the rates are higher, they have the same issues and do not qualify for some things—again, that is a DWP issue to do with child benefit and so on. I would like the Minister to look at that because it is important.

I am the product of an academic route, as are many people in this room. I know the academic route does not suit everyone, and even if someone goes down the

academic route, it does not always guarantee them a job. In Scotland we have the graduate apprenticeship scheme, which is proving really useful because it gives people real, hands-on experience and makes them much more employable. The whole idea of apprentices being cheap labour, serving their time and then being paid off has to end.

Kelvin Hopkins: I thank the hon. Lady for giving way again and apologise for interrupting her speech. Like her, I used to teach in further education and one of the problems that occurred was young people being pressurised by parents to stay in inappropriate education courses because it was financially advantageous for them to do so. Such students were not only in the wrong courses, but unhappy in the courses and sometimes disruptive in class because they were not meant to be there. Will the hon. Lady comment on that problem?

Marion Fellows: I also have experience of that. For funding, the students had to be kept in colleges, but I used to do a lot of student counselling and I would counsel them to finish the course, even if they did not like or enjoy it, so that they could then move on to other employment and say, “Look, I hated this. I absolutely hated it, but I got there.” That shows proof of purpose and the fact that they can learn.

It is vital that across the UK we look at apprenticeships in a totally different light. This goes back to what I said earlier. Apprenticeships should not be cheap labour, but should be seen as a progressive and forward-looking thing for parents to consider. From my experience on the Education Committee, I know that there is often a real dearth of good careers advice for young people in schools; students are channelled into the academic route and schools want to promote that, and there is not enough good careers advice to show that some young people, especially those who are less academic, would benefit from a career starting at 16, 17 or 18.

Some of the young people I spoke to yesterday were highly qualified and had very good A-levels, but their peers and some of their families were horrified that they had not gone to university. They had chosen that route within the building and architecture sectors; it is an interesting and wide-ranging course, and those young people saw it as what they wanted to do. We need more of that across the UK.

When I studied to be a further education lecturer, I did a comparative education course. I looked at Germany, which the hon. Gentleman referred to, where there is true parity of esteem between the academic and non-academic routes, and that is reflected in the funding as well. We really need to promote that view across the entire UK. Apprenticeship is not a second chance or second choice, but is something we should actively encourage our young people to do because it will lead to good, well paying jobs that benefit the economy.

David Simpson: Another issue that is raised from time to time in Northern Ireland is apprentices being sponsored by companies to go into training colleges. With the economic crisis that we have had for a number of years, it has been very difficult for young people to do that. Is there another mechanism we could look at to encourage people to do that, rather than that route being solely based on sponsorship?

Marion Fellows: That is an absolutely crucial point and we do need some form of Government funding for it. Scotland still has education maintenance allowance for people going into college, but not for apprentices on day release. It still believes in funding, and our students do not pay fees. This is almost a case of chicken and egg—if there is not a thriving economy, it is more difficult. Government have to show business and industry how important it is that we carry forward a skills agenda that benefits everyone, but does not do it on the cheap as far as apprentices are concerned.

Gavin Robinson (Belfast East) (DUP): The hon. Lady is very generous in giving of her time. When I was the Lord Mayor of Belfast, I recognised that there was a deficit in apprenticeship opportunities. As a council, we went forward with 400 apprenticeship places. The local authorities in Northern Ireland are small, but we led the way. When we asked other anchor institutions in the public sector in Belfast to do the same, the largest came back and offered £500 to the scheme. There is a failure to recognise the opportunity and the benefit for the public sector, Government Departments, local authorities and here in Parliament of offering apprenticeships. Does the hon. Lady have a view on that?

Marion Fellows: Yes. Some of the things to do with the apprenticeship levy have affected local authorities in Scotland, as funding is not done in the same way any more. My local authority works closely with and gets a large sum of money from the Scottish Government to make sure that young people especially find work, which often happens through apprenticeships.

In Scotland, we have had modern apprenticeships for a number of years. They are linked to the Scottish qualifications framework, and apprentices are put on to all the different levels within that. I have known young modern apprentices who started as admin staff in a college and moved right through it, ending up later on part-time degree courses. We should look at that.

The synchronicity between college and practical courses, and articulation later to universities, was raised yesterday. I know that I am going slightly off subject, but all that has to be funded. The root of the matter is that apprenticeships have to be seen as of equal value to academic courses. Students and parents can claim a number of benefits at present, and apprentices and their families should also be entitled to the same amount of money. I know that might be controversial, but I think it is the way forward.

I will leave my remarks at that, because this is not necessarily my area of expertise, but it is really important that people move this agenda forward.

9.51 am

Gordon Marsden (Blackpool South) (Lab): It is a great pleasure to serve under your chairmanship, Ms Ryan, and to speak in this debate in the middle of National Apprenticeship Week. I begin by paying warm tribute to my hon. Friend the Member for Luton North (Kelvin Hopkins) and congratulating him on securing the debate. He has modestly mentioned before, and again today, his experience in this area. Colleagues who served with him on the Public Bill Committee for the Technical and Further Education Bill—new colleagues in particular—will have recognised his breadth, depth and wealth of

[*Gordon Marsden*]

experience in this area, having been an FE tutor, a governor, and a chair of the all-party group on further education and lifelong learning. Latterly, as the Minister and I know, his contributions in that Bill Committee were excellent.

I am delighted to take part in the debate. This week is an opportunity for all MPs, regardless of party, to celebrate the tens of thousands of individual successes—from young beginners to older workers acquiring new skills, and the successes of the colleges, training providers and employers who inspire them. I was privileged to speak yesterday at the celebration of apprenticeships conference, which was organised by Lindsay McCurdy and her team from Apprenticeships 4 England to pay tribute to the huge number of talented and hard-working apprentices up and down the country.

Kelvin Hopkins: I thank my hon. Friend for his kind words. When apprenticeships are successful, many apprentices go on to have highly skilled jobs, overtaking even those who have been to university, including graduates, and they are ahead both in promotions and earnings by the time university students get started.

Gordon Marsden: My hon. Friend makes an excellent point, which could reverberate usefully around the Chambers of this place thanks to individual MPs and Ministers—I know that the Minister who is here today talks about that frequently. Those who pursue that route of learning while they are earning, to use that phrase, can be enormously successful.

As Members know—including those of us who have sat on Select Committees, where we listen to hours and hours of discussion, debate and evidence—sometimes little things stick with us. I remember well something that happened 10 years ago, although the illustration is still relevant. I worked on a Select Committee inquiry comparing apprenticeships with higher education. We heard from a young man who worked at BAE Systems. He was not my constituent but came from a neighbouring constituency. I will not mention his school—it was outside Preston—but he said, “When I was at my secondary school, most of my mates ended up going to university and I did not feel that I either could or would. They used to say that I was a bit of thicko, but I got this apprenticeship with BAE Systems.” He spoke about where he was in the process, and of course BAE Systems supported him through his degree. He also said, “I will have the last laugh on them, because I will come out with a very skilled job and a degree, and no student debt.”

Today is not the day for me to engage in discussing spiralling student debt, least of all with a Minister who is not responsible for it, but that point is important. The more that the costs of higher education rise, the more important it is to get the message across to people that it is not a question of having apprenticeships or higher education. The two can dovetail extremely well, but to do so, people need the financial support and encouragement that we are debating today.

I was very happy to speak at the celebration of apprenticeships conference. On Monday I also met people from the motor industry, which has been effective and successful in this regard. We talked about the sector

skills council that is associated with it—the Institute of the Motor Industry—and the Society of Motor Manufacturers and Traders. The industry has been very successful in supporting Government programmes such as the apprenticeship trailblazers, and in giving apprentices support—sometimes financial support and sometimes information, advice and guidance. There are some very bright sparks in a number of different sectors.

Kelvin Hopkins: My hon. Friend mentions the motor industry. Vauxhall is a leader in that industry, and I know Vauxhall well, being from Luton. In recent years it has encouraged young people from local schools and colleges to tour the factory to see what life is like in manufacturing, and it has recruited new apprentices. Vauxhall found that its workforce was ageing, but now it is getting younger again, because it is taking in many more young apprentices and is showing the way forward for positive companies. If other companies were as positive as Vauxhall, we might do rather better.

Gordon Marsden: My hon. Friend makes an excellent point. It is about the process involved, and I will talk later about the barriers to doing that sort of thing that young people experience in schools, for instance. It is important that various sectors act.

I have talked about the importance of the motor industry, but there is also the service industry. That raises questions not only about support but about the many opportunities available. I mentioned Apprenticeships 4 England and Lindsay McCurdy. Last year she brought a great bunch of apprentices, including a talented group of young apprentice hairdressers from Michaeljohn Training in Manchester, to a meeting that I sponsored in one of the Select Committee rooms. As an apprenticeship week present, they presented me with a very lifelike model head—I still have it on my office shelf—to demonstrate their skills in colouring and styling. One of these days, if I am feeling mischievous, I suppose I might ginger up the occasional official or other policy maker who seems to think that the route to successful jobs and apprenticeships is simply through higher-level manufacturing, digital or technical areas. The truth is that if we are to achieve the 3 million target, which the Minister and his colleagues are so keen to hit, and really expand the opportunities for young people, we will need the service sectors just as much as we need manufacturing and other sectors.

Oppositions do not get much opportunity to blow their own trumpet about success stories, so I shall. I am very proud of the fact that the last Labour Government introduced the National Apprenticeship Service and, indeed, National Apprenticeship Week in 2008. They also revived apprenticeships, taking them from 65,000 starts in 1996-97 to 279,700 by 2009-10. Those increases have continued under successive Governments.

The last Labour Government also linked the creation of apprenticeship placements to public sector contracts across a range of Departments and projects, including Crossrail. Such infrastructure projects will remain a crucial conduit for apprenticeship expansion, as I have said. As well as financial support, informal encouragement is extremely important for widening the diversity of the apprentices who take part in those great projects. I was fortunate enough to see that two years ago when I went down the construction tunnel at Farringdon and saw

some of the people working on it. They were young Londoners, including a couple of young women and a young man from a BME community who had started off selling ad space and was now proud of his tunnelling qualifications. It is worth remembering that 60% of the construction work on Crossrail is outside London, so there is a lot of scope in the supply chain for many more opportunities for young people. Projects such as Crossrail and its commitment need to become a vital part of our regeneration and productivity across the UK.

Karin Smyth (Bristol South) (Lab): My hon. Friend makes an excellent point. Closer to home, I was able to visit the cellars of this very place to see the amount of work that is needed on the restoration and renewal project for Parliament. A great range of people across the country contributed to building this great building. There are immense opportunities for apprentices to be involved in the restoration project across the country and learn new skills that we have lost. That needs to be a key part of the project.

Gordon Marsden: My hon. Friend makes an excellent and highly relevant comment. I remember having the same experience many years ago when I served on the Advisory Committee on Works of Art, looking into the repair of stuff in this place. The project is important because a lot of bespoke skills will be needed, not least those relating to architecture. There are some very challenging issues—logistics, wiring and God knows what else—that will potentially engage a whole gamut of people.

That is what it is all about; it is about economic impact, but it is also about improving the careers and life chances of hundreds of thousands of young people—and, indeed, older people. We talk a lot about apprenticeships, but we have not always talked enough about apprentices and their individual issues and challenges. The need to increase the focus on improving access and social mobility, which I know the Minister feels strongly about, as I do, is a crucial part of the equation.

My hon. Friend the Member for Luton North has already referred to the Government's continuing failure to address or understand apprenticeships. The fact that the Department for Work and Pensions does not class apprenticeships as approved education or training is leaving many individuals and families thousands of pounds worse off. I pay tribute to a survey that appeared in *The Times Educational Supplement* on 10 February under the headline "Apprentices 'treated like second-class citizens'". It was carried out by the National Union of Students, via the National Society of Apprenticeships, which it sponsors.

My hon. Friend read an important but slightly dispiriting list of the ways in which apprentices are financially disadvantaged in comparison with students. If the Government hope to reduce the growing skills gap in this country with a push to create 3 million apprenticeships, why are apprentices and apprenticeships not included as approved education or training? There has been spirited discussion about that in the House of Lords recently, which I will come on to shortly. The Government need to make progress on this.

The *Times Educational Supplement* article states:

"Research by the NUS and TES has revealed that...some apprentices earn as little as £3.40 an hour".

That figure will rise to £3.50 in April. There is a separate issue, which we probably do not have time to discuss in detail today, about how many more employers could go the extra mile, over and above the existing rate. That rate can sometimes be particularly difficult for younger apprentices to exist on, given their personal family circumstances.

Kelvin Hopkins: I hope my hon. Friend does not mind my interrupting his flow. He talks about companies; one of the problems with companies, particularly small companies, is that they sometimes have short lifespans and then apprentices are lost. The great advantage of big projects such as Crossrail—which I, too, have visited and been impressed by—is that they give long-term certainty to apprentices, who spend a long time doing a job and then come out with a lot of experience and with high skills that set them up for the future. We have to try to focus apprenticeships on those areas in particular, so that apprentices do not lose out and suddenly find themselves unemployed and having to get a job without skills.

Gordon Marsden: I hear what my hon. Friend says. He is absolutely right about the contribution that larger employers and large long-term projects can make. However, we are all products of our individual constituency circumstances and experiences. My experience as a Member of Parliament in Blackpool is that, although a lot of people go and work for large organisations outside Blackpool, such as BAE Systems, there are also a huge number of very small businesses and microbusinesses. In my experience, if we can engage small and medium-sized employers, particularly in areas where there is a close-knit SME community—there are obstacles to doing so, such as hiding the wiring for them and ensuring that there is back-office support, but they are outwith the debate—those SMEs are sometimes the best advocates for other colleagues and small businesses taking them on board. I think it is about both, not either/or, but my hon. Friend is absolutely right to point out the importance of the support that can be given by those organisations and the supply chains that contribute to them.

The article about NUS research states:

"Disadvantaged apprentices are missing out on thousands of pounds in support available to students".

The National Society of Apprentices took up that point in its written evidence to the Technical and Further Education Bill, which stated that

"upon taking up an apprenticeship, a young person's family will become ineligible to claim child benefit and child tax credits. This will inevitably have a negative impact on that family's household budget, which is not covered by the earnings made by an apprentice's salary given the apprentice minimum wage is barely over £3 per hour",

as it was at the time.

Shakira Martin, the extremely active and feisty—I say that with approval—NUS vice-president for further education, has elaborated on that point. The article quotes her as saying that

"the idea that apprenticeships were a desirable way to 'earn while you learn' was 'far from the truth'".

She said:

"Apprentices are treated like second-class citizens, as workers and as learners. Financial support like Care to Learn [for apprentice parents], and Child Tax Credits for parents of apprentices, is not

[*Gordon Marsden*]

available...If apprenticeships are going to be the silver bullet to create a high-skilled economy for the future, the government has to...support apprentices financially to succeed.”

Otherwise, we will fail to capitalise on the benefit of expansion.

In the update that it circulated to Members today before the debate, the NUS elaborated on that point: “Apprentices are not necessarily eligible for council tax exemptions in the same way as other students. While those paid under £195 a week are exempt, many are unaware of this. Often councils do not advertise this discount on their website, and we are increasingly becoming aware of apprentices being wrongly charged council tax. Additionally, one of the implications of the apprenticeship reforms is that fewer apprentices will be eligible for this discount, not because they are being paid more, but rather”—this is a really important point that I would like the Minister to grasp—“because apprenticeships are no longer required to include a qualification which is necessary for the exemption. Apprentices earning over this amount are obliged to pay council tax.”

I referred earlier to the fact I had spoken at an event on Monday organised by the Society of Motor Manufacturers and Traders, the Sector Skills Council for Science, Engineering and Manufacturing Technologies, and the Institute of the Motor Industry. That event was preceded by a seminar in which there was discussion of all aspects of the apprenticeship levy, the introduction of the Institute for Apprenticeships and so on. One thing that came out, both in informal conversations and in the speeches that were made at that event, was how worried and concerned a body of employers remain about the issue of qualifications not being properly included, from their perspective, in the new standards that have come out of the skills plan and the Sainsbury review. That is a vexed issue, and I would not expect the Minister to want to dilate in detail on it today, but if he has not heard about it already from people in the industry, I am sure that he will hear about it presently.

I do not want to go on too long about this particular aspect, but it is crucial. I refer again to the debate held in the Lords on 27 February as part of the proceedings in Grand Committee on the Technical and Further Education Bill. My colleague, Lord Watson of Invergowrie, pressed the Government on this issue and tabled an amendment. Baroness Buscombe, the Front-Bench spokesperson who spoke on behalf of the Minister in the other place, said that some of the issues that had been raised were outwith the scope of the Department for Education. She was right; they are, because they are Department for Work and Pensions issues, and indeed the issues around council tax are for the Department for Communities and Local Government. Of course, that does not stop Ministers in either House having discussions with their colleagues in other Departments.

Baroness Buscombe also said that she could not change the definition of apprentices. As one or two Members of the Lords asked, if the Government cannot change it, who can? Perhaps the Minister could change it. If he cannot do so, or does not feel that it is his role to do so, powers could be given to the Institute for Apprenticeships so that it could change the definition, either by an amendment in the Lords, or in the Commons

if any amendments come back from the Lords for us to discuss further on the Floor of the House. Or, I would argue, that could be done by delegated legislation. I will leave it at that, but I would like the Minister to consider some of those issues, because they are quite significant.

The Association of Colleges is also concerned about the discrepancy between the current national minimum hourly wage rates of £7.20 for those aged 25 and over and only £3.40 an hour for apprentices. Someone aged 22 in the first year of an apprenticeship is entitled only to that apprenticeship rate, whereas in any other area they would be entitled to the minimum hourly rate of £6.95 for 21 to 24-year-olds. That is a disincentive, which is an issue we really need to take on board. I think the Minister and I share common ground on this, but I believe that attracting more 19 to 24-year-olds into apprenticeships is extremely important, because many of them have life skills that 16 to 19-year-olds do not possess. However, many of them have had difficult circumstances that have meant they have not been potential apprentices. If they come from that sort of background, the financial disincentive—the disparity that I have set out—is really significant.

The National Society of Apprentices has said that the existence of a low apprenticeship national minimum wage is unnecessary and complicated for both apprentice and employer. It says that it is possible for someone to be on three different minimum rates during a four-year apprenticeship. That increases the risk of accidental underpayment of apprentices—that is a concern for employers—and apprentices have said that it demeans the value of the work that they contribute.

The Minister will be relieved to know that I am coming to the end of my section on finance issues. Of course, this is a good day to discuss finance, because we have the Budget coming up later. There may be nothing in the Budget about these issues—I am not expecting a last-minute conversion between now and half-past 1—but in all seriousness, they will continue to concern people, and I hope that he, his colleagues and indeed all of us will continue to press the Treasury hard on them.

As I said, the Government have talked about their apprenticeship programme being as inclusive as possible, which means that we must ensure that the most disadvantaged young people are not put off becoming apprentices. However, a report published by the Learning and Work Institute this week says issues to do with that expansion are not being addressed as strongly as they need to be. Particularly in respect of black and minority ethnic young people and care leavers, we tabled amendments to both the Higher Education Bill—that is outwith this morning’s discussion—and the Technical and Further Education Bill. Those amendments would have ensured that the new Institute for Apprenticeships set targets for improving access to apprenticeships and progression within them. After all, the Office for Students has a mandated responsibility for addressing access issues under the Higher Education Bill, so why does the Institute for Apprenticeships not have a similar responsibility? The Learning and Work Institute has called for the new Institute for Apprenticeships to have that responsibility, and we wholeheartedly agree.

There is also the issue of how people are put off becoming apprentices because of their low-income background. Teach First said in its progress report in 2016 that in every region in England, young people

from a low-income background were less likely than their wealthier peers to become apprentices, and it suggested that financial barriers for those from low-income backgrounds were part of that. That is consistent with the finding reported by the Social Mobility Commission that youngsters from poor families took up only 10% of apprenticeships even though they accounted for 13% of those completing GCSEs.

In its briefing for this debate, the AOC said that it fears that the Government's existing approach to financial support means that many young people from disadvantaged backgrounds face barriers to accessing apprenticeships, which is a disincentive for them in applying for apprenticeships in the first place.

I want to touch on gender issues, which is appropriate on International Women's Day. The AOC has said that women continue to struggle financially on apprenticeships. A recent report by the Young Women's Trust showed that women receive an average of £4.82 an hour compared with the male average of £5.85. According to a survey by the Association of Employment and Learning Providers, the proportion of apprentices reporting an increase in pay continues to be dominated by men. Unsurprisingly, therefore, the Young Women's Trust was concerned by the fact that 16% of women were out of work after their apprenticeship compared with 6% of men. It said that the differences in occupational segregation by gender have hardly changed in more than a decade. For example, the proportion of construction apprentices who are female has only risen from 1% to 2%.

Kelvin Hopkins: Of course, one of the problems is that some of the apprenticeships leading on to higher-paid work tend to be dominated by men. However, as my hon. Friend may know, there has been a campaign recently, including a meeting last week, to promote the idea of women in engineering. Does he agree that the Government ought to encourage more women to go into such areas, where they can develop skills and earn much more money?

Gordon Marsden: I absolutely agree. To be fair to the Government, I think they have said that on a number of occasions. Nevertheless, if the perception of a pay gap continues, with associated career blockages, into the 2020s, that will play havoc with our aspirations to get far more women into those careers in the first place. That is why in the last apprenticeships debate I asked the Minister about the Government's equality analysis of the funding changes to apprenticeships last autumn and how we will track improvements in apprenticeships.

People from black, Asian and minority ethnic backgrounds are also under-represented. I know that the recent McGregor-Smith review underlined that point. However, I would like the Minister to say whether it is still the Government's target to increase BAME apprenticeships by 20%, which was the target set by the previous Government. That is important given the issues we are discussing today.

I do not have time to deal with care leavers in great detail, but when care leavers move into independent living, they often begin to manage their own budget fully for the first time. There are concerns that because of a lack of financial education and financial support, those young care leavers are frequently falling into debt and financial difficulty.

The Minister and I have both talked about the importance of traineeships, but the Government have been silent so far on what we can do to look at the negatives that still exist in the system. We need to know what progress the Department is making on the issue with the Department for Work and Pensions. A major stumbling block for the Minister's predecessors has been the brokering of a cross-departmental deal that would enable traineeships to be more accessible and inviting for young people and employers. That goes to issues around clawback and jobseeker's allowance, which I do not intend to talk in detail about today.

Finally, I want briefly to address travel costs. My hon. Friend the Member for Luton North touched on the issue significantly in his speech. The hon. Member for Central Suffolk and North Ipswich (Dr Poulter) made excellent points about the particular problems in rural areas, and our colleagues from the Democratic Unionist party made some good points on that as well. There are two or three areas where financial support is most at risk. We have heard the statistics about £24 a week being spent on travel, which is about a quarter of the salary of an apprentice, if they are earning the national minimum wage.

In the light of the area review process and the creation of the so-called fewer, more resilient colleges, the National Society of Apprentices is concerned that travel time will be too much for some apprentices, which will impede access to certain roles. That echoes some of the issues that the hon. Gentleman and others have talked about. That is why we tried to make changes to the Technical and Further Education Bill in Committee and on Report to enable the institute to take on board the need to improve travel concessions. We have pledged to restore the principles of the education maintenance allowance, which provided so much support for young people's travel costs in pursuing their studies. Apprentices remain a significant proportion of those affected, with approximately 360,000 at colleges being in that category.

There are other issues and scenarios to consider. What will happen if colleges become insolvent or training providers go bust? The insolvency issue has been an important part of the Technical and Further Education Bill. Where the challenge of college insolvency occurs—hopefully it will be infrequent—that could pile up extra travel time costs for apprentices who have to change their place of study as a result. More recently, the Minister and I attended the session organised by *FE Week*, so he will know that there have been concerns about large providers going out of business, leaving apprentices with huge loan debts to pay and no qualifications. How do the Government plan to compensate them? I have raised those issues with the Government and the Minister, and he is aware of them.

Careers advice has been touched on, and it is an important issue. It is not directly important for financial support, but young people who get the best careers advice in college or school are more likely to be able to seek out the better apprenticeships, with better support and everything that goes with it.

Kelvin Hopkins: The problem with careers advice has been significant for many years. Does my hon. Friend agree that just making young people aware of the possibilities when they are very young—possibly at primary school, but certainly at secondary school—is very important?

Gordon Marsden: I absolutely agree. That is why I warmly welcome Lord Baker's amendment to the Technical and Further Education Bill, which would ensure that schools have to give access to advice about apprenticeships. I also fully support the ten-minute rule Bill tabled by my hon. Friend the Member for Scunthorpe (Nic Dakin)—he was with us briefly at the start of the debate—which would allow businesses and FE providers to go into schools and let students know about the opportunities. I am encouraged by the fact that the new Ofsted chief inspector, Amanda Spielman, who I have spoken to recently, is sympathetic to Ofsted making a much stronger case in ensuring that apprenticeships rate higher in the information given in schools.

Why does that matter for financial support? It matters because in general, knowledge is power. Advance knowledge enables those who have it to be a step ahead in getting better apprenticeships. There will always be excellent employers and sharp would-be apprentices who will be able to access some of the funding, but if we want to make a step change, we have to have major change across Government in how apprenticeships are treated legally and financially. All of us want to make that progress, but it is time to tackle the shortcomings that put so many off apprenticeships or cause them to be dispirited or in trouble and therefore drop out. That must surely be a good thing to do, not simply for National Apprenticeship Week, but for all the year round.

10.25 am

The Minister for Apprenticeships and Skills (Robert Halfon): I congratulate the hon. Member for Luton North (Kelvin Hopkins) on securing this debate. I met him briefly in passing in the corridors of the House last week, and I said I was pleased that he had put in for and got this debate in National Apprenticeship Week. He has an unrivalled knowledge of apprenticeships, skills and further education, and he made a significant contribution to the Technical and Further Education Bill as it went through the House.

I will come on to the issues that the hon. Gentleman raised, but he will know that in his constituency, apprenticeship starts increased by 19% over the course of the previous Parliament, which I am sure he welcomed. Overall, apprenticeships have increased to 900,000, which I think is the highest number on record. He raised a number of issues that I would like to touch on, including resource, equality, the skills deficit, wages, the cost of living—the shadow Minister also touched on that—social mobility and social justice.

Before I start on all those things, the shadow Minister mentioned some of the things he has been doing in National Apprenticeship Week, which is a wonderful week to celebrate apprenticeships. It is very important as one of the rungs on the ladder of opportunity is increasing the prestige of apprenticeships and skills. It goes back to what the hon. Member for Motherwell and Wishaw (Marion Fellows) was saying: unless we increase the prestige of skills, we will have the situations she described.

I met incredible apprentices and young people learning skills at Bridgwater and Taunton College. One was learning to be a luthier to fix violins. EDF apprentices are helping to build Hinkley C. I met older apprentices,

including a 47-year-old apprentice who was working for EDF. I met lab technicians doing apprenticeships. I asked to meet the Premier Inn apprentices in the hotel where I was staying in the first two days of my travels around the south and south-west. They were young 23-year-olds doing level 3 or level 4. One was very young and had already become an operations manager. I pay tribute to all those organisations, including the excellent college, the Premier Inn, Sunseeker—I went to visit its apprentices in Poole—EDF Energy and Hinkley Point, and I pay tribute to all the other apprentices I have met so far during National Apprenticeship Week. They show the best of apprenticeships.

The shadow Minister is right that we need to make the distinction between apprenticeships and apprentices. I often get told off for using the word “apprentices” rather than “apprenticeships”. He is looking at the individual, and that is very important. I am glad to see that almost everyone in the Chamber is wearing the new apprentices badge, which we have launched as part of the ladder of opportunity. We believe that apprenticeships offer young people that ladder of opportunity to increase the prestige, to meet our skills needs and to help those with social disadvantage to ensure that we get the jobs, security and prosperity that we need.

¹The hon. Member for Luton North said we were not resourcing apprenticeships, but I take issue with him on that. By 2020 apprenticeship spending will have increased to £2.5 billion, almost double what it was in 2010. We have introduced a levy not only to change behaviours but to make sure we have funding for big businesses and small businesses to have apprentices.

Kelvin Hopkins: I thank the Minister for giving way. It is a pleasure to listen to him speaking. I said in my speech that the Government have made some moves but not enough. The outcome will be successful if we achieve the number of apprenticeships, trained apprentices and skills that we require for our economy. If that works, what has happened will be enough, but I suspect it is not yet really enough.

Robert Halfon: The hon. Gentleman is absolutely right. One of the rungs on the ladder of opportunity is widespread quality provision, which I will come on to. Although we have a huge amount of work to do—and the work is never done—statistics show that roughly 90% of apprentices get a good job afterwards, often in the place where they did their apprenticeship, or go on to additional education, which they may not otherwise have thought of. That is a pretty good sign of the way things are going, but I do not deny there is a lot of work to do.

Within the funding framework, millions of pounds go to employers—I could list them all here—and providers. Special help ensures we do everything possible to incentivise SMEs to take on 16 to 18-year-olds, and they pay no training costs if they have fewer than 50 employees. Huge amounts of money are spent on trying to encourage businesses, employers and other organisations to take on apprentices with learning difficulties and disabilities. Amazingly, in the construction industry, 10% of apprentices have disabilities. I was astonished when I first saw that statistic, which is a credit to the construction industry and shows that the things we are trying to do in terms of incentives for the trainer, provider and employer are having an effect. Given the funding pressures that the

country faces, the money that is going into apprenticeships is a significant amount and it is something I strongly support.

The hon. Member for Motherwell and Wishaw said the Select Committee went to Gateshead College, which is an incredible and outstanding place. I went there a few weeks ago as part of the industrial strategy launch. The college embeds careers advice in every single part of the course. It does huge amounts of work for LDD apprentices and huge amounts of work to encourage people into apprenticeships. It is an outstanding college that does a lot of work on mental health. I am glad the Select Committee visited, and our job is to find out how to replicate what the college does across the country.

Dr Poulter: My right hon. Friend is right to outline the great successes of the expansion of apprenticeships across the country. I am sure he recognises the challenge of helping people from poorer and less privileged backgrounds into apprenticeships. Can he outline what steps the Government are taking to improve that situation?

Robert Halfon: I promise to answer my hon. Friend's question, but I hope he does not mind if I answer it later because I want to deal with the points made by the hon. Member for Luton North, who initiated the debate. My hon. Friend raises an important issue. One of my key motivations in my job is to make sure that people from disadvantaged backgrounds can have the same equality of opportunity as everybody else, but I will come on to that in a minute.

Marion Fellows: On the question of careers, I met careers advisers and the students who talked to them. I think the Minister should address pre-college and what happens in schools to encourage children and schools to look at alternative academic progression.

Robert Halfon: The hon. Lady spoke thoughtfully in a previous debate on apprenticeships in this Chamber. She is completely right. I ask every single apprentice I meet—I have met a few thousand since being in post—“Did you get any apprenticeship or skills advice in your school?” and nine times out of 10 they did not. If they say yes it is usually because they have been to a university technical college or a place that specialises in technical work. That is depressing. I have mentioned before the story that Gateshead College told me about its own degree apprentice students and how the college was not allowed to talk to them about apprenticeships in their schools. It was the same with Heathrow airport and other apprentices I have met. That is shocking. We are reviewing our careers strategy and hope to publish a serious careers strategy in the coming months. We want it to be more focused on schools, and we are looking at the best way to incentivise schools to teach students about apprenticeships and skills, as not enough are doing that.

Women apprentices have been mentioned: 53% of apprentices are female. A survey showed that female apprentices earn more than men, so I do not accept the wage disparity point. However, very few do STEM subjects. If I go to a college that teaches healthcare, the room will be filled with mostly females and there might

be one or two men, which of course is fantastic. If the subject is engineering or electrical, it is all men, and that has got to change.

There are enlightened employers. Among the Jaguar apprentices at Warwickshire College, 20% are women. There are lots of other examples of good employers and we need to encourage them, but a lot of that comes from careers advice in schools. I was told by one student yesterday that when they were given careers advice they were shown pictures. All the pictures of engineering jobs showed men and the nursing picture had a woman. That is why we face a problem. It is a cultural problem in our country, and schools need to do a huge amount more to promote apprenticeships. We are doing an enormous amount of work on that. We strongly welcome the Baker amendment, which the hon. Member for Blackpool South (Gordon Marsden) highlighted, because that will make it law that schools have to accept careers advice from further education and apprenticeship providers.

The hon. Gentleman said we were not doing enough on quality. Again, I take issue with that, although we have had a problem in the past. There were too many qualifications and an apprenticeship could mean anything. I remember speaking to people at a hotel. I said, “Have you got apprentices?” and they said, “Yes, we have got apprentices. In fact, we have a few in the kitchen who are here for a few weeks.” They were perfectly lovely people who genuinely believed they had apprentices. We have changed the situation and changed the legislation on apprenticeships. An apprenticeship has to be for a minimum of a year. Apprentices I met yesterday were doing two, three and four-year apprenticeships. They have to spend 20% of their time in training.

We have moved from frameworks to standards—we have had many discussions about that—because of the spaghetti junction of frameworks and qualifications. We have moved to standards that are primarily employer-led. From the beginning of April, subject to progress on the Bill in the Lords, the new Institute for Apprenticeships and Technical Education will design the new standards and training for apprentices so that employers will be given what they need, which has not necessarily happened in the past. Degree apprenticeships are not only about prestige, but quality. The Premier Inn apprentice I met yesterday is 23 years old. Having done levels 2 and 3 with the company, they were going on to do a level 4 and level 5 degree apprenticeship. That will transform the quality and prestige because it shows that apprenticeships are really serious and go up to different levels. They will offer students—again, as the hon. Gentleman rightly pointed out—an amazing chance to get a degree and earn while they learn. They will have no student debt and will be virtually guaranteed a job at the end of it. That is the future. That is what we need to encourage our young people to do.

When I visited Tyneside, I spoke to Accenture, which has degree apprentices, some of whom do not even have their GCSEs yet, doing coding. I said to Accenture, “How do you choose the people?” and it said, “It is attitude, attitude, attitude.” It offers people from disadvantaged backgrounds a chance to get a serious degree apprenticeship.

The hon. Member for Luton North rightly talked about the skills deficit. I have acknowledged countless times that we are way behind other OECD countries. Our skills deficit is a long-standing problem, and we

[*Robert Halfon*]

highlighted it in the industrial strategy we announced a few weeks ago. That is why we put money into STEM apprenticeships and increased the frameworks by between 40% and 80%. We pledged £170 million to create the new institute of technology colleges and £80 million to set up national colleges focusing on nuclear, digital and the creative industries to try to change the skills base. We created an employer-led qualification to ensure that apprentice standards provide the skills that employers need. Through the Sainsbury reforms, which will be rolled out from 2019, every student aged 16 will be able either to continue with a traditional academic education, or to go down a state-of-the-art, prestigious technical and professional educational route. We are doing everything we can to address the skills deficit that the hon. Gentleman rightly highlights.

Kelvin Hopkins: I agree absolutely with what the Minister says about the importance of raising skills in STEM subjects in particular, but is it not the case that the failures are lower down in the school system, rather than at the further education or apprenticeship level? Is he saying to his colleagues in education that we have to do as much as possible to ensure that when youngsters reach the age of 16, their mathematics skills in particular are sufficiently good to make them useful apprentices and eventually good employees?

Robert Halfon: The hon. Gentleman is right, and he has highlighted that issue previously. My right hon. Friend the Minister for School Standards is resolute on high standards. They are his passion. I work with him and I know he is doing everything possible to ensure that students have the right qualifications in maths and English by the time they leave school. We are looking at things such as improving functional skills post-16. As I say, we are putting our money where our mouth is. We are investing in the new institute of technology and the national colleges. The Sainsbury reforms are being rolled out, and we are investing in STEM apprenticeships. We are trying to undo a 20 or 30-year skills deficit caused by Governments of all persuasions and employers not investing in training and producing the skills that our country needs.

It is important to highlight a few points about wages. The apprentice wage is £3.40 and will go up to £3.50 in April, but 82% of apprentices are paid more than the national minimum wage or the national living wage, according to data from 2016: apprentices earn £6.31 per hour on average. Wherever I go, I ask every apprentice I meet how much they get paid—I do not just look at the surveys—and most of them tell me that they get way above the apprentice minimum wage.

I want to make a wider point about the wage issue. It is important to note that apprentices are earning while they are learning. I want to do everything I can to help disadvantaged apprentices—I am going to come on to that point in a minute—but if those apprentices were in higher education or studying at further education colleges, they would not be earning while they are learning. Apprentices are earning while they are learning, and 82% of them get more than the national minimum wage or the national living wage. When we consider the benefits and that kind of thing, we need to reflect

carefully on the fact that apprentices are earning money. Many of my constituents who are not apprentices—no doubt this is also true of other hon. Members' constituents—earn the national minimum wage, but apprentices get training and education in the knowledge that 90% of them will get jobs at the end. That does not mean that there is not a problem. Some apprentices come from very low-income backgrounds—I think 25% of them come from the poorest fifth of areas in the country. It is important to put that fact on the record. I will come on to child benefit in a minute.

Kelvin Hopkins: The Minister is making a fair point about apprentices earning a wage, but families—particularly those on modest incomes—are acutely aware of the tipping point where the benefits that those people might get if they were in education outweigh the wage they might get if they were in an apprenticeship. When incomes are tight, such marginal differences make a difference to the choices families make.

Robert Halfon: I am acutely aware—I see the pressures on my constituents—of the pressures that families face, and I do not want to create disincentives for families who are working but struggling. Often, one member of the family works in the day, one works at night and the son or daughter does an apprenticeship, yet the family are struggling to keep their heads above water. I accept that. We announced that we will be doing a serious, committed review—this relates to the question that my hon. Friend the Member for Central Suffolk and North Ipswich (Dr Poulter) asked—of how to get more apprentices from disadvantaged backgrounds. We have a £60 million fund to incentivise providers to take apprentices from the most deprived backgrounds, and FE colleges can use some of their bursary money to help apprentices with travel and overcome some of the other obstacles that have been raised.

Dr Poulter: I hope my hon. Friend the Minister recognises that that is inadequate for many students living in very rural areas. Some colleges cover vast geographical areas and some students have to do 100-mile round trips daily to attend college. They also have to pay for transport or car and petrol money to get to the workplace where they are doing their apprenticeship, which is a real disincentive in some rural areas. Will my hon. Friend the Minister look at the challenges that rural apprentices face?

Robert Halfon: I accept the premise of my hon. Friend's question. I have been to rural areas to meet apprentices, and the younger ones in particular say that the cost of transport is a problem. We are looking at that as part of the social mobility review for apprentices. Again, if those apprentices were just going to an FE college they would not be earning any money, and if they were at university they would have to have a loan. At least they are earning, and the vast majority of them are earning more than the apprentice minimum wage. We have to strike a fair balance between the needs of the people my hon. Friend describes, which are very real, and fairness to taxpayers on low incomes, in terms of the overall costs and benefits. It is open to colleges to give apprentices bursary funding to help them with bus travel, and many do so.

Gordon Marsden: On the review—this is the first I have heard of it, but I welcome it—I urge the Minister, in connection with the points I made earlier, to look not only within the Department but at some of the broader issues, such as the 16-hour rule and the relationship with the Department for Work and Pensions.

Robert Halfon: We announced the review in November last year, with that final announcement on the levy. I am working closely with my hon. Friend the Minister for Employment at the DWP. I cannot say that we will come up with a magic solution, or that there is a magic funding pot, but there are other issues, such as those to do with benefits and so on—for example, if a single parent were working in a coffee shop but wanted to do a teaching assistant apprenticeship and the wage was literally the minimum of £3.40. We are looking at all those, although I hope that when universal credit comes through fully it will deal with some of the problems. As I say, we are committed to that. We also have a £60 million fund.

In addition, the National Union of Students has its Apprentice extra card. I helped to launch it and worked with the scheme in the previous Parliament when I was a Back Bencher. My predecessor, my right hon. Friend the Member for South Holland and The Deepings (Mr Hayes), attended the launch. Apprentices, as young people under 25, are also entitled to some rail discounts and so on.

The hon. Member for Blackpool South talked about traineeships, to which I am very committed. We have spent more than £50 million on them. There were more than 24,000 traineeship starts between August 2015 and July 2016. Fifty per cent. of trainees progress into apprenticeships and 94% of employers consider traineeships an effective way of increasing young people's chances. Traineeships are part of the £5.4 billion 16-to-19 budget funded by the Skills Funding Agency. It is also important to note that almost 20% of those who do traineeships have learning difficulties or disabilities. I think that is a wonderful figure. We would like to increase it further, but it is pretty high already.

We also still have the target to increase black and minority ethnic take-up of apprenticeships by 20%, and we have said that publicly. We are doing everything possible to increase apprenticeships in the public sector, with a new 2.3% target. I have been asked about apprentices with disabilities and we are working hard to implement the recommendations of the Maynard taskforce, led by my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard). We agreed with everything it suggested and our aim is to have full implementation by April 2018.

I thank the hon. Member for Blackpool South for mentioning council tax. I will discuss those matters with my counterparts in the Department for Communities

and Local Government, especially if, as he says, apprentices are not getting rebates to which they are entitled. I will look into what we can do about that.

Before I conclude, I apologise, Ms Ryan. I should have said at the beginning of my speech that it is a pleasure to serve under your chairmanship.

Yes, we have a lot of work to do. The hon. Member for Luton North has highlighted how we need to continue to work on quality, to ensure that those 3 million apprentices have quality apprenticeships. He is right to highlight that we need to do everything possible to help the socially disadvantaged. I am not saying that we have all the answers, but the statistics show—the numbers show, not just me—that we are helping. The individual stories show that we are helping in human as well as numbers terms. Whenever I go around the country, I speak to as many people as possible. Almost every Thursday I go around colleges and meet apprentices. This week, had it not been for this important debate, I would probably have been in a college early this morning, before the Budget. We are investing in the skills and the quality, and we are creating and doing everything possible to create a ladder of opportunity to ensure that apprentices from all backgrounds may climb it to the jobs, security and prosperity they need.

10.53 am

Kelvin Hopkins: It has been a great pleasure to lead in this debate. I thank all those who have spoken: the hon. Member for Motherwell and Wishaw (Marion Fellows); the hon. Member for Central Suffolk and North Ipswich (Dr Poulter) who made some useful interventions; and of course my hon. Friend the Member for Blackpool South (Gordon Marsden), the shadow Minister, who made a very useful and thorough speech.

I also thank the Minister for his response. We spent some years enjoying each other's company—I hope—on a Select Committee, and I applaud his genuine enthusiasm for his job and for apprenticeships. I hope that some of the issues that have been raised today can be advanced by him within his Department. There are still problems of finance, expressed by a number of institutions, but we have touched on them, drawing them to the Minister's attention, and I hope for progress in future. It is very important for our future that we train our young people in the appropriate skills. We live in a highly competitive world and we have to have a properly skilled and educated workforce. I like to think that the Minister will make a contribution to the success of that in future.

Question put and agreed to.

Resolved,

That this House has considered financial support for apprentices.

10.55 am

Sitting suspended.

Pandemrix Vaccine: Compensation

11 am

Joan Ryan (in the Chair): Before the next debate begins, I am pleased to say that, on International Women's Day, we have a woman Member opening her first Westminster Hall debate and a woman Minister to respond, and of course I am in the Chair. On this day, I thought that was worth remarking on. I call Tracy Brabin to move the motion.

Tracy Brabin (Batley and Spen) (Lab): I beg to move,

That this House has considered compensation and the Pandemrix vaccine.

It is a pleasure to serve under your chairmanship, Ms Ryan, on the occasion of my first Westminster Hall debate. I thank my hon. Friend the Member for Liverpool, West Derby (Stephen Twigg) for his extensive work on this issue on behalf of his constituent Lucas Carleton. I also thank Mr Speaker for allowing this debate to take place. It is vital that Parliament considers this matter and public awareness is raised.

I will set out the effect that Pandemrix has had on several predominantly child patients and their families and discuss the need for the Government to acknowledge and express regret for what has happened to those patients and provide them with support. I will explain the challenges of accessing the necessary medication for affected people, and I will conclude by making recommendations to the Government.

Before I set out the issue at hand, I wish to be clear that, overwhelmingly, vaccines save lives. Thanks to vaccines, we have seen the eradication and near-eradication of diseases such as smallpox and polio, and I have no intention of discouraging parents from ensuring that their children receive tried and tested vaccinations. Quite the opposite—I want the Government to rebuild and maintain trust in our world-class inoculation programme. However, on occasion, certain vaccines have been shown to have damaged patients, sometimes with life-altering consequences. All precautions should be taken to prevent that from happening, and pharmaceutical companies and the Governments that give those companies indemnity should take immediate and full responsibility when that is shown to have happened and, having accepted responsibility, do all they can to support affected people.

I worked to secure this debate because I believe that Parliament and the Government must listen to and support individuals and families who have been affected by narcolepsy and cataplexy as a result of the Pandemrix vaccine. I became aware of this issue when my constituent Di Forbes came to one of my regular advice surgeries. Di has travelled to Parliament to watch these proceedings, and I hope that she will be able to travel home to Batley and Spen having received some assurances from the Government. Di explained to me the damage that the Pandemrix vaccine has caused her son Sam and the unacceptable battle that she has faced while seeking financial support to secure his long-term care and the appropriate medication for his condition.

By way of background, the Pandemrix vaccine was developed by GlaxoSmithKline and given to 6 million people during the global H1N1—swine flu—pandemic in 2009 and 2010. Owing to the nature of that pandemic, the European Commission, on the advice of the European

Medicines Agency, fast-tracked the vaccine's licensing. The UK Government then undertook a vaccination programme, based on advice from the Joint Committee on Vaccination and Immunisation. In short, Pandemrix was licensed for use in the EU, including the UK, without the usual clinical trials having been completed.

Julian Sturdy (York Outer) (Con): I congratulate the hon. Lady on securing this important debate. My constituent Ben Foy suffers from narcolepsy and cataplexy caused by the Pandemrix vaccine. I raised his case in the House in 2014, 2015 and 2016, and I now do so in 2017. The Department for Work and Pensions accepts the causal link between my constituent's illness and the Pandemrix vaccine that he received, on NHS advice, in 2010. Does she agree that the Government have a moral obligation to quickly resolve the issue of payments to those who have been so badly affected by Pandemrix, not drag the process out with unsuccessful appeal after unsuccessful appeal, which is what seems to be happening at the moment?

Tracy Brabin: I will come on to that point, but I totally and utterly agree. As the hon. Gentleman will know, the Government's foot-dragging is causing unacceptable and upsetting suffering and distress for the families involved.

Although I acknowledge the difficult balancing act involved in weighing the risk of a pandemic against the risk of fast-tracking a vaccine's licensing, that does not excuse the fact that some patients were not made aware of the facts, nor does it excuse the Government from subsequently attempting to avoid responsibility for the damage caused. Making the vaccine available at the time of the pandemic clearly came with a degree of risk. GSK was given an indemnity from any liability by the UK Government. My constituent has made it clear to me that she was not informed that the vaccine had not been fully tested or that GSK had obtained an indemnity. Therefore, as the result of advice given to his mother by the NHS, my young constituent Sam received the vaccine on 27 April 2010. He was four and a half years old.

Four months later, concerns were raised in Finland and Sweden about the association between the vaccine and narcolepsy. Following that, a study by the UK Health Protection Agency and others, which was funded by the Department of Health and the HPA, found that around one in every 52,000 to 52,750 Pandemrix jabs led to narcolepsy. The results of that study were published in *The BMJ* in 2013 and were consistent with the findings of the aforementioned Finnish and Swedish studies. Pandemrix stopped being given to children in the UK in 2011, but that was too late for Sam and dozens of children like him.

Sam has been affected by 14 severe or chronic neurological issues, including narcolepsy and cataplexy. He suffers from night terrors in which he can see and smell dead people. He suffers from a damaged heat regulation system, automatic behaviour, micro-sleeps, temper issues, joint and muscle pain, anxiety and depression. Sam is now 11 years old and has faced unimaginable strain. In addition to being prohibited from enjoying a normal childhood, he lives in a world in which most people know little about his condition and misunderstand his symptoms. Shockingly, on one occasion while Sam was passed out in the street as a result of his condition,

a dog walker allowed her dog to urinate on him. No 11-year-old should be expected to face the indignity and pressures that children such as Sam live with as a result of the Pandemrix vaccine.

Tragically, Sam has tried to commit suicide several times. We know from a coroner's report that one 23-year-old woman took her own life after telling her family that living with narcolepsy after receiving Pandemrix had become unbearable. This is all too desperately sad.

The link between Pandemrix and narcolepsy has had a profound effect on families. My young constituent's parents have found themselves under immense pressure, and in October 2016 his mum Di had no choice but to call a liquidator into her engineering business. It was impossible for her to work and ensure that her son's complex care needs were met. Life is unacceptably hard for Di and Sam. They are very grateful to Narcolepsy UK, which receives no assistance from the Government but has been a source of huge support for them.

The Vaccine Damage Payments Act 1979 was intended to help to ease the burden on individuals for whom a specified vaccine had caused severe and permanent disability.

Jim Shannon (Strangford) (DUP): I congratulate the hon. Lady on bringing forward this important case. The Court of Appeal has ruled very clearly on this matter and issued a telling judgment that opens the door to people who have suffered as a result of this so-called vaccine. I believe that its decision enables those people to get the compensation that they need, both physically and morally. Does she feel that the Government must now follow suit and give the go-ahead for compensation to be released?

Tracy Brabin: The hon. Gentleman is right. There have been some one-off payments, but they need to be made across the board. The 1979 Act provides for affected patients to receive one-off tax-free payments of £120,000, which would go some way to securing their long-term care needs.

Prior to September 2013, the Government said there was insufficient evidence to establish a causal link between the Pandemrix vaccination and the development of narcolepsy. However, following the aforementioned study commissioned by the Department of Health that recognised the link between Pandemrix and narcolepsy, the Government have conceded and recognised the link.

In spite of the Government's acceptance of the link between Pandemrix and narcolepsy, they have delayed the processing of applications by denying them, disputing the severity of the disability. They have even appealed a case in which they were ordered to make a payment to one such affected child. In my view, for the Government to make such appeals through the courts system is a poor use of public money and an insult to those families whose lives have already been turned upside down. I hope that the Minister will disclose how much public money has been spent in the courts to delay making payments to those affected by Pandemrix.

Sam's parents made an application for a vaccine damage payment, which was unsuccessful on the basis that he is not severely disabled enough. For those vaccinated after 31 August 2010, the reason given for refusal is that the vaccine does not fall within the remit of the Act. All

appeals against the decision to decline payments are being held up while the Government battle the family of the aforementioned child through the courts. Most recently, the decision for the child to be awarded the payment was upheld at the Court of Appeal. I sincerely hope that the Government will accept that outcome and take the case no further.

To give some context to the UK Government's position, Sweden, Finland, Norway, Iceland and France have already compensated those who developed narcolepsy as a result of the Pandemrix vaccine. Sam is in receipt of disability living allowance, meaning that the Government recognise he is disabled. Why, therefore, do they not consider him to be disabled enough to qualify for a payment under the Vaccine Damage Payments Act? I say to Ministers: spend one day shadowing Sam or another constituent who is living with narcolepsy caused by Pandemrix, and I assure them that they will consider the disability severe enough for a long overdue payment from Government.

In addition to financial support through the Vaccine Damage Payments Act, children affected by Pandemrix require assurances over the long-term development and supply of the drugs that will alleviate their symptoms. Currently, my young constituent receives the drug Xyrem, which is expensive and not licensed for use in children. Sam receives it through a scheme funded directly by the UK Government and GSK, which has been a godsend to him and his family. However, there is a postcode lottery when it comes to access to Xyrem. Many trusts refuse to prescribe the drug, and until recently Sam's prescription had to be collected from Sheffield Children's hospital—a 60-mile round trip.

I am advised that the scheme that Sam and others like him currently benefit from is due to end in a year's time. Sam's mum advises me that he could not function without it, and as such I ask that the Government either commit to continuing the scheme in the long term or ideally provide an alternative that is secure and accessible to all. I also encourage them to consider opportunities to support research into medicines to alleviate the symptoms suffered by those affected. Clinical understanding of the condition is limited and there is definitely room for improvement.

I have a handful of points on which I would be grateful for a response from the Minister. First, by virtue of GlaxoSmithKline requiring an indemnity, there was recognition that the vaccine carried a risk. Reliable studies now link the vaccine to narcolepsy. I would therefore welcome recognition from the Government of what has happened to those affected by Pandemrix and an apology to those families affected both by the incident and by subsequent refusals to provide support. It may be useful if the Government publish the terms of the indemnity provided to GSK so that the public are aware of the acknowledgement of the risk carried by the vaccine.

Moreover, in response to my recent written parliamentary question 64695, the Minister said she has no plans to amend the Vaccine Damage Payments Act. I ask her to think again, particularly when considering support for those affected who received the vaccine after August 2011, because it is clear that when the law fails to work for children like my young constituent, it is time for the law to change.

[Tracy Brabin]

We know that the Swedish, Finnish, Norwegian, Icelandic and French Governments have already made payments to those affected. The Government should therefore support those who have been affected, and they should be concerned about and apologise for the delay in making payments and its effects. They should also put an end to legal action to prevent payments to those who have been damaged by Pandemrix and they should end the delay in processing claims and appeals. They should also recognise that such delays can and will undermine public confidence in vaccinations, which is something that all those with concern for public health will wish to avoid.

I end with some words from Di, describing how Pandemrix has changed her life. Di said to me:

“Life after the vaccine is totally changed. Our son needs 24/7 care, including getting up several times during the night. He is in almost continuous, intolerable pain, had severe headaches every day. He’s not able to go anywhere without careful planning, needs schedule naps, has several specialist meetings every month, so misses school. Sam is scared for his future and we are frightened for his safety.”

11.16 am

The Parliamentary Under-Secretary of State for Health (Nicola Blackwood): It is a pleasure to serve under your chairmanship, Ms Ryan, on International Women’s Day. I congratulate the hon. Member for Batley and Spenningshall (Tracy Brabin) on securing this, her first Westminster Hall debate, on an important and sensitive topic. She gave a moving account of her constituent Di and her son Sam’s battles with narcolepsy and cataplexy, as did my hon. Friend the Member for York Outer (Julian Sturdy) on behalf of his constituent, Ben Foy. The hon. Lady clearly articulated what she would like to see happen as a result of the debate. I am grateful to her for her opening statement in support of the life-saving effects of vaccinations and her recognition of our world-class immunisation programme. It is important that we remember that as we discuss some of the issues at hand today.

As the hon. Lady has focused the debate on the specific vaccine Pandemrix, it is right that I start by explaining why it came to be used in the UK, although she did outline some of that. Pandemrix was developed for use in a flu pandemic. Flu pandemics pose a challenge for any Government, and they occur when a flu virus emerges and spreads around the world and most people do not have immunity.

Each pandemic is different. The nature of the virus, the population groups most likely to be affected and its impact cannot be known in advance. It is impossible to predict the severity of a new virus strain. Large swathes of the population can become infected over a relatively short period of time if transmission spreads rapidly. The potential impact of pandemic flu makes effective measures to limit the spread and morbidity of virus infection a public health priority. Countermeasures are employed in combination, including vaccination when possible.

As the hon. Lady knows, the most recent flu pandemic was H1N1 swine flu in 2009-10. All Governments have a responsibility to protect public health in such a situation. The decision to commence the swine flu vaccination

programme, made by previous Ministers in 2009, was based, as she said, on the expert advice of the Joint Committee on Vaccination and Immunisation. Pandemrix was one of two vaccines used in the UK in that pandemic. Thankfully, the H1N1 strain of swine flu turned out to be relatively mild, but we should not forget that it still caused more than 450 deaths in the UK.

The hon. Lady clearly described the consequences and impact that narcolepsy and cataplexy have on Sam’s life. I assure her that I do not underestimate how distressing narcolepsy and cataplexy can be. As someone who lives with a complex chronic illness that causes me to collapse in the street at times, I know how vulnerable that can make both those who live with the condition and their families feel. It is important that anyone who lives with narcolepsy receives the appropriate care and attention to manage their condition.

The hon. Lady set out her understanding that Pandemrix has caused narcolepsy for some individuals, including her constituent, Sam, as did my hon. Friend the Member for York Outer in the case of his constituent, Ben Foy. Causation is currently one of the issues in dispute in the ongoing legal proceedings in which the Department of Health is involved, alongside the claimants and the vaccine manufacturer. Those legal proceedings are much wider than the issue of causation and cover many other areas. Until those proceedings are resolved one way or the other, it is not appropriate for me to comment on that in detail; it is a process that should be allowed to continue without interference from a politician. However, I assure the hon. Lady that I am deeply concerned about this and will keep a close eye on it as Minister.

The hon. Lady wants to ensure that Sam and people like him are adequately compensated for the development of narcolepsy following Pandemrix vaccination, and has set out the changes she would like to see to the vaccine damage payments scheme to address that. It is important to be clear that the VDPS was not designed to be a compensation scheme; there is no assessment of what losses were actually suffered. Someone who wishes to seek compensation needs to pursue a claim against the vaccine’s manufacturer. There are ongoing personal injury claims in this case, and it is important that those proceed without interference as well.

The VDPS was established in 1979 to help ease the burdens of individuals for whom, on very rare occasions, vaccination has caused severe disablement. The extent of that disablement is assessed on the same basis as for the industrial injuries disablement benefit scheme. The VDPS provides a one-off, tax-free lump sum payment of £120,000 for those who are severely disabled as a result of a vaccination against the diseases listed in the 1979 Act and diseases that have been specified since 1979 by various statutory instruments. Those vaccinations are within the childhood vaccination schemes.

The hon. Lady noted that Sam’s mother applied to the VDPS but her claim was rejected. The hon. Lady claims that was because Sam was not severely disabled enough, but my understanding is that, although the DWP agrees that Pandemrix can cause narcolepsy in theory, it did not do so in this particular case; the DWP did not accept causation in this particular case, rather than its not accepting that Sam was severely disabled enough. I have a different understanding from the hon. Lady, so perhaps she would like to write to the DWP for clarification.

I should also clarify that the Department of Health is responsible for policy and legislation for the VDPS, but the DWP is responsible for assessing claims, making payments against successful claims and handling appeals. To qualify for a VDPS payment, a claimant has to meet two legal tests. The first is to establish, on a balance of probabilities, that the disablement was caused by vaccination against a disease covered by the VDPS, and the second is that the resulting disablement is severe—60% or more—assessed on the same basis as for the industrial injuries disablement benefit scheme.

Decisions take into account advice from medical advisers who are fully registered doctors with a licence to practise and who have also undertaken special training in disability assessment. They review each claimant's medical records and advise the DWP's decision maker on causation and disablement. It is therefore important that the hon. Lady clarifies what happened in her constituent's case, as it is for my hon. Friend the Member for York Outer in the case of his constituent.

Each claim is decided upon its own evidence. If a claimant disagrees with the outcome, they have the right to request a reversal of the Secretary of State's decision. There is then an opportunity to provide further information to support that request, and the case will be reconsidered. They can also challenge the decision to reject the claim through a first-tier tribunal.

The hon. Lady also raised more general questions about how the VDPS operates and has suggested changes that she thinks are needed. I will address as many of those questions as I can in turn; if I do not get to some of them, I will write to her. She suggested that anyone who has had a Pandemrix vaccination should be eligible for a VDPS payment if they have developed narcolepsy following a vaccination. The Vaccine Damage Payments Act is based on diseases, not specific vaccines, so it is not possible to include Pandemrix in that legislation. However, the list of specified diseases covered by the Act already includes pandemic influenza A—swine flu—for which vaccination was administered from 10 October 2009 to 31 August 2010. That was a temporary addition considered appropriate by the Ministers at the time. Pandemrix-related claims are therefore already eligible under the VDPS, so long as other eligibility criteria are also met. I am aware that some individuals received a Pandemrix vaccination outside the timescale covered by the Act, and that that was the subject of a debate in the House; perhaps the hon. Lady would like to look at that, and if she has any further questions for me, I will be very happy to answer them for her and her constituent.

The hon. Lady also made the case that the level of the VDPS payment is not adequate to meet the needs of someone with narcolepsy. As I mentioned earlier, that is because the VDPS is not a compensation scheme and the sum paid is not based on an assessment of losses; it is a one-off, tax-free lump sum payment to help ease the burden. It must be seen in the context of wider help and support for the severely disabled within our benefits system, but payments through the scheme cannot meet all of their needs. There are no plans at the moment to increase the value of the payment, but as I mentioned earlier, it is open to individuals to pursue personal injury claims for compensation, in addition to applying to the VDPS.

The hon. Member for Strangford (Jim Shannon) raised the recent Court of Appeal judgment on how disablement is assessed. I can confirm that the Government will not appeal that decision. DWP medical advisers will now consider future prognosis in addition to the current level of disablement when assessing claims. Previous cases in which causation has been accepted will be reconsidered in accordance with the Court of Appeal judgment where claimants consent to a further investigation of their medical history.

Jim Shannon: Will the change at the DWP following the Court of Appeal's decision start immediately?

Nicola Blackwood: It will start as soon as it can be implemented.

I will also follow up on the point that the hon. Member for Batley and Spennings made about Xyrem. The scheme for its supply is due to continue until the personal injury claims are settled, at which point it will be reviewed. I hope that reassures her. I will be happy to look into the issue that she raised about a postcode lottery to try to understand how that situation can be eased.

We do not have a huge amount of time left, so I will bring my remarks to a close. I assure the hon. Lady that I have every sympathy for Sam and others affected by narcolepsy; I have a small amount of understanding about quite how distressing that can be. The hon. Lady should not consider the VDPS in isolation as a means of supporting Sam and others like him. It is part of a much wider package of care and support that is available to people with disabilities, including the NHS, social care and the benefits system. It is important not to leave the debate with the impression that vaccines are dangerous. Vaccine safety is of paramount importance, and with modern technology and stringent manufacturing and control processes, vaccines are the safest they have ever been. I hope that, by the end of the debate, hon. Members will know that the Medicines and Healthcare Products Regulatory Agency and the Government's independent expert advisory Commission on Human Medicines keep the safety of all vaccines under review. Serious side effects are, thankfully, very rare.

While it is important to have a scheme such as the VDPS in place—I am grateful to have had the opportunity to hear the views on it of the hon. Lady and of my hon. Friend the Member for York Outer, who is no longer in his place—it is also important to acknowledge that we have a world-class immunisation programme that is the envy of many other countries that are not able to prevent the diseases we do in the UK. Immunisation is a vital way of protecting individuals and the community as a whole from serious diseases. Uptake for UK immunisation programmes is more than 90% of the target population for most childhood vaccinations. Vaccinations save lives, and I strongly encourage families to take them up when offered. I assure the hon. Lady that I have listened to everything she has said and will consider it going forward as the Pandemrix case continues.

Question put and agreed to.

11.29 am

Sitting suspended.

Microbead Ban

[SIR DAVID AMESS *in the Chair*]

[*Relevant documents: Fourth Report of the Environmental Audit Committee, Environmental impact of microplastics, HC 179, and the Government Response, HC 802.*]

2.30 pm

Sir David Amess (in the Chair): I understand that an important photograph is being taken at 2.30 pm, which means that a number of lady Members will arrive late to the debate. The Chairman of Ways and Means made it quite clear at our last Panel of Chairs meeting that etiquette requires Members to be present at the start of the debate if they want to participate, including through interventions, and they cannot just intervene and then clear off. However, having discussed this matter with the wise Clerk, in these special circumstances I shall show some flexibility.

2.31 pm

Rebecca Pow (Taunton Deane) (Con): I beg to move, That this House has considered the proposed ban on microbeads.

I am delighted to serve under your chairmanship, Sir David. Those Members may decide, because of etiquette, that they will not come to the debate at all, but thank you for your kind words, which are much appreciated.

This morning, hon. Friends and Members will have used a plethora of cosmetics and personal care products in our ablutions, including shower gels, shampoos, face washes, toothpastes and so on. Perhaps unwittingly, we will have washed millions of teeny-weeny plastic microbeads, which are a key ingredient in many of those products, down the drain, and they will eventually find their way through our water systems into the rivers and seas. “How can that be?” I hear you ask, Sir David. The truth is that we have become a plastic society, and unbeknown to us, plastics infiltrate our lives through an enormous range of products that we use every day. It is increasingly coming to light that many of these plastics are in fact causing damage to our environment, in particular our marine environment, which is now heavily polluted with plastics as a direct result of the actions of mankind.

Plastics have become an inextricable part of our lives, with ever increasing quantities being used. In the UK alone, we increased our production of plastics by 38% between 2004 and 2014. No one denies that plastics are extremely useful, but with their increased use has come, sadly, increased pollution of our seas.

Alex Chalk (Cheltenham) (Con): I am grateful to my hon. Friend for securing this important debate. Plastics are ubiquitous, but does she agree that there are alternatives to their use? We have to get manufacturers using alternatives to microbeads, such as sugar and nut derivatives, to ensure that our precious oceans are not polluted at all.

Rebecca Pow: My hon. Friend makes a really good point, which I will address later. He is absolutely right; there are alternatives, and many manufacturers are looking to convert to them. Ground coconut husk and apricot

kernels are other examples of things that could replace microbeads in cosmetics and personal care products.

There is lots of visible plastic pollution and rubbish. Plastic bags, bottles and fishing detritus such as discarded ropes and lines are all polluting our oceans and seas, but it is the less obvious tiny particles—microbeads of less than 5 mm—that present a real danger to shellfish and fish, which often ingest them mistaking them for food. It is estimated that a total of 15 trillion to 51 trillion microplastic particles have accumulated in the oceans. This debate is about plastic microbeads, and in particular their use in cosmetic and personal care products.

Recent studies suggest that these minuscule dots of plastic, when washed into the ocean, could represent a threat to humans as a result of eating fish. One study revealed that in 2009, microplastics were found in 36.5% of fish caught by trawlers in the English channel. Sir David, I do not know if you are a fancier of oysters, but for every six oysters consumed, one might consume 50 microbeads.

Microbeads are tiny balls of polyethylene and other plastics derived from petrochemicals, including polypropylene and polystyrene. They are used in a wide range of cosmetic products, including exfoliators, shower gels, whitening toothpaste and face washes, as well as in many abrasive cleaning products. Interestingly, though we are not talking about this today, fleeces also contain plastic microfibers, and when one puts on one’s car brakes, the tyres fray, which is another way that microfibres find their way into the watercourses.

How do microbeads get into the sea? If they could be removed once they had been washed down the drain, there would not be a problem, but in evidence on the environmental impact of microbeads taken by the Environmental Audit Committee, on which I was delighted to sit, it became apparent that removing them is a very tricky process and few water companies have the sophisticated filtration systems needed to do it. As a result, many of these products, complete with their microplastics, are flushed down the drain during our daily ablutions and end up in the watercourses and ultimately the sea.

Scientists have demonstrated that fish exposed to microplastics during their development can show stunted growth and increased mortality rates, as well as changed behaviour that could endanger their survival—especially reduced hatching rates. An article was published in *Science* relating to that. Estimating the toxicity of microplastics is complex and the full dangers to human health are not fully quantified yet, but studies have revealed that these plastics are entering the food chain, although the full impact is hard to measure. Microplastics can release and adsorb toxic chemicals and may act as a vector for them, transferring contaminants to organisms that ingest microplastics. I am heartened that Government sources have stated that the chief scientific adviser will review the effects on human health in future.

One fifth of microbeads are used in the cosmetics and personal care industry, and some 680 tonnes of plastic microbeads are used in cosmetic products in the UK every year. This is an important industry, worth £10 billion in the UK in 2016, and we have the second largest cosmetics market in Europe. It makes a significant contribution to our economy, not to mention the fact that it keeps us clean and beautiful, and I am the first to say that I enjoy using make-up and all these products. It

is very important that we do not damage the industry, but surely the industry does not want to have on its conscience any associated link with damage the environment. With the right science behind it, the industry could turn to alternatives, as my hon. Friend the Member for Cheltenham (Alex Chalk) said. Indeed, many companies are doing that.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Lady on securing this debate. Manufacturers get a little worried when there is the possibility of a ban. Does she agree that there is therefore a greater incentive for them to get on with researching and implementing substitutes and replacements quickly, before we implement a ban?

Rebecca Pow: The hon. Gentleman makes an excellent point. The Government have made it quite clear that something is coming in terms of a ban. Many companies are planning ahead, and those that are not certainly ought to be.

Victoria Prentis (Banbury) (Con): I congratulate my hon. Friend on being not the litter hero in this regard but the microbeads heroine and on flying the flag for getting rid of microbeads. Does she agree that it is important we make transitional arrangements on both microbeads and single-use plastic bottles—which I am thrilled to see we are not using in this Chamber—so that companies are able to plan carefully for more environmentally friendly ways of working?

Rebecca Pow: I thank my hon. Friend for that intervention. She is a great campaigner for the clearing of litter, including plastic bottles. I agree that we do not want to damage a valuable industry that employs many people. The timescale for introducing any ban will be very important. I will touch on that later.

With the right science behind it, the industry can turn to alternatives. The Environmental Audit Committee concluded that a microbead ban, as well as benefiting the environment,

“would have advantages for consumers and the industry in terms of consistency of approach, universality and confidence.”

It would also create a level playing field within the industry.

Microplastics from the cosmetics and personal care industry are thought to be responsible for up to 4% of total plastics found in the ocean. That might seem like a drop in the ocean, Sir David, but I assure you that it is not. Every year, 8,600 tonnes of plastic from this industry are poured into European waters alone, so it is significant. Yes, there is lots of other plastic that we should tackle, but I would postulate that this industry and the microbeads it uses provide a manageable place to begin.

There has been a wave of public good will on this issue, demonstrated by the hundreds of people who signed the Greenpeace petition and by the response to my personal campaign to highlight the problems and encourage change. Public support has also been shown through the publicity generated on the back of other campaigns by organisations such as the Marine Conservation Society, representatives of which came to the environment forum that I held in Taunton Deane. That was a cross-party event, but there was much consensus on how we should make progress. *[Interruption.]* A wave of women Members are coming into the Chamber

following the photographs being taken, and I welcome them to the microbeads debate.

Much good work has been done. Many companies have voluntarily stopped using microbeads, or indeed never used them in the first place—companies such as Ecover, family-run Cornish company Spiezia, Liz Earle and Neal’s Yard. It was companies such as those that I was searching out in my own campaign to find microbead-free products. I believe the hon. Member for Bristol East (Kerry McCarthy), who was also on the Environmental Audit Committee and still is, will agree that it is quite difficult to work out whether a product contains microbeads because, first, companies are not obliged to disclose what products contain, and secondly, one needs a magnifying glass to read and a chemistry textbook to understand the complicated terminology. I urge my hon. Friend the Minister to consider introducing clearer labelling on products, so that in the run-up to any ban it will be easier for consumers to opt for microbead-free products. We have had much discussion about this in the Tea Room, with people getting out their products to try to analyse whether they contain microbeads, and it is quite testing. There is still a long way to go, and a ban might speed up the process and create a level playing field for all manufacturers, as there are currently discrepancies between what different manufacturers class as the relevant microbeads for banning.

Let me deal quickly with other countries. The United States of America and Canada have already legislated to prohibit the production or use of microplastics, although they have come in for some criticism. The US Microbead-Free Waters Act of 2015 was limited to microbeads with exfoliating functions in rinse-off products, meaning that many microplastics were excluded from the legislation. That indicates how much consideration is needed when deciding how and what to ban.

Alternatives have been mentioned. There are both natural and synthetic alternatives, although care must be taken in determining how safe some of them are. Examples are apricot kernels and ground coconut shell. What if millions of those particles also start to get washed into the marine environment? How safe are they? Can they be filtered out? What if too many go in?

Why not simply encourage a voluntary system for getting rid of microbeads, leaving it entirely to consumers to decide whether to use products containing microbeads and leaving manufacturers to go down this road themselves? The cosmetics industry will tell us that 70% of microbeads have already been phased out, but as I mentioned, standards vary and it is difficult to tell quite what has been phased out. Plastic carrier bags are a good example of where change en masse did not really happen until the Government intervened with the 5p charge. The voluntary approach to cutting microbeads has not had the impact that it might have had, but I am pleased to say that the Government are stepping in and the tide is turning.

I welcome the moves that are being made, because the Government are listening. They have listened to public concerns: more than one third of the British public backed a ban on microbeads. They have listened to calls from organisations such as Fauna and Flora International and the Marine Conservation Society, and from colleagues, and they have heeded the various campaigns. I was delighted when, in September 2016, the Government announced an intention to ban the manufacture and

[Rebecca Pow]

sale of cosmetics and personal care products containing microbeads and opened a consultation. I was also pleased that the consultation was broadened out to include evidence on the extent of the environmental impact of microbeads in other products. The consultation closed last week.

I do not know whether you were there, Sir David, but I was heartened that in her response to me last week in Prime Minister's questions—when I dared to ask Mr Speaker whether he had had a shower that morning—my right hon. Friend the Prime Minister committed to introducing a ban on microplastics in this industry by 1 October. That is a commendable position and chimes well with the Government's determination to leave the environment

"in a better state than that in which we found it",

but there are a few points that I would like the Minister to consider in relation to the proposed ban.

The terminology used in the proposed ban is important if loopholes are to be avoided. For example, should it cover only rinse-off products or should it also cover leave-in products? This is where we start to get into the detail. Under the cosmetics directive, "rinse-off" refers to products that should be rinsed off the skin immediately after application for health and safety reasons—exfoliators, for example—but there are many other products that might stay on and be rinsed off later. What about those?

I have been in touch with the UK's Cosmetic, Toiletry and Perfumery Association, which is at pains to stress that leave-in products are a much smaller part of the problem. It is keen to limit the ban to rinse-off products. It says that if we include leave-in products, it might take three and a half years to reformulate products. That is where the point made by my hon. Friend the Member for Banbury (Victoria Prentis) about giving companies enough time comes in. If improving the environment is the key priority, I suggest that those products should be part of the plan, but companies should be given enough time to reformulate their products; they need workable timescales.

Many products other than cosmetics and personal care products contain microplastics that end up going down the drain, including industrial cleaning products and paints. I mentioned car tyre wear and tear. Should all plastics that do not dissolve in water be considered for the ban? Caution needs to be displayed where exemptions might be considered for so-called biodegradable plastics, because none has been conclusively demonstrated to be fully biodegradable in real-world marine conditions. In relation to effects on human health, we need clear evidence to demonstrate what the effects are of microbeads going into the sea and then humans consuming fish or shellfish that have consumed microbeads. I ask the Minister to consider a research strategy to assess and mitigate pollution. That was another Environmental Audit Committee recommendation.

We need to embrace the idea of the circular economy. Many companies are already doing very good recycling work with their plastics. We need all companies to make progress on recycling and reuse.

Finally, let me say a bit more about the wider issue of plastics pollution. As I said at the beginning, we are a plastic society. My hon. Friend the Member for Banbury

is very concerned about plastic bottles. We recently attended a litter breakfast—a plastic bottle breakfast, where we learned that a shocking 8 billion plastic water bottles are used and thrown away every single year, and 30% of those are used by children during sport. Many of them end up not just on our streets, but floating in the sea, and they gradually break down to form microbeads.

Victoria Prentis: Is my hon. Friend aware that there is now likely to be as many plastic water bottles in the sea as there are fish?

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey) *indicated dissent.*

Rebecca Pow: The Minister is shaking her head. I cannot agree or disagree, but if it is true that is an unbelievable statistic. I know that there is a great big lump of plastics floating about in the ocean.

Dr Coffey: I believe by the Ellen MacArthur Foundation asserts that that may be the case by 2050, but I am not aware that it has any evidence to back that up.

Rebecca Pow: I thank the Minister for that intervention and am only too pleased to hear it, to be quite honest, because that statistic is absolutely shocking.

Coming back to the here and now, there must be opportunities to tackle the wider problems with plastic. I welcome the forthcoming litter strategy; perhaps the Minister will indicate what we might expect in that and in the Department for Environment, Food and Rural Affairs' 25-year plan to tackle all these issues. I know the Minister is listening and that she cares passionately about the state of our seas. Indeed, this Government have already done excellent work on our marine conservation zones.

In concluding, I return to the proposed ban on microplastics used in the cosmetics and personal care industry. I urge that we put the marine environment centre stage. Let us not sacrifice our precious seas and the creatures that depend on them, and indeed the health of future generations. We must do right by them.

Several hon. Members *rose*—

Sir David Amess (in the Chair): Order. Before proceeding with the debate, I want to repeat that in our last Panel of Chairs meeting, it was emphasised that if Members make interventions, they must stay throughout the debate. They cannot make an intervention and then depart. Those are now the rules.

2.51 pm

Kerry McCarthy (Bristol East) (Lab): It is always a pleasure to see you in the Chair, Sir David. I congratulate the hon. Member for Taunton Deane (Rebecca Pow) on securing this debate. I know that she is passionate about this subject, and that came through clearly in her opening speech. I also congratulate the Government on putting aside for once their hard-wired preference for voluntary approaches—a battle that I frequently have with them on these issues—and committing to a ban on microbeads in cosmetic and personal products. As I have said several times, if America can do it, there is absolutely

no reason why we cannot; if Obama was persuaded of the need to do it, surely we ought to listen and take the same view.

I congratulate the Environmental Audit Committee on its excellent inquiry, which highlighted the loopholes and inconsistencies in voluntary action taken by the cosmetics industry. As we have heard, some companies have decided to phase out products. I had the pleasure of visiting the Lush factory in Poole a few weeks ago, and I am sure the hon. Lady would be very much welcome there. I got to make bath bombs and see all sorts of other products being made. As a company, Lush accepts that it is not 100% perfect but it has an ambition to be as environmentally friendly as possible. For example, when people buy the big gift boxes with several products in, the Wotsit-like things that are used for packaging are now made of potato starch rather than polystyrene, so the moment water is poured on them, they completely degrade. That is the sort of approach we ought to urge companies to adopt.

As I said, it is welcome that the Government are moving forward with the ban. However, like the hon. Lady, I am concerned that it may not be fully comprehensive and include all products that eventually end up in our water supply. She outlined in detail the difference between rinse-off products and products that stay on the skin a bit longer, and I urge the Minister to be as comprehensive as possible. I hope the Government also see the opportunity to take the lead on this issue internationally. We are so good on marine protected areas and are rightly respected internationally for the action we have taken around our overseas territories. I urge the Government to think of this as a pledge we could make under the United Nations' clean seas campaign; doing so would be a real contribution and we could urge other countries to do the same.

As the hon. Member for Taunton Deane said, the issue of microbeads is a manageable place to begin. As expected, she did such justice to the topic and covered almost anything that anybody could say on it—I expected that to be the case. With your permission, Sir David, I want to talk about the much larger problem of plastic litter polluting the marine environment. This is not just about the damage larger objects do. When items such as plastic bottles enter the water, they eventually break down into ever smaller pieces and become microplastics in themselves. They cause damage in exactly the same way as microbeads do—they just do not start out as tiny items in the first place.

I had the privilege of attending the UN parliamentary assembly in New York last month. It had a special focus on sustainable development goal 14, which is about protecting the oceans. It was widely recognised by the delegates taking part in that discussion that implementing sustainable development goal 12, which is about sustainable consumption and responsible production, was critical to achieving sustainable development goal 14 on ocean health.

Plastic is a durable material that is made to last forever, but far too much of it is used once and then thrown away. Only a third of plastic packaging used in consumer products is recycled in the UK. The rest is either landfilled or incinerated or, worse still, it is never collected and ends up clogging up our sewers and polluting our marine and land ecosystems where it can remain for literally hundreds of years. Anyone involved

in the protect our waves all-party parliamentary group might have seen the items that Surfers Against Sewage brought along that they had found. The divers and surfers have found items such as Golden Wonder crisp packets with “3p” on them, which have only just been retrieved from the seas, and coke cans with different designs on. That shows just how long those things will last in the marine environment.

Something as indestructible as plastic should not be disposable. Plastic bottles and other single-use plastics are commonly found in beach clean-ups. Surfers Against Sewage organise those, as does the Marine Conservation Society, and they report that plastic bottles in particular are frequently found along with items such as cotton bud sticks and bottle caps. About 8 million tonnes of plastic enter oceans every year and, as I said, it breaks down into smaller and smaller pieces causing real harm to marine life and ecosystems.

Rebecca Pow: The hon. Lady is making a passionate point about wider plastics. Many plastic balls that are bigger than microbeads—I think they are called nurdles—are found washed up on beaches. I know that in Scotland, in particular, lots of collections have been made, and we would be horrified at the quantity of those things that are washing up on beaches.

Kerry McCarthy: I very much agree with the hon. Lady's point, which is an example of what I am saying—plastics become unrecognisable, but they may have been bigger products in the first place, or used as that size of product in various ways.

Plastic entanglement or ingestion can cause choking, intestinal blockages and starvation. One recent study showed that 90% of birds have plastics in their stomachs. On cleanwater.org, Clean Water Action documented the case of a California grey whale that had washed up dead; its stomach contained a pair of pants, a golf ball, more than 20 bags, small towels, duct tape and surgical gloves. Just recently, extraordinary levels of toxic pollutants—industrial chemicals that were banned in the 1970s—were found in the remotest place on the planet: the 10 km deep Mariana trench in the Pacific ocean.

Some Members may have seen the recent documentary “A Plastic Ocean”, which I recommend to them if they have not. It does a phenomenal job of showing what is inside the sea birds and marine animals that they cut open. Sky's programme “A Plastic Tide” showed truly shocking images of beaches from Mumbai to Scotland, where the daily tide tips up a layer of plastic from around the world. Tourists in Arrochar—have I pronounced that right? I look to my Scottish National party colleagues to tell me—asked why someone had apparently chosen to locate a landfill on a site of such natural beauty.

There is a great deal more that we can all do to reduce plastic litter as consumers taking individual action and as producers; also, critically, there can be action by the Government. Prevention is better than cure. The best way of stopping such litter reaching our rivers and sea is at source—by reducing the amount of waste that is generated in the first place. In 2014 annual global plastic production stood at 311 million tonnes. Shockingly, more than 40% of it was for single-use packing. As much as possible, we need to stop using single-use

[Kerry McCarthy]

plastic, from refusing drinking straws to bringing our own bags to the shops. Plastic Ocean has a great check list.

Cities around the world, such as Delhi, have introduced a ban on disposable plastic, and I hope we will soon see an end to the travesty of manufacturers mis-labelling synthetic wet wipes as flushable. I think that will be the next campaign for me and the hon. Member for Taunton Deane. Although the wipes disappear when flushed, that gives the impression they are biodegradable and do not cause harm, but they very much do.

I want to pay particular tribute to the Bristol-based environmental organisation, City to Sea, which campaigns to reduce the amount of plastic flowing from the Avon into the Bristol channel. As well as organising clean-ups, it has encouraged local shops and bars to allow people to refill their drinking water bottles so that they do not have to buy plastic bottles. It has also been brilliant at going round to retailers to try to get them to stop producing plastic cotton bud sticks. It has now got every single one of them to sign up to paper sticks instead, so that shows what can be achieved.

My hon. Friend the Member for Bristol West (Thangam Debbonaire) and I recently met City to Sea to discuss its campaign to make Bristol a single use plastic-free city. We have a Facebook page that I would like to plug here to publicise the work we are doing. It is called “Let’s Stop Plastic Pollution”.

With litter levels hardly budging over a decade, England stubbornly remains a throwaway society. I very much hope we will see in the Government’s forthcoming litter strategy proposals to introduce a deposit return scheme for single-use drinks containers, which could help reduce littering, increase recycling and cut back on illegal dumping. Research by the Bristol-based organisation, Eunomia, has shown the scale of the problem and how plastic bottles are littered disproportionately more than any other items. It has also shown the success of deposit return schemes in massively reducing littering of beverage containers: by as much as 80% in one US study. There is growing support for such a scheme. Even Coca-Cola, having resisted, has now said it is on board, which is great news.

We also need to focus on people’s attitudes to dropping litter. Despite the blustery weather, showers and gales, I spent most of the weekend taking part in the Mayor of Bristol’s clean streets initiative. Community volunteers were given hi-vis and litter pickers, and we were out filling sack upon sack with rubbish, most of it plastic, from crisp packets to bottles and all sorts of things. The initiative is partly about making the streets tidier, but also about trying to send a message to the community that they need to play their part. We will make the litter pickers and hi-vis available in libraries so that anyone can go out for half an hour and pick up if they want to. Hopefully, it will be a three-year campaign. The worst bit of the day was seeing a hedge where it was clear that everyone who walked past thought that that was where to put their Coke can or plastic bottle, rather than putting it in the bin down the road. We need to persuade people that that is not the case.

We have heard about the plastic bag charge and how that can make a difference. The hon. Member for Taunton Deane mentioned the circular economy, and I agree

that that is where we need to see action from the Government. There are currently too few incentives for or requirements on producers to make their packaging recyclable, leaving local councils to clear up the mess and local taxpayers to foot the bill. Of the 7 million coffee cups thrown away each day, only 1% are recycled through normal collection systems. The Environmental Audit Committee’s next inquiry will be on coffee cups and plastic bottles. Most local authorities do not have the facilities to separate the plastic membrane from the cardboard.

We even have new products coming onto the market such as Nescafé’s incomprehensible Azera, which encourages consumers to make their “coffee to go” at home in a non-recyclable takeaway cup, which is ridiculous. Black plastic is frequently used in packaging, especially in high-end products, even though most local authorities cannot recycle it.

I hope the Government will look seriously at the role that regulation can play in stimulating markets to recycle or reuse materials, such as the proposals by the Environmental Services Association for a new framework for producer responsibility. It is terrific that Unilever has announced plans to make all its plastic packaging recyclable by 2025, but to support businesses that have decided to do the right thing we have to stop other companies being able to undercut them, otherwise we will see the situation that has been referred to.

Taking the circular economy seriously could be a huge opportunity for us. It has been suggested it could deliver half a million jobs. The future is not in low-cost products using finite resources that are designed to fail after their warranty expires but in products that are designed and manufactured for reuse or recycling. Although I welcome what the Government are doing on microbeads, I hope I have stressed to the Minister that they are literally a tiny part of the problem. We need to see a much more ambitious approach not only to microbeads but across the board.

3.5 pm

Scott Mann (North Cornwall) (Con): It is a pleasure to serve under your chairmanship today, Sir David. I congratulate my hon. Friend the Member for Taunton Deane (Rebecca Pow) on securing this important debate. It is a pleasure to follow such great speakers—we have had two fantastic ones already.

I am pleased to see that DEFRA is consulting on a ban on microbeads in cosmetic products. Microplastics and other plastics in our oceans is the biggest environmental challenge that we face as a nation at the moment. It is absolutely ludicrous that hundreds of thousands of pieces of small plastic are washed down our drains each and every day when we take showers. Microplastics are having an environmental impact. Studies have shown that they are being ingested by micro-organisms and small marine animals, which can lead to physical harm, reproductive problems, toxicity issues and problems with food chains.

The hon. Member for Bristol East (Kerry McCarthy) mentioned the Sky ocean rescue campaign for marine plastics. As a coastal MP I am pleased that Sky has moved away from the rainforest and is now focusing on the ocean. We do not have to walk far in Cornwall to find plastics on our beaches. I recently did a beach clean

in North Cornwall. I went out with a group of about 12 or 15 people, and we collected 18 bags of plastic in an hour and a half. The amount of plastic out there is phenomenal. As other hon. Members have said, much of that is not microplastics used recently, but plastic that has been broken down over a huge number of years. We need to tackle that issue.

I recently attended the Bude wave conference, which was attended by Surfers Against Sewage and various other environmental organisations. I was shown some of the nurdles that we have talked about today—plastics that are sometimes smaller than the sand particles that are already in the ocean. I take the issue very seriously, and as a rural and coastal MP I completely welcome any measure that takes plastic out of our oceans. Such action can be taken. Some people opposed Brexit on environmental grounds, but the Government can introduce environmental policy whether we are inside or outside the European Union, which is a very good thing.

On the subject of plastics entering the marine environment, I want to hear whether the Minister would welcome a fishing for plastic scheme. That has been encouraged in some parts of the country, but not uniformly. A fishing for litter scheme exists in Cornwall, and in some places in Wales. As we extricate ourselves from the European Union, we have an opportunity to emphasise that fishermen need to do their bit for the environment. I know that farmers have done so in the past through the common agricultural policy, but it might be time for us to show that our fishermen can do their bit as well.

Seema Kennedy (South Ribble) (Con): The issue obviously concerns marine life, but does my hon. Friend agree that it concerns birds as well? I represent an estuarial constituency. The River Ribble has a lot of birdwatchers, and interesting bird life is affected by the plastics. The Preston Birdwatching and Natural History Society undertakes litter-picks on the Ribble. When I did one with it, I was astonished by the amount of plastics.

Scott Mann: My hon. Friend is absolutely spot on. Feeding birds not only get plastic caught around their necks, but when they ingest small marine life they take that into the food chain as well, so she is absolutely spot on.

I must say that I was not a big fan of the 5p charge on plastic bags when it was first announced, but I am a complete convert. Not only has it had a positive effect on coastal communities, but when we walk around towns now we do not see the bags that used to fly around in trees. It has made a real impact, so we can create positive change, as my hon. Friend the Member for Taunton Deane said, if the Government are proactive.

If Brexit means that our fishing industry changes, I would ask that we consider a fishing for plastic scheme. It would be a great opportunity for us to show our country's environmental credentials.

Rebecca Pow: Will my hon. Friend explain a little more about the scheme? I have an image in my head: what does one do—go out with a fishing rod and hope to catch some plastic?

Scott Mann: Numerous local authorities currently charge fishermen to land plastic that they find floating around in the ocean. Some local authorities have been quite proactive and have set up recycling plants. I think

there is an economic benefit to that, not just an environmental one. There are organisations that could potentially reuse plastics that come out of the ocean. They can be used in carpets—I know they have been before. It would just entail fishermen picking up the stuff that they see floating around in the ocean, bringing it back and then receiving some sort of recompense. It might be through tax breaks, cash incentives, fishing quota, fuel, or a deposit return scheme. It could be a huge incentive.

I am pleased that DEFRA has launched the consultation. The order of priority at the moment should be reuse first, then recycling, and then the bin if those are not an option. Most of our local authorities seem to have got into the recycling process. There is a place for industry to step up, but the Government can intervene as well. I support the initiative and would welcome further exploration of how to encourage more positive behaviour.

3.11 pm

Patricia Gibson (North Ayrshire and Arran) (SNP): I was keen to speak in the debate because this issue is one of those that exercise the mind of the public. I am sure that the hon. Members who are present have had many emails on the topic. When we discuss it, we cannot really understand why it has taken so long to act on it. What I like about such issues is the fact that there is a huge consensus across the House—quite a rare and beautiful thing. I commend the hon. Member for Taunton Deane (Rebecca Pow) for bringing the debate forward.

As we have heard, many cosmetic, personal care and toothpaste products contain microbeads, which are adding to the microplastic pollution made up of the fragmentation of larger pieces of plastic waste. It is estimated that 86 tonnes of microplastics are released into the environment each year in the UK from facial exfoliators alone. As we have heard, some cosmetics companies have voluntarily decided to phase them out, but there is not currently a legal requirement to do so. That is bewildering when we consider the damage that they do and the fact that adding plastic to products such as face washes and body scrubs is wholly unnecessary, as harmless alternatives can be used.

Last year the Environmental Audit Committee called for a ban on plastic microbeads and the UK Government have, thankfully, agreed to put a ban in place this year. The Scottish Government are also setting out a plan for legislation to regulate the use of microbeads in cosmetics, and are committed to working with the UK Government to implement the ban when it is introduced. The political agenda is, as we know, crowded with important issues at the moment, but issues as important as this must not be crowded out and forgotten or slide down the agenda. We must be extremely mindful of it.

As we have heard at length today, plastic microbeads contained in cosmetics damage the marine environment when they are literally washed down the drain and then ingested by marine life. The Environmental Audit Committee estimates that about 680 tonnes of plastic beads are used in the UK every year. Even though microbeads make up a small percentage of the microplastics entering the environment, they still constitute preventable environmental damage, which should not be trivialised. We do not need to cleanse ourselves by rubbing our skin with millions of small plastic particles. There is no

[*Patricia Gibson*]

societal benefit to doing so, but there is huge, irreversible environmental cost. There is a real fear that the particles are building up in the oceans and potentially entering the food chain, and that there will be irreversible damage to the environment, with billions of indigestible plastic pieces poisoning sea creatures.

Seema Kennedy: Does the hon. Lady agree that just as in the 1980s and 1990s there were public and media campaigns about cosmetic testing on animals, which we all became aware of as young people—young women—there may be a role for the media in highlighting the present issue? A lot of people are just not aware of it.

Patricia Gibson: The hon. Lady makes an excellent point, although—this is anecdotal, not scientific—I think that the public are ahead of some of us in the House in their knowledge of the matter. Certainly my constituents have helped to educate me about it. However, it is right to say that the campaigns in the '80s on animal testing were effective. Of course, the most important voice is that of the consumer; that is where spending power lies—the power of the pound.

Jo Churchill (Bury St Edmunds) (Con): Does the hon. Lady also agree that that campaign on animal testing came at a time when we knew that such things as adzuki beans, rice, salt and bromelain from pineapples were just as good as exfoliators as any microbeads? Even a hard flannel will do a reasonable job, so there is not much need for microbeads.

Patricia Gibson: Again, the hon. Lady makes an excellent point. I think the most important point is that we live in a society in which consumers prefer natural ingredients anyway. That is a selling point for manufacturers to take on board. It is about not just getting rid of the plastics, although that is of course important, but fulfilling customers' demand for the more natural ingredients they prefer.

Rebecca Pow: Praise should be given to the many companies that are turning in that direction and taking notice of all the public interest. Some companies, such as Marks & Spencer, Sainsbury's and Waitrose have their own brands of cosmetics, which do not contain microplastics or microbeads. It is a good message, but I am not sure everyone has heard it yet.

Patricia Gibson: The companies that are leading the way should be commended. It is a unique selling point for them from the point of view of the better-informed consumer, but of course there is still a job to do in making sure that all consumers have the information. I wish companies luck in getting the message out there. However, there is no legal requirement to move away from using microbeads, and that must still be an important part of the change we seek. I wish the companies that have voluntarily made the change all the best.

The wider problem of microplastics is vast. The United Nations joint group of experts on the scientific aspects of marine environmental protection has listed the potential effects of microplastics on marine organisms. As we have already heard—that is one of the disadvantages of being so far down the speaking order—they include

physical effects such as obstruction, chemical effects due to the transportation of toxic chemicals, impaired health, and impacts on populations and ecosystems, including many with important roles in food chains and the functioning of marine ecosystems. Microplastic pollution could be more damaging to the environment than larger pieces of plastic, because the size of the particles makes it more likely that they will be eaten by wildlife, and then there is potential for them to enter the food chain. I believe that the hon. Member for Taunton Deane said—and certainly marine scientists have said—that a plate of six oysters can contain up to 50 particles of plastic. That should make us pause for thought. More than 280 marine species have been found to have ingested microplastics, and the Environmental Audit Committee has said that much more research is needed on plastic pollution, because there is huge uncertainty about the ecological risk.

The Government can and should play a role on stopping the preventable use of microplastics in cosmetics. Last year the Scottish Government confirmed that they would legislate to regulate such use, following the announcement by DEFRA of the UK Government's plans to work with the devolved Parliaments on a ban.

Jo Churchill: Will the ban that the hon. Lady is setting out largely apply only to cosmetic and personal care manufacturers in the United Kingdom, in a similar way to what is set out in the consultation for England? What worries me is how to monitor manufacturers outside the UK and the broader problem, because obviously we import quite a lot of the items in question.

Patricia Gibson: Yes, and that situation will be further complicated by Brexit, when we are not working in a common area. There is a lot of work to do on where we are now, where we can move forward to and where we want to be, and, as the hon. Lady says, on how our trading relationships with other nations will change and how we monitor what comes into our country. Even though we know that plans are in motion and we know about the warm words and expectations, there is a lot of work for Members, consumers and environmentalists to do.

Work has been undertaken in Scotland to research this issue, raise awareness among consumers and encourage the use of alternatives. The point that the hon. Member for Taunton Deane made about natural alternatives is important, and I pay tribute to my hon. Friend the Member for Falkirk (John Mc Nally), who has done a lot of work on this matter—much more than I have—but who unfortunately cannot attend the debate. He has been a great advocate of raising awareness of the problem and has been calling for action in this sphere.

Eight million tonnes of plastic will be dumped in the ocean this year and will take hundreds of years to degrade. An area of plastic rubbish three times the size of the entire United Kingdom has been floating in the north Pacific for decades. Every year thousands of turtles and other ocean creatures are killed by eating or becoming entangled in plastic debris. As the hon. Member for North Cornwall (Scott Mann) pointed out, when people go on litter-picks on beaches—as I and many others have—the problem of discarded plastic polluting our beaches, shorelines and seas is all too clear.

It makes sense to deal with this issue. Marine litter costs Scotland £16.8 million every year and has an impact on our environment, wildlife, industry and tourism. That understanding lies behind the Scottish Government's marine litter strategy, which includes almost 40 new actions to minimise coastal and marine litter. Key to that has been, and must be, encouraging alternatives to plastic microbeads in personal care products. We know that the UK Government are committed to banning microbeads, and it is time to get on with that without further delay. This issue is like the ban on smoking in public places or the wearing of seatbelts: its time has come, there is great consensus on it, and once we have done it we will ask, "Why did it take us so long?"

3.22 pm

Martyn Day (Linlithgow and East Falkirk) (SNP): It is a pleasure to serve under your chairmanship, Sir David, and to take part in this important debate. I thank the hon. Member for Taunton Deane (Rebecca Pow) for securing it and for her comprehensive summary of the situation. It will come as no surprise that I spent an awful long time on my products this morning, although I cannot claim I was applying beauty products. I was trying to read the small print on the shampoo and toothpaste. I am still none the wiser about what is in them, but I am fairly certain that if nothing else, the product packaging can break down into microbeads.

We have had a very consensual, informative debate and have heard from a range of speakers. I will add the viewing recommendations made by the hon. Member for Bristol East (Kerry McCarthy) to my weekend watch list. I am also interested in the suggestion by the hon. Member for North Cornwall (Scott Mann) of a fishing for plastic solution. That needs to be looked into further and could be very useful.

It is fair to say that our debate may not be the biggest political attraction in the House today, but these tiny particles are a major issue—some estimates put the number in the world's oceans as high as between 15 trillion and 51 trillion—and tackling them is of great importance. There is some debate about just how many there are—we do not really know. There is much that we do not know, if we are being honest. If we are to accurately quantify their impact and effectively monitor their presence in our seas, we need to learn a lot more about them.

There is no doubt that microbeads are doing preventable damage to our marine environment. As my hon. Friend the Member for North Ayrshire and Arran (Patricia Gibson) told us, it is estimated that as much as 86 tonnes of microplastics are released into the environment every year in the UK from facial exfoliants alone. We should be grateful that some cosmetic companies have voluntarily decided to phase them out, but there is no legal requirement to do so. I therefore welcome the Government's steps to bring forward a ban; it is constructive and helpful.

I am grateful for the work of the Environmental Audit Committee, which has called for a ban on microplastics, and for the UK Government accepting that recommendation and taking swift steps to initiate a ban later this year. The Scottish Government have confirmed that they will work with the UK Government and the devolved Administrations to implement the proposed ban on microbeads in personal care products. In Scotland we have already undertaken a fair amount

of research, trying to raising awareness among consumers and encouraging the use of alternatives.

As my hon. Friend said, marine litter costs Scotland £16.8 million every year and has wide-ranging environmental impacts. The SNP Scottish Government have prioritised an action plan to protect Scotland's marine environment, and in August 2014 we launched Scotland's first ever marine litter strategy. "A Marine Litter Strategy for Scotland" details almost 40 new actions to minimise coastal and marine litter. A key action of the strategy is to encourage alternatives to plastic microbeads around the world, and the proposed ban would greatly facilitate that.

I should like to take this opportunity to thank my hon. Friend the Member for Falkirk (John Mc Nally). He is unable to be with us today, but he has a great interest in this subject and it was through him that I first learned of microbeads. We have neighbouring constituencies that both suffer from microplastic pollution washed up along the shoreline of the River Forth. My hon. Friend, who also sits on the Environmental Audit Committee, recognises that the problem of microplastics goes beyond plastic scrub beads in cosmetics. He supports the campaign for a ban on microplastic ingredients in consumer products and for better measures to tackle plastic pollution as a whole. I share those views.

Towards those ends, my hon. Friend has been working with a Scottish charity called Fidra, which is working in tandem with Fauna & Flora International to eliminate microplastics from consumer products and prevent the loss of pre-production plastic pellets from the industry. He has helped them to promote a number of initiatives to help consumers to avoid plastic-containing down-the-drain products, as well as a citizen science project called "The Great Nurdle Hunt", which tracks where plastic pellets lost from the industry end up.

Last year I took part in a nurdle hunt with Fidra on a visit to Kinneil in my constituency. It would be fair to say that I did not have to do much hunting, so rife was the problem. Sadly, that is not uncommon. A thousand pellets per square metre can be found on beaches around the Forth—I realise that I shall probably now not be on VisitScotland's Christmas card for advertising that fact. I collected enough to fill a small jar very quickly. The hardest part was picking them up, but spotting them was incredibly easy. My new collection of pellets from the beach are clearly in various stages of weathering and have various colours. Many look fairly new or unweathered, which suggests that they have been spilt relatively recently. Not all are as historical as we might wish. All spills are avoidable, but unfortunately they are still happening.

All spills are not necessarily local either; they can occur around the globe and pellets can be transported long distances, highlighting the need for international co-operation to combat marine litter. It is perhaps of little surprise that Kinneil and neighbouring areas are hotspots for such pollution, with the large-scale manufacture of plastics locally and with so much transportation of goods by sea taking place in the vicinity.

Spills are accidental, of course, and are not an inevitable part of manufacture or freight transport. Operation Clean Sweep is a voluntary, industry-led scheme across the supply chain, which has support from a range of firms locally. Thanks to the work of Fidra, working with the local plastics and supply chain firms, around a

[*Martyn Day*]

third of firms in the area have signed up to the pledge. The companies pledge not to spill pellets into the wider environment and participants are provided with a handbook that suggests simple, low-costs measures to avoid doing that.

Welcome though that scheme is, its sign-up rate across the UK more widely is fairly low, with perhaps as little as 1% of companies taking part. It also lacks any external audit or reporting; consequently, the level of success or otherwise is unknown. I suggest that Ministers look at measures to enhance that voluntary approach and to require the industry to prove its effectiveness. I believe that legislation may be required to ensure that best practice is in place across the supply chain.

In conclusion, this is a global problem and it is vital that we all play our part in trying to resolve it. It is also vital, therefore, that the UK Government work with the devolved Administrations to ensure the effective implementation of the ban. We can all agree that this pollution needs to be tackled. To date, international co-ordination and most of the funding for research in the UK has been provided by the EU marine strategy framework directive. It would be good to hear the Minister provide further reassurances that that funding, research and international co-operation will continue after the UK leaves the EU.

In the Environmental Audit Committee's inquiry into the environmental impact of microplastics, it heard that environmental non-governmental organisations such as Flora & Fauna International have been left to lead efforts to monitor the presence of microbeads in consumer products. No statutory funding for that work is available, but the demand for it is increasing, leading to an unsustainable situation. What assurances can the Minister give us that funding will be available to provide the services required to enforce her proposed ban? Finally, although we welcome the action being taken by the UK Government, I would be grateful if the Minister looked at making the ban better by taking a consistent approach to the elimination of microplastics from all formulations.

3.29 pm

Sue Hayman (Workington) (Lab): It is a pleasure to serve under your chairmanship, Sir David. I congratulate the hon. Member for Taunton Deane (Rebecca Pow) on securing this debate on such an important issue, which she obviously feels strongly about, and introducing it so clearly and passionately. I am sure that other hon. Members have received a lot of emails and letters about this issue, as I have. It is of genuine concern to our constituents, so I am really delighted that we had the opportunity to have this debate and hear so many important contributions.

My hon. Friend the Member for Bristol East (Kerry McCarthy) and the hon. Member for North Ayrshire and Arran (Patricia Gibson) both spoke about the 8 million tonnes of plastics that enter the oceans each year. My hon. Friend spoke about the wider issue of plastics breaking down into smaller and smaller parts in the water. She also made an interesting suggestion about the UN's clean seas campaign, and I would be interested to hear what the Minister has to say about it. Is there an opportunity for the Government to work on

a global scale? As a coastal MP, the hon. Member for North Cornwall (Scott Mann) always speaks passionately about marine issues. He clearly feels strongly about the damage that is being done to the marine environment. He made an excellent speech.

I am concerned that the current Government policy has failed to provide the right framework to stop litter from reaching the sea in the first place, or at least to reduce the amount that gets there. As we have heard today, the huge amount of plastic in the sea is massively damaging to marine animals and the ecosystems in which they live. We heard the shocking statistic that 90% of birds have plastic in their stomach, and we heard from the hon. Member for Taunton Deane that there are serious concerns about microplastics entering the food chain and reaching humans.

We have to think about how we manage our resources, particularly plastics, whose disposal is so problematic. Biodegradable alternatives to microbeads are available, but they can be more expensive to produce, so they are not always so attractive to manufacturers. It is up to us as Members of Parliament to take action. The Labour party has long supported a ban on microbeads in cosmetics, so we warmly welcome the Government's commitment to legislate for such a ban. I understand that the legislation is expected to come into force in October this year, that the ban on the manufacture of microbeads in cosmetics will apply from the beginning of 2018, and that the ban on sales is expected to apply from the end of June 2018.

The hon. Member for Taunton Deane made the good point that some manufacturers are already doing something about the problem—she listed some supermarkets. I give credit to some of the companies that have already taken voluntary action to take microbeads out of rinse-off products: Colgate-Palmolive, which phased them out all the way back in 2014; Unilever and Boots, which phased them out in 2015; and the L'Oréal group, which is currently phasing them out. Those big companies recognise the issue's importance to consumers, so the Government really need to grab it with both hands. I must also draw attention to the campaign group Beat the Microbead, which provides details of companies that consumers can go to for products that are free from microbeads.

The Government have said that their plans to ban microbeads in cosmetics will

“create a level playing field for industry, tackle inconsistency and stop new products...from being sold in the UK.”

I firmly agree with that. The Opposition support and welcome the Government's action so far.

We have heard details of what has happened in America, where President Obama signed an Act to outlaw the sale and distribution of toiletries that contain microbeads. Similar legislation is being planned in Canada. Studies have shown that the majority of the British public believe that we should follow those examples and ban the use of microbeads in toiletries. I hear that view regularly from my constituents.

As we know, the Government have consulted on a ban of microplastics for cosmetics and personal care products. We await the outcome of that consultation eagerly, but organisations such as Greenpeace have expressed concern that it does not cover all products that contain microplastic ingredients. The Government have also said that they will gather further evidence on

the environmental impact of microbeads in other products before they go on to consider what can be done to tackle plastics such as microfibres, which also affect our environment, as we have heard.

We need to rethink how we manage our resources, so that we can make genuine progress on waste prevention and guide Britain towards a circular economy. That would be a significant step forward and would mean our having to move to a more resource-efficient economy. Will the Minister set out how the Government intend to meet their ambitious waste targets and therefore unlock the economic opportunities presented by greater resource efficiency? It would also be helpful if she gave an indication of when we are likely to see the 25-year plan.

I echo the words of my hon. Friend the Member for Wakefield (Mary Creagh), Chair of the Environmental Audit Committee, which has done some excellent work on the issue:

“Fish don’t care where the plastic they are eating comes from, so it’s vital the ban covers all microplastics in all down the drain products”,

which can end up in our oceans. Our marine life depends on our taking action and leading the way on this. A ban must cover all products that contain microplastics; we cannot be selective. Unless the ban is all-encompassing, it will not provide the protections that are needed for wildlife, and we will continue to cause real harm to our marine life and marine animals. I urge the Minister to listen to what hon. Members have said today and act now by introducing a complete ban.

3.36 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey): It is a pleasure to serve under your chairmanship, Sir David. I congratulate my hon. Friend the Member for Taunton Deane (Rebecca Pow), who secured the debate, and all the hon. Members who have contributed to it.

Our decision to ban microbeads in cosmetics and personal care products was clearly signalled by the Minister of State in my Department, my hon. Friend the Member for Camborne and Redruth (George Eustice), when he appeared before the Environmental Audit Committee last year. That decision has been confirmed by my right hon. Friend the Secretary of State, and we are making good progress. The consultation on the use of plastic microbeads in cosmetics and personal care products closed last week, and we have already started assessing the responses. We are determined to continue to tackle plastic pollution in our seas and build on the success of the 5p plastic bag charge, particularly when suitable alternatives are already available.

Our understanding of marine litter and its impact is improving all the time. DEFRA funded some of the original research on microplastics and the harm that they can cause to marine organisms. The preliminary results of our latest assessment of marine litter in the UK suggest that although overall levels remain stable, the picture is mixed: the number of items of beach litter has decreased in some cases, such as plastic bags, but increased in others, such as bottle tops and caps and wet wipes.

The hon. Member for Bristol East (Kerry McCarthy) spoke about flushables; she will be pleased to know that I had a ministerial roundtable in November to facilitate

dialogue between manufacturers, retailers and water industry representatives on how to reduce the non-biodegradable products getting into the sewer system. EDANA—the European disposables and non-wovens trade association—has since updated its code of practice on product labelling by moving the “do not flush” symbol to the front of the package for the type of wet wipes that are most at risk of being incorrectly flushed into the sewer. The impact of the plastic content of wet wipes is not known, but evidence is growing all the time and research is being undertaken.

Kerry McCarthy: Will the Minister give way?

Dr Coffey: I am afraid not. You have been very generous in the latitude that you have given to contributions today, Sir David, but since the title of the debate clearly refers to the proposed ban on microbeads, I intend to try to confine my remarks to that topic.

I acknowledge the efforts that the industry has taken to address the problem of microbeads. Several manufacturers and retailers have already stopped using microbeads in their products or have committed to do so, as has been outlined today. As the hon. Member for Bristol East said, the Government often encourage businesses to do the right thing and lead with a voluntary approach, but in this instance, given that alternatives are readily available, we seek a level playing field for industry and certainty for consumers. Specifically, the consultation proposed that we ban rinse-off cosmetics and personal care products containing microbeads, such as shower gels, face scrubs and toothpastes. That is because we know these products are washed down the drain, enter the sewer system and end up in the marine environment.

We did not include proposals about other sources of microbeads because we did not have sufficient evidence to support their inclusion. We do not take action to ban products lightly and any extension of the ban needs to be supported by clear and robust evidence. In particular, we must be certain that the products concerned contain microbeads and that if they do the microbeads end up in the marine environment. To address this issue, as part of our consultation we asked for evidence on other sources of microplastics and their environmental impact. If there is new evidence, we will use it to inform future actions to tackle microplastics.

The hon. Member for Bristol East referred to all sources of microplastics earlier, but we need to be careful in that regard. She may not realise quite how many products contain microplastics, including things such as certain blankets or even fleece jackets, which often involve a significant reuse of plastic bottles in the microfibers that are generated. Some people have already suggested—not here in this debate today, but elsewhere—that even the washing of a fleece jacket can contribute to microplastics going into the sewer system, but we need to be careful in considering the extent of any further ban. I know that it is a particular issue for vegans, who do not like to wear woollen fleece jackets, so we need to consider this issue carefully.

Regarding the international dimension, this is a transboundary problem and international co-operation is essential to address it. That is why we have played a leading role in developing the G7 nations’ action plan, as well as our role through OSPAR—the convention for

[*Dr Thérèse Coffey*]

the protection of the marine environment of the north-east Atlantic—in developing and implementing a regional action plan. We hope that our action to ban microbeads will encourage other countries to take similar measures to ban them. Ireland has announced its own ban and we have already seen positive action from France and Italy. The US ban that has been talked about is yet to come into force, but I am sure that we will be able to learn from the US approach and what has happened there.

The UN's clean seas campaign was also mentioned. As I said in response to a written parliamentary question recently, we are still considering whether to participate formally in that campaign. Nevertheless, I think we are doing our bit and our actions are contributing to efforts to reduce microbeads in the marine environment.

We are in the process of reviewing the responses to our consultation. One reason why it takes a certain amount of time to get from where we are today to the ban timeline is that we need to notify other EU member states of our proposals under the technical standards directive, and all other countries around the world under the technical barriers to trade agreement, which is part of the World Trade Organisation. In both cases the period of notification is three months, and we plan to run these processes concurrently. Then there will be a short consultation on the actual statutory instrument that we intend to introduce. We will lay the legislation before both Houses by the summer, with the aim of introducing the legislation in the autumn. Our expectation is that we will ban the manufacture of microbeads from the start of 2018 and ban the sale of products containing them from July 2018. My hon. Friend the Member for Bury St Edmunds (Jo Churchill) asked about imported products containing microbeads; the ban will cover such products. As I say, the sale of these products will be banned from July 2018.

It was a pleasure to hear from the hon. Members for North Ayrshire and Arran (Patricia Gibson), and for Linlithgow and East Falkirk (Martyn Day), who talked about how important this issue is around the United Kingdom, including in Scotland of course. The consultation on proposals to ban microbeads was a joint consultation agreed with the devolved Administrations. As a consequence, we intend to end up with a UK-wide ban, but the hon. Members will be aware that each Administration will have to introduce their own legislation, according to their own processes and timetables, to bring such a ban into effect. I have already outlined the timescale that we propose, but we intend to try to co-ordinate our approach with the devolved Administrations.

I had quite an extensive conversation this morning on this issue of microbeads, as it is an interesting topic. The proposed ban will include other industrial hand-cleaning products, and there was discussion in the debate about cleaning products more generally. The UK Cleaning Products Industry Association has assured us that none of the products made by the UK companies it represents contain microbeads. However, hand-cleaning products—things such as Swarfega, which is well-known around the country—will be included within the scope of this ban.

As to how water companies and the Environment Agency can address the issue of microplastics, there is a bit of a challenge regarding the size of the microbeads

and what happens with our current filtration systems. The risk that I have been made aware of is that even if we try to filter more, we will still end up with sewage sludge that has to be disposed of. Nevertheless, as part of the enhanced chemicals programme, the Environment Agency will look further at the contribution of sewage treatment to the spread of microplastics. As with many chemicals, the most effective solution is to reduce the amount of plastic getting in to the sewers in the first place. The ongoing campaigns about what should be flushed and what should be disposed of in other ways will help with that.

My hon. Friend the Member for Taunton Deane talked about potential threats to fish and humans. I assure her that, on the basis of the current information, the Food Standards Agency considers that it is unlikely that the presence of low levels of microplastic particles that have been reported to occur in certain types of seafood would actually cause any harm to consumers. However, the FSA will continue to monitor and assess emerging information regarding that issue.

As for a wider discussion about fishing for plastic and other elements, I have referred to it in the House. Lord Gardiner is the owner of the litter strategy that we hope will be produced soon, and I am sure there will be further items that the House will want to look out for at that point.

I have already said that we have undertaken some research, which was some of the original research done on microplastics. Of course, other organisations will continue to carry out such research in the future. We asked for further evidence from organisations that would like our ban to go further. We will look carefully at what is presented as a result of the consultation and it will inform our future actions to tackle this issue.

Our action on microbeads is a further demonstration of our commitment to tackle microbeads and microplastics in the marine environment. The approach we have taken is based on clear evidence and as a result has the support of a wide range of stakeholders. We believe that Government, industry and communities need to work together to address this issue, based on the evidence. We look forward to working with stakeholders to take further action to protect our marine environment.

3.46 pm

Rebecca Pow: I particularly thank you, Sir David, for chairing us so amiably, and for welcoming the ladies who were having their photographs taken earlier and allowing them to intervene during the debate. Thank you for that.

We have come up with a new hobby this afternoon, which I will be going away to practise—fishing for plastics. That is a very good idea.

I thank all the hon. Members who have taken part in a fascinating debate. What is so welcome and heartening is that there has been so much sharing of knowledge and experience; I think you will agree, Sir David, that there has been much consensus.

I thank the Minister for her very honest comments and for sharing a lot of detail with us about how the ban will be handled. That is much appreciated. Indeed, the fact that there will be a ban is much appreciated.

That will level out the playing field for manufacturers. I think all colleagues and Members are behind that ban and welcome it.

We would like to be world leaders in this area and to operate on a global stage. It is really important that we fully understand the evidence. We will press forward with the initial ideas for bans in the cosmetics and personal care products industries, but it is very important that we have the right evidence when we consider widening out the ban to cover any other plastics; I fully agree with that. We have wide support for the ban. I thank everyone who has taken part in the debate, and I say to the Minister, who I personally am right behind, “Let’s press on.” There is more that we can do on the wider plastic issue, but I think there is plenty of support for action.

Question put and agreed to.

Resolved,

That this House has considered the proposed ban on microbeads.

3.48 pm

Sitting suspended.

Right to Buy: Housing Association Tenants (Bedford)

[ALBERT OWEN *in the Chair*]

4 pm

Richard Fuller (Bedford) (Con): I beg to move,

That this House has considered extension of the right to buy to tenants of housing associations in Bedford.

My constituency of Bedford includes two towns, Bedford and Kempston, and the motion applies to tenants of housing associations in both those constituent towns. It is a pleasure to serve under your chairmanship, Mr Owen, and to welcome the Minister to his place. I look forward to his response my questions.

If I were to sum up my home town in an overarching theme or description, it would be that Bedford is a town for families. It is the sort of town where mums and dads want to come and bring up their children. It is a place where we want excellent schools, training and education and for good, local jobs to be available. One of the things at the core of that is the availability of housing and the opportunity for people to have the right to buy their own home.

I have been Bedford’s Member of Parliament for nearly seven years, and I would like to share with the Minister some of the statistics on household by type in Bedford. The census captures that information and uses the main headings of “owner-occupied”, “socially rented” and “privately rented” to describe households. In 1991, in England and Wales as a whole, 23% of households were socially rented. By 2011, that had gone down to 17.6%, which was a decline of about 6%. However, in Bedford, the numbers are slightly different. In 1991, the proportion was 20.2%; by 2011 it was 19.4%. So there was a decline, but a much smaller one, in socially rented accommodation. Across England and Wales the total number of households in socially rented accommodation has gone down; in Bedford it has gone up. The main concern in the change in household statistics for my constituency is the decline in owner-occupied households, which have gone down from nearly 70% of homes to 60%. There is therefore a pent-up demand for people to have the opportunity to own their own home.

To give the Minister an indication of that demand, under the last Government, led by Mr Cameron, the Help to Buy equity loan scheme was introduced and the Bedford Borough Council area had one of the highest take-up rates of households who wanted to take advantage of those loans—we were one of the keenest areas. The Prime Minister came to Bedford to look at one of the developments that was enthusiastically offering those loans to the people of Bedford.

The reason why socially rented housing in Bedford has not seen the same change as other regions is that, at the time of those statistics, the council housing stock was moved across from the local authority and into housing associations, so families in Bedford who are renting social housing have never had the opportunity that has been available in other areas of the country. It is time for a change.

I very much welcomed the 2015 Conservative manifesto that I stood on, and proudly supported it when it said:

[Richard Fuller]

“We will extend the Right to Buy to tenants in Housing Associations to enable people to buy a home of their own. It is unfair that they should miss out on a right enjoyed by tenants in local authority homes.”

That is a clear, declarative statement, and one that I strongly support. Will the Minister confirm that that manifesto commitment, which he and I both stood on, will be met during this Parliament? Will he let me know whether that right to buy will be extended specifically to tenants of housing associations living in Bedford and Kempston?

As you will know, Mr Owen, and as the Minister certainly knows, the right-to-buy scheme is voluntary. I want to let the Minister know that the largest housing association in Bedford, Bedford Pilgrim Housing Association, is a strong supporter of the voluntary right to buy, because it sees the benefit in encouraging home ownership as well as the financial benefit and, most importantly, the benefit to its ability to build more good-quality, low-cost housing that people can rent or, ultimately, when they can, have the right to buy. Can the Minister guarantee today that the manifesto commitment will be extended to tenants of housing associations living in Bedford and Kempston? Can he give me some idea of when it will be possible for such tenants to be able to purchase their own homes?

It will perhaps be helpful if I put my requests in the context of the Government’s progress, because that shapes how the manifesto commitment is being met. The Housing and Planning Act 2016 included provisions to extend the right to buy on a voluntary basis, in agreement with the National Housing Federation, which represents a large proportion of our social housing landlords.

I hope this is not an obtuse question, but I am interested to hear from the Minister what constitutes volunteering. There is the “Dad’s Army” version, where Pike seemed to be the one who was volunteered. Will housing associations be volunteered, or will it be entirely up to them? Will it be agreed between the housing associations and the federation, or between the housing association and the Government? If the Government are part of the process for approving a voluntary participant in the scheme, will the Minister give some indication of the basis on which local housing associations will be considered? Will the Government make the final and binding decision to accept or deny an extension of right to buy for any specific housing association? Can the Minister advise me about what those rules may be? What regulations will affect the length of time taken for the Government to agree to a housing association’s request to participate in the right to buy? It would be helpful to have some clarity from the Minister, not only for BPHA and the other housing associations operating in my constituency, but more generally so that we know the Government’s thinking about how it will be possible for housing associations to volunteer.

It is fair to say that the initial pilot, which began in January 2016 with five housing associations and was reviewed in January by Sheffield Hallam University’s Centre for Regional Economic and Social Research, was very positive. I will start with the last point I was going to make, because it is the most important. I found it interesting—particularly for a form from the

Government—that 93% of the people thought the form was simple and easy to use. I do not know of the phrase “simple and easy to use” achieving a 93% threshold when applied to an application form for anything ever, so clearly people should not be afraid of the process. They are not going to get embroiled in something complicated or difficult. The pilot scheme has shown that if someone is interested, applying for the process is simple and straightforward. It is important that that message goes out.

Less encouraging was that, of the 53,955 properties in the participating pilot housing associations, only 16,000—just 30%—were eligible for the voluntary right to buy. There were a variety of reasons why certain parts of the housing stock were not included, but for a large proportion it was because of covenants relating to section 106. The manifesto commitment—that strong statement upon which the Minister and I both stood—is not consistent with only 30% of housing being eligible for the voluntary right to buy. The figure needs to be much higher if our manifesto commitment is to have any meaning. There is no point in having a simple process if seven out of 10 of the people applying are told, “You can’t move forward.” I shall be grateful if the Minister can advise me either today or, perhaps more reasonably, in writing what the eligibility proportion will be for residents in my constituency, based on his experience of the test. I am sure that if he needs to contact the housing associations in Bedford and Kempston, they would be willing to co-operate with him so that he has a clearer understanding. What conclusions does he draw from the finding that only 30% are eligible, and what measures is he considering to ensure that the proportion increases significantly?

On section 106 agreements, many of which require local authority agreement, has the Minister spoken to Bedford Borough Council to gauge its interest? He probably has not, because it is not involved, but I thought I would just check. Will he commit to doing so?

Having spoken to BPHA, I understand that housing associations have been told that they can establish a “policy” to govern which homes can and cannot be sold through the voluntary right to buy, but the guidelines for such policies are not known at this point. Will the Minister advise me when those guidelines will be published?

Once eligibility for the scheme was determined, expressions of interests were about 26%—one in four—which indicates the level of demand. I assure the Minister that Bedford can meet that demand, but in some instances the option of some aspect of transferability may be permitted or required. I would be interested in any comments he can make about whether that will be permitted and how it will work. In particular, will he comment on whether housing associations will be able to work together to offer transferability for voluntary right to buy rights?

The statistics show that more women than men applied for right to buy: 60% of lead applicants were women. The age range was 45 to 54. The proportion of non-white British people applying was 27%, compared with a non-white British share of the national population that is half that—13%. That may be to do with the areas that were in the pilot, but in my constituency a large proportion of people who moved into housing association accommodation post-1991 are from different parts of Europe and the world—as the Minister knows, Bedford

is a very diverse town. I anticipate that in Bedford there will be a very significant benefit for families from other countries of origin.

The new regional pilot is due, as per the 2016 autumn statement. I understand that it will test some aspects of the voluntary right-to-buy scheme that were not tested in the original pilot—in particular, one-for-one replacement and the issue of portability. I would be grateful if the Minister could advise me when he anticipates the regional pilot will commence, and which area or areas of the country might be included.

I am sure the Minister anticipated this question. Given the positive case for Bedford and the positive attitude of our main housing association, can he confirm that he will consider including Bedford in the regional pilot, or potentially alongside other aspects of the roll-out from the initial five areas?

It is important to communicate the fact that the voluntary right-to-buy scheme is about replacing affordable homes for rent. It is not about taking homes out of the social rented sector but about creating new homes in the social rented sector. That is an extremely important part of what we will be looking for from the Government in the next stage of the roll-out. I will be grateful if the Minister can comment on that.

Today, the Chancellor announced his Budget. I say to the Minister and the Treasury that this is a vital initiative. It was a clear manifesto commitment, and I very much hope that the Treasury will look positively on it in the next couple of years as a means not only of extending home ownership but of contributing significantly to the availability of houses for people to rent.

4.15 pm

The Minister for Housing and Planning (Gavin Barwell): It is a pleasure to serve under your chairmanship for the first time, Mr Owen. I congratulate my hon. Friend the Member for Bedford (Richard Fuller) on securing this debate and on the passion he has shown for this Government commitment, which is one of a number of policies that will ensure that ordinary working people who are doing their best and working hard have the opportunity to own their own home.

My hon. Friend started his speech by quoting statistics showing the change in housing tenure patterns across England and Wales, and he reflected on the slight difference in the trend in his constituency. This issue is raised with me regularly as housing Minister. Looking over a longer period, home ownership in this country increased from about the end of the first world war, and then dipped from 2003-04. That is when home ownership in England reached its peak, and it has declined since then. The last year for which we have data is the first year in which that decline halted. I cannot yet say to my hon. Friend that we have reversed the decline, but unlike the previous Government we are concerned about it. We want to ensure that people who work hard and aspire to own their own home have the chance to do so, and we have introduced a number of schemes to address that. They have been successful in arresting the decline, but we still have to reverse it and help more people to fulfil their dream of owning their own property.

Before I answer my hon. Friend's questions, I want to say a few words about those schemes, because the White Paper that we published recently is germane to this

discussion. Government policy since 2010 has focused on the demand side. In other words, we have looked at policies that can help specific groups of people who are struggling to get on to the ladder to make that leap, get on to the bottom rung and hopefully climb up.

My hon. Friend referred to the Help to Buy scheme, which has been extremely successful. It has a number of different components. Initially, there was a mortgage guarantee scheme. People could not secure low-deposit mortgages, so the Government filled a gap in the market. The market has now responded, so that scheme closed at the end of 2016. We are continuing the equity loan scheme, from which many people are benefiting. We also have the help to buy ISA, which helps first-time buyers save for a deposit on their home, and the shared ownership scheme, which is increasingly popular. An increasing number of housing associations are bidding for Government funding to build homes on a shared ownership basis. Shared ownership is particularly useful for those who are struggling to save for a deposit, because it allows them to get a partial share in a home with a very small deposit.

We are also in the process of introducing starter homes—another commitment in the manifesto on which my hon. Friend and I fought the last election. They will be available solely to first-time buyers under the age of 40, and will be sold at a 20% discount to the market price. They will help many more people get into ownership. We are also developing new rent-to-buy products, which allow people go into a sub-market rented home and give them a period in which they can save for a deposit to buy the home.

My hon. Friend is right to say, however, that the reinvigoration of the right to buy for council tenants and the introduction of the voluntary right to buy for housing association tenants are a key part of our strategy. They are a way to ensure that people in social housing have an opportunity to buy the home they are living in. I share his passion for seeing the schemes rolled out.

The White Paper also makes a wider argument that it is important to put on the record. In the long term, if we want to ensure that more and more people in this country who are doing the right thing and working hard have a chance to own their own home, the answer is on the supply side. It is about building enough homes so that housing does not become increasingly unaffordable. That is something that, with respect, Governments of both colours have failed to do over the past 30 or 40 years. The median house price in this country is now eight times median earnings. It is therefore no wonder that, without such schemes, people find it difficult to access the market.

We are trying to solve the problem from two directions: first, to get more house building in this country, so that over time we make housing more affordable; and, secondly, to continue with specific programmes to help groups of people who cannot get on the ladder in the current market to do so. The voluntary right to buy is a key element of that, because it will give housing association tenants the opportunity to purchase a home with a discount equivalent to that which exists for council tenants under the statutory right to buy. I take the opportunity to thank the National Housing Federation, which was crucial in reaching the voluntary agreement. I was pleased to learn that BPHA, the dominant provider in my hon. Friend's constituency, is such a strong supporter.

[Gavin Barwell]

My hon. Friend was right to quote from our manifesto. The fundamental rationale for why the Government have secured the agreement is that it is unfair for tenants of housing associations to miss out on an opportunity that tenants of local authorities enjoy.

It is worth taking time to explain why the agreement is voluntary. The Government's belief is that housing associations are private sector organisations. It would therefore not have been right to legislate to force them to have a right to buy. We wished to proceed through a voluntary agreement between the Government and the housing association sector. As I said, I am grateful to the NHF for its support.

One of my hon. Friend's questions was, when we say "voluntary", how do people volunteer? The threshold we set the NHF was that we wanted the overwhelming majority of housing association homes to be governed by any agreement. Nationally, 93% of housing association homes are managed by associations that have signed up to the voluntary agreement. I hope that reassures him about the comprehensiveness of the cover as far as housing associations are concerned. I will come on to his point on individual properties and whether they are eligible.

My hon. Friend made another point in his speech that I want to stress powerfully. The right to buy remains controversial party politically in this House and around the country, and he put his finger on the key element of our policy: it is not only about helping people who live in housing association accommodation to have the opportunity to buy the home they live in; it is also a pro-supply policy, because it guarantees that the housing association will provide an additional home with some of the income from the sale of a property. I have said consistently about the right to buy, whether the local authority one or the voluntary housing association one, that in order to make it politically saleable as a policy it is vital that we not only help families to own their own home, but provide replacement accommodation for those in need of rented accommodation. That is a key part of the policy.

My hon. Friend referred to the initial five pilots. I thank London and Quadrant, which piloted the scheme in London, Riverside in the north-east, Saffron in South Norfolk, Sovereign in Oxfordshire, and Thames Valley—we can guess from the name where it covers. Their work has been important in developing the policy and in seeing how it works.

My hon. Friend also referred to the research done by Sheffield Hallam University, which was incredibly useful. Given the shortage of time, I will not run over his points again, but I want to highlight one important finding of that research: the voluntary right to buy is providing the opportunity for home ownership to many tenants who would not otherwise have been able to own their own home. The scheme is helping people who would have had no other means of getting on to the ownership ladder. He made a very powerful point about the large number of women buying homes, and how if the policy were employed in constituencies like his and mine, it would help many people from black and minority ethnic communities to get on the ownership ladder. That is something of which we should be very proud.

As my hon. Friend said, in the autumn statement 2016 my right hon. Friend the Chancellor of the Exchequer announced that the next stage in implementing our manifesto commitment will be a large regional pilot, which we anticipate will allow about 3,000 families to buy their own home. It is important to carry out such pilots to ensure that we get the policy right, because it is much more complicated than the statutory right to buy. It is a voluntary arrangement with many complications, some of which my hon. Friend the Member for Bedford mentioned, so piloting is extremely important. The regional pilot will therefore not only be bigger in scale but allow us to test some of the key features of the policy. He identified the two key ones: portability and one-for-one replacement. The smaller pilots did not cover those two crucial aspects of the policy.

Portability is really the answer to the other key question that my hon. Friend put to me, which was about how many properties would be eligible. It is difficult to answer that question now, but I will say two things. First, housing associations will choose not to sell some properties. An example might be properties in highly rural parts of the country, where the association judges that the chance of finding a site in the area to build a replacement would be very slim. Instead, an association might offer the family a chance to buy a home somewhere locally on the open market, rather than the one in which they live. Another example, with which I am sure he sympathises, would be that of a home with significant sums of money spent on it in adaptations for a disabled person. An association might want to keep that property in its stock and, again, would allow the family living there to buy somewhere else. Portability is important.

Secondly, my hon. Friend also touched on what the initial pilots have suggested about problems with properties not being able to be sold because of certain restrictions placed on them—he talked about section 106 agreements. I hope to make some progress on that through local authorities respecting the agreement that the Government have reached with the housing associations and allowing people who are ultimately their residents and have the dream of owning their own home to do so, in particular because the councils can be confident that replacement homes will be provided for rent. That is something that I will keep a very close eye on and he was right to make that point.

My hon. Friend's final question was about timing—of the announcement about the regional pilots and of the national roll-out. The Government are working with the National Housing Federation to identify the most effective location or locations for the regional pilots. I hope to announce a decision on that shortly. I cannot prejudge the decision, but he made a powerful case, not only through his passion for the policy and his desire to see it rolled out for his constituents, but in terms of the particular make-up of the community he has the privilege of representing and the enthusiasm of his local housing association to be a part of the scheme. He has spoken to the Secretary of State, but I will report his enthusiasm. We will let him know as soon as we have a decision. I was lucky that, under the L&Q pilot, the first home in the country to be sold was in Croydon, so I have seen the benefit of the pilots in my constituency and I can understand his enthusiasm.

I cannot, however, give my hon. Friend the timing of the national roll-out. I understand the frustration out there, and I am contacted regularly by housing association

tenants who are desperate to see the Government get on with implementing our commitment, which we intend to honour. We first need to learn from the regional pilot, but there is a real determination to get on with this, because—like my hon. Friend—the Government believe strongly that people who work hard and do the right thing should have the opportunity to own their own home.

Richard Fuller: I appreciate the Minister passing on my enthusiasm to the Secretary of State for Communities and Local Government. Will he also pass it on to Treasury officials? It is important to ensure that support from the Treasury is in place.

Gavin Barwell: I will happily do that. I should thank the Chancellor for the funding he has given us for the regional pilots. My hon. Friend is quite right: with the Office for National Statistics classifying housing associations in the public sector, there is an additional cost beyond the money we will raise through higher value asset receipts. I thank him for his question, and I will certainly pass that on.

Question put and agreed to.

Broadband

4.30 pm

Matt Warman (Boston and Skegness) (Con): I beg to move,

That this House has considered broadband speeds and advertising.

This House has considered broadband many times before and will, I am sure, do so again. It is only fair for me to begin by saying that this Government, like the previous coalition Government, have made real efforts to roll out broadband across the country. With their track record, they genuinely lead the class in Europe, and we should all welcome the additional money in today's Budget for yet more broadband. But this debate is not about the provision of broadband itself; it is about a rather simpler fact—the price that people pay for the speed they think they are buying when they sign up to a service.

I shall draw a brief analogy. If you went to a supermarket to buy a bunch of organic grapes, Mr Owen, and you paid for those organic grapes at the checkout but found out afterwards that, in fact, you had only a tenth of the grapes that you thought you had bought and they were not actually organic, you might be rather grumpy. That is analogous to the situation with broadband advertising.

Sir Greg Knight (East Yorkshire) (Con): I congratulate my hon. Friend on obtaining this debate. Is it not the case that, in effect, those who advertise in that way obtain by false pretences? They use statistics selectively and in a misleading way to obtain business.

Matt Warman: Elsewhere, I have called that practice a fraud on the consumer, and I agree with my right hon. Friend that current practices are simply not fair, reasonable or easily understandable to consumers. Presumably, hon. Members are here because they know that, according to the regulations, just 10% of people who sign up for a service have to receive the advertised speed, so 90% of people do not receive that speed.

John Howell (Henley) (Con): I, too, congratulate my hon. Friend on securing the debate. Is this debate not also about the need to educate people about their broadband service? It is no use saying that it will be 20% or 30% faster; we need to be specific and ask for specific things to be detailed.

Matt Warman: I agree, and I will come on to what those things might be. I think we can all agree that is a pretty well attended Westminster Hall debate. That is because we all agree that things are not working. That is a good place to start.

Neil Parish (Tiverton and Honiton) (Con): I thank my hon. Friend for securing the debate. In many places where broadband is delivered, people ring up BT or another provider, which says, "You will get x speed," but when they actually get the service in their home, they find that it is a lot slower. That is one issue. There is also a general issue of areas getting broadband but not enough people signing up for it. The problem is a combination of all those things. I think that if people actually got what they thought they were going to get, they would sign up.

Matt Warman: I agree. There is a genuine issue with consumer confidence in headline speeds actually being delivered.

Julian Knight (Solihull) (Con): Will my hon. Friend give way?

Matt Warman: I would love to.

Julian Knight: My hon. Friend is being most generous in allowing so many interventions. He mentioned that only 10% of people get the broadband speed they want. Will he reflect on the fact that, if that happened in any other sphere of consumer interaction—financial services, for example—there would be major investigations and fines?

Matt Warman: I agree. That is why you would be so angry about the bunch of grapes that I imagined you buying, Mr Owen. We need new guidelines from the Advertising Standards Authority. To be fair to the Government, they are keen on such new guidelines emerging, but we should bear in mind that someone, at some point, thought that 10% of people being able to get the advertised speed was a perfectly decent guideline. We need to move on from that mentality.

Fiona Mactaggart (Slough) (Lab): Will the hon. Gentleman give way?

Matt Warman: It is only fair that I do.

Fiona Mactaggart: I am grateful. One of my constituents, who does not receive the advertised broadband speed, consulted a telephone engineer, who said that the cable that carries the signal is incapable of carrying the advertised speed. That cable is provided by BT, which knows that it is not capable of carrying the advertised speed. Surely that is fraud.

Matt Warman: I agree. That is the second of the two issues that I hope to be able to raise. The first is that I think we can all agree that 10% is not enough, and we should have different rules for the number of people who are able to receive a certain speed. We should also be clear about whether the technology is able to deliver what people are sold. I would like there to be a more accurate way of describing the number of people who are able to receive a service and much tighter and more accurate descriptions of the kind of technology that is used to deliver that service. That comes back to the right hon. Lady's point.

Julian Sturdy (York Outer) (Con): My hon. Friend is making a powerful argument. On that point, is it not the case that a community may get fibre to the cabinet, but speed is lost when the signal goes on to copper, so there can be different speeds right across a rural community?

Fiona Mactaggart: Or an urban one.

Julian Sturdy: Houses in such communities get completely different speeds right across the board. Is that not an issue that we must tackle?

Matt Warman: Exactly. The right hon. Member for Slough (Fiona Mactaggart) is right to mention that this is not just a rural issue but an urban one too.

Michael Tomlinson (Mid Dorset and North Poole) (Con): My hon. Friend is being generous; he has given way to 100% of the official Opposition's Back Benchers who are here and nearly 100% of the Government Back

Benchers. This is not just a rural and urban issue; it affects semi-rural areas, too. Will he reflect on the fact that in individual postcodes, speeds differ vastly from those that are advertised, possibly because of different exchanges?

Matt Warman: Absolutely. We need to end up in a position where at least half the people to whom a service is advertised—the distribution of advertising, particularly postal advertising, is often based on postcodes—should be able to receive the service that they are invited to pay for.

Rebecca Pow (Taunton Deane) (Con): Will my hon. Friend give way?

Matt Warman: I should have said no at the beginning, but since I have been so consistent, I shall give way.

Rebecca Pow: I thank my hon. Friend—I am trying to make it up to 100% on the Government Benches. Does he agree that this whole thing is a minefield? We have just had more money for connecting Devon and Somerset. We all thought that everything would be fine and everyone would get the right broadband speed, but a minefield of confusion has transpired. Should not we have much clearer labelling, adverts—everything, really?

Matt Warman: Yes. As I understand it, we could have a separate debate about the broadband roll-out in Devon and Somerset, so let us park that.

We need to end up in a situation where at least half of the people who are offered a service can receive it. On the one hand, that would be a fivefold increase on what is currently offered; on the other, the half of people who, by implication, could not receive that service would still be let down. So a starting point for the ASA to consider would be not only that 50% of people can receive the advertised speed but that a certain amount either side of the average can also receive within a certain percentage of that speed. Let us say that 50% receive the advertised speed and 20% either side can receive within 10% of that. That way, customers would basically know what they were getting.

That would be a revolution compared with the shambles we have at the moment. It would restore consumers' confidence that the service they were paying for was what they were getting. I hope it would also encourage some businesses to adopt the good practice that, to be fair, BT has adopted of trying to provide each individual customer at the point of signing up with a personalised suggestion of what their speed will be. We should not pretend that the industry has not tried to make progress, but we should certainly acknowledge that the ASA guidelines do not compel it to do so, and that is a position that we would like all to get to.

Jim Shannon (Strangford) (DUP): The hon. Gentleman has outlined clearly the difficulties for domestic properties. In my constituency, a large number of people who have become self-employed and work from home were misled by advertising that they would get broadband at the speed they needed—the fact of the matter is that they do not. Does he agree—perhaps the Minister will respond to this—that there is a need for people who were misled by advertising and have not had delivery of what they need to get compensation?

Matt Warman: The hon. Gentleman pre-empts my next sentence. Business or consumer, if a person does not fall within the prescribed bounds of the new guidelines, which I hope will be much more stringent, they should be entitled to get out of the contract immediately, whatever terms they signed up to. Getting into the realms of compensation would probably open up a can of worms and not solve the issue for that consumer or business, but people should certainly be able to escape immediately and try to find another solution.

The second part of the discussion is to say that where a service is advertised as fibre, it should be entirely a fibre service. If a service is compromised by the use of copper as it enters a person's premises, at the very least they should know that when they sign up to that service. If they do not, my fear is that we will encourage the continuation of a network that is not a full-fibre network across the country. That is what our constituents would all like to see, and it is what we and they all know is essential to planning for a new world, whether it is the internet of things or simply keeping up with our cousins abroad who are rolling broadband out even faster than we are.

Victoria Atkins (Louth and Horncastle) (Con): I am extremely grateful to my hon. Friend and neighbour for giving way. May I say that I am delighted to see so many Lincolnshire MPs in the debate?

Sir Greg Knight: And Yorkshire.

Victoria Atkins: And other counties—sorry. As my hon. Friend the Member for Boston and Skegness (Matt Warman) knows, I held a broadband summit in my constituency, and many constituents in rural areas made the point that they get so far and then the copper lets them down. Is it not critical that advertising for services is straight with the consumer and tells it like it is?

Matt Warman: Exactly. A fibre service should be fibre from beginning to end. If it is not, providers should not be ashamed of telling the consumer that it is not. At the moment, part of the fraud being perpetrated on consumers is that not only can just one in 10 sometimes get the service they are paying for, but many of them are signing up for a service that is simply not in the ground full stop. Those are two simple issues that I hope the Advertising Standards Authority, in a process that it has already begun, will be able to resolve relatively swiftly.

There are not many things on which we come to the House asking for simple and attainable solutions that do not cost anyone any money. However, I would submit—not only to you, Mr Owen, but even to the Minister—that we could solve this problem relatively quickly if the ASA is listening, which I hope it is. My two requests are simple. They are that at least half of all consumers should be able to receive the service they are paying for, with 20% either side being able to receive within a certain range of that service, and that a service that is fibre should be fibre from beginning to end.

Fiona Mactaggart: May I suggest that the hon. Gentleman's ambition is too low? I cannot think of anywhere else I buy something and am guaranteed to get only 50% of what I buy—I expect 100%. It seems to me that, from the beginning of the contract, we have

been satisfied with less than 100%, and the consequences are that not just rural areas but urban areas such as Slough—big business areas—are not being treated properly.

Matt Warman: I am surprised that it has taken 15 minutes for someone to raise that point, but perhaps I should not have taken so many interventions. I agree with the right hon. Lady that the accusation could be made that I am not being ambitious enough. The fact remains that a large number of our constituents will be signing up to part-fibre services. The only practical way to have large-scale advertising of those services is to stick with an “up to” model, and 50% with a range either side is a heck of a lot more stringent than we have had thus far, but it is attainable. I would like the ASA to come back and say, “Actually, we could be tougher, and we think that is perfectly reasonable,” but I suspect the pressure is on it to stay closer to 10% than 50%. I therefore accept the principle of her point, but given that an awful lot of people will still require copper connections in the near future at the very least, we are lumbered with a situation where we have to try to make a nod towards the problems they will face.

I accept that there is a sort of third way of saying, “If you have a full-fibre connection, you can demand that it is within 90% of the advertised speed,” or something like that. It is important that we preserve the sense of such advertising, which can be clear and relatively straightforward. I think it might be too complicated to say, “If you are on a full-fibre connection you are guaranteed to get within 90%, if you are on a part-fibre connection you are guaranteed to get within 50%, and if you are on a satellite connection, it will be a rather different ball game altogether.” We have to be pragmatic when we seek to influence the deliberations of the ASA, but, as I said, the Government and many Members are on the same page in seeking to get the guidelines amended. We all acknowledge that the way broadband is currently advertised to consumers is fundamentally broken. If we do not fix it, we risk compromising consumer faith in the service offered. More fundamentally, if we do not force advertisers to be open about when their services are full-fibre, as our constituents deserve, we risk not just bad advertising but the roll-out of broadband in the country being further delayed and even less perfect than it already is.

This debate is not purely about advertising. If we get the rules on advertising right, that will foster the improved roll-out of broadband across the country and greater take-up of services already available to consumers, and that enhanced take-up will result in further money going back into the system and further roll-out of the broadband service. I hope that we can all support my relatively modest—perhaps too modest—proposals, that the Government can support them and that, further, the ASA will listen to them. With that, I will hand over to all my colleagues who have intervened already.

Several hon. Members *rose*—

Albert Owen (in the Chair): Before calling Patricia Gibson to speak, I remind hon. Members that I will call the Scottish National party Front-Bench spokesperson at 5.10 pm. The SNP and Labour spokespeople will have five minutes and the Minister will have 10, of which he may want to give some time for a brief conclusion from the sponsor of the debate.

4.49 pm

Patricia Gibson (North Ayrshire and Arran) (SNP): I thank the hon. Member for Boston and Skegness (Matt Warman) for bringing the debate to the House. Another day, another debate on broadband—the subject never gets old. Even though we seem to debate broadband every day, it still pulls a big crowd. Our postbags are bulging with quite justifiable complaints about broadband; every Member here will be well versed in their constituents' problems with broadband.

As we have heard, the issue for consumers is that when they purchase a broadband service, they deserve transparent, accurate information on their broadband speeds. I am sure that is why so many of us welcome the review of how broadband speed is advertised and why there really needs to be a change in the advertising guidance. Most broadband packages are advertised with their headline speeds—for example, 20 Mbps—but as many constituents tell us, it is unlikely that a customer will be able to receive that headline speed all of the time, and some customers will not receive it any of the time. That may be because of where that customer lives, electrical interference or the demand on the network at peak times.

There is a problem with how headline broadband speeds are advertised and presented to consumers. The broadband speed claims advertising guidance explains that headline speed claims are permitted to be advertised if they are achievable by at least 10% of the relevant customer base where the qualification “up to” is used when presenting the headline broadband speed. That is not good enough. Hon. Members have asked today what other consumer group for another product would be happy with that level of service and advertising.

In November, the Advertising Standards Authority published independent research into consumers' understanding of broadband speed claims made in advertisements and found—not surprisingly—that speed is an important factor for a significant proportion of consumers when deciding between providers. While levels of knowledge and understanding of broadband speeds vary, overall knowledge, as hon. Members probably expect, is quite low, with many consumers not knowing what speed they require to carry out daily online tasks. As hon. Members may also expect, most consumers believe that they are likely to receive a speed at or close to the headline speed claim, when in most cases that is not likely.

What does that tell us? It tells us that, in the interests of transparency and accuracy, there simply has to be a change in the way broadband speed claims are advertised to ensure that consumers are not misled, as they clearly are currently. The Advertising Standards Authority has now called for that, and the Committee of Advertising Practice has announced it will review its guidance to advertisers and is expected to report publicly soon. Further to that, Ofcom has asked internet service providers to sign up to a voluntary code of practice for residential broadband speeds that would require internet service providers to provide consumers with clear, accurate information on broadband speeds, including the maximum speeds they can achieve, the estimated speed on their line and factors that may slow down the speed, with a route of redress when speed performance is poor.

Michael Tomlinson: The hon. Lady is making a powerful speech. She mentioned speeds of 100 Mbps; in parts of

my constituency, speeds of between 1 and 2 Mbps are not unusual. Will she join the call from my hon. Friend the Member for Boston and Skegness (Matt Warman) for accuracy in advertising about 100% fibre—not just the part-fibre, part-copper solution?

Patricia Gibson: I will absolutely join him in that. The important thing we all agree on is that consumers need to be given all of the information. As somebody said, it does not matter how bad that information might be; if customers are not given all of it, how on earth are they supposed to make an informed choice about their service provider?

I will finish by pointing out that many consumers are bamboozled by the technicalities of broadband speeds, but every consumer wants and deserves the clearest, most accurate and transparent information and experience possible from internet providers. That is expected—indeed, it is not even debated—in other areas in the marketplace, so why should it not apply to internet service providers? Only then can consumers freely and knowingly enter into a contract with an internet service provider and understand what expectations they should have.

4.54 pm

Scott Mann (North Cornwall) (Con): It is a pleasure to serve under your chairmanship, Mr Owen. I thank my hon. Friend the Member for Boston and Skegness (Matt Warman) for bringing this important debate on broadband speeds to the House.

Broadband speeds and broadband in general are probably the biggest issue we deal with in my constituency office in North Cornwall. Broadband is increasingly becoming a necessity, and I am pleased with the Government's announcements around new builds and some of the changes to building regulations that will help many of my constituents to get speeds of 10 Mbps by 2020. That will go down well in some of the villages in my constituency. Cornwall is one of the most superfast-connected areas in Europe, with around 95% of people having access to it, but that does not help the 5% of people who do not have access. I assure hon. Members that they write to me regularly.

A number of villages—Treven near Launceston, Stoke Climsland, Blisland, Tintagel, St Minver—currently receive an inadequate service. Either there is no service at all, or there is a copper-fibre solution that really does not work for them. There are many households that do not have access to a decent broadband speed, and the fibre-to-the-cabinet but copper-to-the-door solution is not beneficial to anyone. I am pleased that Ofcom is looking at how to check speeds on the doorstep, rather than from the cabinet. That will mean customers have much better access to the speed that they have been offered.

My office is compiling a “notspot” map for North Cornwall to plot constituents with poor broadband access and who want access to superfast—or to any connection at all that is faster than they currently have. Unfortunately, many people have been turned down for superfast because they are deemed to be in an area that is not viable. We have a local solution: Cornwall Broadband is filling in the gaps and maintaining speeds where superfast is not being provided by the current provider. Our notspot map is proving to be very useful, because

we can plot whole communities and areas that do not have access to superfast—even for some of our small villages and hamlets.

Everyone now relies on broadband as they go about their day-to-day lives. Small businesses in the countryside and some of our farmers who submit returns online have to have access to that information. It is not an effective use of an architect's time to wait for six hours to download his plans, and the productivity of some of our rural businesses is affected. Reaching a target of 99% superfast connectivity is therefore very important to rural communities.

More generally, we need access to mobile connectivity across Devon and Cornwall. I am pleased to see some of the changes to the electronics code in the Digital Economy Bill that will provide better access to sites and masts. Hon. Members present, including my hon. Friends the Members for Taunton Deane (Rebecca Pow) and for Tiverton and Honiton (Neil Parish), will know that there are problems with accessing broadband on trains to the south-west. It is frustrating when trying to work through a journey and be productive and broadband is not available.

I am pleased with the Government's announcement on 10 Mbps. We need greater transparency on upload and download speeds, and we need Ofcom to ensure that connections can be checked on the doorstep so that people get exactly what they have paid for and what is on the tin. I welcome what the Government have done so far and I look forward to further announcements.

4.58 pm

Fiona Mactaggart (Slough) (Lab): I will expand on the point I made in a rather noisy intervention earlier: this is not just a rural issue. Slough is the third most productive town in the country. We have the largest trading estate in Europe in single ownership and we make more profit per resident than almost anywhere else, but our businesses on Slough trading estate cannot get the broadband speeds that they require. I have a letter here from one of them, who says

“our only option is to install a ‘lease line’. This is basically a fibre optic broadband line which is installed directly to our building for a monthly cost of circa 10x that of a standard fibre...should the issue continue to impact on our growth—”

the company—

“would have no hesitation in re-locating us away”

from Slough. That is the situation.

I am very glad that the hon. Member for Boston and Skegness (Matt Warman) raised the advertising issue, because many people are being conned, but I want us not to add to the confusion by implying that this is only an issue in rural areas. It is horrifying that in such an important industrial centre as Slough, our businesses cannot get the speeds that they need in order to compete.

5 pm

Julian Knight (Solihull) (Con): It is a great pleasure to serve under your chairmanship, Mr Owen. I wish to add to the cacophony of congratulations for my hon. Friend the Member for Boston and Skegness (Matt Warman) on securing this important debate. In many respects, my speech will mirror that of the right hon. Member for Slough (Fiona Mactaggart).

According to the latest figures we have, Solihull enjoyed an economic growth rate of 7.2% in 2015, which is akin to the growth seen in China. It is a go-ahead town. It has many of the modern industries and a trade surplus with the EU. It is a centre of the country and is leading with the combined authority. However, we are hobbled and hamstrung by poor broadband provision and misleading advertising. My constituents have had enough, to such an extent that there is a petition with many hundreds of names on it calling for better broadband provision and honest advertising.

The figure of 10% of customers achieving the advertised speeds is absolute nonsense. A point that other hon. Members have made and I will repeat is that fibre should refer only to actual fibre broadband, not to part-fibre, part-copper or aluminium solutions. I hope the Advertising Standards Authority understands that fundamental point and that that message rings loud and clear today.

Among the cases I have come across in my constituency are businesses telling me that, despite the fact they have a superfast cabinet right outside their building, they are still suffering slow broadband speeds because the cabinet is routed to many miles away.

Some constituents tell me they have given up. We try to have a flexible labour market and a flexible economy. They have heard that and so have stayed at home to look after others and have what we call a portfolio career and lifestyle, yet they are finding when they turn on their computer that they cannot perform the tasks they need to in order to put bread on the table and make that commitment work. That is a great let-down.

I have heard a litany of complaints from a brand-new estate in my constituency, the Berry Maud estate, about its broadband connection. Young professionals cannot work from home because they cannot connect to the internet and therefore cannot stream videos. We ask children now to have iPads and use the internet for their vital schoolwork; they are at a disadvantage because they are so poorly served by their broadband. We need to consider that.

I know that other hon. Members want to speak, so I will finish. It is time for honesty, openness and transparency. It is time we looked at a nationwide solution. I understand the particular concerns about rural broadband, which my hon. Friend the Member for North Cornwall (Scott Mann) spoke about, but as the right hon. Member for Slough said, this is a nationwide problem. It is hampering our economy and hurting people's lives.

5.4 pm

Dr Caroline Johnson (Sleaford and North Hykeham) (Con): I thank my hon. Friend the Member for Boston and Skegness (Matt Warman) for bringing this subject to the House for discussion.

The importance of having access to reliable and fast broadband should not be underestimated. It increases every day, as more and more of our lives and work rely on access to the internet. As such, empowering consumers and businesses with greater knowledge about the services being offered to them so that they can make better informed choices about which provider suits their needs best is vital.

While I accept the point made by the right hon. Member for Slough (Fiona Mactaggart) about this being a national issue, it is particularly prevalent in

[Dr Caroline Johnson]

rural areas, such as my constituency. I will take this opportunity to talk about the importance of broadband to rural areas and lend my voice to the call for greater transparency in advertising regarding broadband speeds. Access to broadband is vital to both individuals and businesses in rural areas, yet they are all too often receiving an inadequate service.

Before Christmas, I campaigned for election on a platform of increasing broadband access to 100% in Sleaford and North Hykeham from the current level of 89%. Access to broadband is not a luxury but a necessity. I have had productive conversations with the Minister for Digital and Culture and am confident that that aim will be realised, but it is not enough to have connectivity. Consumers must also have a suitably fast broadband speed and clear information about which providers can achieve that.

As my hon. Friend the Member for North Cornwall (Scott Mann) said, areas of low population density need access to broadband more, to order grocery shopping and manage bank accounts. A local barrister wrote to me to say he is not able to work from home any more because it takes so long to download his court papers that he cannot get them done in time. As local government goes digital by default, many who lack broadband will take twice as long to complete online tax forms and suchlike, with rural businesses suffering unfair economic losses as a result.

The importance of the internet cannot be overstated, and it is wrong that some people are being left behind, creating a situation of haves and have-nots. It is wrong that people who are excited to at last receive a better broadband connection find they are not getting what they think they have paid for. The key issue is the advertising of not only potential maximum speeds and fibre-optic or fibre-copper combinations but the realistic minimum speed that people are likely to achieve.

There have been important steps forward, such as the Government's plan to build a world-class digital infrastructure as outlined in the UK digital strategy, which is welcome. The Ofcom voluntary code of practice for broadband speeds has been adopted by many of our largest internet service providers, but that code is voluntary and only two thirds of internet service providers used by small and medium-sized enterprises have signed up to it. I hope that the review currently being undertaken by the Committee of Advertising Practice will result in guidelines that create more honesty and transparency, as all hon. Members have said, for consumers and businesses. That is what our constituents need and deserve to keep pace with the digital world.

Albert Owen (in the Chair): We will now begin the Front-Bench speeches. Calum Kerr has an extra minute, as does Ms Haigh.

5.7 pm

Calum Kerr (Berwickshire, Roxburgh and Selkirk) (SNP): Fantastic. Thank you very much, Mr Owen; you are now my favourite Chair.

I thought I was going to have to write to the ASA about the hon. Member for Boston and Skegness (Matt Warman), who was supposed to lead this debate, but only about 10% of the content was him; the other

90% was his colleagues. I am sure he will not be lacking people buying him a beer at the bar. I congratulate him on securing the debate and on having a good evening.

This is a welcome debate, and I am sure the hon. Gentleman is destined for great things. The focus on broadband is appropriate. Today we are homing in on a particular aspect, so this debate has not been the usual venting of frustration about poor broadband speeds. He made some interesting suggestions.

It is important to recognise that in a world where the majority of our broadband is delivered through fibre to the cabinet, broadband speeds will, by definition, vary because of the delivery mechanism. It is hard to nail down a top-line speed that everyone will always receive. Granted, the Minister is leading us on a crusade towards fibre, which we endorse and encourage to happen faster. That will make things simpler, because if everyone is fibre-connected it is much easier to say that people can get a certain level of speed. The hurdle is normally in the last mile. Going forward, with fibre everywhere, the potential bottleneck is in the backhaul, but things will at least become much easier. I thought that the hon. Member for Boston and Skegness gave an excellent introduction, despite his colleagues' "help".

On the point that fibre means fibre, that was actually said in proceedings on the Digital Economy Bill. The Minister, who I am sure will remind us of this, was very pleased with himself, because it came shortly after "Brexit means Brexit". When asked what fibre meant, the Minister said that "fibre means fibre", and we all thought, "Actually, that's pretty good." He should tell the ASA that, because if we look on its website, we find that when challenged on this issue, it has repeatedly said that it is acceptable to call FTTC "fibre broadband".

Ronnie Cowan (Inverclyde) (SNP): The problem is that we have given advertising agencies far too much scope over the years. It is a fact that life does not go better with Coca-Cola and a Mars bar does not help you work, rest and play, and if companies are not giving fibre to the house—that is not the same as giving copper to the house—they should say so. That is what the adverts should be telling us.

Calum Kerr: I completely agree. I saw a bizarre exchange on Twitter, in which a very senior individual in BT, when challenged on its claims about fibre delivery, said, "Well, we deliver fibre broadband by a different route." The reply was, "You mean copper, in other words, so it's not really fibre, is it?" That is something that should be flushed out. The point that the hon. Member for Boston and Skegness made, and others reinforced, was that there needs to be integrity in the offer.

I would like to touch on a couple of aspects of the problem. The issue is not just the speed, but how broadband is packaged. If people go on BT's site or Virgin's site, they will find an "up to" package. Part of the frustration is that those buckets are very large. Whether I get 1 Mbps, 2 Mbps or 10 Mbps, if I have signed up to an up to 17 Mbps package, that really rankles. I am paying the same as someone with 17 times the speed that I have. There is not actually an answer to that. Ofcom will tell us that the market has to deliver more choice, but in rural areas more than urban areas, the market does not function. There are challenges there.

I will make a few other quick points, but by the way, the idea of grapes was genius. That was the sort of thing we used to bring the teacher. I do not know whether that was what the hon. Gentleman was hinting at. He will be turning up with seedless grapes for you next time, Mr Owen.

Compensation, which the Digital Economy Bill empowered being put in place, is a welcome addition. At the moment, Ofcom is minded to make it possible only in a loss of service situation, and I accept that that is a reasonable starting point, but our direction of travel should be to say that broadband is far more than just a headline download speed. It is about download, upload and potentially latency, although not if we go with fibre. We should be able to expect a maximum and an average. The idea of a broadband package doing what it says on the tin should be considered, and ultimately compensation should go far further.

I repeat the congratulations to the hon. Member for Boston and Skegness on bringing this debate forward. We clearly need to improve clarity about what broadband packages involve. I am sure that the Minister is keen to ensure that fibre means fibre and that people get broadband that does what it says on the tin.

5.13 pm

Louise Haigh (Sheffield, Heeley) (Lab): It is a pleasure to serve under your chairmanship, Mr Owen—you have always been my favourite Chair.

As the hon. Member for Boston and Skegness (Matt Warman) outlined excellently, with the Committee of Advertising Practice due to report imminently, this is a good moment for the House to influence the debate about advertising speeds—I am sure the committee will have been taking note of the debate. As all hon. Members who have spoken have outlined, businesses and people in homes up and down this country are sick and tired of being sold broadband only to realise that the advertised speed was only a headline and that, in many cases, consumers will never be likely to receive it.

The Federation of Small Businesses has said that “dissatisfaction with broadband providers appears to be widespread and deeply felt.”

In part, that is a reflection of the fact that for more than 400,000 small businesses, the market has failed to deliver superfast broadband fit for the future. Many people in business parks in places such as Slough have been badly let down, as my right hon. Friend the Member for Slough (Fiona Mactaggart) mentioned. However, it is also because of the utterly absurd existing advertising standards, which allow providers to claim speeds that are achievable by only 10% of the relevant consumer base. That undoubtedly leaves people duped or, as the hon. Member for Boston and Skegness said, perpetrates a fraud on the consumer.

Research by independent testing groups has found that up to three quarters of households are paying for advertised broadband speeds that they have never received. Obviously, that is completely unacceptable. It is incomparable to the situation with similar advertising claims across industries, which reveals just how desperately weak those advertising standards are. The hon. Gentleman mentioned grapes, but if a consumer is sold a burger that is advertised as 80% to 90% meat, the producer is legally bound to ensure that that meat is of the advertised

quality. There is absolutely no leeway. Thanks to the strict regulation that governs that industry, consumers can be confident in what they are buying. That is why the Opposition support the calls from hon. Members for much more stringent guidelines based on what a majority—figures of 50% and 100% have been mentioned—can receive. We need to ensure that advertised broadband speeds are upheld.

That would be a good start, but the upcoming report and recommendations are also an opportunity to insist that broadband providers be honest with their consumers—honest about the technology that connects them, as well as about the speed that they are actually receiving. I therefore hope that consideration is given to another way of measuring speed—measuring the average for each individual user. That would reflect recommendations made by the National Infrastructure Commission on mobile coverage. It raised concerns, which I share, about the need to develop a meaningful set of metrics that represent the coverage that people actually receive.

As we have heard, the FTTC roll-out means that once the connection has made its way along the copper from the cabinet to the home, speeds are highly unlikely to be at superfast level and are much more likely to be in the region of 17 Mbps. Advertising an average speed for each user is clearly far preferable. That would put power back in the hands of the consumer and small businesses and demonstrate to them the reality of the claims made by providers. That in turn might induce a certain amount of consumer activism, with consumers pushing for a much more ambitious roll-out of fibre-to-the-premises and viewing superfast broadband as the bare minimum as they come to recognise that the speeds they receive are simply not fast enough. It would potentially give consumers the tools to encourage the Government and industry to get them up to speed. It might even be the final nail in the coffin for the Government’s plan to deliver only a 10 Mbps universal service obligation. As the other House has now found, that is simply not fit for purpose.

I urge the Government once again to accept a superfast designation. The industry itself is potentially coming round to that. I want to give the Minister time to respond, so I will finish by saying that the recommendations by the Committee of Advertising Practice mark a significant moment, and I hope that the Government will take this opportunity to ensure that consumers can have the confidence they deserve.

5.17 pm

The Minister for Digital and Culture (Matt Hancock): Mr Owen, you are also my favourite Chair. Responding to the debate is a great opportunity, and I am grateful to my hon. Friend the Member for Boston and Skegness (Matt Warman) for securing it. It is an unusual debate, because on the broad principles that have been set out, everyone—across parties and across rural and urban areas; the Government, the Opposition and Back Benchers—is in agreement.

Hon. Members have spoken passionately today. In some cases, they gave precise details of problems with broadband roll-out. We are making progress there, but clearly there is more to do. In fact, thinkbroadband, which measures these things independently, announced today that the figure for superfast broadband availability

[*Matt Hancock*]

is now up to 92.5% of UK premises. We are on track for our target of 95% by the end of this year. That is good news on the roll-out. That is superfast broadband measured at 24 Mbps, which brings us to the meat of the debate—the clarity with which these things are recorded and measured.

I take on board the points about frustration with specific parts of the roll-out, but I will concentrate on the subject of the debate, which is clarity on how these things are measured. We agree that the current rules permit adverts that are likely to mislead, as a headline advertised broadband speed needs to be achievable only by 10% of customers. It is unfortunate that those who advertise broadband currently neglect the famous maxim of David Ogilvy:

“The more informative your advertising, the more persuasive it will be.”

As in any market for broadband, customers need clear, concise and accurate information to make an informed choice. We are therefore including measures in the Digital Economy Bill to strengthen Ofcom’s powers to provide information to consumers, including data on the accuracy of broadband speed predictions. In the digital strategy that we launched last week we said:

“We are working with regulators and industry to ensure that advertising for broadband more accurately reflects the actual speeds consumers can expect to receive, rather than a headline ‘up to’ speed available only to a few, and accurately describes the technology used, using terms like ‘fibre’ only when full fibre solutions are used. There should not be a gap between what is promised by providers and what is experienced by the consumer.”

I stand by that, not least because we launched the strategy last week. I hope that Members will forgive me for the length of that direct quotation, but it is important. I also hope that I can accurately put some advertising in place myself; for those who have not read the digital strategy, it is well worth a full read.

On the mechanics of this, as many Members have said, the broadband speed claims that can be made in adverts are regulated by the independent Advertising Standards Authority. It is a good thing that the Government do not directly regulate advertising. However, I am sure the ASA will want to listen to the strength of feeling that has been expressed unanimously during this debate by Members representing hundreds of thousands of people and many businesses.

Julian Knight: Will the Minister commit to writing to the Advertising Standards Authority to ensure that it follows through on this issue?

Matt Hancock: Yes—I might include a copy of the *Hansard*, although I know that the Advertising Standards Authority will be listening because I spoke to its chief exec yesterday to explain that this debate was going to take place. I explained that it is not only the Government’s view that we need to have more accurate advertising, but a widely held view in Parliament.

To give the ASA credit, it has made serious progress in one area. Last year it changed the rules on prices for landlines and line rental being advertised separately from the price for just the broadband element. Previously, an advert might have had the broadband cost and then said in the small print at the bottom, “You also need line rental of £19.99 a month.” Now it has changed

those rules, so the costs are amalgamated. That has been a success and, in a way, shows what an effective body the ASA is when it insists on accurate advertising.

Calum Kerr: That is a really important point, because we have seen that there is real competition in the line rental part of the sector. It is a bit like the case of low-cost airlines—once the whole price is considered, competitors compete across every part of it. By making that change the ASA has driven far greater competition, and it should be encouraged by that.

Matt Hancock: Yes, it should. Its sister body, the Committee of Advertising Practice, which is responsible for writing the UK advertising codes, is now in the midst of reviewing its guidance on broadband speed claims and is on course to publish the findings of that review this spring—I am sure that it will listen carefully to this debate.

The ASA has made progress this year and is in the middle of consulting on and reviewing the issue of “up to” speeds, but there is an area where it has not yet made any progress: the description of the technology. In my view, and having talked to many people about broadband, some people look at numbers when making a decision and some look at descriptions. It is natural that we look at different things. Describing technology as “fibre” when it is not in fact entirely fibre is misleading. If anything, that view was compounded by a briefing note given to me by BT for this debate, which says that “customers overwhelmingly have no preference for the technology used to provide broadband.”

That may be true, but it does not mean that people want an inaccurate description of the technology. It goes on to say:

“While BT does provide the most FTTP (‘full fibre’) lines across the UK, the average FTTC line is around 93% fibre...The ASA has looked at this situation and agrees that services using almost entirely fibre-based technology can be described as ‘fibre’.”

I very much hope not for long. BT then demonstrates why that is deeply misleading, because the next sentence says:

“A higher proportion of UK premises can access fibre broadband than in any of the other four major European economies (Germany, France, Spain, and Italy).”

That is not true. It is true only if “fibre” is defined as being part fibre and part something else, whether copper or aluminium. If fibre is defined as being fibre—I believe that fibre means fibre—in fact we are not the best of the five major European economies, but the worst. Accuracy would help BT to provide more accurate briefing notes, and its use of the term “fibre” should be updated. I am sure that the ASA will be able to take that forward in due course.

I want to touch on a couple of the other comments that were made. My hon. Friend the Member for Solihull (Julian Knight) and the right hon. Member for Slough (Fiona Mactaggart), in a commendably crisp speech, made points about business connections. If anything, this issue is more important for business customers, because businesses of different sizes may need services of different scales. Whereas a superfast connection is more than most households would need at the moment, if businesses have several people working on data-heavy projects they might need a highly scalable product, and for that, the technology really matters.

I am sure that everyone is delighted that in the Budget this afternoon, the Chancellor announced significant progress on having a full-fibre business voucher. I am delighted that that will now be rolled out. We proposed it first in the autumn statement and consulted on it in the last couple of months. I am delighted that it was part of the Budget; it will be an important step forward. However, we have had to describe that as “full fibre” to get away from the completely unnecessary ambiguity over the term “fibre”. I am confident that that will change soon.

The second point I want to touch on—again, this was raised by the right hon. Member for Slough—is the appropriate proportion of customers who should be able to get a particular speed. That is technically difficult, especially because speeds vary when more people get on to the network, so it is important to ensure that we get the technical specifications right. I have full confidence that the ASA, in listening to this debate and to customers around the country, and in considering the technical challenges, will come to a reasonable conclusion. I look forward to working with it to get there and to engaging with Members on both sides of the House to make sure that we have a fully functioning, competitive, well-informed and accurate broadband market, and that people no longer feel the frustration of being misled by thinking that they are buying one service when, in fact, they are delivered another.

5.28 pm

Matt Warman: I thank the Minister for that response and echo what he said. We are clearly all on the same side of this argument, and it would be good if the ASA took note of that. I would be surprised if the ASA was not looking at a majority rule of some sort. I am sure we would all agree not only that that is the right thing to do but that implementing an improved standard of advertising cannot come soon enough. As we have discussed, it should ensure that more than 50% of people receive the speed that they pay for and that fibre means fibre.

I thank all Members who have taken part in this debate. Mr Owen, you are, of course, my favourite Chair as well—I look forward to serving under your chairmanship in the next broadband debate.

Question put and agreed to.

Resolved,

That this House has considered broadband speeds and advertising.

5.29 pm

Sitting adjourned.

ORAL ANSWERS

Wednesday 8 March 2017

	<i>Col. No.</i>		<i>Col. No.</i>
PRIME MINISTER	799	WALES—continued	
Engagements.....	799	Infrastructure Investment: North Wales.....	790
Engagements.....	804	International Business.....	794
Midlands Engine.....	803	“Securing Wales’ Future”.....	798
WALES	789	Steel Industry.....	796
Article 50.....	789	Valleys Lines: Electrification.....	797
		Welsh Language.....	792

No proofs can be supplied. Corrections that Members suggest for the Bound Volume should be clearly marked on a copy of the daily Hansard - not telephoned - and *must be received in the Editor's Room, House of Commons,*

**not later than
Wednesday 15 March 2017**

STRICT ADHERENCE TO THIS ARRANGEMENT GREATLY FACILITATES THE
PROMPT PUBLICATION OF BOUND VOLUMES

Members may obtain excerpts of their speeches from the Official Report (within one month from the date of publication), by applying to the Editor of the Official Report, House of Commons.

CONTENTS

Wednesday 8 March 2017

Oral Answers to Questions [Col. 789] [see index inside back page]

Secretary of State for Wales
Prime Minister

Financial Statement [Col. 809]

Statement—(Mr Philip Hammond)

Budget Resolutions [Col. 823]

Debate (First day)
Debate adjourned

Petitions [Col. 910]

Vinovium House [Col. 912]

Debate on motion for Adjournment

Westminster Hall

Apprentices: Financial Support [Col. 297WH]

Pandemrix Vaccine: Compensation [Col. 319WH]

Microbead Ban [Col. 327WH]

Right to Buy: Housing Association Tenants (Bedford) [Col. 350WH]

Broadband [Col. 358WH]

General Debates

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
