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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES
(HANSARD)**

Thursday 9 March 2017

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The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

EXITING THE EUROPEAN UNION

The Secretary of State was asked—

Scottish Devolution

1. **Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): What discussions he has had with the Secretary of State for Scotland on the potential devolution of further powers to the Scottish Parliament as a result of the UK leaving the EU. [909136]

10. **Gavin Newlands** (Paisley and Renfrewshire North) (SNP): What discussions he has had with the Secretary of State for Scotland on the potential devolution of further powers to the Scottish Parliament as a result of the UK leaving the EU. [909146]

15. **Margaret Ferrier** (Rutherglen and Hamilton West) (SNP): What discussions he has had with the Secretary of State for Scotland on the potential devolution of further powers to the Scottish Parliament as a result of the UK leaving the EU. [909151]

The Secretary of State for Exiting the European Union (**Mr David Davis**): I will group this question with questions 11 and 16.

Mr Speaker: Order. I believe that the Secretary of State seeks to group it with questions 10 and 15.

Mr Davis: It is questions 11 and 16 on the old listing, Mr Speaker.

Mr Speaker: It is now questions 10 and 15. That will assist the Secretary of State. We have to keep up with the development of events.

Mr Davis: When you get to my age, Mr Speaker, it is so difficult.

As the Prime Minister said in Glasgow last week, as we bring powers and control back to the United Kingdom we must ensure that they are the right powers, at the right level, so that the UK can operate effectively in the interests of all its citizens, including the people of Scotland. Where powers should best sit will be a matter for further consultation and discussion across the United Kingdom.

Drew Hendry: I remind the Secretary of State that on 27 November, in *The Sunday Times*, the Secretary of State for Scotland stated:

“Whatever the circumstances, no powers will be re-reserved to Westminster.”

In Scotland, we know that such vows are not worth the paper they are printed on. Will the Secretary of State give the House a guarantee that powers currently exercised by the European Union will be devolved to the Scottish Parliament?

Mr Davis: Those are two different questions, if I may say so. It is unfortunate that the right hon. Member for Gordon (Alex Salmond) is not present, because he would have been able to tell his colleagues in the Scottish National party that for many years I have been a strong advocate of devolution. Indeed, I was the first Conservative Member, and probably the only Member outside the SNP, to call for fiscal autonomy for Scotland back in the days of the first devolution Bill. I take this issue very seriously indeed, but there is a distinction between the current exercise of powers over matters such as agriculture, fisheries and the environment by the Scottish Parliament and matters that are dealt with by the United Kingdom Government in the EU on behalf of the whole United Kingdom, with heavy consultation.

Gavin Newlands: Talking of devolved powers, last month the Prime Minister ventured north to tell Scotland just how poor the Scottish NHS is, despite all evidence to the contrary, including information about public satisfaction and A&E waiting times. If the situation is so bad, will the Secretary of State tell us when we will receive our share of the £350 million a week so that we can fix it?

Mr Davis: I have generally exercised a self-denying ordinance about not attacking the domestic policies of the Scottish Government, because I think that those are matters for them to worry about, and their day job should be their main interest. The aim here will be to secure the best outcome for the whole United Kingdom, including Scotland, and for Scotland not to lose in any way.

Margaret Ferrier: Because we are so generous on these Benches, I shall give the Secretary of State another chance to answer the question. Notwithstanding the key principle of the Scotland Act 1998 and what he said that the Prime Minister had said at the Scottish Tory conference on 3 March, will he please assure us categorically that when non-reserved powers are repatriated from Brussels, they will come directly to Scotland?

Mr Davis: I think that the Scottish National party needs a bit more originality in its questions as well.

The simple fact is that no powers that are currently exercised by the Scottish Government will be removed from the Scottish Government. As for other powers coming back from the EU, we will consider—in conjunction with representatives of the Scottish Government, the Welsh Government and the Northern Ireland Executive, when they are back in place—what is best for the United Kingdom and the constituent nations thereof. It is very important for us to have as much devolution as possible, but it is also very important for us not to

damage the United Kingdom single market, which is four times as valuable to the Scots as the EU single market.

Mr Iain Duncan Smith (Chingford and Woodford Green) (Con): I wonder whether, during the discussions and negotiations, my right hon. Friend raises an issue that the Scottish National party is constantly putting on the table, namely a special arrangement for being in the single market. Recently, the Partido Popular in Spain made it absolutely clear—I wonder whether my right hon. Friend has translated this for the Scottish National party and its leader in particular—that its policy, and that of the other parties in Spain, was that there would be no special arrangement for the SNP, and that, should the SNP seek to leave the United Kingdom and rejoin the European Union, it would be vetoed by Spain on both counts.

Mr Davis: My right hon. Friend has made his point as well as ever. I believe that this issue will arise again in a later question on the Order Paper. The simple truth is that it is not solely a technical matter within the United Kingdom; it is also something that we must deliver diplomatically.

Mr Peter Lilley (Hitchin and Harpenden) (Con): Is my right hon. Friend as puzzled as I am that the Scottish nationalists appear to oppose any devolution of powers from Europe back to the United Kingdom and Scotland? It seems that they would rather be governed entirely from Brussels than see some of those powers returned to this place, where they have a great influence, and others returned to Holyrood, where, temporarily, they have a near majority.

Mr Davis: My right hon. Friend points exactly at the incredible inconsistency at the heart of the Scottish National party: it believes that it is fine to be ruled from Brussels, but not to be ruled from anywhere else.

Sir Desmond Swayne (New Forest West) (Con): Given the huge identity of mutual interests that Scotland shares with the rest of the United Kingdom, will not a good deal for the United Kingdom shower all sorts of benefits that can be devolved on Scotland?

Mr Davis: My right hon. Friend highlights an important point: what matters in this negotiation is the outcome, not the mechanism. The Scottish Government have laid a great deal of emphasis on their own preferred policy of separate membership of the single market, but the simple truth is that what we want is a good outcome in terms of access to the single market for everybody in the United Kingdom, and that will achieve exactly the same aim in a different way.

Stephen Gethins (North East Fife) (SNP): In terms of powers for the Scottish Parliament, the people of Scotland were promised a week before the vote that Scotland would decide its own immigration policy in the event of Brexit. Next week we have a crucial vote on EU nationals—we have another opportunity. If this Government will not use their powers to give EU nationals the certainty they require, will they give those powers to the Scottish Parliament?

Mr Davis: Again, we are talking about aims, ends and means. On the Joint Ministerial Committee, the Scottish Government have raised the very important issue of the immigration needs of Scotland. I have relayed their questions to the Home Secretary and I expect that when we come to a UK immigration policy, it will reflect the needs of every part of the United Kingdom.

Stephen Gethins: I look forward to having the Secretary of State's support for his leave campaign's promises on immigration power being given to Scotland. As part of that and on the issue of EU nationals, will he consider the 2012 European Court of Justice judgment in the case of *Zambrano v. Office national de l'emploi*, which gave EU nationals with primary caring responsibilities the right to reside in the member state of which their dependent child or adult is a national?

Mr Davis: I am not familiar with the individual case the hon. Gentleman raises. I will look at it in detail and come back to him, as is my normal approach. I say this, however: the European Court of Justice will not rule over the United Kingdom after the date of Brexit. That does not mean that we will not have a very humane, sensible and straightforward policy with respect to things such as family relationships, which the hon. Gentleman talks about.

Transitional Arrangements

2. **Daniel Zeichner** (Cambridge) (Lab): What recent discussions he has had with Cabinet colleagues on transitional arrangements for the UK leaving the EU. [909137]

17. **Nick Smith** (Blaenau Gwent) (Lab): What recent discussions he has had with Cabinet colleagues on transitional arrangements for the UK leaving the EU. [909153]

The Secretary of State for Exiting the European Union (Mr David Davis): We will want to have reached agreement on our future partnership within two years of the article 50 process. Article 50 is clear—we did not write it—that it should take two years to negotiate the withdrawal, and any deal must take into account the new relationship. We recognise that a cliff edge for business or a threat to stability would be in neither side's interest. A phased process of implementation in which both Britain and the EU institutions and member states prepare for the new relationship is likely to be in our mutual interest, and that will be to everyone's benefit if that is what we agree.

Daniel Zeichner: The tech sector is clear that the UK needs a watertight legal agreement on international data flows from the day we leave the EU; transitional arrangements just will not do. The best route will be an adequacy agreement, as other means are currently under legal challenge. As it took seven years to negotiate an adequacy agreement with Bermuda, what is the Secretary of State doing, with colleagues, to ensure that we avoid a cliff edge on data flows?

Mr Davis: The hon. Gentleman raises a very important point, because that is central not just to IT and database industries, but to every industry now. The difference

with Bermuda is that it was not at a point of identity of data standards when it started its negotiations. We will be at a point of identity at the point of departure, and we will undoubtedly have to agree some regime whereby we maintain equivalence—not identity, but equivalence—thereafter. It is unlikely that we will need transitional arrangements on that; it is much more likely that we will need an ongoing relationship on it.

Nick Smith: Blaenau Gwent has relied on EU structural funding in recent years and, though we are leaving the EU, the need for infrastructure investment remains really high. Infrastructure has a long lead-in, so will the Secretary of State tell me what transitional arrangements will be in place to ensure that Blaenau Gwent gets the best deal to boost its economy after 2020?

Mr Davis: The Treasury made it clear, very rapidly at the beginning of this process, that it would underwrite agreements made with the European Union that carried on beyond the point of Brexit as long as they met value-for-money requirements. The responsibility for making that judgment in the case of the hon. Gentleman's constituency will lie with the Welsh Government, so I do not see that there is a risk there. Beyond 2020, the EU will have its own budget arrangements anyway, and we will be in the same position.

Sir Oliver Letwin (West Dorset) (Con): Will my right hon. Friend guarantee that the very last thing he is going to do is to accept any blandishments from those on the other side of the House, and that he is going to start discussing in detail—in this House or elsewhere—the transitional arrangements with the EU?

Mr Davis: Of course my right hon. Friend is right. This is not about some arrangement to extend the discussions or the negotiations; it is about practical implementation issues that may well turn out to be in the interests of both sides, and it is in those circumstances that we would achieve them.

Mrs Theresa Villiers (Chipping Barnet) (Con): Does my right hon. Friend agree that it will be important to encourage co-operation between the regulators during any transition period for financial services, to ensure that we have an orderly transition to the new arrangements with Europe?

Mr Davis: My right hon. Friend is absolutely right. One of the ongoing streams of work in Whitehall involves arranging to talk to the regulators, and some of those discussions have already happened. The Governor of the Bank of England has commented on the need to maintain stability after Brexit, and that will be an important part of our negotiations.

Hilary Benn (Leeds Central) (Lab): Because of the Government's decision to leave the single market, lots of agreements will cease to have effect the day after we leave. One of those is the agreement that allows British airlines to fly to any airport in the European Union. Given that airlines sell tickets up to 11 months in advance, what assurance can the Secretary of State give to passengers that the tickets they buy before we leave the European Union will still be valid after we leave?

Mr Davis: The right hon. Gentleman is partly right. Many of the arrangements for European routes are partly dependent on the EU, but there are also bilateral and other arrangements. He is exactly right to suggest that we will be setting out to ensure that those forward contracts stand.

Jeremy Lefroy (Stafford) (Con): Further to what the Chair of the Select Committee, the right hon. Member for Leeds Central (Hilary Benn), has just said, will the Secretary of State tell us whether the transitional arrangements will be discussed right from the beginning of the negotiations? Transitional arrangements cannot be left until the last moment; they need to be hard-wired into negotiations from the very beginning.

Mr Davis: They will undoubtedly be part of the early discussions, but the need for transitional arrangements will depend on what the final arrangements will be. If we do not know where we are going to end up, we cannot have a transitional arrangement. Also, our overarching offer of a comprehensive free trade arrangement will remove the need for transition in some areas, although not in the highly regulated ones. The Chairman of the Select Committee was exactly right to suggest that aviation is one of those areas, and it is not the only one. The original questioner, the hon. Member for Cambridge (Daniel Zeichner), mentioned data, which is another area in which regulation will matter. In many cases, however, such arrangements will not be necessary.

Matthew Pennycook (Greenwich and Woolwich) (Lab): Will the Secretary of State tell the House what he sees as the main differences between agreed interim arrangements as part of a phased process of implementing our future relationship with the EU, as sought by the Government, and a negotiated transitional deal?

Mr Davis: The reason that we have specified this in detail was that the term “transitional arrangements” meant several different things to different people. For example, some thought that it would be good to have a departure deal and then to spend years in a transitional arrangement carrying on the negotiations. We have specifically differentiated that from what we are talking about; that is not what we want. We want the decisions to be concluded within two years, but implementation might take longer in a whole series of areas, including customs and financial services regulations.

Common Travel Area: Republic of Ireland

3. **Nigel Mills** (Amber Valley) (Con): What steps he is taking to maintain the Common Travel Area with the Republic of Ireland after the UK leaves the EU. [909138]

6. **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): What steps he is taking to maintain the Common Travel Area with the Republic of Ireland after the UK leaves the EU. [909142]

18. **Robert Neill** (Bromley and Chislehurst) (Con): What steps he is taking to maintain the Common Travel Area with the Republic of Ireland after the UK leaves the EU. [909154]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): One of the core principles guiding our approach to the exit negotiations is to protect our historic ties with Ireland and maintain the common travel area. There is a strong joint commitment from the Irish Government, the Northern Ireland Executive, and the UK Government to deliver a practical solution that allows for the maintenance of the common travel area. I welcome President Juncker's recent statement that the EU does not want hard borders between Northern Ireland and the Republic.

Nigel Mills: I thank the Minister for that answer. Does he believe that the EU recognises the serious impact that trying to force Ireland to reimpose a hard border would have not only on the tens of thousands of people who cross the border every day for work or healthcare or to study, but on the peace process, in which the EU has been heavily involved?

Mr Walker: My hon. Friend is absolutely right, but we have seen some welcome comments from the other side in the negotiations. Following a recent meeting with the Taoiseach, President Juncker said:

"During the Brexit negotiations, the EU and Ireland must look to minimise the impact".

Michel Barnier has also said that the EU must do its utmost to uphold the success of the Good Friday agreement. We remain fully committed to preserving and maintaining the Belfast agreement and its successors, and we will continue to work hard on that with our allies.

Daniel Kawczynski: I welcome the strong commitment to the CTA in the White Paper. Shrewsbury has benefited for many generations from Irish citizens coming to work in our community. Will the Minister give them an assurance that their rights will be protected in UK law, much of which predates our membership of the EU?

Mr Walker: Absolutely. I assure my hon. Friend that we remain committed to preserving the rights of Irish citizens within the UK. Irish citizens have had special status within the UK since well before the establishment of the EU, and that is rooted in the Ireland Act 1949 and reflected in British Nationality Acts. That status provides Irish citizens in the UK with additional rights beyond those associated with common membership of the EU. The family ties and bonds of affection that unite our two countries mean that there will be always be a special relationship between us.

Robert Neill: The Crown dependency of the Isle of Man has strong links with Northern Ireland, the Republic, and the rest of the United Kingdom, and when the Justice Committee met representatives of its Government, their No. 1 ask was to ensure that it remains a part of the common travel area between the three. Will the Minister reassure them and us on that point?

Mr Walker: Absolutely. We greatly value the work of my hon. Friend and his Committee on such issues and look forward to reading the report of his inquiry into the implications of Brexit for the Crown dependencies. The Crown dependencies, including the Isle of Man, have been part of the common travel area for nearly 100 years, and we are committed to preserving that arrangement.

We set out in the White Paper that we will work with the Crown dependencies, as well as with Ireland, on improving the CTA.

Mr Pat McFadden (Wolverhampton South East) (Lab): Do the Government appreciate that the Good Friday agreement was not a single event, signed, sealed and put on a shelf 20 years ago, but a process of normalisation of relations and of free movement of goods, people, and so on? If the Government do realise that, will they ensure that they respond to the real fears in Ireland that Brexit represents a turning back of the clock on the precious new normality that has developed over the last 20 years?

Mr Walker: The right hon. Gentleman is right about the importance of such issues and that the Good Friday agreement was certainly not just a moment in time—we talk about the Belfast agreement and its successors. We recognise the need to work continually on such issues and to work on them jointly with our friends and allies in the Republic and with the Northern Ireland Executive.

Joanna Cherry (Edinburgh South West) (SNP): If the common travel area can continue to operate between the UK and the Republic of Ireland, which is a member of the EU and has its own rules on immigration, why could it not operate between Scotland and the rest of the UK if Scotland stays in the single market when the rest of the UK leaves?

Mr Walker: The common travel area is of benefit to the whole UK, including Scotland. The people of Scotland voted decisively less than two years ago to remain part of the UK, and we should all work together to make this process a success for the United Kingdom.

Jenny Chapman (Darlington) (Lab): It is reassuring to hear the Minister's words on this issue. He will know the level of concern across this House and out there in the country. If he has not read it, I recommend to him the recent House of Lords report, page 63 in particular, which states that we cannot assume that this matter will become part of the article 50 negotiations. If that does not happen, he must act quickly to reassure the people of Ireland and the UK and ensure that it is done either as part of the article 50 negotiations, or that it happens in time, because certainty is needed more than anything in Northern Ireland.

Mr Walker: The hon. Lady is right that we need to do everything we can to provide certainty, and we will take on board the suggestions of the House of Lords report. However, I welcome the statements we have seen from the Commission showing that it is taking a strong interest in this subject.

Alistair Burt (North East Bedfordshire) (Con): When the Brexit Select Committee visited Dublin recently, we were told that a United Kingdom default to World Trade Organisation rules would be catastrophic for the island of Ireland, with the re-imposition of a border. Can the Minister reassure the House that he will continue to resist siren calls to move towards WTO rules, if for no other reason than the effect on Ireland?

Mr Walker: The Government have set out a very clear strategy for establishing a future partnership with the European Union, which is what we should focus on. That partnership includes the concept of frictionless movement across the border.

Jim Shannon (Strangford) (DUP): Will the Minister further outline how the election of the Northern Ireland Assembly has affected firming up the common travel area? How does he intend to take that forward in the interim while waiting for the Assembly to reconvene? Further, what role does he envisage the reconvened Assembly having in that process?

Mr Walker: We are fully committed to ensuring that as we establish our negotiating position, the unique interests of Northern Ireland are protected and advanced. The UK Government have a clear role in providing political stability in Northern Ireland, and the Secretary of State for Northern Ireland is doing everything he can to secure the resumption of devolved government. It is important that everyone engages constructively to reach a positive conclusion as quickly as possible. We are not contemplating anything other than the return of devolved government.

Mark Durkan (Foyle) (SDLP): Would it not help enormously if the UK Government made it clear that they want to make both the common travel area and the Good Friday agreement, and all its strands, explicitly named features of the framework for future relations between the UK and the EU?

Mr Walker: Yes, and I believe that we have and will continue to do so.

Farming Sector

4. **Victoria Atkins (Louth and Horncastle) (Con):** What discussions his Department has had with representatives of the farming sector on the implications for that sector of the UK leaving the EU. [909139]

5. **Antoinette Sandbach (Eddisbury) (Con):** What discussions his Department has had with representatives of the farming sector on the implications for that sector of the UK leaving the EU. [909141]

The Minister of State, Department for Exiting the European Union (Mr David Jones): We are listening and speaking to as many farming organisations and institutions as possible as we develop our negotiating position. I have met a range of representatives of the agricultural sector, including all the UK farming unions, and have attended the stakeholder roundtables of the Department for Environment, Food and Rural Affairs, one of which focused on farming and horticulture.

Victoria Atkins: Louth and Horncastle boasts highly productive farms that produce excellent food. Will my right hon. Friend reassure our farmers that encouraging British food production and maintaining high-quality standards will be uppermost in his mind during the exit process?

Mr Jones: The British farming industry is noted throughout the world for the quality of its produce. Outside the European Union, we have an unprecedented

opportunity to redesign our policies to make them work for us and to ensure that our agriculture industry is competitive, productive and profitable, and also that our environment continues to improve.

Antoinette Sandbach: Farmers in Eddisbury apply the highest standards of welfare to their livestock and the produce deriving from that livestock. What safeguards will be put in place to ensure that produce that does not meet those high standards does not affect the competitiveness of our farmers?

Mr Jones: Again, my hon. Friend makes an important point because animal welfare and traceability are important elements of British agricultural production. We are committed to high animal welfare standards and will continue to push for those standards to be maintained in international trade arrangements.

Mary Creagh (Wakefield) (Lab): British farmers face a triple threat from the vote to leave the European Union: the loss of the common agricultural policy subsidy; cheap imports from countries with lower animal welfare and traceability standards; and potential tariffs on exports to the single market. What is the Minister doing in particular to mitigate that third threat, as we could see tariffs of up to 40% on lamb?

Mr Jones: The hon. Lady makes very important points, but this Government have already demonstrated their commitment to supporting the agriculture industry by supporting common agricultural policy pillar 1 until 2020 and giving support for pillar 2. On tariffs, as she will know, this Government aim to achieve the best possible free trade agreement with the continuing European Union and to ensure that whatever customs arrangements are put in place are frictionless and for the benefit of both Britain and the EU.

16. [909152] **Dr Alasdair McDonnell (Belfast South) (SDLP):** What discussions has the Minister had with the Government of the Republic of Ireland on the free movement of goods? That will be a particularly important issue for the agricultural sector after the UK exits the EU, because many farms in Northern Ireland straddle the border and much of the produce of those farms transits the border a number of times—for example, milk sometimes crosses it five times.

Mr Jones: The hon. Gentleman raises an extremely important point that is at the forefront of the Government's mind—in fact, the Prime Minister has discussed this very issue with the Taoiseach. Indeed, all the Ministers in the DEXEU team have had similar discussions, and I have had very recent discussions with representatives of the Irish Government too.

Single Market and Customs Union: Manufacturing Sector

7. **Mary Glendon (North Tyneside) (Lab):** What plans he has to retain the benefits of membership of the single market and customs union for the manufacturing sector after the UK has left the EU. [909143]

9. **Jo Stevens (Cardiff Central) (Lab):** What plans he has to retain the benefits of membership of the single market and customs union for the manufacturing sector after the UK has left the EU. [909145]

13. **Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): What plans he has to retain the benefits of membership of the single market and customs union for the manufacturing sector after the UK has left the EU. [909149]

The Minister of State, Department for Exiting the European Union (Mr David Jones): The UK manufacturing sector is world leading, and we are determined to secure the best deal for it which enables it to go from strength to strength. We are aiming to agree a bold and ambitious free trade agreement with the EU, including zero tariffs, that is more ambitious than any other trade deal agreed with the EU to date.

Mary Glendon: In North Tyneside, Smulders, a Belgian company, has filled a void in the manufacturing market left when this Government failed to back OGN. The company hopes to create up to 400 new jobs and expand even further. What guarantees can the Minister give that will allow it the same benefits it currently gets with access to the single market and customs union after Brexit?

Mr Jones: I had a discussion just this week with the Flanders chamber of commerce, and it recognised the important issue of bilateral trade between Belgium and the UK. I am pleased to say that it fully realised the need for frictionless agreements once we leave the EU, and of course this Government are committed to that.

Jo Stevens: The Prime Minister has said that Britain will not remain a full member of the customs union, but this morning the Chancellor said it is “clear that we can’t stay in the customs union”. Which of them should we believe?

Mr Jones: It is clear that if we are to seek free trade agreements around the world, we will not be able to remain in the customs union as it currently stands. Having said that, we seek arrangements with our EU partners that will enable us to construct customs arrangements that are as frictionless as possible, for the benefit of both the EU and the UK.

Tom Blenkinsop: The post-Brexit fall in the pound has led to a boost in manufacturing exports, with 45% of north-east manufacturers expecting orders to rise over the coming year, but it has also led to an increase in import costs. These costs will only increase if customs checks are required at borders. What is the Secretary of State planning to do for north-east manufacturers to make sure that costs at borders are not being increased for products they are making?

Mr Jones: Of course, north-east manufacturing is at the forefront of the Government’s mind; the hon. Gentleman will know that with Nissan we arranged a state of affairs that will allow it to continue to manufacture in the north-east. He is right to say that we do not want to see customs arrangements that impede trade with the EU, and we are looking to agree arrangements, for our mutual benefit, that are as frictionless as possible.

Michael Fabricant (Lichfield) (Con): But is it not the case that when the UK leaves the EU we will be its largest export market? Does the Minister not agree with my favourite politician at the moment, Wolfgang Schäuble,

Germany’s Finance Minister, who says that if the Germans or the EU were to cause any damage to the UK, it would be increased tenfold for the EU?

Mr Speaker: I am sure the Finance Minister in question will be uncontrollably excited to discover that the hon. Gentleman is such a staunch fan.

Mr Jones: My hon. Friend makes an extremely good point: the UK market will be the biggest export market for the continuing European Union after we leave. I am glad to say that that is recognised not only by Herr Schäuble but by the Belgian chamber of commerce, with which I spoke earlier this week.

Mr Peter Bone (Wellingborough) (Con): Does the excellent Minister agree that it is much more in the EU’s interest for it to do a deal with us than it is in ours, because it has a £60 billion trade surplus with us?

Mr Jones: I think it is very much in our mutual interests, and I am sure that once the negotiations begin we will move towards a sensible and satisfactory mutual conclusion.

Charlie Elphicke (Dover) (Con): Does the Minister agree that, although we hope for the best, the chaotic patchwork of EU institutions and election cycles may mean that a deal is not done in two years? If that is the case, will he consider the case for investing in the roads to the channel ports and, indeed, in frictionless and modern borders, to ensure that we have a seamless flow of trade in future?

Mr Jones: I agree with my hon. Friend about frictionless agreements. We have a huge advantage in that Britain is, of course, currently a member of the European Union, so our standards and regulations are in complete alignment. I was heartened to see that Michel Barnier, the chief negotiator for the European Union, has recognised that a deal is doable in two years.

22. [909159] **Stuart Blair Donaldson** (West Aberdeenshire and Kincardine) (SNP): The food and drink industry is a growing sector in West Aberdeenshire and Kincardine. What plans does the Minister have to retain the benefits of membership of the single market and customs union for the food and drink sector after the UK has left the EU?

Mr Jones: Although we will not continue to be a member of the single market, as I indicated previously we are looking to achieve a very good free trade agreement with the continuing European Union, which would be very much to the mutual benefit of the UK and the European Union.

Rishi Sunak (Richmond (Yorks)) (Con): As my right hon. Friend considers the customs union, may I urge him to look at the experience of close trading partners around the world? The US and Canada trade half a trillion dollars of goods annually, Norway does 70% of its trade with the EU, and China buys 30% of Australia’s exports; none of them has seen fit to form customs unions with each other.

Mr Jones: My hon. Friend makes an excellent point. It is not necessary to be part of a customs union, but we seek frictionless customs arrangements for the benefit of the EU and the UK.

23. [909160] **Alan Brown** (Kilmarnock and Loudoun) (SNP): In a document leaked to *The Times*, the oil and gas industry was shamefully listed as a low priority for the UK Government in their negotiations with the EU. Given the Minister's earlier answer, will he confirm that he has no plans to retain membership of the customs union and the single market for the oil and gas industry?

Mr Jones: The fact that the oil and gas industry is a high priority for the Government was shown by the Chancellor's announcement yesterday. Frankly, rather than talking bleakly about the future of the industry, the hon. Gentleman should urge his colleagues in the Scottish Government to work strongly with the United Kingdom Government to ensure that arrangements can be made that are satisfactory for the industry.

Tom Pursglove (Corby) (Con): One of the advantages of our leaving the European Union is that we will be in a position to design our own package of trade defence instruments, which I would think Opposition Members would welcome. Will my right hon. Friend update the House on the ongoing cross-Government work on that?

Mr Jones: Clearly, any arrangements we strike will have to be WTO-compliant, but my hon. Friend is entirely right. British industry has recently experienced many difficulties, not least in the steel industry, in which he has a particular interest. He will know about the support the Government have given to that industry.

Paul Blomfield (Sheffield Central) (Lab): This week, a report by the American Chamber of Commerce to the European Union concluded that

"America's significant commercial and financial presence in the UK has been premised in large part on UK membership in the European Union—the largest, wealthiest and most important foreign market in the world to U.S. companies."

Do the Secretary of State and the Minister recognise the importance of our relationship with the single market to those non-EU countries with which the Government are keen to build trade and investment?

Mr Jones: The importance of the United Kingdom to the United States was reflected very strongly in the Prime Minister's recent meeting with the new President, in which he showed great enthusiasm for free trade arrangements between the United States and the UK.

Paul Blomfield: Well, the significance of that and the "America First" policy is yet to be demonstrated.

On 24 January, the Secretary of State told the House that he is seeking

"a comprehensive free trade agreement and a comprehensive customs agreement that will deliver the exact same benefits as we have".—[*Official Report*, 24 January 2017; Vol. 620, c. 169.]

Will the Minister confirm that that is still the Government's aim?

Mr Jones: The Government's aim is to seek a bold and ambitious free trade agreement with the continuing European Union that will be to the benefit of both the United Kingdom and the European Union.

Mr David Nuttall (Bury North) (Con): Thanks to the new opportunities that will open up for the UK after we leave the EU, the accountancy firm PricewaterhouseCoopers has said that the UK will have the fastest growing economy in the G7 over the next 30 years. Does my right hon. Friend agree that that demonstrates that manufacturing has nothing to fear from our leaving the EU?

Mr Jones: My hon. Friend is entirely right to point out that the naysayers and doom-mongers who said that the British economy would crash after we decided to leave the European Union have been proven wrong.

Human Rights

8. **Mr Jim Cunningham** (Coventry South) (Lab): What steps he is taking to ensure that maintaining human rights protections is included in negotiations on the UK leaving the EU. [909144]

The Secretary of State for Exiting the European Union (**Mr David Davis**): The UK has a long-standing tradition of ensuring that our rights and traditional liberties are protected domestically and of fulfilling our international human rights obligations. The decision to leave the European Union does not change any of that. That is the approach we will take as we enter negotiations, and I can confirm that the Government have no plans to withdraw from the European convention on human rights.

Mr Cunningham: Given that answer, will the Secretary of State set out a full and detailed list of all fundamental rights currently guaranteed under EU law and what approach the Government intend to take towards them?

Mr Davis: We will be putting the great repeal Bill in front of the House at some point in the near future. That will carry into British law the existing law of the European Union and the case law that goes with it. But British human rights have not depended on the European Union; they have been intrinsic to our history and our tradition, and we—I most of all—will continue to defend them.

Dame Rosie Winterton (Doncaster Central) (Lab): I very much welcome what the Secretary of State said about the Council of Europe and the European Court of Human Rights. With that in mind, will he consider giving his support to a fourth summit of the Council of Europe to look at the way forward for the Council and how human rights could be strengthened through the European Court of Human Rights?

Mr Davis: The right hon. Lady knows about my ongoing passion for human rights. That is the first I have heard of a proposal for a fourth summit, but I will certainly look at it. She can guess what my sentiments will be.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Is it not a human right to have some certainty about the future? Is the Secretary of State not aware of how many talented, hard-working and entrepreneurial people who have come to this country have no idea whether they

can stay here? The Government are now demanding that to be able to stay, people must have full health insurance for life.

Michael Fabricant (Lichfield) (Con): You look like Mussolini!

Mr Sheerman: At least I've got my own hair!

Mr Davis: I am not sure whether certainty about the future is a human right—

Mr Speaker: Order. I am not sure whether we should have all these hairist remarks—they are rather unseemly. The hon. Member for Huddersfield (Mr Sheerman) is a distinguished senior statesman in the House.

Mr Davis: As I was saying, Mr Speaker, I am not sure whether certainty about the future is a human right, and I am certainly not sure whether the House would necessarily extend it to the hon. Gentleman. The simple truth is that we have a large group of people—some of them European citizens and some of them British citizens abroad—to whom we want to give certainty across the board about their right to remain, their right to healthcare, their right to welfare, and so on. I have now seen, one way or another, representatives of around half the member states, and it is plain to me that they all treat this issue seriously and want to see it dealt with early in the negotiations. That is the Government's policy—to ensure certainty for everybody.

Article 50: "Scotland's Place in Europe"

11. **Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP): Whether the Government plan to refer to the recommendations of "Scotland's Place in Europe", published by the Scottish Government on 20 December 2016, in their notification to the European Council of the invocation of article 50. [909147]

14. **Hannah Bardell** (Livingston) (SNP): If the Government will respond to "Scotland's Place in Europe", published by the Scottish Government on 20 December 2016, before invoking article 50. [909150]

The Secretary of State for Exiting the European Union (**Mr David Davis**): I am going to get the hang of this, Mr Speaker. I ask to group questions 11 and 14. In a few years, I will get used to this place—then I will retire.

Chris Bryant (Rhondda) (Lab): Resign?

Mr Davis: I said retire, not resign.

We are working closely with the Scottish Government to ensure the best deal for Scotland and the rest of the UK as we leave the European Union. We share many objectives, including having an open and outward-looking country, ensuring access to labour, collaborating on science and research, protecting workers' rights, having a smooth and orderly exit process, and guaranteeing the rights of EU nationals in the UK and of UK nationals in the European Union. We should also agree that there should be no new barriers to living and doing business within our own Union. They should not be created.

Roger Mullin: Who knows what the Scottish people will think of such an imprecise answer to a specific question? Let me try something else that may help the Secretary of State. How many trade negotiators have been recruited to deal with matters such as the very specific and unique needs of some sectors of the Scottish economy?

Mr Davis: Many trade negotiators have been recruited, particularly by the Department for International Trade. I recommend that the hon. Gentleman raises the question with that Department, because it has been very busy at that in recent months. The simple truth is that the British Government share the hon. Gentleman's aims for his constituents and for the people of Scotland—namely, we want the best possible deal, which will be best for the Scottish economy, for Scottish business and, most of all, for Scottish people.

Hannah Bardell: Following on from the question of my hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin), I am glad to inform the Secretary of State and, indeed, the House that an STV poll shows that support for independence has gone up to 50:50. Given the Secretary of State's intransigence and his Government's determination for a hard right-wing Tory Brexit, which way does he think that poll will tip as he continues in his intransigence?

Mr Davis: First, I do not recognise the phrase "hard Brexit" or, for that matter, "right-wing Tory Brexit". Secondly, I am not a great believer in polls when it comes to referendums; they do not exactly work very well. If the hon. Lady wants to go with polls, perhaps she should go with the poll of the Scottish people, who say they do not want another referendum.

Andrew Stephenson (Pendle) (Con): I respect the desire of the Scottish Government to contribute to the Brexit process, and that of the Welsh, Northern Irish and some English regions. May I urge the Government to reflect on all representations made and proceed with a policy that works for the whole United Kingdom?

Mr Davis: My hon. Friend is exactly right, and that is the intention of the Government, which is why we are going for a comprehensive, overarching free trade agreement that will deliver extremely beneficial results for Britain and—I stress this point—for the European Union as well.

Devolved Administrations

12. **Patricia Gibson** (North Ayrshire and Arran) (SNP): How he plans to involve the devolved Administrations in negotiations on the UK leaving the EU. [909148]

The Parliamentary Under-Secretary of State for Exiting the European Union (**Mr Robin Walker**): The Prime Minister, supported by my Department, will agree the format of negotiations with our counterparts once negotiations have begun. In the meantime, she will be informed by the Joint Ministerial Committee (EU Negotiations), which will ensure that we negotiate the best possible future for the United Kingdom, representing all its constituent parts.

Patricia Gibson: Regarding Scotland's role in the article 50 process, Supreme Court president, David Neuberger, said on 24 January that it was a political decision whether formally to involve the devolved Administrations in the process of leaving the EU. Will the Minister tell us what role the devolved Parliaments will have in the passing of the great repeal Bill?

Mr Walker: Of course, we have formally involved the devolved Administrations in our preparations through the JMC process, and we continue to engage in that process. With regard to the great repeal Bill, a White Paper will be published and the devolved Administrations will have their opportunities to respond to that, as will hon. Members across the House.

Wayne David (Caerphilly) (Lab): When the Government devolve powers that have been repatriated, will they consider allocating extra resources to ensure that those policies are implemented properly?

Mr Walker: As we have said, we have not made the final decisions about repatriation. That is something we will want to discuss with the devolved Administrations, as I think the Welsh Government have suggested. The Treasury has already made important guarantees that cover devolved Administrations as well as Government Departments.

Tom Brake (Carshalton and Wallington) (LD): In devising plans for Brexit and involving the devolved Administrations, Ministers will have drawn on the advice of a large number of UK and foreign consultancy firms such as Accenture. The Press Association and others want to know how much this has cost. Will the Minister confirm the spend to date on the likes of Accenture, PwC, City legal firms and others in supporting the Government on Brexit?

Mr Walker: I am sure all that type of information will be disclosed in the usual way when the Department reports its accounts.

EU: UK's Financial Contribution

19. **Mr Philip Hollobone (Kettering) (Con):** What the UK's total net financial contribution has been to the EU since the UK joined the European Economic Community. [909155]

The Minister of State, Department for Exiting the European Union (Mr David Jones): Neither the United Kingdom, nor the European Union, publishes an aggregate audited figure representing the total net financial contribution since the UK joined the EEC, but details of annual UK public sector contributions to the EU are published in a document entitled "European Union Finances", the latest edition of which was published in February in 2016.

Mr Hollobone: A one-word answer with a figure would have been more helpful than the answer the Minister has given me. I suspect that the answer is that a massive amount of money is being handed over by British taxpayers to the European Union. As in any

good divorce, that will entitle us to a huge share of the EU's assets or to massive financial compensation if we do not get that.

Mr Jones: My hon. Friend is right—it is rather a lot; but the issue is to what extent the United Kingdom is liable for payment of anything, and if so, how much. The point is this: the United Kingdom has always adhered to its international treaty obligations, and it will continue to do so. It will adhere to those obligations, but, similarly, it will insist on the rights it has pursuant to those treaties, and that is the basis on which it will approach these negotiations.

Non-UK EU Nationals: Residency Rights

20. **Kerry McCarthy (Bristol East) (Lab):** If he will protect the rights of non-UK EU nationals resident in the UK as part of his Department's plans for exiting the EU. [909157]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): As the Secretary of State has reiterated, and as we have repeatedly made clear, we want to secure the status of EU nationals in the UK, and UK nationals living in other member states, as early as we can. We know from my right hon. Friend's visits around the EU that many member states agree with us on this, but we can protect the status of UK nationals in the EU only through formal negotiations.

Kerry McCarthy: I have had constituents come into my surgeries in tears because of the uncertainty about their future. They cannot apply for new jobs, they are worried that they do not know what their status will be if they apply for a university course, and they cannot apply for mortgages. These are not itinerant migrant workers—these are people who have made their homes and lives in Bristol—and they need assurances now from the Government.

Mr Walker: We all recognise the hon. Lady's concerns, and we all want to provide those assurances, but as was said by many in the debate in the other place, the best way of providing those assurances is to get on with the negotiation so that we can secure them.

University Funding

21. **Ben Howlett (Bath) (Con):** What discussions he has had with Cabinet colleagues on the priority for future funding for UK universities during negotiations on the UK leaving the EU. [909158]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): I congratulate my hon. Friend, who is always a champion for the universities and students in his patch. The UK is already a leading destination for science and innovation, with some of the world's best universities, three of which are in the world's top 10. We intend to secure the best possible outcome for UK research and innovation as we exit the European Union.

Ben Howlett: I thank the Minister for his response. International collaboration and access to European research funding drive the efficiency, excellence and

impact of UK research, and our country's university sector is renowned for its high levels of international and European collaboration. Will he confirm that continued research collaboration will be a priority for the Government, particularly in relation to the Erasmus+ scheme, as we negotiate our exit from the European Union?

Mr Walker: The Prime Minister has been clear that Britain will remain truly global—a best friend and neighbour to our European partners—but reach beyond the borders of Europe as well. We recognise the value of international exchange and collaboration in education and training as part of our vision for the UK to be a truly global nation.

Topical Questions

Several hon. Members *rose*—

Mr Speaker: Order. I remind colleagues that topical questions need to be extremely brief if I am to be able to maximise the number of contributors.

T1. [909161] **Nigel Mills** (Amber Valley) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Exiting the European Union (Mr David Davis): The Prime Minister is today meeting other EU leaders at the European Council in Brussels. They will be discussing issues such as migration, jobs and competitiveness. The Prime Minister will be telling them that we remain strong advocates for free trade, and I expect her also to take the opportunity to underline our desire to see a strong and stable European Union even after we leave. Indeed, that has been a centrepiece of my message during my recent trips to meet counterparts in Europe. We want to see a strong UK and a strong EU. Rather than aiming to divide and conquer, as some have suggested, we want the EU to be strong and successful. That is why we are aiming for a comprehensive new partnership between the UK and the EU, which we are clear will be beneficial to all.

Nigel Mills: Can the Secretary of State update the House on what response he has had from across Europe to the Government's recent Brexit White Paper?

Mr Davis: Yes, I can. I went to—I think—nine of our fellow member states in three weeks, and others have come to see me. The overarching response has been a positive one; it has been one of support for the general approach, and it has been one that seeks a constructive outcome, not the penalty outcome that was talked about by some earlier. It is certainly true that they also think of our approach as very logical, so I think that gives us great cause for optimism in the negotiations.

Keir Starmer (Holborn and St Pancras) (Lab): Clearly, the Government want to trigger article 50 next Wednesday or next Thursday. They will then have to set out their proposals in detail so that the EU can respond. For months, they have hidden behind the bland phrases “frictionless borders” and “frictionless trade”. This is the last opportunity before triggering for the Secretary of State to spell out what those phrases actually mean.

Mr Davis: The hon. and learned Gentleman is a very erudite chap and I would have thought that he would know what “frictionless” meant. It means trade with the minimum possible barriers and the minimum possible impediment, and that is what we will seek to achieve.

Keir Starmer: The Prime Minister has said that the approval of Parliament will be required for the final terms of our withdrawal agreement with the EU. She has also promised that that will occur before the withdrawal agreement is sent to the European Parliament for its consent. The House of Lords has now voted by a large majority to amend the article 50 Bill to reflect those commitments. All very straightforward. If the Prime Minister intends to keep to her commitments, why would the Government not support that amendment when it returns to this House on Monday?

Mr Davis: Because it is unnecessary.

T8. [909168] **Edward Argar** (Charnwood) (Con): Businesses and individuals in my constituency are eager to see the greatest degree of certainty possible about the Brexit process. Does my right hon. Friend share my concern that amendment 3 to the European Union (Notification of Withdrawal) Bill passed in the other place risks adding further uncertainty and further complexity—the exact opposite of what my constituents want?

Mr Davis: My hon. Friend is right. Indeed, I go further. This House made an undertaking, without opposition at all, on an Opposition day, to do nothing to undermine the negotiating capacity of the United Kingdom, and I am afraid that that is what the amendment would do.

T2. [909162] **Ruth Cadbury** (Brentford and Isleworth) (Lab): In response to the question from my hon. and learned Friend the Member for Holborn and St Pancras (Keir Starmer), the Secretary of State implied that there was some difference between frictionless trade arrangements and tariff and barrier-free arrangements. What exactly are those differences?

Mr Davis: It is pretty straightforward. If we have a comprehensive free trade agreement, then there will be no tariffs, one hopes, and very few non-tariff barriers, certainly no new ones. That makes it easier for the customs arrangements—the administrative arrangements—to be straightforward and simple.

Rebecca Pow (Taunton Deane) (Con): I am sure that my right hon. Friend will agree that reform of the common agricultural policy represents a positive opportunity for the farming industry. Does he agree that, among other measures, rewarding farmers with payment for acting for the public good—for example, storing water on land as a flood resilience measure, which would be very beneficial in Somerset—would be very helpful?

The Minister of State, Department for Exiting the European Union (Mr David Jones): My hon. Friend has highlighted how much of an advantage it will be to the UK to be in a position to design its own agricultural and environmental policies.

T3. [909163] **Dr Alasdair McDonnell** (Belfast South) (SDLP): The Secretary of State will be aware that the principle of consent was the cornerstone of our Good Friday agreement and settlement in Northern Ireland. What assessment has he made of the Taoiseach's comments recently in Brussels when he said that that consent principle would have to be embedded in any future agreement between the UK and the EU?

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): I thank the hon. Gentleman for inviting me to speak to the London Irish Construction Network, which is an opportunity to stand alongside a Republic of Ireland Minister and show the commitment from both sides to the Belfast agreement and the common travel area. We remain absolutely committed to the Belfast agreement and all its successors, including the principle of consent.

Tim Loughton (East Worthing and Shoreham) (Con): The new owners of Vauxhall have suggested that the takeover will be good news for the UK motor parts supply chain post-Brexit. Is it not the case that far from multinationals being deterred from using the UK as a springboard into Europe within the EU, European multinationals will be using the UK as a springboard for exports to the rest of the world?

Mr David Davis: My hon. Friend is exactly right. The comments from the head of Peugeot were fascinating in what they show about what a business that is seeking opportunity can do. We are seeking to create the maximum possible opportunities for our own companies domestically and European countries that want to come here.

T4. [909164] **Chi Onwurah** (Newcastle upon Tyne Central) (Lab): Last week the all-party parliamentary group on Africa, which I chair, published its report on relations with Africa post-Brexit. A recent delegation highlighted the opportunities of Brexit but also the uncertainty over the relationship with the UK and between the European Union and Africa. May I urge the Minister and the Secretary of State to read the report and ensure that our exiting of the European Union supports positive relations with Africa?

Mr Davis: I certainly will do that. I have not read the report yet, but if the hon. Lady will send it to me or give me the contact details, I will read it. She is dead right; the departure from the European Union does open up opportunities for stronger relationships with Africa, both economic and otherwise.

James Berry (Kingston and Surbiton) (Con): The EU Commissioner for Security and the head of Europol have both made it clear in evidence to the Select Committee on Home Affairs how important it is to maintain our current policing and security co-operation with Europe. I know that my right hon. Friend is committed to continuing that co-operation. Are his counterparts in Europe as committed as he is?

Mr Davis: After the issue of European migrants—European citizens—in the UK, that is the second issue that has come up among the Nordic and Baltic groups in particular, and with Germany and the eastern Europeans. It seems to me that we have a great deal to continue to

offer the European Union, and we absolutely intend to do so, because we intend to meet our responsibilities as a global citizen and country.

T5. [909165] **Paula Sherriff** (Dewsbury) (Lab): Given that yesterday was International Women's Day, can the Secretary of State tell us whether his discussions in Europe have brought us any closer to seeing an end, finally, to the tampon tax?

Mr Davis: We have not yet seen an end to the tampon tax, but the moment we leave, I am sure it will be one of the first things I have on the agenda for talking to the Chancellor about. The hon. Lady should bear in mind that we are using the funding from the tampon tax for all sorts of incredibly important causes, which she will know better than I do. We will continue with that until the moment we can repeal it.

Sir Oliver Letwin (West Dorset) (Con): Will my right hon. Friend ensure that the Government tread warily regarding the possibility of any resurrection of the merger between the London stock exchange and Deutsche Börse while we are engaged in complex negotiations about equivalence regimes in financial services?

Mr Davis: Yes.

T6. [909166] **Mr Alistair Carmichael** (Orkney and Shetland) (LD): The manufacturers' organisation EEF last week highlighted the difficulties that manufacturers are having in filling skilled engineering posts. Manufacturers warn that if the situation is not to get worse post-Brexit, they will need the flexibility to employ and deploy people across Europe. What consideration has the Secretary of State given to the representations from EEF, and what reassurance can he give?

Mr David Jones: We have had such discussions. The right hon. Gentleman is right to say that we need an adequate supply of skilled labour in this country, and the Home Office is working on policies that will achieve just that.

Robert Neill (Bromley and Chislehurst) (Con): The UK legal services sector is worth some £21 billion to our economy. A good percentage of that comes from legal services provided into the European Union. Will my right hon. Friend meet the Bar Council and the Law Society to discuss what they need to retain access to that key market?

Mr David Davis: The short answer is that the Under-Secretary of State for Exiting the European Union, my hon. Friend the Member for Worcester (Mr Walker), has already met them, but we will do so again. This is a very important sector. People sometimes underestimate the size of the general services sector, which is as big as the City. We have to keep that in mind.

T7. [909167] **Wes Streeting** (Ilford North) (Lab): The success of our economy is riding on the successful negotiation of our exit from the European Union, but the former Chancellor, the right hon. Member for Tatton (Mr Osborne), has told the House:

“the Government have chosen...not to make the economy the priority”.—[*Official Report*, 1 February 2017; Vol. 620, c. 1034.] He was right, was he not?

Mr Davis: Not at all. I cannot see how one can make the economy more of a priority than to make it a centrepiece of the negotiation. We seek a comprehensive free trade agreement, and the purpose of that is nothing but economic. Of course, out of it will flow other things, but it is economic first and centre.

Mr Peter Bone (Wellingborough) (Con): Following on from that question, is it not a fact that the Office for Budget Responsibility has increased the growth forecast for this year by nearly 50%? Surely, that is a vote in favour of coming out of the EU, and not what the hon. Member for Ilford North (Wes Streeting) said.

Mr Davis: I think, frankly, the whole economics profession is beginning to take a lesson in predictions about the effects of Brexit. My hon. Friend is right. There has been a dramatic uptick in the current year's growth, and in the forecasts for '19, '20 and '21, as it turns out. The simple point is that many companies are coming here now, such as McDonald's, WhatsApp, Google—I could go through a whole list—[*Interruption.*] I will not do that, Mr Speaker. Those companies are showing what they believe by voting with their feet.

T9. [909169] **Mary Glindon** (North Tyneside) (Lab): In the north-east, the voluntary sector relies heavily on the European Social Fund to carry out its fantastic work. As the region receives the highest per-head funding from the ESF, how will the Minister address the sector's concerns about funding post-Brexit?

Mr Davis: These concerns have been met pre-Brexit by the Treasury underwriting the commitments up to and through Brexit. Of course, the hon. Lady has to remember that the European Union will have a complete budgetary review in 2020. We will be giving clear attention to priorities such as this when we come to write our own budgets after 2019.

Jeremy Lefroy (Stafford) (Con): While all EU regulation will be transferred into UK law at the outset, divergence will inevitably begin over the years. What is my right hon. Friend doing to prepare British businesses so that they are aware of all the changes that will be made and can continue to export to and trade with the European Union?

Mr Robin Walker: My hon. Friend is absolutely right about the approach of the great repeal Bill, which is to ensure stability and continuity. We are of course engaging with British business and we will continue to do so throughout the process across the country and in every sector.

T10. [909170] **Tommy Sheppard** (Edinburgh East) (SNP): Last Thursday, the leader of the Secretary of State's party in Scotland described the transfer of control over farm subsidies as a “power grab”, and I do not think she meant that in a good way. Will he put her mind at rest and simply confirm that Scottish fishing and Scottish agriculture will be governed in Scotland after Brexit?

Mr David Davis: I repeat to the hon. Gentleman what I said earlier: no powers exercised by the Scottish Parliament or the Scottish Government will be taken away. We will debate with all the devolved Administrations—not simply Scotland—the level at which it is appropriate to exercise these powers after exit.

Andrew Stephenson (Pendle) (Con): What discussions has the Department had with representatives of the tourism sector on the implications of the UK leaving the EU?

Mr David Jones: We regularly engage with the tourism industry, and we will continue to do so. Tourism is an important part of the British economy, and we fully recognise its particular concerns.

Clive Efford (Eltham) (Lab): The Government have said that they want to secure the rights of British nationals living in Europe, but what about British nationals living in this country who are married to European nationals whose futures have been thrown into doubt by the repugnant position that the Government have adopted? Is it not time to end the doubt for those people?

Mr David Davis: Of course we do not want any doubt on the part of any citizen in Europe, British or otherwise, in Britain or on the continent. The simple truth is that most of the people I have seen in the decision-making tier, as it were, of European Governments agree with us: the issue of British citizens and European citizens has to be dealt with together, and will be dealt with as a matter of priority.

Mr David Nuttall (Bury North) (Con): Does my right hon. Friend agree that the huge investment by Dyson in research and development facilities in the UK is a sign of confidence in the UK economy outside the EU?

Mr David Jones: Yes, it certainly is. That is only the latest in a long line of new investments in the British economy, showing the huge confidence that the international business community has in our country.

Rachael Maskell (York Central) (Lab/Co-op): May I push the Secretary of State further on the answer he gave my hon. and learned Friend the Member for Holborn and St Pancras (Keir Starmer) regarding frictionless trade? Is the Secretary of State saying that trade tariffs remain on the negotiating table?

Mr David Davis: No, what I am saying—or what I was saying to the hon. Lady's hon. and learned Friend—is that plenty of countries around the world have very light-touch customs arrangements, which would be consistent with a comprehensive free trade agreement.

Several hon. Members *rose*—

Mr Speaker: I will take the two colleagues who have not spoken to date, if they are extremely brief.

Stephen Timms (East Ham) (Lab): From my recent discussions with senior Members of the German Parliament, it is very clear that we are not going to get

barrier-free access to the single market if we no longer operate free movement. Do Ministers yet recognise that reality?

Mr Davis: That is not the response I am getting from the Ministers I have spoken to around Europe. What they have come back with is that they want a constructive outcome, and the only way to get a constructive outcome is to have a comprehensive free trade arrangement.

Chris Bryant (Rhondda) (Lab): Under the common agricultural policy, some of the richest people in this country get millions of pounds in handouts from the

taxpayer, which must surely be wrong. When we are in charge of our own agricultural policy, would it not be a good idea to put a cap on how much people get, just as we have a benefits cap?

Mr Davis: I welcome a sinner who repenteth, because after 2019 the hon. Gentleman will have a say on that.

Mr Speaker: Before we come to the business question, I want to mention that today is the birthday of the hon. Member for Perth and North Perthshire (Pete Wishart). I am sure there will be veritable rejoicing in the streets on this happy occasion—at any rate, at least in Perth and North Perthshire. Happy birthday to the hon. Gentleman.

Business of the House

10.39 am

Valerie Vaz (Walsall South) (Lab): Will the Leader of the House please give us the forthcoming business?

The Leader of the House of Commons (Mr David Lidington): The business for next week is as follows:

MONDAY 13 MARCH—Consideration of Lords amendments to the European Union (Notification of Withdrawal) Bill followed by continuation of the Budget debate.

TUESDAY 14 MARCH—If necessary, consideration of Lords amendments followed by conclusion of the Budget debate.

WEDNESDAY 15 MARCH—If necessary, consideration of Lords amendments, followed by consideration of Lords amendments to the Health Services Medical Supplies (Costs) Bill, followed by remaining stages of the National Citizen Service Bill [*Lords*], followed by motion relating the appointment of lay members to the Committee on Standards, followed by, if necessary, consideration of Lords amendments.

THURSDAY 16 MARCH—Statement on the publication of the 10th report of the Public Administration and Constitutional Affairs Committee entitled “Lessons still to be learned from the Chilcot inquiry”, followed by a statement on the publication of the sixth report of the Health Committee on suicide prevention, followed by a debate on a motion relating to energy prices. The Select Committee statements and the subject for debate were determined by the Backbench Business Committee.

FRIDAY 17 MARCH—The House will not be sitting.

The provisional business for the week commencing 20 March will include:

MONDAY 20 MARCH—Second Reading of the Prisons and Courts Bill.

I should also like to inform the House that the business in Westminster Hall for 20 and 23 March will be:

MONDAY 20 MARCH—Debate on an e-petition relating to the cost of car insurance for young people.

THURSDAY 23 MARCH—Debate on the first and second reports of the International Development Committee entitled “Syrian refugee crisis and DFID’s programme in Nigeria”.

Finally, I inform the House that, because of diary commitments on Monday, the Prime Minister expects to update the House on this week’s European Council on Tuesday next week.

Valerie Vaz: I thank the Leader of the House for the forthcoming business and add my congratulations to the hon. Member for Perth and North Perthshire (Pete Wishart). Perhaps it will be a case of him singing to us, rather than us singing to him.

Are we any nearer to having a date for the Queen’s Speech? I am sure that the person delivering it would like to know when it is.

I gave the inaugural Emily Wilding Davison memorial lecture at Bedford College and Royal Holloway yesterday. As you know, Mr Speaker, she broke into the House of Commons a few times, most memorably on census night. It was said that she knew the House’s maze

of pipes and hidey-holes far better than all the other suffragettes. She therefore had a lot in common with my hon. Friend the Member for Rhondda (Chris Bryant).

May I press the Leader of the House on a date for the debate on restoration and renewal? Members need to know that and need to have their say. It might be helpful, at the time of the debate, to have a display so that Members can see what is at stake and have an informed debate, rather than one based on speculation. I know that a date has been mentioned, but perhaps that was just a gentleman’s agreement and ladies are not allowed to know.

I note that the European Union (Notification of Withdrawal) Bill is coming back to the Commons on Monday. Once the Bill goes through, it will truly be the end of the Thatcher legacy, because the former Prime Minister signed up in 1981 to EU enlargement through the accession of Greece, in 1983 to the declaration on more European integration, in 1986 to EU enlargement through the accession of Spain and Portugal, and in 1987 to the Single European Act to create a single internal market. Yet she was also able to say no: she renegotiated the EU budget in 1984, said no to the 1985 Schengen agreement, and said no to the 1989 social charter—wrongly, in my view. Margaret Thatcher was a remainer and a reformer; the same cannot be said of this Government.

And so to the Budget. It is not so much “Spreadsheet Phil” as Punxsutawney Phil from “Groundhog Day”. He is being chased back down his hole by the self-employed and the Brexiteers. There was no mention of the most challenging events that will happen to this country in the next few years. He did not use the word “Brexit” once—not verbally, not in his speech, not in the *Official Report*. What he did say was that he

“will not saddle our children with ever-increasing debts.”—[*Official Report*, 8 March 2017; Vol. 622, c. 811.]

Will the Leader of the House clarify whether that means tuition fees will be abolished? The Chancellor talks about Germany’s productivity being better than ours. Germany abolished tuition fees. Maybe that is something we can learn from Germany.

The Chancellor said that money was available for investment in school condition. Given that the right hon. Member for Surrey Heath (Michael Gove) said he regretted cancelling the Building Schools for the Future programme, will the Leader of the House make representations to the Chancellor to enable all schools allocated funds under the scheme to receive them without having to make bids that take money away from frontline services?

Will the Leader of the House confirm whether the money for research for 1,000 PhDs is a grant or a loan? I thought I heard the Chancellor say “loan”, but I cannot find it in the *Official Report*. [*Interruption.*] If hon. Members do not want to hear they should just leave the Chamber.

Mr Peter Bone (Wellingborough) (Con): Well, you’re talking rubbish.

Valerie Vaz: You think it’s rubbish; we don’t think it’s rubbish.

Was the Leader of the House aware of the discussions around the gentleman’s agreement in Surrey? Will he launch an inquiry or make a statement to the House?

An MP was involved “who has worked really hard behind the scenes”, and there is a reference to a Member whom we both know very well. May we have a statement on what exactly is on offer under this deal? Step one: councils threaten to increase council tax. Step two: they make a phone call to the Communities Secretary, who then pops over to No. 11 in his car. Then, lo and behold, there is a deal—a gentleman’s agreement that is not transparent and is just for Tory councils.

Will the Leader of the House ensure a breakdown of all business rates goes to each council when the transition is made, so hon. Members do not have to make freedom of information requests of their councils? The council tax burden will now shift totally and utterly to local taxpayers. Oxford Street in my constituency does not have any businesses. This will have a direct effect on many of our constituencies.

The Prime Minister said, when she first stood in Downing Street:

“When it comes to opportunity, we won’t entrench the advantages of the fortunate few”.

Yet the Prime Minister made it clear the Government are promoting selective schools. Can the Leader of the House confirm that children who cannot afford tutors, who will enable them to get into selective schools, will be given help? Schools are good because of the hard work of the pupils and their teachers. The Government cannot take credit for that.

The Chancellor talked about the “last Labour Government” but we are thinking about the next Labour Government. It is the next Labour Government who will have the last laugh.

Finally, it was a male-dominated International Women’s Day. Maybe next year there will be no “Spreadsheet Phil”, but “Spreadsheet Justine”. I want to bring women back to the centre. Gandhi said that if you educate the mother you educate society. How can we forget what was said about Ginger Rogers: she did everything Fred Astaire did, but backwards and in high heels? There is the Chinese proverb that women hold up half the sky. Finally, there is the new hashtag: #neverthelesshepersisted. That is what we all have to do to get true equality. A belated happy International Women’s Day to everyone.

Mr Speaker: Colleagues, I am also advised that today is a significant birthday for the hon. Member for Lewisham, Deptford (Vicky Foxcroft), who I feel sure is celebrating suitably somewhere. We congratulate her on that milestone birthday.

Mr Lidington: May I first deal with the questions from the hon. Member for Walsall South (Valerie Vaz) about two items of business? I cannot yet give a date for the Queen’s Speech. As the House will know, this depends to some extent on the exchange of amendments between the two Houses. We are not in a position to make an announcement yet.

I cannot be specific about a date for a debate on restoration and renewal. However, the Government’s position remains that we intend to hold it before the Easter recess, as I said in answer to the business question a few weeks ago.

I disagree with the hon. Lady that we should get rid of tuition fees. It is not unreasonable to expect students to make a contribution towards the cost of that university

education when their income in later working lives reaches above a certain threshold. I would have hoped that, rather than revisit the argument about tuition fees, she welcomes the Chancellor’s announcement yesterday of the Government’s drive to improve the opportunities provided by, and the quality of, technical and vocational education in this country. That is key to giving the maximum possible chance in life to those children who are unable to go to university or who choose not to do so. It is an absolutely essential part of tackling some of this country’s long-term structural economic problems to do with the lack of competitiveness in a very fast-changing international economy.

I do not know how many times Ministers will repeat from the Dispatch Box that there is no special sweetheart deal. I was astonished that the hon. Lady claimed that there is something available to Conservative councils that is not available to Labour councils. I was sitting on the Front Bench yesterday when I heard the Prime Minister say in terms that the local authorities that would be first in the pilots for 100% return of business rates in the 2017-18 financial year were Labour authorities. Those Labour authorities have welcomed that opportunity to be in the first set of pilots. We are saying to Surrey and every other council not included in that first round that, if they meet the criteria, they can apply for participation in the second round in 2019-20. That has always been and remains the position.

On grammar schools, the Government said in the Green Paper that was published shortly before Christmas that we would consider and consult on ways in which the admissions system to selective schools might be altered to try to give the maximum possible opportunity to children from poorer families and families that do not have a history of sending people on to further and higher education of getting those places at selective schools. The problem with the Labour party is that its views on education are stuck in the past. It seems extraordinary, and an increasing anomaly, that, at a time of great diversity in the provision of secondary schools of various types, including specialist schools of the type the Prime Minister described yesterday, there should be an arbitrary legal ban on the creation of new selective schools as part of that broader mix. That is the challenge the Government are seeking to address.

I am more than happy to join the hon. Lady in welcoming International Women’s Day in the way she described, and in paying tribute to all of those in this country who have played a part in advancing opportunities for women. Women and men from all political traditions in this country have supported them. We might also pause and reflect on the fact that women in some countries around the world can be put at great personal risk by standing up publicly and pressing for the type of civil rights and opportunities women have in this country. In celebrating what has been achieved here and in other countries, we should remember that the real heroines are those who fight for equal rights in those countries where there is real danger.

Bob Blackman (Harrow East) (Con): Last week, I hosted a celebration on 25 years of Dr Sodha’s chiropractic—I understand that my right hon. Friend the Leader of the House piloted a private Member’s Bill through the House promoting chiropractic. May we

[*Bob Blackman*]

have a debate in Government time on the use of chiropractic in the national health service as an alternative to giving people medicine?

While I am on my feet, Mr Speaker, may I gently remind my right hon. Friend that the House rose early again on Monday? The Backbench Business Committee has a queue of debates that could fill those slots were they made available by the Government.

Mr Lidington: We do try to ensure that the Backbench Business Committee has its full allocation of slots. It is not entirely for Ministers to determine how many Members participate in any debate, or for how long they speak. Sometimes Members in all parts of the House speak for far longer than their Whips may wish them to, and at other times the debate finishes early, but that is not entirely in the Government's gift.

My hon. Friend's point about chiropractic was well made. Looking back on the growth of the profession over the last 25 years, I think that the increasing availability of chiropractic treatment as a complement to traditional medicine has brought huge benefit to patients in all parts of the country, and I hope that my hon. Friend will be lucky enough to secure an Adjournment debate to celebrate that achievement further.

Pete Wishart (Perth and North Perthshire) (SNP): I thank you for your birthday wishes, Mr Speaker. I shall always be a year older than you.

As well as being my birthday, today is Budget Boxing day, and, if anything, Budget Boxing day is more interesting and more revealing than Budget day itself. It is on Budget Boxing day that we start to hear the useful clarifications, the climbdowns and the justifications for broken manifesto promises, which usually involves the Chancellor of the Exchequer scurrying around the broadcasters and trying to do all those things at once. May I suggest that a statement on Budget Boxing day would be a way of resolving that? The Chancellor of the Exchequer could come to the House and provide all the useful clarifications, start all the climbdowns, and justify all the broken manifesto promises.

We in Scotland are grateful for the £350 million that we are to secure in Barnett consequentials as a result of the Budget, but we note that Scotland will receive exactly the same amount in a year as the NHS is supposed to receive in one week after Brexit. That is hardly going to offset the £4 billion-worth of cuts that we will face over the next 10 years.

I note that three days have been set aside for consideration of Lords amendments "if necessary", as the Government attempt to ping that pong from the heroes in ermine who continue to stand up to them. What will happen if the paddles are still out on Wednesday, and we are still at the table? Will the Government enforce the Parliament Act? What impact will that have on the article 50 process? And may we encourage the people's aristocrats to persist in the remain cause?

Lastly, may I ask whether the Leader of the House has any explanation for the behaviour of the Prime Minister on the Front Bench yesterday? She looked as though she was swallowing a fish. It was almost like Mike Yarwood doing an impersonation of Ted Heath.

Will the Leader of the House go back to No. 10, and tell the Prime Minister that this is no "plaise" for such behaviour?

Mr Lidington: First, let me wholeheartedly wish the hon. Gentleman many happy returns of the day. It is obvious that the first thing he did this morning was unwrap his birthday socks and tie, and I am sure that they were just what he had always wanted.

The hon. Gentleman asks about the article 50 Bill. It is entirely routine for the Government to announce provisional business in case there is a need to debate Lords amendments. The House of Lords has a perfectly proper role as a revising Chamber, but it also knows that it is an unelected House. I hope that it will want to give very careful consideration to the views that this House takes on its amendments next week, and will accept that, ultimately, the view not just of the elected House but of the British people, expressed in a referendum, should prevail.

The hon. Gentleman also asked about the impact of yesterday's Budget statement on Scotland. I would have thought, particularly on his birthday, that he might have had a cheery word for the fact that, because of my right hon. Friend the Chancellor's announcement, the Scottish Government's resource budget will increase by £260 million through to 2020 and its capital budget by almost £90 million through to 2021. This builds on the £800 million increase to the Scottish Government's capital budget that was delivered via last year's autumn statement. Scotland, like all parts of the United Kingdom, is benefiting because of the action that the United Kingdom Government are taking to ensure a stable economy, economic growth and sustainable public finances.

Several hon. Members rose—

Mr Speaker: Order. I gently point out that so far we have got through the three Front Benches and one Back Bench, so progress is a little slow. If we could try to speed up a little bit, that would be much appreciated.

Mr Stewart Jackson (Peterborough) (Con): As has been said, yesterday was International Women's Day, yet my constituents were shocked to learn, via the National Society for the Prevention of Cruelty to Children this week, that no fewer than 55 cases of female genital mutilation took place in Peterborough in the final three months of 2016. May we have a debate on prosecutions of the perpetrators of this evil trade, so that we can protect our young girls and women? FGM is not culturally acceptable, and it is time that we tackled it and drove this abominable practice from our country forever.

Mr Lidington: I agree with my hon. Friend: FGM is a crime, and it is child abuse as well. There have been a number of changes to the law, including in particular the Serious Crime Act 2015, that have extended both powers and penalties to deal with FGM. As he knows, the majority of cases recorded by the NHS are crimes that were committed overseas on non-UK citizens, where probably the right priority is to give help and support to those women who have been abused. However, he is right that we must not hesitate to bring people before the court where there is evidence.

Dame Rosie Winterton (Doncaster Central) (Lab): May we have a debate to update the House on the Government's plans for the rail industry, especially in the light of Brexit, including plans for the rail freight sector, for ordering new rolling stock, and for refurbishing rolling stock, which is crucial to companies such as Wabtec in my constituency which specialises in the refurbishment of rolling stock?

Mr Lidington: The right hon. Lady makes a good point. It is important not just in the context of Brexit, but in terms of getting the right mix of transport services in this country, that we continue to modernise our rail system. The autumn statement's focus on additional infrastructure spending will indeed deliver rail improvements in all parts of the country.

Mr Charles Walker (Bromsbourne) (Con): May we have an urgent debate on the conduct of Veolia, an organisation full of sharp suits and sharp practices? This company is promoting an incinerator in my constituency on a floodplain that just 18 months ago it was arguing before the planning inspector was unsuitable for such a site. This is disgraceful and, dare I say, dishonest behaviour on the part of this company.

Mr Lidington: My hon. Friend makes his points powerfully, and I am sure on behalf of his constituents. This is obviously a matter for the local planning authorities, and for the Environment Agency as the custodian of environmental regulations. He may wish to seek an Adjournment debate on it.

Alex Salmond (Gordon) (SNP): Thinking about Monday's business, two weeks ago at business questions the Leader of the House broke with his established procedure of a lifetime in politics by giving me what he described as a straight answer when I asked whether it was possible, roughly speaking, to say what the process of negotiation with Europe would yield. Amazingly, and by an extraordinary coincidence, it turns out that I was quoting the leader of the leave campaign, Dominic Cummings, when he said last year:

"No-one in their right mind would begin a legally defined two-year maximum period to conduct negotiations before they actually knew, roughly speaking, what this process was going to yield."

Is the Prime Minister of sound mind? [*Interruption.*]

Mr Lidington: One of my hon. Friends says, "I don't recall the Prime Minister leading the leave campaign." Nor was she responsible for its statements. The Prime Minister's view—and the view of the Government—was spelled out in detail in the recent White Paper, in which we describe our negotiating objectives of securing the best possible access to, and freedom to operate within, the single market for British business, a fair deal for our citizens in Europe and for European citizens here, and so on. However, this negotiation will involve 27 other countries as well, and they are clear that the process of negotiation can start only when article 50 has been triggered.

Amanda Milling (Cannock Chase) (Con): Staffordshire fire and rescue service has been involved in two high-profile waste fires, including one on an illegal waste site near Rugeley. This has been a horrendous experience for

local residents, and the fire service has faced significant costs in managing these incidents over the past six months. The dumping of illegal waste is a problem not just in Staffordshire. May we have a debate in Government time on this increasingly national issue?

Mr Lidington: My hon. Friend raises an important point on behalf of her constituents. I cannot offer an immediate debate in Government time, but she might find an opportunity through the Back-Bench business process or through an Adjournment debate.

Paul Flynn (Newport West) (Lab): When can we debate the call made in the *Daily Mirror* yesterday by my hon. Friend the Member for Barnsley Central (Dan Jarvis) that we should learn the lessons of the Afghan war if we are to avoid any repetition of what happened? In 2006, after only six of our soldiers had died in Afghanistan, the decision was taken to go into Helmand province on the basis that not a shot would be fired. The result of that was that 450 more soldiers lost their lives. We cannot turn lies into the truth by carving them on war memorials or by putting them into the mouths of dignitaries. When can we face up to the truth about the Helmand disaster by having an inquiry?

Mr Lidington: It is right that we should have a public memorial to those, both military and civilian, who served so valiantly in Afghanistan and Iraq, and also that we should learn the lessons from both those conflicts. The forthcoming debate on the Select Committee report on the Chilcot inquiry will clearly relate primarily to Iraq, but I would have thought that the lessons to be learned from that conflict and the Afghanistan conflict could be debated during that time.

David T. C. Davies (Monmouth) (Con): May we have a debate on the efficiency with which we prosecute white collar crime? We are very good at chasing benefit cheats, and rightly so, but I do not believe that we are doing enough to investigate what my hon. Friend the Member for Bromsbourne (Mr Walker) calls the sharp-suited spivs who get away with misappropriating millions of pounds, sometimes involving public money.

Mr Lidington: I can assure my hon. Friend that Her Majesty's Revenue and Customs, which is an independent prosecuting authority, takes this matter very seriously and has secured a big increase in the amount of money recovered for the Treasury through compliance activities, but I am sure that there is always more to be done.

Nick Smith (Blaenau Gwent) (Lab): May we have a debate on helping people into work? Blaenau Gwent still has stubbornly high unemployment, yet the Department for Work and Pensions wants to shut the Tredegar jobcentre. If the Government truly want to support people, they must take on board the burden that this proposal will put on jobseekers by making them pay for expensive public transport or walk for miles over the mountain, whatever the weather.

Mr Lidington: After 20 years, the contract that covers many DWP offices is nearing an end. It expires on 31 March 2018. The DWP is redesigning its estate so that it delivers better value for taxpayers while also delivering support to people. This is not about reducing

[Mr Lidington]

services; it is about trying to stop spending taxpayers' money on renting empty space so that we can give more through counselling and support to those who need it to get back into employment.

Mark Pritchard (The Wrekin) (Con): In his statement, the Leader of the House said that there would be a debate on the Department for International Development's programme in Nigeria. He will know that there is an impending famine in eastern Nigeria. I wonder whether we could have a wider debate on the famines in Yemen and Somalia, and the famine in South Sudan that the World Food Programme has just announced, and on how DFID's programme could do more to prevent conflict rather than just resolving it, given that conflict is a driver of those famines.

Mr Lidington: That sounds like an ideal subject for one of the longer debates in Westminster Hall. I am sure that my hon. Friend would be the first to agree that DFID is devoting a lot of resource to help bring relief to South Sudan.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): Yesterday, the Foreign Office updated its current foreign travel advice for Israel with the following information:

"The Israeli Parliament passed a law on 6 March 2017, which gives authority to deny entry to foreign nationals who have publicly called for a boycott of Israel and/or settlements, or who belong to an organisation which has called for a boycott."

Given the impact that the new law will have on British passport holders, including Members of both Houses, and given that no other guidance has been issued by our Government beyond that information, may we have a statement from the Foreign Office on how the application of the law will affect UK passport holders and UK foreign policy?

Mr Lidington: At the risk of stating the obvious, Israel, like every other country, is ultimately responsible for determining its own rules on immigration and on visits, but we are seeking urgent clarification from the Israeli authorities as to what the application of the new policy might be. In the meantime, we have updated the travel advice in order to give people as much information as we have at present. If any British citizen feels uncertain about a possible visit to Israel, we suggest that they contact the embassy. We will give clearer advice as soon as we get it from the Israelis.

Steve Double (St Austell and Newquay) (Con): Fowey community hospital in my constituency has been closed since last summer despite the fact that the Royal Cornwall hospital has been on black alert more often than not during that time. Yesterday, I received a letter from the senior emergency consultant in Cornwall, who said:

"It is, therefore, inexplicable and unjustifiable, that we continue to have closed community hospital beds whilst patients queue in corridors in ED."

Will the Leader of the House arrange for a statement from the Health Secretary on the important role that community hospitals play, particularly in rural communities such as Cornwall?

Mr Lidington: My hon. Friend is right to stress the importance of community hospitals, particularly as a step when people no longer need intensive care in an acute facility. The exact configuration of local health services in Cornwall or anywhere else is a decision that needs to be taken by local health bosses, not imposed centrally from London.

Karl Turner (Kingston upon Hull East) (Lab): Yesterday, I had the privilege of meeting the school council of Ings Primary School in my constituency. Young Charlie White, 10 years of age, raised the issue of the WASPI women after seeing them protesting outside the Palace. He asked me why the Chancellor had completely ignored them in his Budget and asked me to raise that at the earliest opportunity. On behalf of Charlie White, can we please have a debate in Government time on the WASPI women?

Mr Lidington: May I say that I am genuinely delighted that among the hon. Gentleman's constituents, as among mine, there are school council members who are taking an active interest in politics? Whatever views we hold, we should welcome that. My answer to Charlie, through the hon. Gentleman, is that the Government have put in place transitional arrangements, costing taxpayers £1 billion, to cushion the impact of the change in the state pension age for women. To reverse the Pensions Act 2011 would cost more than £30 billion, which cannot be justified.

Antoinette Sandbach (Eddisbury) (Con): Pupils in my constituency, including those from the community high school in Winsford who are visiting this place today, are deeply concerned about the impending cuts to school funding. May we timetable a debate in Government time to cover the changes to the formula after the consultation has closed on 22 March?

Mr Lidington: I stress that the consultation on the proposed new funding formula has not yet closed. When the results are in, my right hon. Friend the Secretary of State for Education will want to consider them before deciding on the way forward.

Tom Brake (Carshalton and Wallington) (LD): Last week there was speculation about your showering habits, Mr Speaker. Today, I would like to query your shopping habits. I do not know whether you have been to the supermarket recently, but if you have, you will have noticed that food prices are rising sharply and that "buy one get one free" offers and own-brand products are disappearing from the shelves. Will the Leader of the House make time available for a debate on those price rises and their impact on low and middle-income families, many of whom have just been hard hit by the Government dumping their pledge not to increase national insurance?

Mr Lidington: On that last point, if the right hon. Gentleman looks at what the Chancellor actually announced, he will see that people on low incomes will not be affected at all. Sixty per cent. of self-employed people will be better off, taking account of the abolition of class 2 contributions and the changes to class 4 contributions that were announced in the Budget yesterday.

The prices in supermarkets clearly vary depending on market prices, which depend in part on things such as currency movements. The price of certain vegetables depends on the weather in vegetable-producing areas

this winter. The most important thing for the Government is that we maintain an economy with low inflation, high employment and vigorous economic growth, which is the best way to ensure good living standards for the right hon. Gentleman's constituents.

Martin Vickers (Cleethorpes) (Con): I am doing what I can to help some constituents obtain a life-saving drug for their young son. Members on both sides of the House will have had similar cases over the years. These are difficult decisions for health trusts and the National Institute for Health and Care Excellence, but it would be helpful if we could have a debate on how they go about making those decisions. Will the Leader of the House find Government time for such a debate?

Mr Lidington: I cannot promise Government time, but there may be other opportunities. These are always very difficult decisions, and the right principle has to be that access to a drug is determined by clinical effectiveness, which has to be measured by doctors, not by politicians.

Clive Efford (Eltham) (Lab): It is now clear that self-employed people were given a false promise at the last election. The Conservative manifesto said no less than four times that a Conservative Government would not increase national insurance. Can we have a statement from the Government going through the pledges they made in that manifesto line by line so that we have a fighting chance of knowing what we are holding them to account for?

Mr Lidington: When the National Insurance Contributions (Rate Ceilings) Bill was debated in November 2015, it was said that

“this Bill enacts the Conservatives’ manifesto pledge not to increase NICs in this Parliament. It is part of their wider pledge to cap income tax, VAT and national insurance contributions.”—[*Official Report*, 3 November 2015; Vol. 601, c. 914.]

That Bill delivered on the manifesto pledge, and those are not my words; they are the words of the hon. Member for Salford and Eccles (Rebecca Long Bailey), who was shadow Exchequer Secretary to the Treasury at the time.

Tim Loughton (East Worthing and Shoreham) (Con): Last month, the Court of Appeal ruled in the case of Rebecca Steinfeld and Charles Keidan that the Government's failure to extend civil partnerships to opposite-sex couples constituted a potential violation of human rights and that the “wait and see” policy of the Minister for Women and Equalities is unsustainable—the ruling also referred to my private Member's Bill. Has the Leader of the House had any indication from the Minister for Women and Equalities about an impending announcement? If not, can we have a debate in Government time on equality of civil partnerships?

Mr Lidington: My hon. Friend has consistently championed that cause for quite a period of time. I am not aware of an imminent announcement, but I will remind the Minister for Women and Equalities of his persistence on the subject.

Jim Shannon (Strangford) (DUP): Given the timely reminder of the plight of the Yazidis on the BBC News on Tuesday past—when Amal Clooney spoke at UN

headquarters about how 1,200 Yazidi women and girls are still being held hostage by Islamic State in Mosul, in which Mr Speaker and everyone in this Chamber is particularly interested—will the Leader of the House agree to a debate or a statement on expanding the Syrian vulnerable persons relocation scheme to make the most vulnerable individuals from that Iraqi religious minority eligible for resettlement? They have been able to flee persecution but are unable to return home.

Mr Lidington: The hon. Gentleman is right to highlight this challenge and the appalling abuses of human rights that have been taking place in Iraq and Syria. Victims of abuse and religious minorities are among the categories that we have identified as the highest priorities under the scheme to admit 20,000 people to the UK, which the previous Prime Minister announced; that will also apply in respect of the 3,000 children we are taking in from the region, in addition to those 20,000.

Craig Tracey (North Warwickshire) (Con): Following the point raised by my hon. Friend the Member for Cannock Chase (Amanda Milling), I wish to highlight the huge increase in fly-tipping across North Warwickshire and Bedworth in recent months. A recent episode near the village of Austrey led to an entire road being blocked by the rubbish deposited on it. The clear-up costs for just one council are estimated at £650,000, so may we have an urgent debate on this issue to see what more can be done to protect our countryside from this terrible scourge, which sadly seems to be on the increase across the country as a whole?

Mr Lidington: Many of us will have experience of what my hon. Friend rightly terms this “scourge” in our constituencies, and he is right to speak out today. Where fly-tipping involves hazardous waste or organised crime the Environment Agency has a role to play, so he might want to make representations to it. The Government last year gave councils the power to issue fixed penalty notices for small-scale fly-tipping incidents, and his local council might wish to explore that.

Alan Brown (Kilmarnock and Loudoun) (SNP): In yesterday's Budget, the Chancellor made a welcome move to clear up a VAT anomaly by pledging to collect VAT on telecoms abroad. As that is going to bring some money, is it not now time to clear up another VAT anomaly: VAT being applied to Police Scotland and to the Scottish Fire and Rescue Service? Will the Leader of the House make a statement confirming he agrees that that should be the case and committing the Government to agreeing to amendments to the Finance Bill?

Mr Lidington: I cannot make the commitment the hon. Gentleman wants me to make, but I will make sure the Chancellor is aware of the point he has just made.

Mark Menzies (Fylde) (Con): In August 2015, 300,000 households in Lancashire were affected by the loss of drinking water as a result of the cryptosporidium outbreak, yet 18 months on the Drinking Water Inspectorate still refuses to publish the report or to say when it will be published. In fact, the response has been, “We will publish when we are good and ready.” Will the

[Mark Menzies]

Leader of the House set aside time for a debate on the responsibility of organisations such as the DWI to the constituents I represent?

Mr Lidington: I have to say I am surprised that this report has not yet been published, and I shall draw my hon. Friend's representations to the attention of the Secretary of State for Environment, Food and Rural Affairs.

Wes Streeting (Ilford North) (Lab): Yesterday's national insurance rise was not only a breach of the Conservative party manifesto, but an attack on small businesspeople, entrepreneurs, taxi drivers and others who take the risk to start a business and go it alone. Given the Leader of the House's answer to my hon. Friend the Member for Eltham (Clive Efford), may I ask the right hon. Gentleman by which parliamentary mechanism this rise will be enacted? Will it be through a national insurance Bill, a statutory instrument or another measure?

Mr Lidington: Legislation will be brought forward at the appropriate time later this year. I simply say to the hon. Gentleman that he and others from right across the House have rightly been calling for more money to be spent on the NHS and on social care, and that money has to be raised in revenue. We have seen that the introduction of the new state pension system has removed the greater part of the disadvantage that previously applied to people who were self-employed rather than employed and which had justified the very significant difference between the national insurance contributions paid by self-employed people as against employees. The important narrowing of that difference in pension and other benefits, coupled with the Government's further pledge to look at parental benefits, justifies the measure the Chancellor announced yesterday.

Mr David Burrowes (Enfield, Southgate) (Con): Today, knife possession sentencing statistics have been published, and they reveal that in the last three months of 2016 around 300 repeat offenders were let off going to prison, despite Parliament's introduction of mandatory sentencing following the campaign for what became known as Enfield's law. May we have a statement to reaffirm that it was and still is Parliament's clear will that persistent knife offenders should and must be locked up, because they cause carnage on our streets?

Mr Lidington: We certainly want to see people who are convicted of knife crimes being sentenced severely, because they not only cause actual harm to fellow citizens but breed a culture of fear that poisons whole neighbourhoods. Ultimately, though, it has to be for the judge in an individual case to hear all the evidence and decide the appropriate sentence.

Graham Jones (Hyndburn) (Lab): The northern powerhouse is supposedly a cornerstone of Government policy, but it was not mentioned in yesterday's Budget statement. When are the Government going to facilitate a debate on the northern powerhouse, so that we can talk about the most significant project that needs to be completed: the M65 east-west extension between Preston and Leeds?

Mr Lidington: I am glad the hon. Gentleman has raised the issue of the northern powerhouse, because the Government have set out a northern powerhouse strategy to boost productivity throughout the north of England. The next steps include moves on the northern powerhouse schools strategy; more than half a billion pounds of local growth fund allocation; the upgrading of transport infrastructure in the north; and further science and innovation audits. I thought the hon. Gentleman would have welcomed those steps.

Mr Peter Bone (Wellingborough) (Con): Yesterday was International Women's Day. One of the great disappointments on both sides of the House is the fact that we have never had a woman leader of the Labour party, although the shadow Leader of the House made a clear bid for the position today. I will do anything I can to help her in that regard, but can she please resist spreading fake news? The suggestion that Mrs Thatcher would have been a remainder is absolutely outrageous. May we have a debate next week on fake news?

Graham Jones: On a point of order, Mr Speaker.

Mr Speaker: No. Points of order come later; the hon. Gentleman can ventilate his thoughts at that time.

Mr Lidington: My hon. Friend the Member for Wellingborough (Mr Bone) was, uncharacteristically, slightly unfair, because we should pay tribute to what the right hon. Member for Derby South (Margaret Beckett) and the right hon. and learned Member for Camberwell and Peckham (Ms Harman) did when they were acting leaders of the Labour party. Government Members might hope that, one day, the Labour party will summon up the courage to allow a woman to take over full time.

Paula Sherriff (Dewsbury) (Lab): In recent weeks I have been contacted by a number of distressed and vulnerable constituents who have been turned down for employment and support allowance. The clear injustice in some of the cases is stomach-churning, even by Tory standards. They have had their benefits stopped and are reliant on food banks and handouts. This issue is raised frequently in the House, but the recent increase is alarming. Will the Leader of the House allow a debate in Government time to revisit the issue?

Mr Lidington: I am sure the hon. Lady will be taking up any particular cases with Ministers from the Department for Work and Pensions. The principle has to be right that if somebody has a condition that means they are able to work, as so many disabled people and people living with long-term medical conditions wish and are able to do—3.5 million today, which is a record number—they should be given help and support to do so. They should not be written off and consigned to a lifetime on benefits.

Rebecca Pow (Taunton Deane) (Con): I welcome the Government's positive move to ban the use of plastic microbeads in cosmetics and care products by October. It will make a real difference to the cleaning up of our marine environment, but there is still so much more to be done on plastic pollution. Will my right hon. Friend

find a time for the House to debate the issue? It really is critical if we are to leave the environment in a better state than we found it.

Mr Lidington: My hon. Friend is indefatigable in raising this subject. I cannot promise an immediate Government debate, but she will know that, from the Prime Minister downwards, the entire Government are committed to delivering on our promise.

Diana Johnson (Kingston upon Hull North) (Lab): In a written statement on Monday, the Government announced that they are scaling back their financial support for people who received contaminated blood products. On the same day, the chief executive of the trust that administers the money that currently goes to that group of people refused to meet the all-party parliamentary group on haemophilia and contaminated blood to discuss what is happening. I am sure that the Leader of the House agrees that transparency and openness is very much the best policy, so may we please have a statement from a Minister about the Government's intentions so that MPs can raise their constituents' concerns about what the Government are doing?

Mr Lidington: The hon. Lady makes a perfectly serious point. I will ask the relevant Health Minister to write to her.

Chris Green (Bolton West) (Con): Exercise, especially jogging, can be a lonely pursuit, so may we have a debate on the value of running clubs, such as the Atherton running club in my constituency, which provide a fun and motivating environment for that healthy activity?

Mr Lidington: I am delighted to be able to pay tribute to my hon. Friend's local running club. I do not know whether he is a participant as well as a champion.

Chris Green *indicated assent.*

Mr Lidington: My hon. Friend nods—that is an even better sign. Perhaps another year he will join my hon. Friends the Members for Weaver Vale (Graham Evans) and for Crewe and Nantwich (Edward Timpson), who will take part in this year's London marathon. We wish them well.

Mark Durkan (Foyle) (SDLP): Will the Leader of the House tell us about the role and locus of his office in the preparation and passage of the great repeal Bill? Given that that office steered English votes for English laws, what assurance can he give us that that Bill will not be a vehicle for English votes over devolved competences?

Mr Lidington: My office will be involved, and I will be involved in the Cabinet Committee that reviews that legislation before its introduction in the same way as we review all legislation. I assure the hon. Gentleman that the impact of the whole Brexit process on devolved competences is one of the key issues we are considering. Many EU-level competences cut across devolved matters, although they also include some reserved matters—fisheries is one example—so we will continue to engage very closely with all three devolved Administrations to ensure that we get the right outcome and that there is no question at any stage of taking away powers that have been devolved under the three devolution Acts.

James Berry (Kingston and Surbiton) (Con): In February 2014, 14-year-old Breck Bednar was brutally murdered by a man he met via an online video gaming platform. Breck's mum, Lorin, who bravely came to talk to teachers and parents in Kingston, is calling for a law to tackle that kind of online grooming to be brought into force urgently. May we have a debate on how all stakeholders—the Government, police and, particularly, internet companies—deal with online grooming and abuse to avoid tragic cases like the murder of Breck?

Mr Lidington: The whole House will have been shocked by the account that my hon. Friend gave and will want to express condolences to Breck's family. There are laws in place to enable us to take action against online grooming, as we can against other types of grooming and abuse. There is sometimes difficulty in assembling sufficient evidence to put before a court, and I am sure that the police and prosecuting authorities constantly review the adequacy of current arrangements and practices, but I will certainly draw his particular concern to the Home Secretary's attention.

Mrs Madeleine Moon (Bridgend) (Lab): Today is World Kidney Day. May I ask the Leader of the House to do two things? First, will he join me in commending all the kidney support groups that raise funds for research? Last week, my group in Porthcawl gave more than £2,000 for psychological support for children with kidney failure. Secondly, three people die every day because of the lack of available transplants, so may we have a debate on the need to increase their availability for people who otherwise would die?

Mr Lidington: Although I cannot offer the debate in Government time, at least in the short term, there may be other opportunities of which the hon. Lady will be well aware. I am happy to endorse her tribute to the Porthcawl group and to other kidney support groups throughout the country, and to emphasise, as she did, the importance of ensuring that more transplants are available, and that donors are available to help people in need.

Jeremy Lefroy (Stafford) (Con): I chair the all-party parliamentary group on Tanzania. Last week, my hon. Friend the Member for Ribbles Valley (Mr Evans) and I met Tanzanian business leaders in Dar es Salaam. One issue they raised was the length of time it takes them to get visas to come to the United Kingdom on business trips. By contrast, it takes us two or three days to get a visa from the Tanzanian high commission in London for a similar trip. May we have a debate on ensuring that the process is sped up for all those countries with which we will do increasing business over the coming years as we come out of the European Union?

Mr Lidington: When we are looking at visa policy, it is important that we get the balance right between giving potential visitors and business visitors the kind of swift service that my hon. Friend rightly wants to see and, at the same time, ensuring that we have an effective system of border control, including running the necessary background checks to guard against the risk of terrorism or other organised crime. I will draw my hon. Friend's concerns about the Tanzanian experience in particular to the attention of the Immigration Minister.

Joanna Cherry (Edinburgh South West) (SNP): On a connected matter, in preparation for Fairtrade fortnight, I have had to make representations to the Home Office to overturn arbitrary decisions refusing visas to Palestinians wishing to visit Fairtrade organisations in my constituency. Organisations such as Palcrafts, Hadeel, Zaytoun and the Scottish Fair Trade Forum have all invited Palestinians involved in the production of Fairtrade products to the UK for Fairtrade fortnight. Unfortunately, some—including representatives of Canaan Fair Trade, which I visited on the west bank last year—have had their visas refused. Given that the Government and the Department for International Development are eager to improve British-Palestinian trade links, may we have a debate about how the Home Office's intransigence in dealing with visas is hampering fair trade with Palestine?

Mr Lidington: No one would want to see genuine business visitors delayed or having a visa application refused but, as I said in answer to my hon. Friend the Member for Stafford (Jeremy Lefroy), there are checks that we expect the immigration service to carry out to ensure that our immigration rules are properly observed and that we are protected against the real risk of terrorism. Potential visitors coming from an area where terrorism is rife will clearly be subjected to those checks. I do not know what happened in the individual cases described by the hon. and learned Member for Edinburgh South West (Joanna Cherry), but if she has concerns about them, she is right to take them up with the Immigration Minister directly.

Andrew Stephenson (Pendle) (Con): The current political composition of Pendle Borough Council is 24 Conservatives, 15 Labour members, nine Liberal Democrats and one British National party member—the last BNP councillor in the country. That means that the Labour-Lib Dem coalition that runs the council currently has to rely on the support of that BNP councillor to get things through. Yesterday, the *Lancashire Telegraph* reported on the shabby deal done between the local Lib Dems and the Labour party, and the BNP for securing support for their budget. May we have a debate on racism, and how the Pendle Labour party and Liberal Democrats are happy to turn a blind eye to it in order to cling on to their position and expenses?

Mr Lidington: The one crumb of good news in what my hon. Friend said is that there is now only a solitary BNP councillor left in England. I would hope that all democratic political parties in Pendle and at national level would unite to say that doing deals with the BNP is utterly repugnant and unacceptable, whether at local council level or anywhere else.

Jeff Smith (Manchester, Withington) (Lab): A recent study by Time to Change found that almost a third of men said that they would feel embarrassed to seek help for a mental health issue. Last week, it launched the "In Your Corner" campaign to encourage men to support one another's mental health. Will the Leader of the House join me in welcoming the campaign, and may we have a statement or debate on how we can best improve men's attitudes to mental health issues?

Mr Lidington: I strongly associate myself with what the hon. Gentleman has said. He is right to highlight

the fact that men sometimes find it much more difficult to be open about mental health problems than do women. That is generalising, but I think that that generalisation is true, and I am delighted that work is going on in his constituency to try to change that.

Tom Pursglove (Corby) (Con): The Chancellor's announcement of £100 million for new NHS triaging projects is very welcome. In north Northamptonshire, there is a real desire to see a new urgent care hub open at Kettering general hospital, which fits perfectly with that agenda, and the Corby urgent care centre is a beacon of best practice. May we therefore have a statement next week on the Chancellor's announcement?

Mr Lidington: My hon. Friend has the opportunity to raise that issue during the Budget debate, as this was a Budget announcement. We are looking at providing an additional £100 million to the NHS in 2017-18 for capital investment in A&E departments to help manage pressure on A&E services. Those localities that achieve some of the best results in A&E care are often those that have managed to get GPs and minor injuries units operating alongside A&Es, so I wish my hon. Friend's health authorities in Northamptonshire well in trying to get access to this new fund.

Peter Grant (Glenrothes) (SNP): Earlier this week, the Brexit Committee unanimously recommended that there should be an end to the practice whereby the Home Office sometimes writes to EU nationals who have established a legal right of permanent residence in the United Kingdom telling them to prepare to leave and threatening to deport them if they do not leave voluntarily. May we have an urgent statement from the Home Secretary confirming that she will act immediately to end this odious treatment of our residents?

Mr Lidington: The law is quite clear on this matter: we are still a full member of the European Union, and that means that all rights deriving from the free movement directive still apply in this country, and will do so until the date of exit. It is also the Government's oft-repeated objective to ensure at the earliest possible stage of negotiations that we have a reciprocal agreement that guarantees the rights of EU citizens in this country and of British citizens in the other 27 member states.

Rachael Maskell (York Central) (Lab/Co-op): May we have an urgent debate in Government time about the prospects of the 4.6 million people who are now self-employed and about those working in the gig economy? As we know, they have poor access to benefits, and they bounce along on very low incomes indeed.

Mr Lidington: All self-employed people who earn less than £16,250 will see a cut in their total national insurance contributions after the announcements made by the Chancellor yesterday. I would have thought that the hon. Lady would also welcome the fact that the new state pension will, for the first time, give self-employed people the right to accrue state pension rights that were denied to them previously.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): On 16 February, I wrote to the Secretary of State for Defence in relation to ammunition technicians

and ammunition technical officers serving in Northern Ireland and assisting the Police Service of Northern Ireland, by dealing with bomb scares, for example. The Army wanted to award these soldiers—our troops—General Service Medals for their part in Operation Helvetic. May we have a statement from a Minister on whether armed forces personnel will receive GSMs for assisting civil authorities in Northern Ireland as part of Operation Helvetic?

Mr Lidington: As I am sure the hon. Gentleman will know, there are long-standing rules in place that govern the award of medals, but I will ask the Secretary of State to attend to his letter at the earliest possible opportunity.

Patricia Gibson (North Ayrshire and Arran) (SNP): Workers in the nuclear decommissioning industry face a very real threat to their pensions, despite cast-iron guarantees provided by Mrs Thatcher following the privatisation of the nuclear estate. That is of great concern to the workers at the Hunterston A site in my constituency. May we have a debate to fully discuss those concerns and the broken promises that are causing so much distress and alarm to workers across the United Kingdom?

Mr Lidington: I suggest to the hon. Lady that she might wish to question the Secretary of State for Business, Energy and Industrial Strategy on that at the oral questions session coming up next week.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): Following the unfortunate comments made by Peter Duthie, the chief executive of Scottish Events Campus, in which he appeared to defend ticket touts and said that any recent issues were down to just “a bit of...bad press”,

can we have a debate on the secondary ticket market to ensure that our constituents do not continue to be ripped off?

Mr Lidington: I think we are all well aware of how aggrieved genuine fans of musicians and sports feel when they are denied the opportunity to get tickets to their chosen event because of the activities of touts. Passing a new Act of Parliament will not necessarily guarantee an answer of the type that the hon. Gentleman wants, but it is something that the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch), continues to keep under review.

Points of Order

11.45 am

Mr Charles Walker (Broxbourne) (Con): On a point of order, Mr Speaker. How best can I advise colleagues to sup with a long spoon when dealing with a company called Veolia? Perhaps I could write to all colleagues setting out Veolia's *modus operandi*, or do you have an even better suggestion?

Mr Speaker: I think the hon. Gentleman has found his own salvation. He has leapt to his feet and contrived to raise an entirely bogus point of order in order to register his concern about the company in question, of which, I confess, I know nothing, and in which dispute it would not be proper for me in any way to involve myself. I simply note, *en passant*, that the hon. Gentleman is indefatigable and remorseless in pursuit of his chosen campaigns and objectives.

Sir Desmond Swayne (New Forest West) (Con): Further to that point of order, Mr Speaker.

Mr Speaker: I am not sure that it is, but we will indulge the right hon. Gentleman.

Sir Desmond Swayne: My hon. Friend cannot be allowed just to leave it like that, Mr Speaker, having whetted our appetite—we want to know what the complaint is.

Mr Speaker: May I very gently suggest, in the hope that such a practice has not been altogether discontinued in modern politics, that two hon. Members, especially when one hon. Member and the other right hon. Member are members of the same party, and obviously joined by an insatiable interest in this important matter, might consider partaking of a cup of tea in the Tea Room with each other in order courteously, and doubtless fully, to discuss it?

Sir Peter Bottomley (Worthing West) (Con): Further to that point of order, Mr Speaker. Times have changed. If more than one person is talking to each other in this place, it is a conspiracy.

Mr Speaker: Why did I not appreciate that? I should have done and I now do so. We will leave it there for now. I am glad that colleagues are in such a good mood: at least, they are at 11.47 am; we do not know how long it will last.

[Mr Speaker]

Ways and Means

Budget Resolutions

AMENDMENT OF THE LAW

Debate resumed (Order, 8 March).

Question again proposed,

(1) That 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.

11.48 am

John McDonnell (Hayes and Harlington) (Lab): I hope that the good humour continues, Mr Speaker, but we will see. I admire the hon. Member for Broxbourne (Mr Walker) for his creativity at all times in raising matters.

You and I, Mr Speaker, have watched Budget debates in this Chamber for more than 20 years now. As you probably know, I have referred to the iron law of Budgets: the louder the cheers for the Chancellor on Budget day, the greater the disappointment three days later at the weekend. I am revising that iron law—this Budget did not last three days; it lasted less than three hours.

I will address some of the main policy announcements in the Budget, but I believe that overall the Chancellor's statement evidenced a fundamental difference between the values of our two parties. What we saw yesterday was a Conservative Chancellor boasting about tax cuts to corporations and the rich while refusing to effectively tackle the crisis in social care for the elderly, refusing to properly fund the NHS, and increasing the national insurance burden on many middle and low-income self-employed earners, while at the same time breaking a clear manifesto promise.

Our values are these: we believe in a fair taxation system, in which everybody, no matter how rich and powerful they may be, pays their way; and we believe that through a fair taxation system and collective endeavour, the elderly and the disabled should be cared for, the sick should be treated and children should be educated to develop their talents to the full. That was not what we saw in yesterday's Budget statement. In addition, we adhere to manifesto promises.

On the state of the economy, I saw from the Chancellor's press briefings that all the talk before the Budget was about the aim of providing a positive backdrop for Brexit. That is not the real-world experience of millions of people. Yesterday the Chancellor boasted about economic growth, but what is positive about Britain being the only large developed economy in which wages

fell when economic growth returned? What is positive about rising GDP if most people are worse off? What is positive about the national living wage being revised down again? What is positive about yet more downward revisions to wage forecasts?

How can anyone describe an economy as “match fit”, as the Chancellor did, when people in that economy are seeing their standard of living fall and fall again? Wages are still worth less than they were nine years ago. The disposable incomes of non-retired households are less than they were before the financial crisis. The official forecasts are clear: working people, as a result of the Government's choices and this year's Budget, will be worse off. According to official forecasts, they will be £500 a year worse off in 2021 than was predicted in the autumn statement. Average earnings are expected to be £200 lower by 2022 than they were before yesterday's Budget. According to the Resolution Foundation, average earnings are set to return to their pre-crisis peak only by 2022 at best.

The Chancellor claimed in one press release that ours is an economy built on resilience; it is, to be frank, an economy built on sand. The fact that unsecured borrowing by households has shot up to levels not seen since before the financial crisis should be a warning sign to us all. Office for Budget Responsibility forecasts show unsecured household lending rising to a shocking 47% of household income by the end of the decade. For many people, such extra borrowing will be done out of desperation—as prices rise but wages fail to keep up, many people dig themselves deeper into debt just to get by. The Chancellor says that he does not want to put the economy on a credit card, but that is exactly what he and his policies are doing—forcing ordinary people into dependence on their credit card.

There is no resilience in an economy that is failing in its fundamentals. Business investment fell over the past year for the first time since the depths of the last recession. Companies are cancelling planned investments because they are so terrified of what the future holds under this Government, particularly with the risk of Brexit. They have seen seven wasted years pass without the investment or industrial strategy that they need from the Government, and they are now fearful of the Government's plans for Brexit.

Productivity growth—the engine of prosperity—has stagnated. We now lag far behind similar economies. A typical British worker takes five days to produce what their German or French counterpart produces in four. The Chancellor, in a moment of lucidity, recognised the scale of the problem, but he failed to provide any new funding to deal with it. Worse than that, public sector investment will be £2.3 billion less over the next five years than was planned in the autumn statement.

Yes, people celebrated International Women's Day, but while there were calls for a Budget that works for women, they have been ignored. Women are still bearing the brunt of this Tory Government's failed austerity agenda, with 86% of cuts falling on women—that figure is unchanged since last year—and the Government have yet again ignored the hundreds of WASPI women who turned up yesterday to lobby Parliament. Things are just as bad as ever for women under this Government. Labour calls on the Government to publish urgently an analysis of the true impact on women of their Budgets and spending announcements, and to explain how they

intend to reverse this disproportionate impact. Under a Labour Government, all economic policies will be gender-audited to ensure that we have an economy that works for all.

Let me turn to some of the policy announcements in the Budget, such as on self-employment. The Chancellor's decision to push a £2 billion tax rise on to low and middle earners who are self-employed makes little sense.

Sir Desmond Swayne (New Forest West) (Con): I would be the first to say that we need to find new ways to reward entrepreneurs and risk takers in our tax system, but does the right hon. Gentleman accept that the difficulty is that at present there is no way of distinguishing between such a person and a professional such as a journalist who has sought an arrangement with their editor to be paid as self-employed? On the low-paid, 60% of people who are self-employed will see a reduction if we take into account the change in class 2 contributions.

John McDonnell: The right hon. Gentleman raises a valid point about bogus self-employment. We thought that the Chancellor might have mentioned that in his statement, but he never referred to it. That needs to be addressed, because many people are forced or manipulated into self-employment. Bogus self-employment needs to be tackled, and we have campaigned for that along with a number of organisations, including several trade unions and the Federation of Small Businesses.

We saw middle and low earners hit yesterday. Someone on £20,000 will lose about £250 a year, while someone on £40,000 will lose nearly £650 a year—those are the consequences. I do not think that those people are high earners; they are middle to low earners. They should be protected, particularly at a time when, to be honest, there is frailty in the economy, with consumer spending just dipping on the latest figures. Those at the forefront of the impact of the dip in consumer spending are largely existing sole traders and small traders—the window cleaners, drivers and others—and they will be hit. The policy is wrong, and this is also the wrong time to put their careers and jobs in jeopardy.

The justification for yesterday's policy just does not stand up. The Government cannot demand more taxes from people without offering something in return. The Labour party are fully behind looking at how the labour market is changing—the right hon. Gentleman is right about that—and the shadow Secretary of State for Work and Pensions, my hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams), spoke last year about the principles that should guide such changes. We have regularly raised the problem of bogus self-employment.

Norman Lamb (North Norfolk) (LD): Does the right hon. Gentleman share my view that a lot of the people on low pay in self-employment get no paid holiday and no paid sickness absence, and have no protection against termination of employment?

John McDonnell: I will tell a quick anecdote. I was on the tube a month ago when a worker got on and sat down next to me. He was in his overalls as he was on the night shift. He had worked for Tube Lines before the company went bust. He is a rail maintenance worker,

which is a skilled job, but he is now employed by an agency and does not know whether he will have work tomorrow, the next day or whenever. He has no sick pay and no holiday pay, and if he does not turn up for work, he does not get paid. He has to pay an accountant to deal with the tax on his salary payments. At the same time, he can be exploited by being sold on from agency to agency. That is not real self-employment; that is the exploitation of someone who has been forced into self-employment. Such issues must be addressed. This insecurity is not just because of the gig economy, but because of what has happened in recent years, with people being forced into self-employment. Those issues were not even addressed yesterday. There is a problem of employers shirking their responsibilities by forcing staff into self-employment.

Yesterday, we got not a package of measures designed to address the problems of the modern world of work, but a single, unilateral tax hike for the self-employed. People earning over £8,000 will be hit. The Chancellor tried to disguise that by bundling the measure in with the re-announcement of abolishing class 2 national insurance payments, but yesterday's Budget documents are clear that this is a tax hike of £2 billion, targeted at the self-employed. Increasing the taxes paid by self-employed people does not move them to parity with the employed, because they do not receive the same benefits as the employed. The Chancellor says that he is concerned about the gap between different contribution rates, but the Labour party does not believe that the burden of closing that gap should fall on some of the lowest paid workers who are also those in the most precarious position in our society.

Mr Steve Reed (Croydon North) (Lab): Does my right hon. Friend agree with the Conservative Croydon councillor, James Thompson, who tweets:

"Disgusted by this so-called Conservative government hitting the self-employed".

John McDonnell: I find it interesting that the response to yesterday's statement has been anxiety right across the political spectrum. I hope that the Chancellor is listening. I hope that the Labour party and others in the House will combine with some Conservatives who are concerned and that we will force the Chancellor to think again.

The Chancellor says that he is concerned about the gap between different contribution rates. We do not believe that the burden of closing the gap should fall on some of the lowest paid workers, but that is the consequence of yesterday's decision. The Government are making minicab drivers pay more. They are taxing Uber drivers while at the same time cutting the taxes of Uber itself. A hairdresser earning £15,000 a year will be £137 worse off as a result of yesterday's measures. That cannot be fair—it just cannot be right.

And, yes, this is a manifesto betrayal. There was a promise in the manifesto and it read like this:

"This means that we can commit to no increases in VAT, Income Tax or National Insurance. Tax rises on working people would harm our economy, reduce living standards and cost jobs."

That was not me or Labour MPs, but the Tory manifesto. The Government have been trying to muddy the waters by talking about a Bill they brought forward in 2015. That Bill sought to cap class 1 contributions—Labour

[John McDonnell]

supported it—but it did not even allude to the idea that any other classes would see increases. To quote the current Chief Secretary to the Treasury speaking in Committee:

“we do not have further proposals other than those that we previously set out”.—[*Official Report, National Insurance Contributions (Rate Ceilings) Public Bill Committee*, 27 October 2015; c. 16.]

Some have tried to portray yesterday’s announcement as progressive, but what is progressive about raising taxes for low-paid drivers while the Government go ahead with cuts to capital gains tax for a tiny few? What is progressive about raising taxes for low-paid self-employed cleaners while the wealthiest families in the country get an inheritance tax cut? What is progressive about raising taxes for plumbers while multinational corporations see their tax bills slashed year after year? What is not fair is £70 billion of tax giveaways for the wealthiest and the corporations while taxes are hiked for middle and low earners. Just because the higher paid will pay a bit more, that does not make it right for the Government to clobber those on low incomes to plug a gap in their finances.

Interestingly, the Government have promised a review, but the tax hike is already scheduled. It may be that there is jam tomorrow on benefits, if one chooses to believe the Government, but who would believe them after they have broken a clear manifesto promise? The Government could not have made their interests more clear in hiking taxes for the self-employed while slashing taxes for the corporations. I quote the Federation of Small Businesses:

“Increasing this tax burden, effectively funded by a reduction in corporation tax over the same period, is the wrong way to go”—

I agree.

Meanwhile, the Government’s small, incremental reforms to business rates fall far short of the radical long-term reform that is needed. They are just trying delaying tactics. Business rates are a ticking time bomb that threatens to destroy many of our town centres. To be frank, this is a Government of the giant corporations and tax avoiders. It is not a Government for workers, not a Government for the self-employed and not a Government for small businesses.

Let me turn to the social care system and yesterday’s announcements. Our social care system is in crisis. I have an anecdote about a constituent I visited last week. She is a young woman who looks after her father, who has had seven strokes, and a mother with dementia. She is trying to hold down a job, but cannot get the care. As a result, she has cut her hours, rendering the income into her family and for her own children extremely tight. It is a difficult situation. That one example from my constituency exemplifies what is happening right across the country. People are suffering in that way in virtually every constituency.

According to the King’s Fund, social care needs £2 billion now just to cope with the emergency. The Chancellor failed to grasp the scale of the crisis. The money announced yesterday amounts to less than a third of what is needed. What I resented yesterday was that it had been trailed in the media that £2 billion was coming, but we were not told until the last minute that it would be over three years. That is nowhere near enough to

meet the crisis that people are enduring at the moment. There are now more than a million people, mainly older people and frail people, who are desperate for social care but still cannot get it as a result of the failure to address the emergency we are facing.

Mr Peter Bone (Wellingborough) (Con): The right hon. Gentleman is, as usual, making a very clever speech. I understand that the Budget debate is a political moment, but does he think that at some time down the road both sides can work together, not on this model but on a new model for social care?

John McDonnell: I always respect the hon. Gentleman’s interventions because he seeks to find solutions.

Ms Angela Eagle (Wallasey) (Lab): Death tax.

John McDonnell: Exactly. It is exactly as my hon. Friend says from a sedentary position. The Labour party tried the bipartisan approach. Hon. Members worked in good faith to seek a long-term resolution to this matter. They looked at a range of options, but halfway through the discussions we were, to be frank, betrayed. Instead of a bipartisan approach, it became a political campaign of the worst order. That was a betrayal of confidence. It will take a lot, to be frank, to regain that confidence to enable us to take a bipartisan approach. We are willing to have discussions with anybody anywhere, but the treatment last time went beyond political knockabout. It was an undermining and a betrayal not just of the Labour party but of frail elderly people and their families who desperately need a solution.

Families are imploding as a result of the lack of social care, because of the burden they are suffering. The Women’s Budget Group conducted an analysis of the Budget last year and this year. It identified two groups of people who have been hit hardest by austerity measures: younger women with children, and older women. Initially, I could not understand why, but the WBG explained that unfortunately in our culture the burden of care still falls on women. Retired women fill the gap when social care is no longer provided. We are always willing to talk to anyone to find a practical solution, but it is against the backdrop of betrayal and bad faith in the past.

Norman Lamb: I welcome the right hon. Gentleman’s commitment to talk to anyone to try to find solutions. He may be aware that we have launched an initiative with Labour, Conservative and Liberal Democrat MPs to try to establish an NHS and care convention. Will he back that bid? It is essential that we set up a process to establish a long-term settlement.

John McDonnell: That is a process of bringing MPs together as individuals, not as party representatives—let us be absolutely clear about that. We look forward to any proposals that come forward for consideration from any source. If we can find a practical way forward, we certainly will.

The most important thing is that we have an emergency at the moment. We need £2 billion now, not over three years, because people are suffering now. Families are imploding. I felt a sense of relief when it was trailed that we were going to get £2 billion. I then felt extreme

disappointment when we were then told it would be £2 billion over three years. That was never mentioned in the press releases before the announcement.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): Does my right hon. Gentleman agree that the January figures for those waiting more than four hours for accident and emergency, which at 86% are the worst on record, are another example of how our health and social care systems are at crisis point?

John McDonnell: As always, my hon. Friend has pre-empted my remarks. Not only did the Government fail to address social care yesterday, but they failed to address in any way the crisis in our NHS. It was completely ignored.

Ahead of the autumn statement, Labour and others were warning that the NHS was in crisis. It was in crisis before the winter, but the Chancellor could not find a single penny for the NHS in the autumn statement. The Royal College of Nursing now says that the NHS is in its worst crisis ever. Ahead of the Budget, the British Medical Association called for another £10 billion for the NHS. As my hon. Friend has just said, A&E waiting times have today got worse again—more people are waiting longer. It is astonishing that there was a complete failure on the part of the Chancellor in the Budget to recognise the scale of the crisis that our hospitals and doctors face. It is a crisis that the Government created by cuts.

Instead, we have a £100 million fund to enable GPs to triage in accident and emergency. The capital spend will build rooms for GPs in hospitals with no GPs to staff them, because no revenue funding is associated with the proposal.

Keith Vaz (Leicester East) (Lab): The issue is not just the immediate crisis in the NHS, but the preventable future crises that will come from long-term conditions such as diabetes. There seems to be no planning for the future. Does the shadow Chancellor agree that we have missed an opportunity to invest in prevention to save the taxpayer an enormous amount of money in future?

John McDonnell: I congratulate my right hon. Friend on his campaign, which he has stuck with for a number of years. I remember him saying that some years ago under a previous Secretary of State. Assurances were given about investment in preventive medicine and so on, but then what happened? We had an unnecessary £3 billion reorganisation imposed from the top and the money was lost. I regret that my right hon. Friend has had to continue his campaign. We need investment in preventive health, but we also need emergency funding now for the NHS.

This shows the difference in values. Labour says we need investment in the NHS, but the Government believe we need tax giveaways of £70 billion over the next five years to those who need it least. People are suffering in the NHS and they need social care. People are dying because of the Government's decisions. They have failed to address them, but have also prioritised tax cuts for big corporations and the wealthiest few rather than investment in our NHS.

On education and skills, the Chancellor claimed in his speech that the Budget was for the young and for skills. He waxed lyrical about the need to provide decent

chances in life for all. We share those sentiments—extra funding for training is welcome—but the £500 million of additional skills funding is nowhere near enough to undo the damage of seven years under this Government. Adult skills funding has fallen by 54% since 2010, which is a cut of £1.36 billion. That £500 million does not even come close to reversing the damage already done.

The Chancellor is providing £1 billion for the vanity project of free schools. That is more money for the ludicrous throwback of grammar schools. Thousands of Whitehall hours have been wasted on schemes for a tiny handful of privileged children, leaving the rest to fail. It is the same old Tories, isn't it? There are real-terms funding cuts for the state schools that 95% of our children use. They are the first cuts since the last Conservative Government. Fifties throwbacks and fantasies are not how we should run a modern education system.

Finally, the Chancellor never spoke the word “Brexit” in his speech yesterday. Shocking. The Chancellor was silent on the greatest challenge facing this country. The word “Brexit” never passed his lips once during his speech. As Britain prepares to begin the process of leaving the European Union, the Chancellor had nothing to say on the matter. It should be clear why. I do not think he agrees with the position of his Government. The Prime Minister claims that no deal is better than a bad deal, which is absurd—no deal would be the worst possible deal. The Chancellor knows that very well. He knows it is a risk, because the warnings come not just from Labour but from manufacturers, business leaders, employers organisations, trade unions and a wide range of civil society organisations. They come from economists and international organisations as well. The Chancellor is being told from every part of our economy that to crash out of the European Union without a trade deal will be disastrous. We will be cut off from investment and our biggest trading partner. We will be cut off from the skills of EU nationals, who have made so much of a contribution to our economy and society. It is a disgrace that those EU nationals live with insecurity still because the Government will not give them the assurances they need, but that is where the Conservative party is setting its course.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): Given that Brexit is the greatest economic challenge facing the country, I agree that it was shocking that there was so little mention of it in the statement and the Red Book. Does my right hon. Friend agree that it was also shocking that there was a complete absence of any commitments on regional funding, which we are set to lose in places like Wales as a result of leaving the European Union? The Government have repeatedly failed to guarantee that we will not be a penny worse off as a result of leaving the EU.

John McDonnell: In a past life, as chief executive of the Association of London Government, I was responsible for managing European funds for London, including the European regional development fund, the European social fund and a range of other funds. I know what contribution those funds make. I also know how much investment they prise in from elsewhere, what match funding is required and how to build transnational partners into the creative development of ideas. All that will be lost to us because the Government will not give the assurances we need.

Ms Angela Eagle: In the Liverpool city region, we are meant to welcome £30 million a year over the next 30 years, which is £900 million. We have lost more than £1 billion in direct funding cuts to our five local authorities. Half a billion pounds in European funding has been granted for the last two rounds, but there is no guarantee of anything in future. Does my right hon. Friend agree that that is a problem for our regional development and funding in trying to grow our economies from the bottom up?

John McDonnell: I know how hard my hon. Friend has fought on these issues, and I congratulate her. She has a grassroots understanding of the consequences of that lack of funding, and of the implications for her region and city. The consequences of the lack of investment are staggering, but it also undermines confidence in the private sector to match fund and invest. That is what we are seeing, even at the first stage, and yet, as my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty) said, we heard in the Chancellor's statement not a word of assurance to anybody, whether council leaders, business investors or workers. I found that disgraceful.

It is interesting that, prior to the Budget, the Chancellor and allies floated the idea that he was garnering a £60 billion fighting fund to deal with Brexit. It is not a fighting fund; it is a failure fund. He is having to put aside cash to deal with the consequences of what he knows will be a Tory Brexit failure. That is what the failure fund is for.

Keith Vaz: On Brexit, I wonder whether my right hon. Friend shares my concern that no provision has been given to the Home Office for processing the applications of 3.2 million EU citizens. The Home Office has suffered enormous cuts over the past few years and will simply be unable to deal with the applications that will be made. Currently, there is a seven-month wait to get a certificate to remain. Does he believe that provision should have been made for that?

John McDonnell: It is not just that provision should be made, but that the cuts have established that situation. Whatever system is introduced, that organisation will not be fit for purpose because of a lack of investment over the recent period, which my right hon. Friend has consistently pointed out.

We understand the vote in the referendum. People voted to leave, but we repeat time and again that they did not vote to trash their jobs, their livelihoods or the economy. A responsible Government would ensure that jobs and the economy were protected. A responsible Budget ahead of article 50 would have shown how the Government would protect both. The Chancellor had a responsibility and failed to deliver on it.

The Chancellor has dared to talk elsewhere about the difficult decisions he had to make. It is not he who is making the difficult decisions; it is the NHS manager in a hospital deciding whether someone will have a bed or a trolley; a police commissioner deciding which streets will be patrolled; or a council leader deciding which children's centre will be closed. They are the ones with difficult decisions, not the Chancellor. He is passing the buck to others for his cuts.

I think that the Chancellor lives in a world in which he is completely insulated from the consequences of his decisions. He can sit in No. 11 and delete lines from his spreadsheet without a thought for the consequences. For him, it is all in a day's work, and it is the rest of our society who must deal with the results. We have had seven long years of austerity from this Conservative Government, and the spending cuts have dragged our economy and society to the brink.

The suffering has been immense, and it is not the Chancellor or his colleagues who have been on the receiving end. It is their victims: those parents who cannot get a school place at the moment, those young people who cannot get a decent home because of a housing shortage, those families who cannot get care for their parents. We have seen public services shredded and basic standards in public life torn up, and for what? So that this Government can add three quarters of a trillion pounds to the national debt. After seven years of austerity, and two years after it was supposed to have ended, what can we look forward to? Continual cuts in public services for the rest of the decade.

This was a Budget of complacency. We need a Government who will introduce a fair taxation system, who will use public resources for long-term, patient investment in our economy, who will tackle tax evasion and avoidance at the same time, and who will grow our economy but, as we build a prosperous economy, will ensure that that prosperity is shared by all rather than being given away in tax cuts for the rich and the corporations. Yesterday's Budget was not just complacent; it was arrogant, and it was cruel.

12.21 pm

The Secretary of State for Communities and Local Government (Sajid Javid): Yesterday the Leader of the Opposition gave a response that sounded as though it had been written a week ago, regardless of what was actually in the Budget, and now the shadow Chancellor has just done the same. That shows us all, once again, that the Labour party never learns.

There has been no recognition of the state in which the right hon. Gentleman's party left the country's finances, no awareness of the millions of lives devastated by Labour's record-breaking recession, and absolutely no understanding of the most basic rule of any responsible Government: if you want to spend money, you have to raise it. If the right hon. Gentleman had been standing on the steps of No. 11 yesterday, holding up his little red book—I mean box—he would have come here and announced half a trillion pounds of additional borrowing, and every last penny of that, every last penny, would have had to be serviced and paid off by our children and our children's children for decades to come. *[Interruption.]*

Let me explain to the hon. Member for Newcastle upon Tyne Central (Chi Onwurah), who is speaking from a sedentary position, how finance actually works. If you borrow money, you have to pay it back. Tens of millions of hard-working Britons know that. They do it every month, with their mortgages, their loans and their credit card bills. That concept, however, seems to elude the right hon. Gentleman. Well, let us hope that he learns something today: after all, I have always been a great believer in workplace learning.

Ms Angela Eagle: Obviously it is important to get the deficit down. The Government said that they would eliminate it by 2015, two years ago, and now the Budget document makes it clear that it may not be eliminated by 2025. Is that the Secretary of State's definition of success—being 10 years late with a five-year plan?

Sajid Javid: We have heard no apology from the hon. Lady for the fact that during the 13 years in which Labour was in power, there was an almost threefold increase in the national debt and the country was left with a larger budget deficit than any other major advanced economy.

Seema Malhotra: Can the Secretary of State name a promise that the Government have actually kept in relation to the economy?

Sajid Javid: One kept promise on which the hon. Lady could have focused is the creation of 2.7 million jobs in our economy since 2010. They call themselves the Labour party, Madam Deputy Speaker, but they could not care less.

Oliver Dowden (Hertsmere) (Con): Does my right hon. Friend think that the £500 billion-worth of additional spending proposed by the Labour party would do anything to increase or reduce the deficit?

Sajid Javid: As always, my hon. Friend makes a good point. Conservative Members know that, if implemented, Labour's plans would result in not only more spending but more debt. Labour Members would increase the deficit and return us to another Labour record-breaking recession if they ever had the chance.

Several hon. Members rose—

Sajid Javid: I will plough on, but I will give way again shortly.

Figures released since the autumn statement have provided further evidence of the fundamental strength and resilience of the UK economy. Growth is forecast to hit 2% this year, the deficit is on course to reach its lowest level in two decades, and debt as a proportion of national income is forecast to begin falling in 2018-19 for the first time in more than 15 years.

Stephen Doughty: If we borrow money, of course we must pay it back. Why was there no mention of Brexit in the Budget, given that, according to the Office for Budget Responsibility, the cost of Brexit to the public finances could be an extra £58 billion? That is a huge sum, which we would have to repay.

Sajid Javid: My right hon. Friend the Chancellor talked about leaving the European Union. In fact, I think that that was one of the first things that he mentioned in his Budget statement. It is a shame that the hon. Gentleman was not listening.

Most important, the success that I have described is being felt in the pockets of ordinary working people, with real wages forecast to rise in every year up to 2020-21. Britain is home to more private sector businesses than ever before, and that is providing more jobs than ever before. We have gone from record-breaking recession

to record levels of employment. But of course we are not complacent: there is much more to do. Going on a wild spending spree simply because of improved growth forecasts would be like going down the pub to celebrate the extension of an overdraft. Our focus on sustainable, stable public finances must continue, and the Budget provides for exactly that.

Mr Reed: The Secretary of State is lecturing the House on how finance works, but we would like to know more about how it works in his Department. He has denied offering Surrey County Council a sweetheart deal, but the BBC has now published a letter from officials in the Department for Communities and Local Government which shows that they did, in fact, offer Surrey more cash in a unique deal. Did the Secretary of State know about that letter when he issued his denial?

Sajid Javid: If the hon. Gentleman had cared to look at a written ministerial statement published on 9 February, he would have seen that it states very clearly that Surrey approached the Department, as do many other councils before a financial statement, asking for more money. It made a request for a business rates retention plan, which was firmly rejected.

Mr Charles Walker (Broxbourne) (Con): Will my right hon. Friend give way?

Sajid Javid: I will, but then I must carry on.

Mr Walker: I thank my right hon. Friend for visiting my constituency—[*Interruption.*]

Madam Deputy Speaker (Mrs Eleanor Laing): Order. If Members want to intervene, they can stand up and intervene, but we must not have chuntering from a sedentary position; or rather—let us be honest about it—when you are sitting down, you do not speak in here. Otherwise, we cannot hear who is actually speaking. We must hear one person at a time, and now it is Mr Charles Walker.

Mr Walker: Thank you very much for that protection, Madam Deputy Speaker. It is much appreciated.

I thank my right hon. Friend the Secretary of State for visiting Broxbourne last week. May I divert him from Surrey to Hertfordshire, where a much bigger problem relates to an incinerator application? The awarding local authority, Hertfordshire, is also the planning authority in this instance, which strikes me as a conflict of interests. I suspect that my right hon. Friend cannot focus on that now, but will he take into consideration such conflicts of interest in local authorities?

Sajid Javid: I think my hon. Friend will understand that it would not be appropriate for me to comment on a particular planning application, but if he would care to furnish me with more information, I am sure that officials in the Department will take a look at it.

Mr Reed: Will the Secretary of State give way?

Sajid Javid: I will in a moment.

[Sajid Javid]

By maintaining a robust, growing economy, we will be well placed to make the most of the opportunities that Brexit will bring. The Budget also allows us to make additional commitments in a number of areas without putting our hard-won economic recovery at risk. The first of those areas is adult social care. The true measure of any society is how it cares for its most vulnerable citizens. Given advances in medical care and an ageing population, many councils have found it increasingly difficult to meet the costs of care in their communities.

Mr Reed: Will the Secretary of State give way, on that point?

Sajid Javid: I will give way once more to the hon. Gentleman.

Mr Reed: I am grateful, because social care was the subject of the correspondence with Surrey County Council. When the Secretary of State issued his denial, was he aware that his own director of local government finance, Matthew Style, had sent a letter to the council offering it a unique financial deal?

Sajid Javid: I think I have already answered that question for the hon. Gentleman: there was no deal available to Surrey that is not available to any other local authority.

I have been working on adult social care with my right hon. Friends the Secretary of State for Health and the Chancellor of the Exchequer. The result is a Budget that delivers £2 billion of additional funding for adult social care. Let me be very clear: every single council in England responsible for adult social care will benefit from this additional funding, rural or urban, north or south, Labour or Conservative. To allow councils to move fast so that they can put in place extra social care packages as soon as possible, we will publish the allocations later today. This additional money, front-loaded for 2017-18, will make an immediate difference to people in our communities who need care and support, and it will bring the total dedicated funding available for adult social care in England to £9.6 billion over the course of this Parliament.

I know that this is a novel concept for the Labour party, but more money is not the only answer. This Government are not just dedicated to sustainable economic growth; we also believe in sustainable public services. Demand for adult social care is not about to stop rising, and the challenge of paying for it is not going to go away. The £2 billion announced in this Budget will make a significant difference over the next three years, but the challenge will not suddenly vanish in 2020.

The funding model for the adult social care system is clearly in need of substantial reform and improvement; it has to be made fairer and more sustainable, and we are absolutely committed to doing just that. We are looking at all the options, and later this year we will be publishing a Green Paper setting out a long-term plan that will ensure that proper care is provided to everyone who needs it.

Bob Blackman (Harrow East) (Con): The announcement of money now will be warmly welcomed across the country, but before my right hon. Friend announces the details of the long-term plan, which we welcome as

well, the short-term issue is whether the money is new money or money being brought forward from later years, and whether it will be added to baseline budgets so that local authorities can expect to receive that funding each year, rather than being just one-off funding. Finally, the formula by which this is distributed is key, because different local authorities are under different levels of pressure.

Sajid Javid: I am pleased that my hon. Friend asks that question as it allows me to say more on this issue. First, I can confirm that the £2 billion is all new money; it is new grant from central Government. Secondly, I can confirm that it will be added to every local authority's baseline over the next three years as that money is distributed. My hon. Friend also rightly asked about how it will be allocated. The vast majority of the money will be allocated using the improved better care formula that already exists and is transparent and open, which will mean that account can be taken of not just the needs of every local authority but of their ability to raise money through council taxes. A small portion—10%—will be allocated using the existing relative needs formula, and the purpose of that is to make sure that every local authority in the country that has responsibility for adult social care is able to access new funding.

Barbara Keeley (Worsley and Eccles South) (Lab): The Secretary of State tells us that the vast majority of the money will be allocated via the better care fund. We know that the settlement before Christmas caused problems and that a third of councils lost out, including mine which lost out because of the adult social care bill. Will he say how the rest of the money will be allocated?

Sajid Javid: I thought I had just made that clear, but I will repeat it and be a little more specific: 90% will be allocated using the improved better care fund formula and 10% will be allocated using the relative needs formula. These are two existing formulae already in place and, as I said, further details will be published this afternoon, with the allocations and a description of those formulae. I hope that is helpful to the hon. Lady.

We also need to make sure that councils deliver the best possible local care services. There are many excellent examples of best practice around the country, but there is a big difference between the best-performing and worst-performing areas. There is clearly room for improvement across the sector, so alongside the additional funding announced in the Budget my right hon. Friend the Health Secretary and I will shortly announce measures to help ensure that those areas facing the greatest challenges can make rapid improvement.

Looking at health more widely, we are already committed to a £10 billion annual increase in NHS funding by 2020. This Budget goes further still: there is £325 million to allow the first NHS sustainability and transformation plans to go ahead, meaning more efficient and more effective healthcare for local people; and there is another £100 million to fund improvements in accident and emergency departments for next winter, including better on-site triage and GP facilities. That is enough to fund up to 100 new triage projects, taking some of the strain off our A&E departments.

Norman Lamb: The Secretary of State mentions the £325 million, but does he acknowledge that £1.2 billion

was taken out of capital spending in the current financial year, and that this money will only go to about six STP areas, leaving the rest of the country without extra capital spending at all?

Sajid Javid: I know the right hon. Gentleman cares about this issue and was deeply involved in it when he was a Minister. I am sure he knows that when the Government set out their plans for the additional £10 billion per annum by 2020, the NHS five-year plan was calling for £8 billion. This goes over and above that. The announcement made in yesterday's Budget of the additional £325 million plus the £100 million is on top of the £10 billion per annum.

Keith Vaz: Does the Secretary of State share my concern that there is not enough emphasis on prevention for long-term conditions such as diabetes? His ministerial colleague sitting on his left, the hon. Member for Battersea (Jane Ellison), was probably the best diabetes Minister we have ever had, and a lot of what she did was on prevention. Why has more money not been made available for investing in the future and cutting the taxpayers' contribution in years to come by setting up prevention centres for conditions such as diabetes?

Sajid Javid: The right hon. Gentleman makes a good point about the importance of public health, and he is absolutely right to pay tribute to the former Health Minister, who is now the Financial Secretary to the Treasury, for the work she did. I hope he will agree with me that the work that my hon. Friend and others did shows that they have taken this issue seriously. Some of the measures that the Chancellor talked about in his Budget statement—the so-called sugar tax, for example—will help in the long term with prevention, especially in the case of diabetes.

Health and social care are not the only public services that we are investing in. The Budget funds a further 110 new free schools. It funds free school transport to include all children on free school meals who attend a selective school. It also provides an additional £216 million of investment in existing schools.

When I was a teenager, my comprehensive school refused to let me study the A-levels of my choice; the people there said that it would be a waste of time and that I should leave school and just go and get a job instead. What I did was get on the bus and go to the other side of Bristol to sign up at Filton Technical College. I am proud to call myself a graduate of FTC. The education I received there was second to none. Without Filton, I certainly would not be standing here today—so you can blame them if you wish I wasn't.

Many opportunities were opened up by my time at Filton, but for years afterwards I would still see eyebrows raised and sneers barely suppressed when I said that I had been to a technical college. For too long in this country there has simply not been parity of esteem between valuable technical education and more academic study. As Business Secretary, I began the process of changing that, including by creating the Institute of Apprenticeships. I am very pleased that the introduction of T-levels announced yesterday will continue that process.

We are following the work carried out by Lord Sainsbury, Baroness Wolf and other experts in this field to radically improve technical education, and in doing so we are

investing an additional £500 million a year in our 16 to 19-year-olds. We will also be offering maintenance loans for those undertaking higher level technical qualifications at the new institutes of technology and national colleges.

Seema Malhotra: Notwithstanding the challenges Labour has posed on the Budget, I welcome the T-levels and the emphasis on technical education. I think the Secretary of State will acknowledge that Labour Members have also argued for an increase in vocational education. This sends a very important message to the young people in my constituency who I talked to yesterday that there is great value in having this alternative. The challenge will be to integrate it well enough in the workplace so that it leads to real, skilled jobs in the future.

Sajid Javid: The hon. Lady rightly points to the challenge of ensuring that employers recognise the changes. Initiatives such as the new Institute of Apprenticeships, which is employer-led, will help to set the standards for the technical training. That will make a difference in ensuring that employers welcome the new qualifications.

The measures I have talked about so far will improve lives right across the country, but we recognise that local areas across Britain want greater control of their own services and infrastructure. The Government, the Greater London Authority and London Councils have reached an agreement on further devolution for our great capital city. This includes exploring a pilot for a development rights auction model and joint work to identify what elements of the criminal justice services can be delivered locally. We will also be agreeing a second health and social care memorandum of understanding to support work on prevention, integration and estates reform.

However, there is more to this country than its capital city. I should know: I was born in the north, raised in the south-west and elected in the midlands. Today, the Chancellor is in Dudley, launching our midlands engine strategy. This follows the northern powerhouse strategy published after the autumn statement.

Richard Burden (Birmingham, Northfield) (Lab): The Secretary of State and I are both midlands Members of Parliament. I welcome the focus on the midlands in the Budget. There are some useful initiatives in it. Would he care to comment on the strategy being brought forward today by Midlands Connect? It is charged with looking at the transport infrastructure side of delivering the midlands engine, and in particular at east-west connectivity, and it makes it clear that, for the midlands engine to work and deliver its potential, it will need a long-term perspective and investment of £1 billion per annum over a 30-year period. What confidence can we have that that long-term commitment will be given?

Sajid Javid: As a midlands MP, the hon. Gentleman will understand that the devolution deal for the region will lead to additional funding of more than £1 billion over the next 30 years, which can be invested in priorities such as transport infrastructure. I believe that the right leadership is in place, and that that is exactly what will happen. That is why I am supporting Andy Street to become the next Mayor, and I hope that the hon. Gentleman will join me in expressing his support for him. Perhaps that is what he was just doing.

[Sajid Javid]

The hon. Gentleman will also be pleased to hear that this morning we published details of £392 million of additional funding for the midlands, allocated through the third local growth fund. That money will further unlock the region's potential, funding infrastructure and creating jobs. Much of it will go to Birmingham, for example. The Budget includes £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. The Chancellor has launched a £690 million competition for local authorities across England to tackle urban congestion and get local transport networks moving again. That is a serious investment in our communities that will make a real difference to the daily lives of millions of people and countless businesses. We can make that investment precisely because of the fair, progressive changes that we are making to the tax system. We are levelling the playing field between employees and the self-employed, and 60% of the self-employed—the lowest earners—will gain from these reforms. We are also continuing to reduce corporation tax on all profitable companies, large and small, so that hard-working entrepreneurs keep most of the fruits of their labours.

We are taking a number of steps to make business rates fairer. I have never made any secret of my support for business, and for small businesses in particular. Seeing my dad's shop struggle was one of the reasons I came into politics in the first place. From the biggest cities to the smallest villages, the local high street and the local pub form the heart of countless communities across our country. That is why the Chancellor and I listened closely when concerns were raised over this year's business rate revaluation, and why I was happy to work with colleagues across Government to secure action.

The majority of business will see no increase or even a fall in their business rates, but I know that if someone's rates are going up, it is no consolation to hear that someone else's will be going down. The bigger picture will not pay their bills, so the Budget introduces three new schemes that will help businesses facing steep rises. The first involves additional support aimed specifically at small and rural businesses that are losing some or all of their rate relief and are facing large percentage increases in their bills as a result. The additional relief will limit the annual increase in the bill for an eligible business to the greater of either £600 or the cap in increase for small properties in the existing transitional relief scheme. That is 5% in real terms in 2017-18. No small business losing some or all of its relief as a result of the revaluation should see its bills rise by more than £50 a month in 2017-18.

The second measure is the establishment of a £300 million discretionary fund for local authorities to use over the next four years. Each billing authority will receive a share of this funding and will be able to use it to deliver targeted support to the most hard-pressed ratepayers in its area. This will allow local authorities to more than double the amount they spend on discretionary relief in 2017-18. Finally, there is a new relief for pubs. This will provide a flat £1,000 discount in 2017-18 on bills for all pubs with a rateable value below £100,000. My Department will be publishing full details later, but up to 36,000 pubs—that is approximately 90% of them—

could benefit from the relief. The cost of all three models will be met in full with new money allocated by central Government.

Recent consultations have shown little appetite for wholesale reform of the business rate system. However, 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 to delivering this in due course, and will consult on it before the next revaluation is due. In the medium term, we need to find a better way of taxing the digital part of the economy so that online businesses do not enjoy an unfair advantage. This is another example of the way in which this Government deliver lasting reform alongside immediate investment. It is the difference between a sticking plaster and long-term cure.

Sir Peter Bottomley (Worthing West) (Con): The Chancellor has announced that there is to be a Green Paper on dealing with unfair clauses and terms in consumer contracts. I do not know whether the Secretary of State has been paying attention to the difficulties that leaseholders are facing, but will he ensure that, one way or another—preferably one way and another—those are taken into account, if necessary through a super-complaint, so that unfair terms can be struck out and those who exploit leaseholders can be dealt with firmly?

Sajid Javid: I commend my hon. Friend on the work that he has done on leasehold abuses. That Green Paper is being led by my right hon. Friend the Secretary of State for Business, Energy and Industrial Strategy, and we are considering whether leasehold abuses could be included in it.

We are not just putting billions of pounds more into adult social care; we are developing a whole new strategy to safeguard it for the long term. We are not just tackling the short-term problems created by the business rates revaluation; we are looking at ways to improve the system for many years to come. We are not just continuing to invest in world-class public services; we have also asked Sir Michael Barber to look at ways of making government more efficient so that we get maximum value for taxpayers' money.

As we debate the Budget, let us not forget that every last penny invested by any Government ultimately comes from taxpayers—from hard-working employees and fast-growing businesses—and they can succeed only if we have a strong, stable, sustainable economy. Without that, there would be no NHS, no outstanding schools, no social care for the vulnerable and no support for small businesses. We have all seen what it looks like when Governments forget that. After 13 years of Labour rule, their Chief Secretary to the Treasury said that there was no money left.

The Leader of the Opposition stood at the Dispatch Box yesterday and made promise after promise. It was fantasy economics, with billions upon billions of pounds in unfunded and unaffordable measures that would undo in an instant everything the people of this country have worked so hard to achieve over the past seven years. We are cutting the tax burden on businesses; he wants to increase it. We are reducing the deficit; he wants to raise it. We want to borrow less; he wants to saddle our children with the bill for another reckless

spending spree. Government Budgets are big, complicated things, but they are simple at their heart: if we want to spend more, we have to borrow more, tax more, or cut spending elsewhere. Anyone who says otherwise is not being straight with the British people. There is no such thing as a magic money tree. Sustainable public services can be funded only by sustainable growth. This Budget delivers both. The Opposition would give us neither.

12.50 pm

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): During the heated interchanges that took place a short time ago, I was wondering whether this was merely a private fight or if anybody could join in—I will take this opportunity to join in. Let me declare first of all that my approach to understanding economics is different from that of the Front-Bench spokesmen, so if the House will forgive me, I will take a couple of minutes to set out why I see things slightly differently so that Members can better understand my critique of particular aspects of this Budget.

I am highly critical of an approach to economics that seeks to mimic the physical sciences and imagines that it can predict the future through statistical means. Great economists of the past of different traditions, ranging from Adam Smith to Karl Marx, would have rightly scoffed at that notion. When I picked up the Office for Budget Responsibility's "Economic and fiscal outlook" yesterday, it fell open at page 45, which Members will recall contains chart 3.8, on effective exchange rate assumptions. If we look at that chart—some hon. Members are doing so—we can see that the OBR is able to accurately plot the past, which contains wild variations in the exchange rate, and that the biggest variations are often due to not economic decisions, but political ones, such as the EU referendum. The OBR's prediction for the future, however, is a perfect straight line parallel to the horizontal. The only thing we know is that that is the least likely thing to happen to the exchange rate but, owing to that approach, built-in assumptions make us highly vulnerable to misreading the actions that need to be taken. Straight lines rarely predict human activity.

It was therefore with genuine concern that I heard the Chancellor deem it important in the opening section of yesterday's statement to read out spreadsheets and forecasts as though they were going out of fashion while entirely failing to mention in any depth the key issues challenging the future economics of this country. As has been said, he failed adequately to address the challenges of Brexit, for example, but I will come to that in a moment.

Allow me to reflect a little on different ways of looking at the economy and to make three key observations. First, an economy is not a machine but a network of relationships among human beings. What do these networks do? They are built upon myriad individual and collective decisions that are affected by an almost infinite array of influences. Not only do we not know the future with any degree of precision, but we cannot know the future with any degree of precision, yet that is what such detailed forecasts pretend, and they are provided without even any margins of error.

We know that decisions are critical, so I thought about how I could highlight the importance of that and some of the things that the Government could do.

The best example came to me yesterday when, along with many Members, I attended the WASPI women demonstration. Those people face having to make key decisions about their future, but this Government utterly disrupted the way in which they were able to make rational decisions, because they were given no proper notice about the huge changes being made to their pensions. Rather than helping to give some coherence to the economy to enable people to make as rational a decision as possible, the Government's actions have caused disruption. The effective operation of the marketplace is being disrupted, not helped.

Secondly, we cannot ignore the influence of politics on economic activity and vice versa. By entirely ignoring the effect of Brexit in his speech, the Chancellor ignored the influence of such a political decision, but some of the effects of Brexit should have been tackled. The failure to guarantee the rights of EU citizens in this country will lead to disruption in the labour market. I am sure that I am not alone in knowing constituents who either have already left or are preparing to leave the country, including people who run small businesses, a German couple, someone in the creative sector, and one or two university researchers.

Keith Vaz: The hon. Gentleman and the SNP should be commended for raising this issue on so many occasions. It is the practicalities that worry me. EU citizens are extremely worried and distressed about their current position, so they need their applications to be processed, but there is no provision in the Budget to allow for those applications to be processed efficiently. Millions of people will have to go through the system.

Roger Mullin: I entirely agree with the right hon. Gentleman. Indeed, that is a great worry to me, as it is to him and to many others. It is about not only the system's efficiency, but its effectiveness and ability to make the right kinds of decisions in complex individual cases. I have constituents who have been here for many years but are finding it difficult to get various applications through.

Mike Weir (Angus) (SNP): My hon. Friend is making a good point, as did the right hon. Member for Leicester East (Keith Vaz). This is not just about individuals. There will be an impact on the local economy of areas such as mine that rely on migrant labour for fruit picking and will face great difficulties if that labour is not available. There are huge economic consequences in addition to the personal consequences.

Roger Mullin: That is precisely my point. What was seen as a political decision to exit the EU immediately has consequences for individuals whom we value in our communities. That has implications for the labour market, and the disruption of the labour market has economic consequences. We cannot get away from the fact that an array of influences are coming to bear due to Brexit, but the Chancellor thought that the sensible approach was to utterly ignore them. We also need to pay attention to other matters connected to Brexit. As far as I am aware, the Chancellor said absolutely nothing about how he was going to fill the funding gaps for rural communities, the agricultural sector or university research. Everybody is uncertain about those gaps. How will the Government address them in general? They have already

[Roger Mullin]

said that they will fill the gap in one or two small instances, but there is no general response. That is another disruption that the Government are not addressing.

Thirdly, whereas the Treasury and the OBR can offer only snapshots of the economy at different times, people who may call themselves part of the classical economic tradition would say that an important feature of the real world is how the market economy operates, which is based on a process of incessant change and growth. Although the Government talk about some aspects of that, such as the importance of research and development and of stimulating innovation, not nearly enough regard has been paid to the importance of how we are to stimulate innovation and, through that process, stimulate growth in the economy.

There are practical implications of that view of looking at things. Policies in recent years—near-zero interest rates from central banks and austerity from Governments—have specifically protected one group of people while harming everyone else. They have boosted the asset prices of the wealthy while destroying the savings pool of those with modest amounts in the bank. The policies harm pensions and penalise savers. They represent everything that classical economists have opposed. Paradoxically, they are the antithesis of the free market and a further illustration of what David Stockman calls “crony capitalism”. It is not hard to find the human embodiment of crony capitalism in this House.

I will now comment on some of the measures. I read an article in the *Financial Times* by Sir Nicholas Macpherson a few days ago—[*Interruption.*] He is a friend of the hon. Member for Bootle (Peter Dowd). Sir Nicholas said that Budgets were supposed to be about tax. For perfectly reasonable historical reasons, the United Kingdom has developed an enormously complicated tax system over hundreds of years. When I talked to a Treasury official some weeks ago, he told me that, so far, he had found more than 1,100 tax reliefs in the system. Every tax relief provides an opportunity for a loophole, so it is perhaps not surprising that estimates of the tax gap vary between £36 billion and £70 billion.

Given the changing nature of society, should our tax system and some of our approaches to tax rely on what happened 150 years ago or more? Surely the time will soon come when we have to look systematically at the entire tax system with a view of not just simplifying it, but making it fit for purpose for the type of economy and labour market that we have today. I am therefore disappointed that there was no reference to that in the Budget.

We have already heard excellent points about the problem facing the self-employed, so I will not dwell too long on that, but there is one area in which the Government could help. For 30-odd years before I entered Parliament, I ran small research companies and the like. In the last few years before I entered Parliament, I decided that I was going to take life a bit easier—some chance—so I stopped running a limited company and simply proceeded, with associates and individuals, by picking the jobs that I found interesting and wanted to do. I applied for a job with the Government, but they said that I could not be considered for it unless I became a limited company. The UK Government’s procurement processes therefore encourage people to do what the Budget says the

Government do not want them to do. If we are to move down the route of sorting out this part of the economy, as the Government would see it, might it be a good idea for them to practise what they preach by sorting out their own procurement policy?

Too often in this House we hear the Government making policy changes and announcements in which they almost assume that every labour market is like an inner city. When I heard what the Government were doing on self-employment, my thoughts did not immediately go to how labour markets operate in Glasgow or the City of London; I thought about my friend in Skye and some of my friends in the highlands who have no choice but to rely on self-employment. They cannot choose to work for corporations that do not exist. They are what might be called “necessity entrepreneurs”, and they do not work in just one sector. They have to job around and they undertake lengthy travel. They also have absolutely none of the security that people in employment have. The Government think it is a good idea to burden those people all of a sudden, but I cannot see how on earth their chosen proposal will give any support to local economies the length and breadth of this country. We need much more effective analysis of those matters.

Of course, being a Scot, I am particularly concerned about the duty on whisky. Given the state that the Government are in, and given what we face in the future, if there was ever a bad time to make it more expensive to buy whisky, this is it. Surely we do not want to start by penalising one of the most effective products produced in this land that is not only essential to the Scottish economy, but makes a massive contribution to the economy of the whole United Kingdom.

Many Members want to take part in this debate, so I will finish by returning to a group I mentioned earlier. At its heart, the economy is a collective human endeavour. We cannot understand economics abstractly; we have to understand it in terms of its effect on individuals, families and communities. If ever there was an example of how the Government have departed from the genuine concern for humanity that should be at the centre of our concerns about the economy, it is surely their malicious treatment of the WASPI women. We have a long way to go.

1.6 pm

Rishi Sunak (Richmond (Yorks)) (Con): It is a privilege to speak in this debate. In all the excitement from Fleet Street, it would be easy to forget who yesterday’s Budget is really about, so I will share with the House how many of my constituents will feel about it. Whether it is the schoolboy with a first-rate technical education who will now have the chance of a better job and a solid wage, the small business owner who knows that when she speaks up her Government listen, or the mother who knows there is a Conservative Chancellor at the helm making the difficult decisions so that her children have well-funded public services and a country that lives within its means, for the hard-working people of North Yorkshire this is a Budget that delivers where they need it most.

Norman Lamb: How does that schoolboy or schoolgirl feel about an 8% cut in funding per student by 2020 under this Government?

Rishi Sunak: I am not sure that I recognise the right hon. Gentleman's figure. The schools budget has been protected, and the Government are rightly consulting on the iniquity in the current funding system which means that constituents in my rural area are worse off to the tune of hundreds of pounds per pupil compared with very similar pupils in other parts of the country. I am delighted that the Government are addressing those iniquities in their consultation.

Seema Malhotra: Will the hon. Gentleman give way?

Rishi Sunak: If the hon. Lady does not mind, I will make some progress and come back to her.

I begin with small businesses. My predecessor, Lord Hague, has a well-documented enthusiasm for beer, so it will come as no surprise to Members that pubs are a cornerstone of my rural constituency's economy. Following in his footsteps is difficult enough, but it is impossible for me to visit a pub in my constituency without seeing a picture on the wall of William pulling a pint with the landlord. Not only is my constituency home to more than 200 pubs, but I am proud to say that it hosts the Campaign for Real Ale's 2017 pub of the year: the community-owned George & Dragon in Hudswell. I was delighted to be in Hudswell just last Friday when the landlord Stu Miller, his family and team received their award in the loud company of everybody from the village.

In recent months I, like many other hon. Members, raised concerns that the revaluation of business rates risks penalising such small, enterprising businesses. I am delighted to say that this was the Budget of a Chancellor who, like any good barman, listens to our concerns. For the landlords who run them, the jobs that depend on them and the communities that enjoy them, this Budget's £1,000 business rate discount will make a real difference to many pubs at a time when money is still tight.

But pubs are not the only rural businesses that the Budget will help. Auction marts and livery yards across North Yorkshire have seen particularly steep rises in their business rates because the idiosyncrasies of such companies are not well understood by officials and because the last revaluation coincided with the disastrous foot and mouth epidemic. Such idiosyncrasies are more than even the most ingenious civil servant could be expected to foresee. Auction marts, livery yards and riding schools are particularly important to the fabric of our rural community, so I thank the Chancellor for the extremely welcome creation of the new £300 million discretionary business rates fund, which will put decision making back in the hands of communities and allow businesses in constituencies such as mine to benefit from the local knowledge of councils in ensuring a smooth transition to the new schedule.

Stephen Doughty: The hon. Gentleman was talking about pubs, and he will know that I am a keen pub goer. Indeed, I was in a pub in his constituency the other day, enjoying a pint with my cousins. What does he have to say to customers in pubs, who are going to face a 3% increase in the price of a pint?

Rishi Sunak: What I say to customers and to the hon. Gentleman is that I am sure that the Minister doing the wind-up will be able to say how much better off customers are from having benefited from several years of freezes

in beer duty that would otherwise have been put in place. I am sure they would also like to hear that this Government will be consulting on new duty rates for white cider and still wine to see what more could be done to help customers who drink those alcoholic beverages. Lastly, let me say that I would welcome him back to my constituency any time and will be happy to share a pint with him next time he is there.

Seema Malhotra: I have not yet been to a pub in the hon. Gentleman's constituency, but I recognise the benefits for pubs in my constituency. May I extend the question about customers in pubs, many of whom may be self-employed? Have they reflected with him on their concerns about the proposed rise in national insurance?

Rishi Sunak: I thank the hon. Lady for raising that issue. If she will allow me, I will deal with that exact point later in my speech.

The last measure in support of local businesses that I wish to highlight is the £690 million fund available for local authorities to address urban congestion. Congestion is not something one would ordinarily associate with the rural idyll of North Yorkshire's villages and market towns, but the residents and community of Northallerton are relentlessly frustrated by the level crossing near our vibrant and diverse high street, as its impact on local business is substantial. I have convened meetings of local authorities and Network Rail to discuss plans to alleviate the congestion, and I very much hope the Chancellor's new fund can help us.

As the Chancellor so rightly pointed out in his Budget speech, supporting our businesses is a means to an end, not an end in itself. If our children are to benefit from the more than 2 million new jobs created since 2010, they will need the right skills. The 2.4 million apprenticeships created in the last Parliament are a momentous achievement, but we must also recognise that although most of us think of apprentices as young people, 16 to 19-year-olds—school leavers—account for less than 10% of the increase in new apprentices. That means that too many school leavers are still sticking with an inappropriate classroom education rather than a first-class technical one. The Chancellor's announcement of new T-levels is a crucial step in redressing the balance and closing for good the gap between the classroom and the factory floor, for which our economy has paid a high price for too long. I therefore welcome the new half a billion pound investment in increasing training hours, the streamlining of technical qualifications, the provision of high-quality work placements and the introduction of maintenance loans. Taken together, that is a powerful package to help to ensure parity of esteem between technical and academic education.

Yet I also urge Ministers to continue to look carefully at my campaign, supported in the recent industrial strategy, to create a UCAS-style system for apprenticeships. This branded, one-stop-shop portal would not only end the classroom divide between those applying to university and those applying for apprenticeships, but, by bringing everything together in one place, help businesses to connect more easily with young apprentices in schools.

Turning to national insurance, I, like many Conservative Members, have always believed in low taxes as a spur to economic growth, but when a Government inherit a deficit of £100 billion the greatest priority must be returning to sound finances and doing so in a way that

[Rishi Sunak]

is fair. I believe it is right that those who benefit from public services make an appropriate contribution to paying for them, and that is what this Budget's changes to national insurance will ensure. Sixty per cent. of self-employed workers—those earning less than £16,000—will see a decrease in their national insurance contributions as a result of the removal of the regressive class 2 band. Workers earning up to almost £33,000 will be no worse off when these changes are taken together with the increases to the personal allowance, and for those earning more the average increase in contributions will be a few hundred pounds. It is right to ask: is this fair? I believe that it is.

Historically, different rates of national insurance for the self-employed and the employed reflected significantly different benefits and access to public benefits, but that difference is no longer there. Indeed, changes to the state pension, which is partly funded by national insurance, mean that self-employed workers now benefit from an extra £1,800 annually in pension—this is something they would need to save up to £50,000 for to receive in the private sector. Similarly, self-employed couples starting a family can now benefit from almost £5,000 in tax-free childcare support.

In this House, I always hear calls for investment in public services, such as this Budget has provided for in social care, but those investments need to be paid for. Her Majesty's Revenue and Customs has estimated that it is losing about £5 billion a year from the increasing trend of self-employment, so it is right that we make small changes to ensure that everybody contributes to the public services and benefits we value. It is important to recognise that even after these changes the tax system will still recognise the particular issues faced by self-employed workers and will favour them in its tax rates and treatment. They will benefit from a lower rate of national insurance than employees; they will still not bear the cost of employers' national insurance, which is levied at a substantial 13.8%; they will still have the ability to offset losses and gains over years; and they will still benefit from a more generous treatment of tax-deductible expenses. I am also encouraged that in the longer term the Government are committed to looking at the whole issue of the increasing trend towards self-employment, and to ensuring that we reflect those changes in the economy in our tax system and ensure that everybody is treated fairly. This small change is thus necessary to protect the things we value, and it is fair and proportionate.

In conclusion, we have all learned to be a little cautious of economic forecasts, but if the Office for Budget Responsibility is right, the first students to sit their T-levels will do so in a country with 1 million new jobs, double today's productivity growth and, for the first time in two decades, national debt falling as a percentage of GDP. This Budget, like the ones that came before it, is building a country where our businesses will not have to pay for the profligacy of the past and our children can look forward to a bright future. Nothing could be more important than that, so I commend this Budget to the House.

Graham Jones (Hyndburn) (Lab): On a point of order, Madam Deputy Speaker. Yesterday in regional newspapers, there was a malicious and false report that

the Labour party had somehow entered into an arrangement with the British National party in the seat of Pendle. This matter was raised in business questions by the hon. Member for Pendle (Andrew Stephenson). Having just spoken to the leader of the council in Pendle, I am absolutely assured that no such deal has taken place. In fact, the leader of the council has never spoken to the BNP in eight years, and the Labour party does not speak to the BNP in Pendle unless it is absolutely necessary to do so in committee. These reports should be corrected and I wondered how best to go about doing that, Madam Deputy Speaker.

Madam Deputy Speaker (Mrs Eleanor Laing): I can quite understand why the hon. Gentleman wishes to make his point of order, but, as he knows and as the House appreciates, it is not a point that can be dealt with by the Chair. However, he asks how he can set the record straight, and my simple answer is: he has done so, and I am sure his setting straight of the record will be properly recorded in *Hansard*.

1.19 pm

Ms Angela Eagle (Wallasey) (Lab): It is a pleasure to follow the hon. Member for Richmond (Yorks) (Rishi Sunak), whose constituency is in my home county, Yorkshire. The last time I was in his neck of the woods, it was not to go to a pub—as many of my hon. Friends seem to have done—but to fight the by-election that his predecessor fought and won. I remember wandering forlornly through a village in the constituency, door-knocking with my much-missed colleague, Mo Mowlam. We did the entire village and found not a single Labour voter, so I think the hon. Gentleman is probably fairly safely ensconced in Richmond (Yorks), pending an electoral earthquake—although, of course, they do happen.

I was disappointed by the Chancellor's statement yesterday. His first Budget did not rise nearly seriously enough to the challenges faced by our country in these times of great volatility and change, which we must now confront together. We needed a wider and bolder vision. We needed radical reform to rebuild our prosperity in a post-Brexit world and a sustainable plan to deal with our ageing population and all the pressure that that brings. We needed a recognition that we must recast our tax and benefit systems to deal with the world to come, rather than the world as it was when Beveridge produced his blueprint for a welfare state, 75 years ago.

Instead, we got a Budget that made no mention of the greatest challenges facing us today. There was no mention whatsoever of climate change. There was no mention of rising poverty and inequality, or of public expenditure cuts stretching to the far horizon. Perhaps most surprisingly of all, there was no serious mention of Brexit. This was an occasion on which the Chancellor ought to have set out a bold reforming vision for the UK. But he did not. He left the grimmest news unspoken; perhaps he hoped that nobody would notice.

On living standards, the Office for Budget Responsibility revealed something that millions of people in this country already know: real pay levels have not yet returned to their pre-2008 peak. The autumn statement revised down the forecast for real earnings by £1,000 by 2020, and the Budget will do nothing to change that. That means that workers are facing 13 wasted years of lost earnings and stagnating pay under this Government.

To make matters worse, the Government's flagship promise of a £9 so-called living wage, which in itself was never going to be enough, has been revised down to £8.75.

The modest growth in our economy, which is at historic lows, has translated into real earnings stagnation for the vast majority of people. The fact that more than half the 13.5 million people in this country who are now living in poverty are in work is not a problem the Chancellor was troubled enough to mention in his speech, but it is an indictment of his Government's record, and it is one of the most serious social problems facing Britain today.

The Budget papers reveal that consumer debt is once more exceeding its pre-crisis peak; it is this unsecured debt that is driving what modest growth there is in the economy. The Bank of England is right to be worried about it, but it did not trouble our Chancellor enough for him to refer to it at all in his Budget statement. These facts alone show just how much the Prime Minister's just about managing families are being made to shoulder the burden of a painfully slow recovery from the financial crash, yet there was simply not enough help announced for them yesterday.

On infrastructure and investment, the perfunctory re-announcement of the £23 billion in the rather grandly named national productivity investment fund is to be welcomed, although it has been announced many times before. But, at 2.6% of GDP, it remains far lower than the levels of infrastructure investment achieved by the previous Labour Government, and well below the OECD average. That is going to put us at a continuing long-term disadvantage in a global race in which we are more isolated and at risk than ever before, after the Brexit vote.

On investment generally, the OBR forecasts that Brexit and the uncertainties surrounding it are likely to depress private investment going forward, and uncertainty about trade arrangements will hit exports and inward investment, too, offsetting any beneficial trading effect of the depreciation of sterling. This is not a credible platform from which to launch any serious attempt to prepare our economy for the challenges of a post-Brexit world and enable us to secure our prosperity for the future.

This is a Budget that continues to hit the poorest the hardest. The Red Book demonstrates that the cuts to public services just go on and on into the future. We are told that the target for eliminating the deficit, which was originally meant to be achieved in 2015, might now not be accomplished until 2025—a 10-year delay on the original five-year plan. The Budget documents reveal a massive 20% cut in the funding allocated to local government next year, down from £8.2 billion to £6.5 billion. That puts at risk services for the most vulnerable and threatens to rip our social fabric apart.

There is an 8% per-head cut in education funding, which will threaten to bankrupt some schools—certainly in my constituency—while the extra funds announced for education are ring-fenced for the Prime Minister's grammar schools vanity project. Once again, some people are being left behind while a chosen few, in certain chosen areas, get all the advantages. Also unmentioned by the Chancellor in his statement yesterday was a 6% real-terms cut in non-pension-related spending on social security, which will hit the most vulnerable the hardest.

The pressures of our changing demography make it clear that there must be urgent and radical reform of our system of social care, and in social justice more

broadly. The changes to our labour market, which are happening on a global, national and local level, along with the profound implications of rapid technological change, make it imperative that we reform our tax and benefit system to make it fit for the future. We must be willing to look again at the tax base in order to guarantee real security for everyone in our society.

In both those areas, though, the Government have been caught out by their cynical electioneering attacks on Labour and their even more cynical election promises to the people. After participating in cross-party talks following the Dilnot report on adult social care and agreeing a joint approach to the challenges we face, in 2010 the Tories cynically produced propaganda posters condemning what they called "Labour's death tax". Thus, for short-term, cynical electoral gain, they equally cynically ruled out the changes we need to make as a nation so that social care can be put on a sustainable footing for the future.

The Tories did the same with what they called "Labour's tax on jobs"—proposed changes to national insurance contributions. In 2015, they even produced the Tory "tax lock", a pledge that it has since emerged was manufactured to fill a hole in the general election grid. It was described by the No. 10 adviser who thought it up as

"the dumbest economic policy that anyone could make".

Stephen Doughty: My hon. Friend mentioned previous claims by the Conservatives. I have the advert that they put out during the last election, which made clear that any rise in national insurance would be "costing jobs and hitting hardworking taxpayers".

What has changed?

Ms Eagle: Exactly. My hon. Friend will agree that, with their cynical use of short-term advantage and the way they have electioneered on it, their pledges and the way they have campaigned, the Conservatives have actually made it much harder for us to make the reforms that we as a society need to make to our tax and benefit system and our social care system. That is the ultimate in irresponsibility.

Yesterday, the Chancellor tore up the tax lock. He can dance on the head of a pin and claim that the lock did not apply to class 4 national insurance contributions all he likes, but that was not on the side of the bus and no one will believe a Tory election promise ever again. The Chancellor has learned a tough lesson: if he wants to be for the just about managing, he needs all the tools of government available to him. He cannot tax-lock himself out of all his options and end up having to plug the gap in social care by taxing the self-employed. The Government have been hoist by their own cynical petard.

We are willing to work with the Government on both the challenges that I have mentioned—social care and how to arrest the alarming rise in self-employment, which brings precariousness for far too many people. Self-employment is often just apparent self-employment, and it is quite often very low paid and precarious. We need to ensure that the self-employed are properly protected and have proper access to the protections that employees take for granted.

Seema Malhotra: As usual, my hon. Friend is holding us spellbound with an excellent speech. The former Secretary of State for Work and Pensions, the right hon.

[Seema Malhotra]

Member for Chingford and Woodford Green (Mr Duncan Smith), in a sense blamed the Tory manifesto for being wrong more than he blamed the policy that the Government introduced yesterday and the way that they did so. Does she agree that those are both problems that the Government clearly need to learn from?

Ms Eagle: I agree. We saw a cynical dash from the Conservatives to make short-term promises to get elected, and we saw them campaign even more cynically on those promises in the hope that when they had to be broken nobody would notice. But the Government's actions are making it much harder for us to have cross-party support on anything, and they have also made it very difficult for anyone to believe any single one of their manifesto pledges again. The Government have increased distrust of politics. That is the legacy of their behaviour on social reform and tax reform, which are vital if we are to prosper in the future.

Stephen Doughty: My hon. Friend is being generous in giving way. She talks about mistrust having been created. Does she agree that people out there often say to us that they do not feel that politicians in this place—the Government—actually understand the realities of life? Life for the self-employed, in particular, is often very difficult. They have many costs on top of those we would normally expect. They need increased insurance, find it difficult to get a mortgage and have to pay out for additional things. This Government simply do not understand the reality of life for self-employed people.

Ms Eagle: That may be the generous interpretation, but there are other interpretations that involve the cynicism I have talked about. This is the issue: if the Government really wanted to make a reasonable reform to the tax system and national insurance contributions to take away the current tax incentive for people to self-incorporate or real employers to force people into becoming apparently self-employed, they would not have made such a reform. They would have said, "We're going to introduce these new benefits for the self-employed and take away the tax advantages and disadvantages of being self-employed, and finally we will bring forward a much more stable tax base and tax system." That could be supported, but it looks like the Government have changed national insurance contributions to fill a fiscal hole in social policy. That is a grubby way to behave, and it is in breach of the Conservatives' election manifesto. That is not the way in which the Chancellor should have made this change. He may learn, but in this Budget all we got was green Hammond rotten eggs.

1.35 pm

Mr Dominic Raab (Esher and Walton) (Con): It is a pleasure to follow other hon. Members. I hope that the hon. Member for Wallasey (Ms Eagle) will not be too offended if I say that I agree with more of what my hon. Friend the Member for Richmond (Yorks) (Rishi Sunak) said than what she said, but I find that the Budget debate always produces insightful contributions from both sides.

Ms Angela Eagle: Just to reassure the hon. Gentleman, I suspect that I would have been even more offended if he had agreed more with me than with his hon. Friend.

Mr Raab: It is good to at least start on a point of consensus.

When I hear the leader of the Labour party or the shadow Chancellor talking about the economy, I sometimes feel that there is a parallel universe. I listened carefully to the right hon. Member for Hayes and Harlington (John McDonnell) on "The Andrew Marr Show". He explained that the economy was not growing fast enough. In fact, the British economy was the second fastest growing in the G7 last year, as it is this year, despite all the doom and gloom around Brexit. He needs to look at the economic facts.

The right hon. Gentleman went on to say that real wages are falling, which hon. Members have returned to on several occasions. I will talk about cost of living pressures, but the official figures are crystal clear. Real wages have been rising since September 2014 and, according to official data, are set to continue rising. [Interruption.] If the hon. Member for Heywood and Middleton (Liz McInnes) wants to intervene, I would welcome that, but otherwise she should go and check the facts. The raw truth is that employment is at a record level, real wages have been rising since 2014, income inequality—I know that she, like me, cares about that—is at its lowest in 30 years, the FTSE is at a record level, and there has been a fresh wave of investment since the referendum, including, most recently, the commitment by James Dyson.

Seema Malhotra: Does the hon. Gentleman agree that although he may be able selectively to cite headline statistics, there is a reality in our constituencies that comes through in our casework? Schools and parents tell me about people not being able to afford school uniforms, and people are relying on food banks. Does he acknowledge that we need to face that reality and that our economy and economic policy should deal with those things?

Mr Raab: I welcome the acceptance of the official figures at least, which was implicit in what the hon. Lady said. I accept that there are cost of living pressures, not least given that inflation is creeping up, but let us face it: inflation is still well below the Bank of England's headline 2% target. I will address cost of living challenges and what we should do about them, but we live in the real world and we should not chase the Labour party leadership's socialist pipe dreams, because they will do nothing to deal with cost of living pressures other than precipitate a lack of confidence and investment in the economy and falling living standards as a result of increasing unemployment.

I thought that the hon. Lady was going to intervene to welcome Dyson's investment in a new 517-acre research facility in Wiltshire. Jaguar Land Rover is investing in creating the new Velar model, which will be exclusively manufactured in Solihull. The wave of investment is coming right across the country. There is a resilience and strength in the British economy, and fresh investment and enthusiasm about the opportunities that lie ahead. Having said that, I want to be careful not to allow any sense of complacency to creep in.

This Budget is all about the whole package. In what I like to think is my still relatively limited time in this place, I have never known a Budget that has not involved compromise. Trying to put together a package is the serious business of government. Hon. Members of all parties can be quite quick to allow the positive stuff that we like, whether that is taxation cuts or extra investment—I have been guilty of that in the past—but we also have to 'fess up and face up to the difficult decisions that have to be made. That is the serious business not just of politics, but of government. Look at what the leader of the Labour party said yesterday; he and his party are so unfit to govern because they are not willing to face up to those difficult decisions.

Stephen Doughty: The hon. Gentleman talks about not being positive enough about different things but, a moment ago, he tried to present quite a false impression of the inflation rate. The PriceStats indicator, which is actually a much more accurate indicator of the inflation rate, suggests that inflation has potentially risen to 3.3% in recent weeks. As my hon. Friend the Member for Wallasey (Ms Eagle) pointed out, that is certainly being reflected in the sorts of pressures that constituents come to us with. Does the hon. Gentleman not recognise that inflation is, in fact, potentially much higher than he suggests?

Mr Raab: I love to have a good haggle over stats, but the fact that the hon. Gentleman said that the situation is “potentially” worse than I indicated suggests that he does not have full confidence in his intervention. The raw truth is that I am citing the consumer prices index for inflation, which is the one that everyone uses, from economic forecasters to the Treasury and Ministers. If the hon. Gentleman wants to use a different one, it may, in fairness, be him who is trying to be selective.

Let us look at what the Government proposed and brought forward for the economy in this Budget. We continue to cut corporation tax, which is critical for encouraging businesses to come here and invest, and, from looking at the report from the Centre for Policy Studies, is also a good way of generating additional revenue because it is a dynamic tax cut. We want to create more revenue not just to spur business growth, but to pay for the precious things such as social care that we want in our society and in our public services. We need a strong economy to ensure that we remain at the most cutting edge of our competitiveness. I am afraid that the Achilles heel of the current Opposition is that they have no sense of what credible economics look like.

On top of corporation tax, I was delighted to see the Government address the issue of business rates, and to see the £400 million package to ease the transition towards reform of the wider business rates system particularly to ensure that smaller businesses on the high street are not unduly affected or penalised by the changes. I know from my own experience—particularly in a constituency such as Esher and Walton, which is really a constellation of towns and villages with a strong high street, but with a disproportionate number of smaller business—that the measures to ease the business rates transition will be well received. We want to ensure that the high street is able to compete with online businesses, and I was pleased that the Chancellor directly addressed that in the Budget yesterday.

As well as the measures to stimulate the economy and to ensure that we are at our most competitive, the Budget includes significant investment in skills. There has been a record level of investment in schools under this Government, and we have seen fresh money allocated to new schools and existing schools. I listened very carefully to the hon. Member for Wallasey. The truth is that 1.8 million more children are studying in state schools that are deemed good or outstanding than in 2010, when the last Labour Government were in office. That is probably the accomplishment of this Government of which I am most proud. The question now is not how we rest on our laurels, but how we build on that accomplishment.

Yes, we want to ensure that with a new wave of grammar schools the academically gifted—whether they come from the humble background of a council estate or a rural backwater—have the opportunity to make the very best of their talents. We also want to ensure that the bright but not necessarily bookish have a vocational route, through technical training or otherwise, so that every child who has talent, works hard, grafts and has something about them—no matter what their disposition—can make the very best of their individual abilities. That is what is so positive about the package brought forward by the Government yesterday, with T-levels as well as the new money going into grammar schools and existing schools.

Aside from schools and education, which are important for skilling up our economy, driving forward social mobility and ensuring that we build the vision of the meritocratic society as well as the enterprise economy, money has been allocated to social care because we have a Government who are willing and able to take difficult decisions. An extra £2 billion will go into social care on top of the £10 billion we will invest in the NHS by 2020. My constituency of Esher and Walton is a classic Surrey constituency in the sense that we have an ageing population, which is good news because people are living longer, but we need to ensure that we can cater for conditions and healthcare needs. Although there are many longer-term questions about financing and what model of social care we have, the extra money going into social care will be a crucial first step. I know, from looking around at the pockets of elderly poverty even in a relatively affluent constituency in Surrey, how important it is to ensure that we have that support, but that support is only there because we have a Government who are willing to make difficult decisions.

The hon. Member for Feltham and Heston (Seema Malhotra) made an intervention about the cost of living, which is a critical issue to address. The reality is that this Government are raising the national living wage to £7.50 an hour and have taken 3 million of the lowest paid out of income tax. Let us be very clear that for the average taxpayer, that is now the equivalent of £1,000 extra in their pockets each year as a result of the difficult decisions that a responsible Government are able and willing to make. Further measures in the Budget deal with tax-free childcare, and the doubling of free childcare for working parents with three and four-year-olds. I am not sure that I am eligible, but I do have a two-year-old and a four-year-old. As a member of a two-salary couple and team, I know the importance of such support, and I welcome it.

[Mr Raab]

Difficult decisions are made in Budgets. There are issues and points in this Budget that I did not like much, but the truth is that we have to look at Budgets in the round and as packages. I will be honest that I struggle with the changes to national insurance for the self-employed. I am in the business of cutting taxes, not raising them, particularly for the entrepreneurial classes, but we need to know how we are going to fund everything we want to do in the Budget. That is the challenge that any responsible Government and, indeed, any credible Opposition, have to face. The advantage we have is that we will have a separate free-standing piece of national insurance legislation. The Minister, who is incredibly assiduous and very attentive to the concerns raised by hon. Members in this Chamber, will want to ensure that we get the package for national insurance right.

The Chancellor has raised the issue of the lack of parity between the way in which the employed and self-employed are treated. Of course, there are advantages and disadvantages to both statuses, and it is absolutely right to ensure the right, equitable treatment for both. I do not want us to penalise entrepreneurial people in our society but, at the same time, I want to ensure that we have a system that is fair. Conservative Members must be extremely mindful that we satisfy not only the letter, but the spirit of our manifesto commitments. The advantage of having this free-standing legislation—I can see the Minister scribbling away—is to ensure that we get the right balance on this sensitive issue.

Stephen Doughty: Will the hon. Gentleman give way?

Mr Raab: I want to make one more point about the other aspect of the Budget that I struggled with a little bit—cutting the dividend-free income for savers. We have talked a lot in this Chamber and in the Government about the importance of encouraging people to save, given the challenges of debt, credit and household debt more generally. I want to ensure that we are not sending the wrong message with this change, when we actually want to incentivise and encourage savers.

I am therefore very honest and upfront about the challenges. The problem is that all the things we want—from the extra money for social care for the vulnerable, to the extra money for skills to drive forward social mobility, to extending the personal allowance to cut income tax—have to be paid for. I welcome, support and reinforce the Government's inclination to face difficult decisions head-on and to make sure that we get the balance right, rather than just having a Budget that satisfies newspaper headlines but does not stand the test of time. The Government therefore have my support, and I know that they will want to look at the nuances of some of these measures.

In contrast, I was very struck by the speech from the leader of the Labour party yesterday, because it did not put forward any credible alternative. It rather felt like he was tilting at socialist windmills—like he was somehow lost in a field ranting at the wind. The tragedy for the Labour party is that, on some of these issues, where there are genuinely choices to be made, it has no credible alternative. That is what I think the public will see: a Government bracing themselves and taking difficult

decisions, and a Labour party, under its current leadership, that has talked about £500 billion of extra spending that it cannot fund.

I pay tribute to the hon. Member for Nottingham East (Chris Leslie), the former shadow Chancellor, who rightly pointed out that satisfying those spending commitments would require us to double income tax, double national insurance—there was no mention of that from Labour Members—double council tax and double VAT as well. I am not sure, therefore, that Labour Members are really in a position, in the absence of a credible alternative, to start picking holes in one or another aspect of the Budget put forward by the Government.

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

Mr Raab: Let me give the hon. Gentleman my three points; I will look forward to hearing his intervention after that.

There is also the whole concept of people's quantitative easing—the idea that the Bank of England should print more money to spend on some of these ivory-tower, socialist-pipedream projects. That is the Mugabe school of economics; it is deeply irresponsible. Again, if we are talking about difficult decisions, that would be far worse for savers than any of the difficult decisions that have had to be made in this Budget.

Finally on the alternatives put forward by the Labour party, the leader of the Labour party is actually on record as being amused about the possibility of raising the basic rate of income tax by 5%—I have the quote here, but I will not embarrass Labour Members by reading it. Honestly, of all the tax rises in the world to contemplate, a rise in the basic rate is deeply irresponsible, not just economically but socially.

Peter Dowd (Bootle) (Lab): Why do you not talk about your manifesto instead of our manifesto? Why do you not talk about the promises in your manifesto that you have broken?

Madam Deputy Speaker (Natascha Engel): Order. The hon. Gentleman should remember that he is speaking through the Chair. It is not my manifesto—it is the manifesto of the hon. Member for Esher and Walton (Mr Raab).

Mr Raab: Madam Deputy Speaker, I thought for a moment that you were going to adopt the Conservative manifesto. Fortunately, you have resisted that temptation.

The shadow Minister makes his point, but I have addressed in the round the Budget that the Government have put forward. I have explained the bits I enthusiastically embrace and talked about the difficult decisions we have had to make. However, the truth is that the Labour party is incapable of putting forward a credible package.

Several hon. Members rose—

Mr Raab: I would say—

Karl Turner (Kingston upon Hull East) (Lab): Give way!

Mr Raab: I will give way at a time of my choosing, not the Labour party Whip's choosing.

If the shadow Minister would like to explain how it can possibly be right to hike the basic rate of income tax by 5%, I will give way.

Peter Dowd: I beg your pardon, Madam Deputy Speaker.

The bottom line is that we should be talking about the broken promises from the Conservative party manifesto. However, the national infrastructure plan involves £500 billion of expenditure—some public expenditure and some private—so I would ask how the Government are going to fund that.

Mr Raab: I am not sure that it is incumbent on me to fund the commitments that the Labour party may or may not be willing to make.

The truth is that we have a properly funded Budget in which difficult decisions have been made. Investment is being made in the right things, such as skills and social care, but—

Peter Dowd: Will the hon. Gentleman give way?

Mr Raab: No, I will not. The hon. Gentleman has had plenty of opportunity. I have allowed him to intervene on me and I am looking forward to hearing his speech. However, the truth is that he is unable to answer the question of how it can possibly be right to raise the basic rate of income tax. I would just point out that, as a result of the extension of the personal allowance, the average taxpayer will receive £1,000 a year extra.

Peter Dowd: It is fantasy.

Mr Raab: No, these figures have been properly costed. From the Institute for Fiscal Studies to the official figures, it is clear that, by raising the personal allowance, we are putting £1,000 back into the average taxpayer's pocket. At the same time, the Labour party—*[Interruption.]* Not just the uber-rich—we are used to hearing about that predictable bugbear from the Labour party.

Peter Dowd: He's frit.

Mr Raab: Having taken two interventions from the hon. Gentleman, I have to say that the suggestion that I am frit is a bit silly.

The truth is that the Labour party will want to put up taxes on not just the super-rich, but low and middle-income families. Frankly, that is fantasyland.

Mr Stewart Jackson (Peterborough) (Con): Does my hon. Friend agree that the Budget statement is about not just arcane statistics and numbers, but societal change for the better? Did he notice, as I did last week, that the number of families in which no one works is at an all-time low under this Government? We have therefore delivered economic stability and positive societal change.

Mr Raab: My hon. Friend hits the nail on the head. The key thing the Government can do is to create the conditions for record levels of employment, with real wages rising, and with inflation—yes, it needs to be looked at—stable and under careful control. Even on

the worst-case scenarios that have been forecast, inflation would rise above 2%, but come back down shortly thereafter.

The reality of this Budget is that we have a Chancellor and a team of Ministers grappling with difficult decisions at a sensitive time, when there is a degree of uncertainty because of the referendum result, and coming up with a sensible, measured package. We have the Labour party talking about printing money and £500 billion of spending commitments when it has no idea where it can fund them from, and we have a Government who are committed not to tilting at socialist windmills, unlike the leader of the Labour party, but to building a better Britain—not only an enterprise economy but a meritocratic society for our children—and to making sure that the most vulnerable, and particularly the elderly, have the social care they need. *[Interruption.]* If the hon. Member for Bootle (Peter Dowd) would like to intervene on me rather than chuntering in frustration—more in frustration at his own party, I suspect, than at me—I will give way.

Peter Dowd: The hon. Gentleman can make up as many false “facts” as he would like, but the fact of the matter is that he is making them up. He should concentrate on his own manifesto. He still has not answered the question about the £500 billion in the Government's national infrastructure plan. Where are the Tories getting the money for that from?

Madam Deputy Speaker (Natascha Engel): Order. We are mulling over making up false facts. I think we are starting to get quite close to language that is not really acceptable in Parliament. We should just be aware of it.

Mr Raab: As ever, Madam Deputy Speaker, I will be very mindful of your advice, and I will curtail my speech.

The truth is that Budget week is the week for difficult decisions. The Government set out their priorities—the media will always pick apart whichever bits they want to—but they have to put in place a package that strikes the right balance, and I commend them for doing so. I know the Minister will have taken on board the concerns that I and other hon. Members have raised. However, the contrast between a credible, serious Government and a leader of the Labour party and an Opposition who have abdicated responsibility for coming up with a credible alternative is palpable for all to see—everyone inside this House, but also the public at large.

1.58 pm

Mr Steve Reed (Croydon North) (Lab): We are here to consider the Budget that the Government have put forward for the country. I want to speak about its impact on my constituents.

Like the rest of the country, Croydon is experiencing a social care crisis. Older and disabled people regularly visit my office to say they cannot get home care and that they do not get adequate support when they leave hospital. Local charities are telling me that the funding that they need has dried up as well.

After the Chancellor ignored the social care crisis in his autumn statement, we were hoping for better this time. Although £2 billion extra over three years is a welcome start, it goes absolutely nowhere near resolving

[Mr Steve Reed]

this crisis. These services have already been cut by £5 billion since 2010. Some 26% fewer people receive help today, even though there are more older people needing such help. The King's Fund projects a £2.8 billion funding gap every year by the end of this decade, but only £2 billion is being made available over three years, so all I can say to my older constituents and the disabled people who come to ask me what the Government are doing to help them is that the Chancellor has responded to their plight by imposing yet more cuts.

It is galling to see the Department for Communities and Local Government offering Surrey County Council a sweetheart deal that is denied to Croydon and people living in every other part of the country. It is not only Surrey that has this problem to deal with, but every local authority. Every community is struggling with it. I regret immensely that the Secretary of State failed to answer my question about whether he knew in advance about the letter that was sent from his Department to Surrey County Council offering it a sweetheart deal. We need to know whether he knew about that in advance of its being withdrawn. If he was party to it, the House needs to know that that is how he is attempting to operate within his Department and, if he did not know about it, the House needs to know that he has no grip on what his officials are up to. His constant evasion of the question will not suffice. We need answers from the Secretary of State; I am sure that in time we will get them.

Particularly painful to my constituents will be the planned hike in national insurance contributions for the self-employed. Croydon North is one of the most ethnically diverse constituencies in the country. Unfortunately, unemployment is particularly high among many minority communities. Their desire to work and their strong enterprising spirit means that many people from these communities set up their own businesses. Self-employed people work as taxi drivers, van drivers, hairdressers, plumbers, decorators, childminders—all sorts of jobs. They work very long hours, often for very modest pay. In Croydon, well over one in 10 workers are self-employed. It makes no sense whatsoever to clobber them with new tax rises. They need help and support, not further barriers to work.

Mr Jackson: So what does the hon. Gentleman say to the respected Institute for Fiscal Studies and the much respected Resolution Foundation, which are today stating specifically that the measures that he identifies are progressive and ameliorate inequality in the tax system between people on pay-as-you-earn and those who are self-employed?

Mr Reed: Perhaps Conservative Members, including the hon. Gentleman himself, should have thought about that before they stood for election on a manifesto that said absolutely categorically that there would be “no increases in...National Insurance contributions”.

It does nothing for trust in politics when politicians say one thing to persuade people to vote for them but then, once they are elected, do the polar opposite. They are helping to further break trust in this House and trust in politics. This is not down to the IFS; it is down to Tory Central Office, the Prime Minister, the Chancellor of

the Exchequer and—dare I say it?—the hon. Gentleman himself, if he is going to vote for the proposal. Given all the uncertainty about Brexit—it is shocking that the Chancellor had so little to say about Brexit in his statement—small businesses and the self-employed need reassurances, not broken promises.

I now turn to those in employment, because this Budget has very little to offer them either. Low pay and stagnant wages have become endemic. Most people have seen no growth in household incomes in the 10 years since the global financial crash; indeed, many have seen a real-terms cut. The British economy might be getting richer, but British working people are getting poorer. Ours is the only advanced economy in which wages fell while the economy grew between 2007 and 2015. In Croydon, average earnings have fallen by 7.6% in real terms, and today more than one third of my constituents earn less than a real living wage. So where has the money gone? Who has taken the proceeds of that growth? It is not the vast majority of people in Croydon or across Britain who work around the clock to pay the bills and put food on the table, but the shrinkingly small number of the super-rich whose interests this Government really represent. Wages are stuck and household debt is soaring, but the Chancellor had absolutely nothing to say about any of it.

Peter Dowd: Is my hon. Friend aware of today's Resolution Foundation report that says that the UK is set for the worst decade for pay growth in 200 years?

Mr Reed: That is absolutely shocking, but it reflects what we are seeing in our constituencies and what our constituents are telling us.

Once upon a time in this country, there was a covenant between people and Government. People gave their consent to the system in return for a fair reward for the work they put in. There was an understanding that if people worked hard, they would do well. They could expect a decent home, security for their family, and healthcare when they fell ill or grew old, and that if they could not work, they would be looked after with dignity and respect. But today that covenant is broken. The unfairness and inequality that this Government stoke has bred resentment that has catapulted us out of the European Union and over a cliff edge into uncertainty.

Mr Jackson: I cannot allow the hon. Gentleman to propagate this myth. The gap between the poorest and richest 10% of our population was the highest that it has ever been under a Labour Government. This Government, I am proud to say, have delivered something that was never delivered in 13 years of a Labour Government: a national living wage to assist the poorest members of our community who are in work.

Mr Reed: This Government have absolutely divided the country. They have divided different parts of the country and communities from each other. I will give a statistic that shows how they have done it. Since they came to power in 2010, the 10 poorest councils in the country have experienced cuts 17 times bigger than those faced by the 10 richest. If that is not divisive, I do not know what is. This is happening on top of the fact that jobs have been lost to automation, factories have moved abroad, British people are denied the investment,

skills and training that they need to compete in a global economy, and wages are stagnating. The Tories have made all this worse by targeting the poorest communities for the biggest scale of cuts. They have put the greatest burden on the weakest shoulders, and they have done so as a deliberate political tactic.

Adam Afriye (Windsor) (Con): The picture of doom and gloom that the hon. Gentleman paints is completely disconnected from the reality for people overall. Will he at least acknowledge that those in the lowest quartile have had a bigger tax cut than those in the highest quartile?

Mr Reed: We do not need to hear anything about tax cuts from Conservative Members, given that they have just broken their solemn electoral promise not to raise taxes if elected back into government. Only yesterday we saw the Chancellor standing at the Dispatch Box proposing to raise taxes. Conservative Members will have to vote on that, and it will be very interesting to see how many follow it through and how many do not.

The truth is that the Government have divided our country. With this Budget, they are doing absolutely nothing to bring it back together again.

2.8 pm

Bob Blackman (Harrow East) (Con): It is a pleasure to follow the hon. Member for Croydon North (Mr Reed). First, I place on record my declaration in the Register of Members' Financial Interests as a vice-president of the Local Government Association, given that many of my remarks will be about local government funding and the services provided.

When Chancellors stand up at the Dispatch Box, they have a real challenge on their hands to balance the books in terms of taxes to be raised and money to be spent. In looking forward to the year ahead, we must take into account not only the Budget announced yesterday but the autumn statement, which led to large elements of Government spending being brought forward. There is a Budget that is announced at the Dispatch Box, and then there is a Budget that appears in the newspapers in the days and weeks beyond.

The test of a Budget is often how long it lasts before people start to pick at the finer points. It cannot be said that the Chancellor did not address national insurance increases: he spent a large proportion of his statement speaking about national insurance and the importance of balancing the overall position. We need to look at the matter very carefully, however, because a solemn promise was made in the manifesto not to increase national insurance, and I worry that the Government could be accused of signing a contract and failing to look at the small print. Across the country, many people who have entered self-employment are on relatively low rates of pay. They are taking all the risks on themselves, and we want to encourage them to be entrepreneurs and to invest in their businesses and livelihoods.

There has been a dramatic reduction in national insurance for many low-paid people, but I think the point at which people will pay more is far too low. I trust that the Treasury will look at introducing appropriate tapers to ensure that those contributions fall on highly paid people who would appear to be abusing the opportunity to be self-employed, rather than on the lower paid.

Jim Shannon (Strangford) (DUP): The hon. Gentleman has clearly outlined the issue concerning the Conservative party manifesto. The media—the radio, the TV and the papers—have today given many illustrations of why people are unhappy with the Government's intention to raise national insurance contributions. It is an issue in my constituency, and many of my people are telling me that they do not want it to happen. Those people have operated under the existing system for several years, and they want it to continue. Does he feel that the Government should review their decision? I think that that is what he is saying, but will he confirm that?

Bob Blackman: The Government have to look at the matter very carefully and review the point at which someone will pay more national insurance as a result of the abolition of class 2 contributions and the increase in class 4 contributions. I do not think that the balance, as announced yesterday, is right.

Norman Lamb: The hon. Gentleman rightly highlighted the concern that this may be a case of having to look at the small print. Is the situation not worse than that, however? The small print actually came in the legislation that was introduced after the election; when the commitment was made in the manifesto, there was no small print. It was a very clear promise, which has been broken.

Bob Blackman: The right hon. Gentleman and his party are experts in broken promises. It is important that we are seen to be fair and reasonable in this process, and that we encourage people to become entrepreneurs. That is the key element.

I now move on to funding for social care. The Communities and Local Government Committee, on which I have the honour of serving, recommended that the Chancellor make available £1.5 billion to fund adult social care. I am delighted that the Chancellor announced an extra £1 billion for adult social care. I am also pleased that the Secretary of State for Communities and Local Government confirmed today at the Dispatch Box that that money will be added to local authorities' baseline budgets, and that he confirmed the formula by which it will be distributed. I think that that will be warmly welcomed by local authorities up and down the country, and it is a continuation of much needed funding.

I hope that the Economic Secretary to the Treasury will be able to clarify in his winding-up speech one or two points in the Red Book that are slightly confusing for me and may be so for other Members, if they have looked at them. Line 9 of table 2.1 on page 26 mentions a spend of £1.2 billion on adult social care in 2017-18, which is more than the Chancellor announced yesterday in his speech. I hope that that can be clarified. However, the extra £1.2 billion does not appear to have been added to the CLG items in the table on page 21. It is not clear whether the money is ring-fenced for adult social care—I hope it is—and how the Government will ensure that it is spent in the intended manner. The funding was clearly needed, and I am delighted that it has been announced. It shows that the Chancellor and the Treasury are listening to concerns raised by hon. Members from right across the House.

I am equally pleased to see the additional funding that has been introduced for the national health service, particularly capital funding to provide much needed

[*Bob Blackman*]

A&E improvements. Those improvements will take some pressure off A&E departments by allowing for the triaging of individuals who turn up at A&E when they should have gone to their GPs in the first place. That will clearly take the pressure off our health service, and it will be warmly welcomed across the country. I trust that we can get on with implementing those capital schemes as fast as possible, so that next winter A&E will not face the problems that it has experienced over the last couple of years.

I note that the Chancellor has allocated an extra £325 million of funding for sustainability and transformation plans. However, the estimated requirement is £9.5 billion. I just wonder where the extra money will come from to support that. The extra money for that in the Budget is welcome, but there seems to be rather a shortfall by comparison with the demand created by the various STPs.

On business rates, we all welcome the relief for pubs and the reinstatement of a three-year revaluation cycle. If we have learned nothing else from the process, we have learned that a seven-year revaluation period is ridiculous. Although many businesses across the country will be warmly happy about the fact that their business rates were effectively frozen for seven years, after the businesses are revalued they will almost face a cliff-edge. The implementation of a three-year revaluation period has to be the right approach.

I warmly welcome the £300 million given to local authorities to grant discretionary relief on business rates. My only concern is that we know that a large number of appeals will be lodged against the revaluations, and some local authorities may therefore be hesitant about granting relief while appeals are going on. In London and other parts of the country where 100% of business rates are devolved, that may have a huge impact on local authorities' income. That is my one concern.

We need absolute clarity on what will happen about the billing of business rates and the reliefs that will be offered thereafter. Businesses up and down the country will receive their bills without necessarily knowing what reliefs they will get. In terms of cash flow, that will be a serious concern. The additional money to provide businesses with relief from the increase in business rates is extremely welcome, but the devil is in the detail, and we must resolve businesses' uncertainty as quickly as possible.

Mr Jackson: My hon. Friend is, as I am, a vice-president of the Local Government Association. Does he agree that there is probably a case to be made for introducing a regional aspect to non-domestic or business rates? The potential difficulties in Greater London and the south-east are not replicated throughout the rest of the country, where bills are being reduced. That speaks to a need to look at London as a unique entity.

Bob Blackman: As we move forward, and before we get to 100% devolution of business rates across the country, we must resolve the conundrums that have arisen in relation to business rates. Equally, we have to recognise that business rates raise in the order of £25 billion a year as a tax, so changing its basis could be extremely cumbersome and might lead to hikes for some businesses, which would not be welcome, as well as reductions for

others. We should look at that in the round and make sure, following the consultation that we are going to embark on, that the new policy works for all businesses and business people.

On education, the funding for the 500 free schools, including the new free schools, will be extremely welcome. Certainly in my constituency and across my borough, the reality is that we need an additional four new schools immediately. We have expanded every single primary school to its capacity and built on every piece of land available to provide new school places—all with Government funding, allocated under the coalition Government, which was extremely welcome—but we still need additional schools. I am delighted that a new faith school will be opening soon in my constituency, which will be the first state-sponsored all-through faith school in the country for the Hindu community. We will still need additional schools, however.

I have real concern about the principles of the fairer funding formula. The reality is that if the money coming into the formula is flat, then when some people are gaining, others will be losing. The current estimate is that 75% of the schools in my constituency will have not just a reduction in real terms, but a real cash-terms reduction in the funding available to them per pupil. They cannot increase the number of pupils, because the schools are full, so the only alternative is to cut staff and implement a worse service for the children in my constituency. I place it on the record right now that that is unacceptable.

I welcome the investment being made in skills and vocational studies. For far too long, academic skills have been recognised and applauded in this country, while vocational skills have not received the investment they deserve. I welcome what the Chancellor is doing to make that happen, using the funding to drive forward such a process, which must be the right way to encourage young people to develop their skills. If they have academic capabilities, that is wonderful, but if they have vocational skills, we desperately need them in the construction industry, our services industries and right across the board. This is one of the areas in which, for far too long, we have not had such investment, so I welcome the change that is taking place.

I also welcome the new deal on London devolution. I note that the Labour Mayor of London has welcomed the Chancellor's decision to devolve such money. I have not heard that from Labour Front Benchers, but there is clearly always a disconnect between the Labour Mayor of London and his own Front Benchers in this House. We warmly welcome such a devolution. Local authorities in London, as well as in other parts of the country, will keep their business rates and have the opportunity to make local decisions for local people.

There is, however, a gap in that the Chancellor did not talk about the funding needed to replace the EU regional funding schemes. The schemes have been used for particular purposes right across the country. We clearly do not need to make such a decision now, but the Chancellor must consider this in the future, because these funds are vital right across our regions.

I welcome the provisions on alcohol duty in the main, but it would have been sensible for the Chancellor to maintain the policy of not increasing beer duty. [*Interruption.*] I am sure that is warmly welcomed among Conservative Members, and I declare an interest

in that it is my favourite drink. The cuts in beer duty in previous Budgets have been an appropriate way to encourage people to drink lower-strength beers rather than higher-strength alcohols, which is important.

On tobacco duty, which is significant, I welcome the changes that the Chancellor has made, but I think he could have gone further. If he and my hon. Friend the Economic Secretary want to increase duties on something, let us increase them on tobacco. The fact is that there is a straightforward translation: the less people smoke, the less demand they will make on the national health service.

Adam Afriye: My hon. Friend is making a very powerful speech, and I agree wholeheartedly with him on tobacco duty. In fact, I would go further and urge the Chancellor, as well as everyone in the House, not only to increase the duty on cigarettes significantly, but, conversely, to ensure that vaping and heat-not-burn devices get a better hearing, because switching to such devices will actually save lives and improve the health of so many millions of people.

Bob Blackman: Quite clearly, anything we can do to encourage people to give up smoking has to be good for their health and for the national health service overall.

Mr Jackson: Before my hon. Friend moves on from vices, does he agree that the Red Book shows that there is only a commitment to consult on white cider and other high-strength ciders? Given the argument that they cause disproportionate harm—with policing, health and so on—is there a case for increasing the duties on such high-strength alcoholic products?

Bob Blackman: The position is quite clear. In particular, I want the Treasury to look at the differential duties on licensed premises compared with those involving off-sales, because such an approach could make a quite massive difference.

My one concern about what is proposed for tobacco duty is the possibility of driving individuals away from normal standard cigarettes to hand-rolled tobacco. Young people might be encouraged to switch to hand-rolled tobacco, which is even more harmful to their health than smoking cigarettes. The duty on hand-rolled tobacco should be looked at, so that we can discourage that.

I was disappointed—my hon. Friend the Economic Secretary will know what I am about to say—not to see further compensation for the victims of the Equitable Life scandal. The Treasury believes that the scheme is closed. It is quite clearly closed to new applicants, but there is still the burning injustice that people who saved for their future and their future pensions have not received the full compensation due to them. I am very proud to say that the Government allocated funding in early 2010, which has helped to compensate some of the victims of the scandal, but a total of £2.8 billion or £2.5 billion—it depends which figures one looks at—is still owed to the victims of the scandal. Those individuals are getting older and more vulnerable, and if we give them any money, it will go straight into the economy because they desperately need it for their old age.

I hope my hon. Friend will look at that again in the round. I understand how difficult it is to balance the books, particularly at the moment, but this is clearly a

debt of honour. As the economy recovers, we should look at increasing the compensation, not saying to individuals, “That’s it. That’s all you’re going to get.” If we do that, we will suffer the consequence of people’s mistrust.

The housing White Paper has demonstrated large elements of what we need to do to increase the volume of housing. There was a great deal of comment in the autumn statement on funds for housing, but there was no mention of that, or of the further measures we need to undertake, in the Budget yesterday.

As you will know, Madam Deputy Speaker, my private Member’s Bill is progressing through Parliament. It is in the other place at the moment and, I hope, will become law very soon. It aims to reduce homelessness in this country, but the most important impact we can have on homelessness is to build more homes. I trust that the Economic Secretary will consider measures to encourage local authorities, housing associations and private builders to build low-cost housing that is relatively easily affordable for the people of this country, so that we can combat homelessness once and for all in our civilised society.

The Budget must be looked at in the round. I have been critical of certain areas. It is our duty as Back Benchers to be critical friends of our Front Benchers to make sure that they keep abreast of what is going on, particularly when the Opposition do not seem able to critique the Budget. I welcome the overall thrust of the Budget and trust that we can look at ameliorating some of the areas I have mentioned. I commend it to the House.

2.30 pm

Kerry McCarthy (Bristol East) (Lab): I did not agree with everything the hon. Member for Harrow East (Bob Blackman) said, but he did make some very thoughtful points. I hope that the Economic Secretary was paying more attention than he appeared to be and has taken them on board.

I was disappointed by the lack of ambition in yesterday’s Budget. I suppose that we should take some consolation from the Chancellor’s acknowledgement that the Government still have a lot of work to do. Perhaps when we have the combined autumn statement and Budget we will see more ambition from him.

The Chancellor talked about improving productivity and ensuring that young people have the skills they need. I agree with that. He identified some of the challenges, but he singularly failed to address Brexit—the elephant in the room that is in danger of trampling everything else underfoot.

The Budget failed to offer any comfort for Bristol in terms of city governance or for my constituents. Bristol is a prosperous city with thriving industries. It is the only city outside London that makes a positive contribution to GDP. That sometimes means that we are seen as having everything sorted and having everything going for us, but not everyone in the city is able to share in its success. Our mayor, Marvin Rees, is working to make Bristol a more equal city and to share the prosperity beyond the wealthy and the recently gentrified parts of the city, so that it works for people who have lived in Bristol all their lives, as well as for people who have

[Kerry McCarthy]

been attracted to move there because it is such a thriving place. I fear that yesterday's Budget made his task that bit more difficult.

According to the Children's Society, more than 5,000 children were living in poverty in my constituency of Bristol East last year. The Chancellor spoke yesterday of the "dignity of work", but the majority of those children are in working families. The issue of in-work poverty has been raised frequently in this House and needs to be tackled. It is not enough simply to suggest that moving people into work from welfare is the only solution. Universal credit cuts will only make the situation worse.

There was nothing yesterday in response to the Resolution Foundation's warning that incomes will rise for high-income households, stagnate for the middle and fall at the bottom. In my constituency of Bristol East, there are very few who fall into the high income category, but very many who fall into the middle or the bottom and who will not benefit. The Resolution Foundation said that the result will be

"the biggest rise in inequality since the late 1980s."

I do not know how the Chancellor can lecture low-paid workers about the dignity of work, when he is watching their living standards fall.

The Chancellor is increasing the taxes of self-employed workers, despite the fact that they earn half as much as employees and have fewer rights. I grew up with a stepfather who was a self-employed demolition contractor. My sisters took over his business when he died. He was not quite a white van man—he had a lorry instead—but in all other respects he fitted that definition, as did virtually all the family friends who came round our house. They were all builders, electricians, plumbers or window cleaners. They did pretty well for themselves, but they did it by working incredibly hard.

My dad did not take a day off sick, not least because he would not have earned any money if he had done so. When we went on family holidays, he had to calculate not only the cost of taking a family of eight abroad, which was pretty extortionate, but how much he would lose in earnings and whether he would have to pay other people to keep his salvage yard open. Three of my five sisters are now self-employed. I know how they have to grapple with the fluctuations in income. It is not easy to plan, because they do not know from one moment to the next when the money will come in. They have additional burdens.

According to the FSB, 6,500 self-employed people in my constituency have to make the same calculations. They will now have the added responsibility of extra national insurance contributions, without the security of employment. I had an email from a constituent today, who wrote on behalf of her son who is a construction worker. She pointed out that he has to buy his own tools, his own work safety gear and his third-party liability insurance. He has to have something called a CSCS card and has to pay to travel to jobs. Quite often at the end of one job, there is a break when he does not know whether another job is in the pipeline. Clearly, some of that is tax deductible, but not all of it is. We have to acknowledge that self-employed people are not the same as employed workers, with the security that they have.

Stephen Doughty: My hon. Friend is making an excellent point. I, too, know many people in self-employment in the types of jobs she is talking about, including among my family and friends back home in Wales. She mentions insurance. Is it not the case that people find it difficult to get insurance against loss of earnings, as well as insurance for high-priced items such as tools? The Government have not dealt with all those additional costs that come with self-employment in this Budget.

Kerry McCarthy: As I said, we have to acknowledge that the self-employed are in a very different situation from people who have an employer who takes care of all their needs. The Chancellor has singularly failed to recognise that. He seems to be blaming the self-employed for not reading the non-existent small print in the Conservative manifesto. He cannot get away with saying that this is not a broken promise, given what the Conservatives said in 2015.

Seema Malhotra: My hon. Friend makes a point about her family. My father was self-employed when I grew up, also in a family of eight. I was in a similar situation. We never had a holiday when we grew up. Our summer holiday was a daytrip to the seaside with food that we took for ourselves. That is the reality of the struggle it can be to make ends meet when people take that risk. Does she agree that this added pressure, when there are already pressures on family budgets, could be what turns those who are just about managing into those who are no longer managing?

Kerry McCarthy: I very much agree with my hon. Friend and recognise the points she makes about the family she grew up in.

Surely we want to encourage more people to become entrepreneurs—to strike out on their own and create the thriving businesses of the future. Some of our most successful entrepreneurs started out as self-employed, then set up small and medium-sized enterprises, and went on from there. I think that this short-sighted tax grab by the Chancellor will deter people from doing that.

Bob Stewart (Beckenham) (Con): Forgive me for not being here earlier, Madam Deputy Speaker. I thank the hon. Lady for letting me intervene on her. As I understand it, this measure will be tapered, so someone who is earning below £16,250 a year will be better off. It is only as people get to the top end of earnings that it will apply. Moreover, it will not come in until the summer, when we look at the national insurance Bill.

Kerry McCarthy: As the Bill goes through Parliament, we will have to scrutinise the detail. All I know at the moment is that I have constituents who are extremely worried about this proposal and it is making them think twice about whether they should continue as self-employed or look for jobs that are potentially less lucrative, but that have more security.

Peter Dowd: Does my hon. Friend agree that if the Government get away with this proposal, it will be a down payment on more NIC and tax increases?

Kerry McCarthy: That is certainly the concern. As has been said by several hon. Members, if people cannot trust the Government on this matter, they will think that they cannot trust the Government on anything in respect of their future economic security.

Mr Jackson: The hon. Lady is making typically lucid points, but is it not incumbent on her party, given that there is a broad consensus that we need to fund social care better—the Chancellor announced an extra £2 billion—to identify where that money would come from? If she does not want it to be raised through national insurance contributions, where else will it come from?

Kerry McCarthy: That leads me very nicely on to my next point, which is that the Chancellor claims the Government have no choice but to raise national insurance contributions. However, he has somehow managed to find £70 billion in tax cuts for the rich and for corporations, including £1 billion for the Government's pet concern, inheritance tax. I pay tribute to my hon. Friend the Member for Leeds West (Rachel Reeves) for her work on this. From next month, the inheritance tax threshold for a couple will start to rise from the current £650,000 to £1 million. Over the past two years in my Bristol East constituency just 17 homes sold for more than £650,000, and not all of them would have been subject to inheritance tax. My constituents are paying the price for a tax cut that will benefit only 0.04% of the people, many of whom live in the far more affluent constituencies of Cabinet Ministers.

The Chancellor also managed to find funding for the Prime Minister's grammar school project, despite a dearth of evidence to support the policy. It baffles me why he thinks this is more important than helping the schools we have at the moment, which face a £3 billion shortfall. What good will new grammar schools do for children and teachers at Bristol Met, where half of all pupils are on free school meals but their funding is being cut by 21%, or at Begbrook Primary, which has seen a 16% cut in per pupil funding between 2013-14 and 2019-20? West Town Lane academy has seen a 16% cut and Waycroft academy a 14% cut. I could go on. The Government's chaotic approach to children's education is emblematic of a Budget incapable of joined-up thinking or long-term planning. The funding is there when the Government want it to be, but not when people need it to be.

The Government seem incapable of looking beyond the short term and of recognising that cuts have consequences. Ministers are denying 18 to 21-year-olds housing benefit, but if just 140 young people are pushed on to the streets the policy will cost the Government more than it saves. Centrepont estimates that about 9,000 young people will be put at risk of homelessness by the policy. That is not just short-sighted; it is—if you will permit me to say so, Madam Deputy Speaker—gross stupidity on the part of the Government. It is too high a cost for the sake of making very short-term savings.

I referred to the success of Bristol as a city, but that success comes at the price of a booming housing market that means homes are increasingly out of reach for Bristolians. On average, tenants are having to spend 64% of their disposable income on rent. Our Mayor has created a multi-disciplinary housing delivery team and a city office that has been working hard to try to get more affordable housing built and to find temporary beds for the homeless. They will not be helped by cuts to housing benefit and Ministers' preoccupation with £1 million houses. I urge the Government to consider our Mayor's request for the power and support necessary to tackle the housing crisis. It is not enough just to

devolve the responsibility; the resources and the money have to go with that if he is to do what he is being asked to do.

On housing, just as on social care, public health, funding cuts and tax increases, the Government's instinct is to pass the buck to local authorities. Bristol's funding has fallen by £170 million over the past six years. Over the next five years, we face a £104 million funding gap as costs rise. The further 30% cut to the Department for Communities and Local Government's budget suggests Ministers are oblivious to the difficult decisions councils are having to make. There is no recognition of the long-term costs of neglecting our infrastructure and key services. A temporary sticking plaster next year will not rescue our social care system or relieve the burden on council services.

The situation will only get worse with Brexit. Bristol City Council received £22 million of EU funding in the 10 years to 2015. The city's two universities receive over £20 million a year from EU sources. I pay tribute to all the work my hon. Friend the Member for Bristol West (Thangam Debbonaire) is doing with universities on Brexit. The European Investment Bank facilitated initiatives such as Bristol Energy, the council's energy company. Two thirds of exports from Bristol, Exeter and Plymouth go to the EU, which is far higher than the average for UK cities.

The Chancellor claimed there would be no complacency, but neither is there any strategy. The Government have no clue about what will replace that EU investment or how to guarantee our exports market. Blithely pretending everything will be fine and dandy is not a legitimate plan. Ministers are rushing headlong into a hard Brexit and abandoning the single market, ignoring how trade with the EU is a major driving force for our economy. Turning us into a bargain basement tax haven may be what some Ministers have always wanted, but it is not what Bristol or the country needs.

The Chancellor boasted of infrastructure projects, but my constituents are fed up with broken promises and bad management. We have endured disruption because of the electrification of the Great Western line and the taxpayer has had to cope with the spiralling cost. Now the programme has been delayed indefinitely—at a cost of £330 million. The people of Bristol do not know if they will ever see the benefit, but we have already paid the price.

Time and again, Ministers do not bother to consider the bigger picture. Environmental regulation, for example, is dismissed as red tape. I have given up hoping that some Conservative Members will see the environmental necessity of so-called green crap—apologies again, Madam Deputy Speaker—but I had hoped that some would see the economic potential. The Government have chosen not to engage, or to take a very half-hearted approach, with the EU's circular economy work, despite its potential to create half a million jobs and support a genuinely forward-thinking industrial strategy that is fit for the future. The Chancellor promised us skilled jobs and meaningful training, so I hope he will go back to his colleagues at the Department for Environment, Food and Rural Affairs and look at how a genuine focus on the green economy can support that and ensure Britain really is world-leading. That would reassure me and my constituents that the Government are capable of working with cities like Bristol to help everyone to achieve their full potential.

2.46 pm

Wes Streeting (Ilford North) (Lab): It is a pleasure to follow my hon. Friend the Member for Bristol East (Kerry McCarthy). Given the remarks I am about to make I should declare that I am still an elected councillor in the London Borough of Redbridge, and, as seems to be the case with many other hon. Members in the Chamber, I am an honorary vice-president of the Local Government Association. Perhaps we should declare if we are not honorary vice-presidents of the LGA. I should also say that I am sorry I was not able to be here at the beginning to hear all of the speeches made by the shadow Chancellor and the Secretary of State for Business. Unfortunately, I had to attend an extraordinary meeting of the Treasury Committee. I am grateful to you, Madam Deputy Speaker, and to your predecessors in the Chair, for indulging me.

Yesterday we learned that the Chancellor has a sense of humour, but by the time he sat down my constituents and the country at large had very little to laugh about. In fact, I would wager that the Chancellor himself was not laughing when he read this morning's newspapers. It is striking that there have been more Opposition Members than Government Members speaking in the Budget debate this afternoon. Presumably, this is because so few Tory MPs are willing to turn up to defend the Chancellor's Budget: a Budget balanced on the backs of the self-employed; a Budget that failed to address the big challenges facing our schools and hospitals; and a Budget that failed to prepare Britain for Brexit.

This was a Budget that was bad for business: the high street business clobbered by a rise in business rates; the small businesses burdened by quarterly reporting to HMRC, even where they are not liable for VAT; and the self-employed saddled with higher national insurance, even where they earn as little as £16,250 a year. These are the people I was sent to Parliament to represent: the shopkeepers in Barkingside, Woodford, Hainault and Gants Hill who kept their businesses going even as other shops on the high streets were boarded up during the recession; and those who were brave enough to take the plunge and start a business even as the high street was still plagued by recession. I was sent to represent the family businesses wondering whether they will be able to pass on their firms to the next generation, because times are increasingly tough and they worry about the long-term future of the family trade; and the self-employed, who take the risk by taking the plunge and going it alone, taking an idea and turning it into a profit. This was a Budget that hit the traditional economy of the high street and the gig economy of the entrepreneurs. It was good for accountants and bad for small businesses. No wonder that, this morning, so many people woke to read the papers asking why on earth a Tory Chancellor would want to attack enterprise, entrepreneurialism and aspiration.

The Chancellor has said that this is an issue of fairness. Policy wonks in the Treasury and elsewhere in the world of think-tanks will argue that a class 4 national insurance increase is progressive. That is a powerful reminder of what happens when people who understand spreadsheets fail to understand the real economy.

The National Careers Service website suggests that London taxi drivers can earn between £14,000 and £20,000 a year. In a good year, if they are willing to put in excessive hours working the streets, as they often do

these days, they may earn slightly more. A triple whammy of rising costs, increased congestion and unfair competition has driven down their wages. Is it progressive to ask taxi drivers, who are already struggling to pay the bills, to pay an extra £240 a year in national insurance? Is it progressive to ask the young tech entrepreneur starting out to find an extra £20, £30 or £45 a month in their early careers? Is it fair to ask people who receive no holiday pay, and who have little job security and the everyday pressures to bring home the bacon, to pay more to the Chancellor when it is small change for him and a big deal for them?

Jeremy Quin (Horsham) (Con): Does the hon. Gentleman welcome, as I do, the improvement in the pension scenario for the people about whom he is speaking, which is worth about £1,800 a year, and which if bought could be worth about £50,000? It is not all one way.

Wes Streeting: There have been improvements at the margins, but that does not compensate for the loss of earnings that those on low to medium incomes will feel as a result of the decision taken by the Chancellor in the Budget.

Stephen Doughty: I wholeheartedly endorse my hon. Friend's point about taxi drivers. I commend him for his work with the all-party parliamentary group on taxis and for standing up for his constituents. I have had similar experiences speaking to taxi drivers in my constituency. Does he agree that the problem is not only the costs he mentioned, but additional charges—they are often subject to differences in regulation—and the rise in the price at the pump?

Wes Streeting: I wholeheartedly agree with my hon. Friend. It is not just taxi drivers. More than 10,000 people in my constituency are self-employed. As my hon. Friend the Member for Bristol East rightly pointed out, those people do a range of trades with a range of challenges and additional costs, and very few employment rights and protections. Why have they been targeted by the Chancellor in this Budget?

While I am asking about priorities, why can a Tory Chancellor always find tax giveaways such as the cut to inheritance tax for the 26,000 wealthiest estates in the country, at the expense of the strivers, the makers, the builders and the creators, who account for Britain's 5 million self-employed people?

Mr Jackson: While we are asking questions, is the hon. Gentleman embarrassed about the fact that a Conservative Government have brought about a situation in which 1% of taxpayers fund 27% of tax revenues? At the same time, £140 billion in uncollected taxes that the Labour Government did nothing about have been collected in the past seven years to fund our public services.

Mr Streeter: We are one of the richest economies in the world. The distributional analysis published alongside the Budget by the Treasury is embarrassing. The picture that plays out across this Parliament as a result of the tax, spending and welfare decisions made by the Chancellor and his predecessors is very clear. The poorest households

and, on an unprogressive gradient, those from lower income households, are absolutely clobbered by this Government.

Only the very richest decile are worse affected than the very worst paid and the least well-off. Someone who is paying the very highest rate of tax will pay more than the very poorest as a percentage of their income, but for some of those people, a tax increase of thousands of pounds a year is relatively small change compared with a £20, £40 or £50 increase for the very poorest. What would be marginal increases for hon. Members are huge for people who are just about managing to pay the bills or, more likely, people who are among the millions turning to credit cards and fuelling a record boom in unsecured household debt. That is what Tory Chancellors always fail to understand. They have no understanding and no conception of what it is like to go without, or of having to cut corners between either heating or eating. That is why, for the past seven years of Tory Budgets, those are the people who have been most left behind.

Norman Lamb: Did the hon. Gentleman pick up the comments of Charlie Bean, formerly of the Bank of England and now of the Office for Budget Responsibility, who said that consumer spending is unsustainable and based on record debt that is going back to the levels we saw before the crash?

Wes Streeting: The right hon. Gentleman makes a powerful and important point. Unless we get to grips with that, not only will those people suffer as they fall below the line and can no longer keep their heads above water, but the economy itself will suffer. Even the sluggish growth over which the Government have presided since they took office has been driven by an increase in household debt. What happens to those families, and what happens to the economy, when the money dries up—when there can be no more lending, or when families can no longer service their debt? Of course, it is not just national insurance or, indeed, income tax that the poorest pay. Other forms of taxation have a disproportionate and regrettable impact on them: VAT, council tax, and other unprogressive tax measures are causing them to become the very worst off.

If that were not bad enough in itself, it was explicitly ruled out in the Conservative manifesto, not just once but four times. It is a bit rich for the Chancellor to come to the House and talk about the small print produced by companies, and for his Ministers to tidy up the mess the next day at the Dispatch Box by talking about the small print in the National Insurance Contributions Bill. This is a broken promise, plain and simple. Not only was it in the manifesto; it was a central line of Tory attack. The Tories were wrong to warn at the last election that a Labour Government would somehow cause chaos and instability. Look at the mess they are presiding over now, and look at what they have done to the country in the short time since that election!

Mike Gapes (Ilford South) (Lab/Co-op): My hon. Friend has referred to the Conservative manifesto. That was the same manifesto that committed the Government to staying in the single market. The lesson, surely, is that Conservative manifestos are worth nothing, not even the paper they are written on.

Wes Streeting: I am grateful to my hon. Friend and parliamentary neighbour for making that point. He will be pleased to know that I shall return shortly to the issue of Europe and the future of our economy.

Mr Jackson: Will the hon. Gentleman give way?

Wes Streeting: I shall return to the subject of Europe, and the hon. Gentleman may want to intervene later. I am conscious that other Members are waiting to speak. There are still a number of them on the Labour Benches, even if there are none on the other side of the House.

This is a case of all pain and no gain. If it were not bad enough that the Conservative Chancellor arrived yesterday to clobber the self-employed, he is also failing to put right the public services on which people depend. We were told that the crisis in the NHS and social care required an additional £6 billion by 2019. While the £2 billion announced yesterday may be welcome, it is wholly insufficient to meet the demands of our rising population, our ageing population, and the people who want to be able to rely on the NHS and social care when they need it most.

Having been a local councillor for nearly seven years—I will stand down next year—I have to say that the situation facing local authorities is dire. When faced with a choice between child protection and adult social care, councils will of course prioritise keeping children safe, along with keeping the elderly and disabled alive and well. However, such choices have consequences: increased council tax for people who can ill afford it, and cuts that affect the services on which people rely and for which they pay their council tax. I only wish that the Government would have the courage to accept, 75 years on from the Beveridge report, that the model for health and social care in this country is no longer fit for purpose and no longer sustainable unless it receives the funding that is so badly needed. I cannot understand why Ministers have not had the courage to ask Members on both sides of the House to help the Government come up with a plan to make the NHS sustainable for the 21st century.

Peter Dowd: Was my hon. Friend as shocked as I was to find that it was being trailed today by the Government that unless Tory MPs backed down, social care funding would be under threat?

Wes Streeting: I entirely agree. I am not sure how many experienced, wise leaders of the NHS and local councils could come forward and warn the Government about not just an impending crisis, but a crisis that is affecting hospitals and care services in each of our constituencies today. What more will it take for the Government to show the courage, and find the money, to fund social care? Imagine what a cross-party commission led by the likes of my hon. Friend the Member for Leicester West (Liz Kendall), the right hon. Member for North Norfolk (Norman Lamb) or the hon. Member for Totnes (Dr Wollaston) could do to build a health and social care model for the 21st century.

Was it not a travesty that, as schools in our constituencies faced cuts in their budgets, the Chancellor chose to arrive yesterday with a funding package that would benefit a small number of pupils at a few selective schools? What do Ministers have to say to headteachers

[Wes Streeting]

and parents in my constituency, or to the pupils who attend the vast majority of schools in my constituency, about the fact that they face on average a funding cut of £188 per pupil per year? I do not need an opinion poll to tell me that there are a few things that people, whether they vote Labour or Conservative, expect the Government to do, and among them are to make sure that we have decent hospitals and well-funded schools. It is a scandal that so much of the educational progress made in my city and across the country, led by the last Labour Government and following on since then, is being put at risk because of swingeing budget cuts to schools. What sort of Government choose to cut education for the next generation while also cutting the tax bill for the very wealthiest?

The flimsiness of the Budget Red Book—for once it did not take long to get through—betrays the fragility of our economy. In the long list of supposed good news the Chancellor arrived with yesterday, a few facts were missing. This was the ninth Budget by a Conservative Chancellor since 2010, and what do we have to show for it? We have the only developed economy that has a growing economy but falling real wages; rising costs of living, but wages still at pre-crash levels; a widening productivity gap holding back growth and depressing wages; a weaker currency fuelling inflation that households and businesses can ill afford; a failure to meet the Tories' own targets for debt and deficit reduction because they have never understood the need to balance spending cuts with investment for growth; and a failure to meet their own welfare cap because of their failure to tackle unemployment, under-employment, casualisation of the labour market and exploitation by unscrupulous employers, which leaves a welfare system that lacks the confidence of the majority of the public but also fails the people who need it most. That is the very worst of all worlds, and even now, in the wake of a Brexit vote driven in large part by the votes of people who have been left behind, we have a Government willing to preside over rising child poverty, public services at breaking point, and an economy ill equipped for the challenges that lie ahead.

It should not take dragging a former—Conservative—Prime Minister out of retirement to tell this Government that the way they are handling the single biggest issue facing our country, the departure from the EU, and the path they have set us on is putting the economy at risk. What John Major said was very straightforward:

“There is a choice to be made, a price to be paid; we cannot move to a radical enterprise economy without moving away from a welfare state. Such a direction of policy, once understood by the public, would never command support. It would make all previous rows over social policy seem a minor distraction.”

Sir John Major could have been reading from the Labour party script on this issue. There we have it: a former Conservative Prime Minister holding up the truth that we on the Labour Benches know, which is that unless the Government negotiate a smooth and sensible exit from the EU, they will consign this country to being a small tax haven off the north-west coast of Europe, unable to meet the needs of their people and unable to make sure that prosperity is shared.

Of course, it is not just John Major who has concerns: the former Chancellor, the right hon. Member for Tatton (Mr Osborne), told the House that this Government

have chosen not to make the economy the priority. When so much of this country's economic success relies on trade abroad, when we have the largest single market in the world on our doorstep, and when being a member of the customs union gives us access to more trade agreements than are enjoyed by any leading economy in the world, for a Government to decide not to make the economy the priority is reckless and irresponsible.

Mike Gapes: My hon. Friend is making a very powerful speech. He mentioned the former Chancellor's remarks, and the Government's position is clearly that immigration is the priority. The Government's target of a reduction to 100,000 seems a bit strange, however, given that the forecasts in the Red Book are based on the assumption that 185,000 migrants will come into this country in 2021; that is the Office for Budget Responsibility statistic on which the forecasts are based. How can the Government reconcile the 100,000 and the 185,000 figures, and surely the economy will be in a worse position based on those facts?

Wes Streeting: I agree with my hon. Friend. I have lost count of the number of times I have heard calls for a real debate on immigration, but a real debate requires an argument. There are undoubtedly real sensitivities and concerns about immigration in communities across the country, not least when people feel that their own wages have been depressed because employers are able to bring in cheaper labour from abroad to undercut the pay, terms and conditions of local workers. For me, that is an issue of social injustice that Governments need to tackle. However, we have an ageing population and a shrinking working-age population, and we can barely afford the pensions bill. We need a greater working-age population to come to this country, do their work and pay their taxes. Any politician who says that immigration is a price that this country cannot afford must also come to the House and tell us how they plan to pay for the public services on which every citizen in this country relies.

We must grasp the reality of the immigration debate. If we continue to fail to address the genuine and well-founded concerns about immigration while pandering to the myths about it, we will set this country on a course that will make us poorer, and that would be the worst possible response to the EU referendum. If people went to the ballot box and voted to leave the European Union because they felt left behind by globalisation in a world that was changing around them, imagine the betrayal they would feel if, having been sold the promise of a brighter future, they found that jobs were drying up, the economy had been left behind and the public services on which they relied were being decimated. That is the real risk of a botched Brexit.

In the context of a rapidly changing global economy in which jobs are changing, huge digitalisation is taking place and a new industrial revolution is sweeping the country at a pace and scale that we have never seen before, the purpose of the Labour party has never been more relevant or more urgently needed. More than 100 years ago, the party was founded to champion the interests of labour over the interests of capital. In a future of deregulation and a loss of jobs because they no longer exist in huge sectors of the economy, it is the job of the Labour party to protect the interests of labour.

When we look at what this Budget does to the self-employed, the strivers and the people across the private sector who make up the backbone of the economy and at what it does to public services, and when we look at how the Government are botching Brexit, we can see that it is long past time for the Labour party to take this lot apart. People across the country are counting on us to be an effective Opposition and an alternative Government. That is the job that we must face up to, and we need to start doing it sooner rather than later.

3.7 pm

Norman Lamb (North Norfolk) (LD): Madam Deputy Speaker, I should like to make an apology straightaway. I alerted Mr Speaker earlier to the fact that I have a long-standing engagement at the University of East Anglia this evening, and I hope that it will be okay with the Front Benchers if I miss the end of the debate.

I agreed with an awful lot of what the hon. Member for Ilford North (Wes Streeting) said, other than his assertion that it was the role of the Labour party to confront the issues set out in the Budget. I shall focus on the aspects of the Budget that relate to social care and to the health service, and I want to make it clear that the £1 billion announced for social care for the next financial year is wholly inadequate to meet the needs of the social care system and the people who rely on it.

The Health Foundation has estimated that the gap in social care is in the region of £2 billion a year. That is partly due to the increase in the national minimum wage, which will cost the social care system about £900 million in the next financial year. That means that there will be no real-terms increase in the amount available to the system.

As the Care Quality Commission recently confirmed, the social care system is close to tipping point—that comes not from politicians, but from the regulator. Many providers are now considering whether to withdraw from this country's publicly funded social care market, while other providers are at risk of going out of business. It is alarming that there is little investment, if any, in new social care facilities in the north of England because the finances simply do not stack up. The only parts of the country in which investment in new social care facilities makes sense is where providers can cross-subsidise from wealthy self-funders, who are paying for the provision of care to those who rely on the state.

We are witnessing an increasing and simply unacceptable divide across our country in the quality of social care. It is estimated that the care needs of more than a million older people are not being met, either wholly or in part, as a result of the reduction in the availability of publicly funded social care. That is disastrous for those people, but it is also stupid, because it inevitably means that in the next financial year—from April—more older people will end up in hospital unnecessarily because there is no care package available to keep them in good health at home. More people in hospital unnecessarily means more pressure on the NHS. We have seen considerable increases in the income of acute NHS hospitals over the past five or six years, but demand has increased even more due to the inadequacies of the social care system. We are lurching from one crisis to another, and there must be a better approach.

The Government say that there will be a Green Paper to address the funding of social care, but it was in 1999 that the previous Labour Government set up a royal commission to look into social care, so the issue has been pushed into the long grass for far too long. The coalition Government actually went out and sought the advice of a leading expert, Andrew Dilnot. We consulted on his advice, and then implemented through the Care Act 2014 a cap on care costs, which would have introduced greater fairness into the funding of social care. The Conservative party's manifesto contained a commitment to introduce a cap on care costs, but it abandoned that commitment within weeks of its re-election, just as it is now abandoning the commitment not to increase tax. The Government said that the cap would be delayed until 2020, but no one believes that it will be introduced then and it has quite clearly been abandoned. A Green Paper—a discussion document—is not what is needed; we need a greater sense of urgency.

We were told about a £325 million boost for capital spending in the NHS, but capital spending has been cut in this financial year by £1.2 billion, which has been raided to fund the clearing of deficits. However, we were told that only between six and 10 pioneer sustainability and transformation plan areas will benefit from that £325 million, meaning that the rest of the country will see no increase at all in capital investment. The *Health Service Journal* indicates that there is likely to be another raid on capital budgets in the next financial year, making the situation even worse for the rest of the country. During the referendum campaign, those advocating Brexit argued that leaving would give this country £350 million a week to spend on the NHS. Instead of £350 million a week, the Budget offers this country £2.7 million a week in capital funding—a wholly inadequate figure. Provider deficits across the country stood at £886 million at the end of quarter 3, after the injection of £1.8 billion to clear the deficits from last year. The Institute for Government confirmed today that 90% of hospitals in this country face deficits, which are now endemic across the system.

The Budget is inadequate for social care and disastrous for the NHS. There will be a 1% increase in NHS funding in 2017-18, but that compares with an increase in demand of about 4%. In the next financial year, there will be a reduction in real-terms spend per head in the NHS. Wherever we are on the political spectrum, this makes absolutely no sense at all. At a time when demand is rising rapidly, it is nonsensical to reduce spending per head on healthcare in this country, and it amounts to a reduction in the proportion of national income that we are choosing to spend on health and social care.

James Berry (Kingston and Surbiton) (Con): The right hon. Gentleman brings a lot of experience from his time in office. Before the Budget, his party was advocating £2 billion of immediate spending on adult social care and £2 billion of immediate spending on the NHS. The sum of £4 billion is a lot of money. I have no doubt that he has arguments for why that amount is needed, but will he enlighten the House as to how the money would be raised?

Norman Lamb: Our spring conference is approaching and we will be coming up with proposals.

Keith Vaz: Invite him to your conference.

Norman Lamb: I would be delighted to invite the hon. Member for Kingston and Surbiton (James Berry) to our conference—I am sure that he would have a wonderful time. He will find out more about our proposals very soon but, to take up his challenge, I share his view that we have to be responsible by arguing how spending should be paid for. We intend to be fully responsible, and I hope that that reassures him.

I will focus for a moment on the consequences for ordinary people of the state of our NHS and care system. The right hon. Member for Leicester East (Keith Vaz) has talked a lot about support for people with long-term conditions, and the NHS now has to cope with a dramatic increase in the number of people living with long-term chronic conditions. The NHS estimates that the number of people living with three or more conditions will increase by 50% over 10 years. What we are now witnessing is completely unprecedented, but failure to meet their care needs will have disastrous consequences for many of those individuals.

In the past few weeks I have taken up the case of an adult in my constituency who suffers from attention deficit hyperactivity disorder. He has been referred by his GP to an adult ADHD clinic, so I wrote to the mental health trust to ask what the waiting time for his treatment is. I was told that the current waiting time in Norfolk is two years. What on earth is that individual supposed to do in the meantime? I am afraid that there is still complete inequality between access to mental health treatment and access to physical health treatment. There is discrimination at the heart of the NHS, and we will never address it with the current inadequate levels of funding.

A nine-year-old boy in my constituency has been referred for a possible diagnosis of autism. His family was told that the waiting time for that diagnosis is up to three years. I just assumed that something appalling was happening in Norfolk, but when I asked the National Autistic Society for more information, I was told that such waiting times are very much the case across the entire country. What are we doing to our children? We know that with early help we can make a massive difference to their life chances, yet we are telling them that they are supposed to wait two to three years for a diagnosis, let alone treatment. This is scandalous. We are letting down some of the most vulnerable people in our country. The really awful thing is that people who have money can circumvent these awful waiting times—they can get a diagnosis for autism, and they can get help for their son or daughter—yet people who do not have money are just left waiting. That is unjust and unacceptable, but it is happening in this country.

Wes Streeting: Not only is this a grave injustice to young people, but it is hugely costly to the taxpayer. If we fail young people in their formative years and fail to break down the barriers that prevent them from getting a good education, we pay more in the longer term in terms of unemployment, further mental ill health and the breakdown of social life later on.

Norman Lamb: I totally agree with the hon. Gentleman—this is an absolute false economy. We know that 75% of mental ill health starts before the age of 18. In the coalition's final Budget, we secured £1.25 billion over a five-year period for children's and young people's

mental health, yet a YoungMinds survey from just before Christmas shows that in 50% of clinical commissioning group areas, not all that money is getting through to be spent on children's mental health because it is being diverted to other parts of the NHS that are under impossible strain. That is scandalous. It is outrageous that children with mental ill health are being let down in this way.

Bob Stewart: I have some experience of autism in my family, and I have always thought it does not take much to diagnose autism—it is not a costly affair and it can be done quickly—so I do not understand why there is a three-year waiting list, but perhaps the right hon. Gentleman has more experience than me on this.

Norman Lamb: I am grateful to the hon. Gentleman for that point. He rightly says that through better organisation, in part, we could help to sort out this problem. An 11-year-old girl in my constituency was referred to the mental health trust, but the mental health team is not trained in the diagnosis of autism and she has been referred to another trust to go on to a waiting list for diagnosis. That shows a hopeless silo mentality in the NHS. While this is in part about a failure to invest sufficiently in good diagnostic services, it is also about a failure of organisation.

Let me give further examples of the extent to which the system is now under impossible pressure. On delayed discharges, we had 197,100 delayed days this January, which is an increase of 23% on the previous January's figure. The delays in mental health discharges are even worse, with the number of bed days lost through delayed discharges having increased by 56% in the year to October 2016. Ambulances have a target of responding to 75% of cases in which the person's life is at risk within eight minutes, yet that target has been missed since May 2015—for 20 months. We all know that someone's chances of surviving a stroke and avoiding long-term disability depend on their getting to a specialist unit within 60 minutes—the “golden hour”. In the past year, only 18% of stroke patients in my constituency got to the specialist unit within that golden hour. Again, that is a scandalous failure of a health system in this day and age. Some 85% of patients attending accident and emergency were seen within four hours in January, which is way below the standard national target of 95%. In cancer services, there is a target on starting treatment within 62 days of referral, but that is being missed in too many cases. Instead of 85% of patients starting treatment within this period, the figure has gone down to 79.7%.

All that leads to a concern that if someone, or their loved one, has suspected cancer, and they are worried about whether they are going to be seen on time and start their treatment on time, if they have money, they will choose to opt out of the waiting times by getting treatment privately. The debate about privatisation often takes us into a ridiculous cul-de-sac. The actual privatisation that is happening is that increasing numbers of people with money are choosing to opt out of long waiting times and are getting their treatment privately. I find that intolerable and insidious, because it means that people who have money will get access to treatment quickly and people who do not will be left waiting.

NHS England has established the sustainability and transformation plan process. The King's Fund takes the view that without heroic assumptions about efficiency savings between now and 2020, each STP footprint is likely to be hundreds of millions of pounds short of the money required. STPs are a good and sensible process for bringing together health and social care, but they are sadly based on a fantasy, because insufficient resources are available.

From all the examples I have given, it seems to me that failures of care are becoming endemic throughout the system, in stark contrast to the Secretary of State for Health's commitment to make the NHS the safest healthcare system in the world. It is impossible to achieve that, given the extent to which failures of care are becoming commonplace.

There is an alternative to this sense of a Government lurching from crisis to crisis and using sticking plasters to avert total collapse in the system. The approach the Government should take is to be prepared to work with others—as suggested by other Members, including the hon. Member for Ilford North—to come up with a long-term, sustainable settlement. The NHS and the care system were designed in the 1940s, when the needs of this country were wholly different from today. There is an overwhelming need for the whole approach to be refreshed.

I got together a group of Conservative, Labour and Liberal Democrat MPs to make the case to the Prime Minister for establishing an NHS and care convention to engage with the public and NHS and care staff, so that we can have a mature debate in this country about how we can achieve a sustainable, efficient and effective health and care system to meet the needs of our loved ones in their hour of need. The Prime Minister has met the group and sanctioned the start of a dialogue about our proposal. We are due to meet her health adviser, James Kent, and I welcome that, but the fact that the Government have announced a social care Green Paper, and will thereby continue the silo mentality of looking at one side of the divide or the other, leaves me with the sense that they do not appear to be wholly serious about engaging with our group on something that is absolutely necessary.

The truth is that partisan politics has failed to come up with a solution to the country's health and care needs. That is in part because all the solutions are rather difficult. As the hon. Member for Kingston and Surbiton indicated, it probably involves us all being prepared to pay a bit more tax to ensure that we have a health and care system that we can rely on, and one that we can be confident will respond in our hour of need.

Bob Stewart: Is the right hon. Gentleman's group of MPs from different parties looking at other models, such as how the Germans provide healthcare through their equivalent of the NHS via a combination of private and national means? It seems to me that we are going to have to consider that seriously if we are to get a really first-class national health service.

Norman Lamb: I thank the hon. Gentleman for that intervention. Interestingly, the Germans spend about a third more than us on their health and care system, and it is effective as a result. We all acknowledge that this is a difficult issue that involves acute politics, and there is

an enormous risk of people just shouting at each other. Instead of that, our group has come together—I invite him to join us—to say that we should opt for a more rational approach and all agree that we should be bound into a process, perhaps lasting up to a year, of engaging with the public in the sort of debate that he raises. We have said, “Let's have an open discussion about how to sustain the health and care system.” I want to ensure that what emerges from that is a system that is accessible to anyone in this country, irrespective of their ability to pay. That was the founding principle of the NHS, and it remains true to this day.

As well as advocating the case for parties to work together to resolve this intractable problem, my party, the Liberal Democrats, continues to develop its own ideas. Last autumn, I established an independent expert panel to look specifically at the case for a hypothecated NHS and care tax. I was fascinated that the leading Conservative thinker Lord Finkelstein advocated in yesterday's *Times* exactly what I have proposed. It seems to me that there is growing interest in that sort of solution. If we had an OBR for health—a process of making an independent assessment of the health and care system's funding needs over a given period—that informed the level of the dedicated health and care tax that people were expected to pay, and if that was shown in their pay packets, we could rebuild trust among the public and they would have confidence that the amount they were asked to pay was what was necessary.

It is interesting that the German system, with its social insurance premiums, has actually kept pace with demand better than our tax-funded system. Having a hypothecated tax to enable people to see exactly what was going into the health and care system would allow us to achieve the benefits of the German system but stay true to our idea of a tax-funded health and care system.

People are anxious and nervous about the Government misusing their hard-earned taxes, so having an independent assessment process would make an awful lot of sense. If the Government cannot rise to the challenge of reviewing a system that was designed in the 1940s, when needs were wholly different, we in this Parliament, collectively, will badly let down the people of this country. We are the sixth largest economy in the world, yet our health and care system is on its knees and is too often dysfunctional. We are capable of better than that.

People's faith in the ability of politics to resolve the big challenges of our age has been undermined, and if the Government simply persist in going it alone without properly addressing this issue, they will increase people's belief that they have a hidden agenda and want to run the NHS down in order to destroy it. My plea to the Government is this: do not allow that belief to grow; engage with us, have a mature discussion with the public and demonstrate a commitment to renewing that great institution, because the people of this country depend on us meeting this challenge.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Believe it or not, although we started off with a lot of time for this debate, speeches tend to expand to fill the time available. Therefore, I now ask that colleagues—being honourable and decent to other colleagues—take no

[*Madam Deputy Speaker*]

more than 12 minutes each. Twelve minutes is a very long time. I know that I can rely on Mr Keith Vaz, who can count and will know when 12 minutes have expired.

3.34 pm

Keith Vaz (Leicester East) (Lab): Thank you, Madam Deputy Speaker, for the endorsement that I can count; I am most grateful. It is a pleasure to follow the right hon. Member for North Norfolk (Norman Lamb), who is widely respected in the House as someone who knows a huge amount about social care and the health service. His project is, I think, welcomed by all parties. We do need an independent assessment of health spending.

The Times today contains a marvellous cartoon of the Chancellor dressed up as Marilyn Monroe, showing his NICs. I do not know whether Ms Monroe could sue for that cartoon, although she has been dead for some years. I want to take the debate away from national insurance contributions, which have dominated the discussion, to other areas. It is important to remember that the Budget is about funding the whole of Government, not just one aspect, although it is, of course, important to raise the money before spending it.

I begin with the Government's international aid commitment, which was reiterated by the Prime Minister and confirmed by the Chancellor. I was pleased to note that 0.7% of gross national income for aid remains a strong commitment of this Government, even though less time in the Budget statement was spent on international development than the Chancellor spent praising his Parliamentary Private Secretary, the very worthy hon. Member for Salisbury (John Glen). The Chancellor went past the development commitment very quickly, and, rightly, lavished praise on the hon. Gentleman for all the work he has done. However, I shall talk about the importance of maintaining and increasing the aid budget, especially at a time when there is a great deal of media pressure and scrutiny over what we do with our aid. It is right that there should be that scrutiny, although some sections of the media have an obsession with challenging every single bit of expenditure as if it in some way undermines the important principle that our Government provide aid to countries in need.

In particular, I highlight the aid given by the Treasury to Yemen through the Department for International Development. We heard only today that there is now a famine warning in Yemen. Of the aid that we give in the overall DFID budget, £100 million has been committed to the people of Yemen. However, although contributions have been made at a local level, a lot of the money can sadly not be delivered because of the current situation. My message to Treasury Ministers is to keep up with the commitment to fund DFID and to ensure it delivers to countries in need, such as Yemen. The aid should not just sit in a bank, but actually be spent. Until there is a ceasefire in Yemen, we will not be able to spend that money and therefore will not be able to alleviate that poverty.

Stephen Doughty: I concur with my right hon. Friend's comments about the importance of DFID's work and the support that it is providing in Yemen. That work has been praised by the Select Committee on International Development, as he well knows. Does he share my

concerns that while we are providing that aid, Amnesty International has today said that there is new evidence that the Saudi-led coalition is using cluster munitions?

Keith Vaz: My hon. Friend is an amazing campaigner on these matters and has worked hard on the Yemen issue. He is right to raise this point, which is part of the overall debate and discussion. We cannot get the aid through unless the bombing stops. We need the ceasefire so that the £100 million that has been committed is spent. I bumped into the Secretary of State for International Development in Central Lobby yesterday, and she said that she is focused on and committed to increasing the amount of aid to Yemen. I am grateful for that, but that aid cannot get through, as my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty) says, unless the bombing stops.

Bob Stewart: The right hon. Gentleman and I have a great interest in Yemen, both of us having lived there. My concern is that if we do not keep the aid in the bank, it might end up on some quayside in some dodgy port, where we do not want it to be and where it can be rifled by the mafia. We have to find a balance when we talk about delivering aid, particularly to somewhere like Yemen, because although we may be able to put the aid into the country, there it will sit until someone steals it.

Keith Vaz: The hon. Gentleman has served in Yemen, so he knows how lovely that country is when it is fully functioning. He is absolutely right that the aid needs to get to the people who actually need it, if they are to avoid the famine that is coming their way very shortly.

The second point I want to make is about the midlands engine. We have heard a lot about Birmingham and the west midlands—I am sure that has nothing to do with the fact that there is an election for Mayor in the area—but the Government need to remember that there is more to the midlands than Birmingham and other parts of the west midlands. There is, of course, Leicester and the east midlands. There is also Sherwood, and I see the Government Whip, the hon. Member for Sherwood (Mark Spencer), sitting on the other side of the House. I received a letter from the Secretary of State for Communities and Local Government just now on my iPad, and Sherwood is not even mentioned—I hope the hon. Gentleman will make representations about that. If we talk about the midlands engine only in respect of Birmingham and the west midlands, we will lose out in terms of a part of the midlands that has been a driving force for business. There are huge amounts of talent, enterprise and expertise, and many small businesses, in places such as Leicester, so it is important that we spread the money evenly throughout the whole of the midlands.

Earlier, I mentioned that the Financial Secretary to the Treasury, who is sitting near the Dispatch Box, was my favourite diabetes Minister, and I pay tribute to all the work she did in the years she served in the Department of Health, along with the right hon. Member for North Norfolk. Last year's Budget gave us the sugar tax, which was resisted by some in the Government. As a result of that tax, manufacturers are now changing their formulas to ensure, yes, that the tax yields less when it comes into effect, but also that our young people in particular will be able to eat products with less sugar in them.

The latest such product—commended by me in an early-day motion—is, of course, the breakfast cereal Honey Monster Puffs, whose sugar content has been reduced by 25%. Nestlé announced yesterday, just before the Budget, that it would reduce the sugar content of KitKats and other products by 10%. Those of us who frequently have to go to the Tea Room, and who are met by all the KitKats there—I am sure you are not seduced by those who run the Tea Room, Madam Deputy Speaker—will be pleased to know that we probably will not even taste the difference once 10% of the sugar is removed.

However, it remains the case that I would have liked to see more focus on prevention—prevention, prevention, prevention. If we spend money now, we will save money in the future. As we know, £10 billion was spent last year on dealing with diabetes and diabetes-related issues. Some 80% of complications are avoidable. The only people who appear to be benefiting from that expenditure are the drugs companies.

Only two weeks ago, on my way back from Yemen, I stopped in Doha. I was taken—the Financial Secretary will be fascinated by this, because she has always wanted to create something like it—to a wellness centre. It had not just a GP, a pharmacy, a podiatrist and an ophthalmologist, but a swimming pool and a gym. When people go to see their doctor and are diagnosed with diabetes, instead of having to have their Metformin, they are prescribed a session in the gym or, if they can swim—sadly, I cannot, but if I could, I would be prescribed one—a session in the swimming pool. That is how to deal with diabetes—through prevention expenditure. I would very much like to hear a commitment from the Minister that prevention will be at the top of the health agenda.

I was surprised that the Chancellor did not suggest an increase in Home Office funding, which faces two very difficult challenges. Last week, Her Majesty's inspectorate of constabulary released a report on British policing, stating that it is in a “potentially perilous state” due to “dangerous” and “disturbing” practices. The report is pretty damning, but unfair in that it places the burden of blame on police forces themselves. They have sustained enormous cuts to their budgets over the past few years, with the result that we have 19,000 fewer police officers on our streets today. This, together with other cuts, means that the police cannot deliver on the kind of agenda that the Government, and certainly the Opposition, want them to deliver on. We are constantly told that crime is coming down. Well, it is, but the nature of crime has changed: it has gone from the high street into cyberspace. Hundreds of thousands of crimes are now being committed on the internet. Unless we give the police more money to fund training, we will not be able to deal with the crimes that will be inherent in our system over the next few years.

The second aspect of Home Office funding is that the Government will, in the end, have to give a guarantee about the right of EU citizens to remain in this country. Some 3.2 million people will have to be processed. Someone who has been here for five years has a right to remain and become a permanent citizen, but they still have to apply and to get their letter confirming it. The current waiting time is between four and seven months. People have to fill in a huge number of documents to confirm that they have been living in this country over

the past five years and record every single absence. A unit needs to be set up in the Home Office, properly funded, to deal with the registration of EU citizens. Ministers may grimace at that prospect, but I am afraid that we are going to have to spend money to make sure that this happens.

We need to get the police funding formula in place. In Essex, Madam Deputy Speaker, which is run by your chief constable, Stephen Kavanagh, and in Leicestershire, which is run superbly by my chief constable, Simon Cole, we need a definitive statement on what the police funding formula is going to be. Without it, we simply do not know how much money is available at a local level to spend on local matters. It is therefore essential to make sure that this happens.

The great feature of the previous Chancellor's Budgets was that he always had a surprise concerning culture. On the last occasion, he funded a commitment to Hull because it had become the city of culture. I hope that the Minister will look carefully at what can be done for Leicester. Given the incredible achievement of Leicester City football club in winning the English premier league and becoming the current holders of the premier league trophy, it would be nice to see some kind of commitment from the Government to cultural and sporting achievement. The previous Chancellor has done it before, and I hope that the Minister will consider doing something for Leicester in future.

3.49 pm

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): I think it is fair to comment that this Budget has not met with unalloyed joy and enthusiasm across the country and in the media. It may come as a surprise to the House that I am going to demonstrate a degree of enthusiasm for one piece of the Budget that I think is highly commendable.

I am, of course, talking about paragraph 5.10 on page 48 of the Red Book, in which the Chancellor commits himself to reducing the burden on small co-operatives. I am enthusiastic about it because I have been a lifelong supporter of co-operatives, but also, and very personally, because the proposal was in the ten-minute rule Bill that I introduced on 8 November. May I put on record my appreciation to the Economic Secretary to the Treasury, who is in his place, for discussing the implications of the proposal with me afterwards, and may I say how much I welcome and appreciate its incorporation into the Budget?

I gently remind the Economic Secretary that I made a couple of other recommendations in the same ten-minute rule Bill, which have yet to appear in the Budget. I hope that following further consultation I will be able to praise him in future Budget debates for implementing them as well. As a general point, I hope that this will set a precedent for the Government, and the Treasury in particular, listening to Opposition Members and implementing some of their recommendations. I am sure that doing so will benefit future Budgets greatly.

The second thing I want to do—again, I am not being totally critical of the Government—is to put on record my appreciation for the report on the so-called midlands engine, which has been published today. Not only does it recognise the role of the west midlands in the national economy—and our phenomenal, high-quality

[Mr Adrian Bailey]

manufacturing base, which is driving the economy and above all driving our exports—but it identifies the long-standing issues prevalent in the economy that need to be addressed if we in the west midlands are to reach our potential. Those issues are low productivity, skills, and difficulties with connectivity and transport infrastructure.

Although I welcome the proposal and the money that is being invested, may I make a couple of qualifying points? I think there is a very real danger that the potential benefit that accrues from the project will be undermined by some of the proposals in the Budget. My first point is that skills in construction, in particular, must be sustained if we are to improve our transport infrastructure. At the moment, about 10% of the construction workforce consists of employees from outside the country. If the ensuing Brexit negotiations affect their position and construction firms' ability to employ others to sustain the policies and extra investment in the west midlands, that could undermine the ability of the midlands engine to reach its full potential. I emphasise that provision must be made in the Brexit negotiations for the construction industry to recruit the appropriate level of skilled personnel to fulfil such projects.

My second point, about education and skills, is particularly relevant in my constituency and the Black country. On 24 March, I am due to meet local headteachers to discuss funding problems in their schools, notwithstanding all the fine words that have been spoken about the pupil premium and so on. While the midlands engine will make provision for promoting skills, vocational education and science-based education, there is absolutely no point in putting in that money if we are not providing adequate funding for the original primary and secondary school education to ensure that people have the literacy, numeracy and other qualifications necessary to make the most of such money. There is a grave question mark over that at the moment.

When I meet the headteachers, I guess that one of the things annoying them—this annoys me and a lot of people in the Black country—will be the Government's preoccupation with investing in unloved, unwanted, selective schools while they neglect to invest appropriately in our existing school estate. I would point to a National Audit Office report saying that there is a £1 billion need for investment in our existing school estate to deal with the immediate problems. There are certainly schools in my constituency that need immediate investment. If such money is used to promote new selective schools, the Government will, quite frankly, be distorting the existing state school system and estate, and failing to realise the potential of the pupils attending such schools. This is totally unacceptable. It is unwanted, and it really sticks in the craw of the people who, day in and day out, try to give our children the best possible education within the existing system.

I have worked out, on the basis of the figures in the Budget, that the £320 million going into the 110 new schools means that there is an average of £3 million for each of them, while the £210 million for the 10,000 state schools in the existing estate means that each will get an extra £21,000 over the course of three years. That huge disparity is bound to prejudice the life opportunities of the many millions of students going to our existing state schools.

Whatever fine words the Chancellor used and however well he packaged the statistics on which the Budget is based—he can, shall we say, tell a good story—the reality is that the previous Tory-led Government and this Government have so far failed. The public sector deficit, which we must remember was supposed to be eliminated by 2015, will certainly not be eliminated by 2021 and may well still be with us in 2025. Whatever happened to the long-term plan that was the mantra of the Tory-led Government up to 2015 and was used in the carefully choreographed comments made by every supporter of that Government to demonstrate the effectiveness—or otherwise—of their economic policy? The fact is that I do not recall anybody saying that the long-term plan might actually last only until 2015. It has now disappeared, or evaporated, from the political lexicon of the House. It would be laughable were it not for the fact that so many millions of people have endured cuts in their wages, cuts in their public services and, in some cases, very real hardship indeed. As a result, we face the perfect storm: the cumulative failure of austerity policies that have failed to generate the necessary tax receipts to pay off an adequate amount of our public debt; the increased demand placed on our public services—particularly social services and health, but also education—that have to be met one way or another over the next few years; and, of course, the uncertainty generated by Brexit.

I could not help but be amazed by the phraseology used by the Chancellor over his decision to waive the fiscal targets in order to make available more money for what has loosely been called a “fighting fund” or “war chest” for Brexit. My understanding of a fighting fund or a war chest is that it is money that is put away out of existing consumption to be used for problems that arise in the future; it is not about heaping debts on future generations to pay for mistakes made in the present, such as the results of Brexit arising from this Government's policy.

I would like to have gone on, but I will try to stick to the 12-minute limit. The Government are failing to address the big issues that have arisen from their failure to deal with public spending and the economy over the past seven years. I concur with the disappointment expressed by my hon. Friend the Member for Wallasey (Ms Eagle) at the Government's failure to recognise that and to take the necessary big steps to address it. I think that the Budget is a major failure. It is a sticking-plaster Budget that spends money just to avert a crisis, without examining the underlying crises and the policies needed to address them for the benefit of everybody in the long run.

Madam Deputy Speaker (Mrs Eleanor Laing): I appreciate that some hon. Members have been sitting here all afternoon. There is something a little unfair about this but, c'est la vie, I am afraid that I have to limit Members to 10 minutes.

4.2 pm

Seema Malhotra (Feltham and Heston) (Lab/Co-op): Thank you for giving me the opportunity to contribute to today's Budget debate, Madam Deputy Speaker.

It is fair to say that today's headlines are not what the Chancellor might have planned: “Spite Van Man”, “Tories break tax vow”, “Phil Picks a Pocket or Two”, “Rob the

Builder! White Van Man gets battered by Budget”, and that is just to name a few. It is a good example of how, when one does things in a hurry, one gets things wrong. The Chancellor got it wrong yesterday. If he takes anything away from the last 24 hours, it will be that he made the wrong choice at the wrong time and in the wrong way. That is why Labour, along with many Government Members, will oppose the increase in national insurance for the self-employed. It is a broken promise and the Chancellor is rightly in for a rocky ride.

The Chancellor has used his first Budget to continue with tax giveaways to those at the top, while hitting self-employed low and middle earners for £2 billion to fill his own black hole. The Association of Independent Professionals and the Self-Employed describes this tax hike as an additional burden upon individuals who are already subjected to costly excessive bureaucracy. Anyone who is self-employed and earns more than £16,250 a year will have to pay more tax. Under the proposals, a self-employed person earning £20,000 will pay almost £100 more in national insurance from next year and a self-employed person earning £30,000 will pay almost £300 more. Up to 8,000 self-employed small businesses in my constituency could be affected by the change. For a self-employed earner bringing up a family on about £25,000, that could be about £15 to £20 a month out of money used to pay for school trips, school uniforms or putting food on the table. At the same time as inflation is going up and average wage growth is being revised down, this measure, implemented in this way, will lead to yet another squeeze on household incomes. The last thing we want is for families to be borrowing more just to make ends meet. The just about managing could become the just about managing no longer.

The self-employed are the engine of the UK economy. I have twice had periods of self-employment and I know the challenges they face. There is not the back-up and security of an employer to fund their pension, pay for a training course, cover them with another member of staff if they are off sick, or provide statutory holiday pay. It is hard and it is stressful, alongside the rewards of being independent and entrepreneurial. Due to income fluctuations, it can be harder to get a mortgage or a rental agreement.

The Budget should have been a chance for the Government to show the self-employed that they are on their side. Indeed, the biggest difference in tax take between self-employment and employment lies in the 13.8% employer national insurance, not the national insurance paid by individuals. If the Government are serious about equalising tax treatment, they should focus on how to work in partnership with the self-employed to balance and share the risk for those who are doing the right thing. The small and medium enterprise community is the backbone of our economy, and the Government should bring forward such proposals only after proper dialogue and consultation with it.

I want to focus on a few other points. Productivity growth is set to be revised down again, even after the UK productivity gap widened last year to the worst levels since records began. After seven years of Tory Government, we still lag behind Germany and the US by more than 30%. As the Chancellor said at the time of the autumn statement, the productivity gap is well known, but it is shocking none the less. The downward revision of productivity is not just due to Brexit. It is a

reflection of the Government's strategy and investment record: their lack of achievement, rather than their recycled infrastructure plans. At some point, the Government will have to take responsibility for their poor record. They now have no one else to blame.

When the Government came to power, they stopped the Building Schools for the Future programme, and two schools in my constituency were affected. We can now see the outcome of the Government's neglect in favour of a blind ideological pursuit of, and almost exclusive support for, free schools and grammar schools. The National Audit Office calculates that £6.7 billion is needed to bring existing school buildings in England and Wales to a satisfactory standard. Ministers are choosing to give billions of pounds to fund new free schools, while existing schools are crumbling into disrepair. That is not my view, but the conclusion of the Whitehall spending watchdog. The Chair of the Public Accounts Committee called for the money to be reassigned and diverted to existing buildings, arguing that taxpayers' money could be used to fund much-needed improvements.

Another challenge is 4G coverage. The UK is 54th out of 80 countries surveyed for 4G coverage, with levels here lower than in Bulgaria, Albania and Romania. This is the fifth time the Government have announced this highly limited roll-out of fibre broadband. Once the roll-out is complete, only 7% of homes and businesses will have benefited.

This Budget and previous Budgets have cut corporation tax, which will be 19% this year, 18% next year and 17% the year after, removing £15 billion from public finances in this Parliament. This is a direct cost to the taxpayer. The irony is that not a single business, large or small, that I have talked to, and I talk to many, has put corporation tax levels at the top of their wish list. They have raised infrastructure; affordable housing, so that employees can live and work near where they work; education and skills; and public transport and its affordability. The decision to go ahead with those corporation tax cuts is a self-dug black hole that the Government need to fill. They are plugging the gap with the earnings of the self-employed and cutting the amount spent on children's education.

In recent weeks and months, teachers have told me about growing parental poverty, and about kids coming to school hungry or without clean school uniforms. Parents are sometimes unable to afford school trips. Schools are having to cut teaching posts and non-teaching welfare and support staff, curriculum teaching time is being reduced and the school day is being shortened. As pupil numbers increase, teachers face increasing class sizes. Increasing numbers of children face mental health conditions but are unable to get the support they need. How can the Government be proud of that record, which is the reality of what our wonderful schools face—the worst they have known in a generation?

The Government should delay or abandon their corporation tax cuts and support schools, which work hard to ensure that the children of our country get the education they need. Indeed, at a minimum, they should delay the application of the apprenticeship levy to schools.

It is worth mentioning one other lost opportunity. In the 2015 Budget, the former Chancellor announced that he had hiked the tax take on dividend income by 7.5%. That change took effect only in April 2016,

[Seema Malhotra]

meaning that people could bring their dividends forward by a year to avoid it. The OBR estimates that, once other factors are taken into account, pre-announcing the policy cost the Treasury £800 million and handed shareholders that same amount; and that each of those individuals withdrew an average of £30 million in dividends and avoided £1.1 million in tax. That is a devastating conclusion and another example of how the Government continue to give to those who already have and take away from those who need the most.

We need better than this. We need a strategy that addresses the needs and challenges that businesses and families in our constituencies face. We need a proper plan for funding public services, an economic plan that suggests a clear sense of direction, an honest assessment of the risks of Brexit, and a sensible response to those risks. What was missing from the Budget was a proper vision of our future and a pathway to get there. It was an unfair Budget, it made the wrong choices and is set to leave us poorer and less prosperous as a nation.

4.12 pm

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): After the spin around the Budget, which has not exactly gone to plan, let us look at the actual facts. According to the Resolution Foundation, we have had the worst decade for pay growth in two centuries of earnings data. GDP growth is overplayed and inflation is underplayed. GDP growth is expected to flatten as increasing inflation, which has sped up in the past few weeks according to much of the data, squeezes living standards, and as consumer spending, which as we have heard has been largely driven by a credit card boom, dries up. Again, that creates a false impression. Borrowing continues to rise and is expected to rise further. The OBR has made it absolutely clear that the

“government does not appear to be on track...to return the public finances to balance at the earliest possible date in the next parliament”

as they had promised.

On productivity, the Chancellor did a very good job of outlining what a bad job the two successive Conservative-led Governments have done. He said:

“The stats are well known: we are 35% behind Germany and 18% behind the G7 average”.—[*Official Report*, 8 March 2017; Vol. 622, c. 818.]

What on earth have they been doing for the past seven years if we are in that position? Small businesses are hit not only by the NICs issue, which I will come to, but by the reduction in the dividend allowance, which we have heard about, and the additional red tape and burdens of things such as quarterly reporting.

We can talk about statistics and the real things going on in the economy, but the impact I am interested in is the impact on my constituents in Cardiff, Penarth and the Vale of Glamorgan. I am proud that the Welsh Labour Government are investing in our schools and hospitals. New schools and hospitals are being built in my constituency, and more is being spent on NHS and social care together than the average spent in England. Indeed, councils in Cardiff and the Vale of Glamorgan are doing their best to invest in local services and to protect people who are suffering as a result of the

policies of the Tory Government in Westminster. The fact remains, however, that by 2020, according to the Joseph Rowntree Foundation, ordinary working families will be worse off than they were in 2015. The income of a couple with two children, working full time and receiving the so-called national living wage, will fall by £1,051, while that of a lone parent with two kids, working full time on the national living wage, will fall by £3,363. My constituents tell me about the real challenges and hardships that they face, as opposed to the spin that we get from the Government.

Let me say something about self-employment and the increase in national insurance contributions. I think that the Government's approach has been a huge mistake. It is clear that those in the self-employed sector face huge additional fixed costs and risks. I speak to many self-employed people every week in my surgeries—for example, I have spoken to a number of taxi drivers recently; I shall say more about them shortly—and I know about their lack of benefits, their higher insurance premiums, and their difficulty in obtaining mortgages. There is clearly some abuse on the margins of self-employment, and we must address the issue of bogus self-employment, but hitting a whole swathe of self-employed people is a crude measure which can have hugely differential and damaging impacts on some sectors and groups.

Peter Dowd: My hon. Friend said that the Government's approach had been a mistake. Today, on Radio Cymru, the Under-Secretary of State for Wales, the hon. Member for Aberconwy (Guto Bebb), said:

“I believe we should apologise. I will apologise to every voter in Wales that read the Conservative manifesto in the 2015 election.”

Well, he was the Minister, but I am not sure whether he still is. Does my hon. Friend know?

Stephen Doughty: I was not aware of those comments, but, as someone who listens to Radio Cymru occasionally, and to Newyddion, I shall listen carefully to what the Minister said, whether it was in Cymraeg or in English. I hope that his ministerial colleagues will listen as well, because it is clear that there is much disquiet on the Government Benches. Perhaps that is why so few Conservative Members are present today, and why those who have spoken have been quite critical of the decisions in the Budget.

There are 4.8 million self-employed people in the country, and nearly 5,000 in my constituency. It is all very well to say that this measure will not affect the very poorest, and, at the other end of the spectrum, that it will ensure that the very richest are brought into line. However, as we heard from my hon. Friend the Member for Ilford North (Wes Streeting), no amount of distributional analysis and charts can reflect the reality and the impact on those in the middle deciles: people who are just about managing, and the strivers who the Government were so keen to say that they were trying to support, but who have been shafted. The Government are not helping those people; they are doing exactly the opposite.

The Federation of Small Businesses has described the measure as

“a tax grab on middle-income self-employed people who are just about managing”.

The Musicians Union—I work closely with that union, and with many other unions representing the creative industries in my constituency—has said:

“This Conservative Government...have done nothing but cut funding for the arts and for music, and they are now penalising musicians further by increasing their tax contributions.”

Those are the real facts. The Federation of Small Businesses at one end of the spectrum, and representatives of those in the creative industries at the other, have decried this measure.

I want to say a little about the reality of life for one group of workers who are self-employed at present, although many of them would argue that they are actually employed, and, indeed, that is the subject of many current legal cases. I am talking about taxi drivers. As a member of the GMB, I am proud to have been working with its members locally, and hearing about the concerns of many taxi drivers in Cardiff, the Vale of Glamorgan and south Wales as a whole.

Taxi drivers are hard-working people. They work every hour that God sends. They are striving to make a difference for their families, but they are struggling with the costs that they face from the companies that engage them. There are the fines, the administration fees, the cost of fuel, and the cost of replacing windows when they do not accord with regulations which vary so much across the country. They are often trapped in low-paid account work, receiving wages that do not reflect the effort and time that they put in. They have differential insurance costs. Drivers from other local authorities, or indeed from London, where different rates are paid under different regulations, come to Cardiff and undercut the industry there. Antiquated legislation allows private hire licences to continue to rise without any cap; that is a simple matter of supply and demand. These national insurance rises will hit people who are striving on the margins. They can barely afford the additional £20, £30 or £40 that this measure is going to bring in. They are the ones who are going to be hardest hit, and they are already hit hard by many other measures.

This is just one measure hitting those in self-employment. I have been speaking to a number of companies in Cardiff that are using the self-employed in the ways I have mentioned. I am concerned that companies such as Dragon and Veezu, who operate taxi firms, are not willing to meet drivers to discuss their concerns or to meet the GMB. That is of great concern to me. Fundamentally, what are the Government doing to help such people who are striving and working hard, and who just want a level playing field and enough money to be able to support their families?

I mentioned the impact on the creative industries. We have lots of start-up creatives in my constituency, including small design, music, production and technology firms. They are also going to be hit badly by these changes. What are the Government doing to support them?

Finally, I will make a few further points. Where on earth was the mention of Brexit? That is the biggest economic challenge facing this country in generations, but it was not mentioned. There were no answers on the question of the additional debt that the OBR has predicted is going to be added to the national debt; no answers on whether Wales is going to be left a penny worse off as a result of the potential changes to regional finance and structural funds; no answers to the exchange rate volatility that is causing the prices at the pump to

go up; and no answers on the single market, or the impact of tariffs if we end up in the “deal or no deal” situation that the Prime Minister seems to be leading us towards. Where was the mention of those things? That was utterly irresponsible.

We should consider what else was missing, too. Where was mention of climate change, or further support for the steel industry, or support for veterans—including younger veterans who are leaving but are struggling with their housing costs and are discriminated against in housing benefit? Where was action to right the injustices for women pensioners? The WASPI campaigners were here yesterday; thousands from across the country, including hundreds from Wales, were here speaking out. Where was the help for the Allied Steel and Wire pensioners who were let down in my constituency, and are still let down today? Where was the money to address the police cuts—the police are suffering huge pressures, as the former Chair of the Home Affairs Committee, my right hon. Friend the Member for Leicester East (Keith Vaz), pointed out? Where was the help on energy prices when people are seeing their bills go up?

This Red Book is one of the thinnest Budget books we have seen, certainly since I have been in this House. That is because there is a whole lot missing from it, and, frankly, the Chancellor is going to have to do a lot of rethinking on the bits that are in it.

4.22 pm

Mr Stewart Jackson (Peterborough) (Con): It is a pleasure to follow the hon. Member for Cardiff South and Penarth (Stephen Doughty).

The Labour party clearly has a rich vein of irony, as it is masquerading as the friend of the entrepreneur and the self-employed. Perhaps the white van man taskforce will be headed up by the right hon. Member for Islington South and Finsbury (Emily Thornberry), who has great affinity with white van man.

The fact of the matter is that Labour Members must be living on a different planet from the rest of us, because this Budget was actually a consolidation of seven years' work to rescue this country's fiscal credibility from the disastrous mess left by the Labour party, including the record peacetime debt that we had in 2010. I also have to say that in my 12 years in the House, I have rarely seen a poorer Budget response than that from the Leader of the Opposition—no wonder his own MPs had their heads in their hands.

Mr Reed *rose*—

Mr Jackson: I will not give way, if the hon. Gentleman will forgive me, as I have to make progress.

If we are talking about honesty and being upfront, even today the shadow Chancellor is quoted as saying that within 100 days of a Labour Government, we would see the end of nuclear power. That is rather different from what was being said two weeks ago in Copeland, when the Leader of the Opposition was saying that nuclear power was safe under Labour.

The Budget also consolidates this Government's industrial strategy, which is a recognition that many people across our country, particularly outside London, felt that the benefits of globalisation were not flowing to them, and to their communities, infrastructure, towns

[Mr Jackson]

and cities. It is right that we address that, and this Budget does so. Those people feel that some of the forces of globalisation had passed them by. That is a wider context of Brexit, but because of my departmental responsibilities, I will not go any further into that.

We have also witnessed a jobs miracle over the past seven years. In my constituency there has been record growth in private sector jobs, a drop in the number of NEETs—those not in education, employment or training—and youth unemployment, and an unemployment rate of 1.9% on the last figures, which is the lowest in eight years. We have also seen the highest increase in living standards in 14 years, and an increase in real wages over the last quarter or so. We have cut the deficit by two thirds—it was 10.1% of GDP under the previous Labour Government; it is now 4%. The Government have also tackled key issues relating to the skills agenda, with £500 million for skills. In my constituency, a university technical college is attracting new students. More money—£40 million—is being made available for reskilling and retraining the workforce. The Chancellor is also considering important issues such as infrastructure spending on roads and broadband.

Welfare is certainly an issue that transcends party politics, but I am proud that this Government have worked on the basis that the No. 1 priority for getting people out of the miserable cycle of poverty and welfare dependency is to get them into work. Taking people from workless households and giving them work is massively important if we are to change their lives. It does not help when Labour Members propagate the myth about zero-hours contracts. In any case, people who are on those contracts sometimes make the decision to work in that way themselves. That affects their lives, but it is their choice. In fact, 97.1% of people are not on zero-hours contracts, but we would not know that from listening to Labour Members.

I agree that the social care funding is vital. It builds on the precept that we have already put in place, and on the better care fund. However, in 13 years of benign economic circumstances, the Labour Government did nothing at all about social care. They sold the gold, they ruined our private pension schemes and they racked up record levels of debt.

We are spending serious money—£10 billion by the end of this Parliament—on schools improvement. Labour adopt a levelling-down approach, attacking people who are aspirational and ambitious for their children. They say that grammar schools are awful—that they are what the rich and the middle classes do. Actually, they are about equality, improving people's lives and reducing those differences. It is about taking people from modest backgrounds and giving them a real stake in their future. Labour Members have always been against that. They have been against share ownership, against the right to buy and against grammar schools. For them, it is all about levelling down and sharing the misery among everyone. That is what socialism is all about.

We are dedicated to improving the living standards of all our people. As Disraeli said, the aim of the Conservative party is the enervation of the condition of the working class, and that is our watchword. This is about social progress. That is why 1 million people will get a £500 pay rise this year as the national living wage goes up to

£7.50. The personal allowance has risen seven years in a row. We have frozen fuel duty for working people who need their cars to go to work. We have provided free childcare—[*Interruption.*] The hon. Member for Cardiff South and Penarth says that we have not, but we are also putting serious money into research and development, broadband and tackling traffic congestion at pinch points.

Of course we have had to make difficult choices. On the specific issue of national insurance contributions, this is about the regularisation and simplification of the tax system, but it is also about social equity and fairness. The hon. Member for Cardiff South and Penarth shakes his head, but the Resolution Foundation has not always supported a Conservative Government's fiscal measures and yet it is doing so today, as is the Institute for Fiscal Studies. It is interesting that Labour Members should be against fiscal fairness. They are against us making the necessary changes to fund things like social care. I have asked questions to which I have not had an answer from their Front Bench, or from “continuity Blair” on the Back Benches. I like to see the dynamic duo from Ilford, the hon. Members for Ilford South (Mike Gapes) and for Ilford North (Wes Streeting). What we do not have from Labour is a coherent, comprehensive, plausible policy on tax or spending. It is just more tax, more borrowing, and more spending—more debt millstones for our children. That is the Labour party for you.

There are certain things that I would have liked to see in this Budget that I did not, such as more tax on high-strength cider and a higher tax on tobacco. I support the sugar tax. I am not a libertarian—I am a social conservative—and we should reflect the health impact caused by sugar in our diet. Like my hon. Friend the Member for Harrow East (Bob Blackman), I would like more help in the autumn statement on affordable housing to get younger people on the housing ladder. We need to do more on tax advantages for brownfield remediation. We need to put in place extra care facilities for older people, such as through real estate investment trusts. We need more smaller niche house builders to get back into the market and build more homes.

Some schools in my constituency are concerned about the impact of the new education funding formula on their baseline funding. It would be remiss of me not to say that the King's School and Arthur Mellows Village College are worried about that, and I will be speaking quietly and privately to the Chancellor.

My party is proud of its achievements over the past seven years in turning this country around after we inherited the Labour party's disastrous legacy. My party believes in social progress, prudent government and fiscal responsibility, and it falls to the Conservative party, as ever throughout history, to build a country that works for everyone.

4.31 pm

Barbara Keeley (Worsley and Eccles South) (Lab): We have heard a wide range of speeches this afternoon, including from the hon. Members for Kirkcaldy and Cowdenbeath (Roger Mullin), for Richmond (Yorks) (Rishi Sunak), for Esher and Walton (Mr Raab), for Harrow East (Bob Blackman) and for Peterborough (Mr Jackson), and from the right hon. Member for North Norfolk (Norman Lamb), who is no longer here.

We also heard excellent speeches from my hon. Friends the Members for Wallasey (Ms Eagle), for Croydon North (Mr Reed), for Bristol East (Kerry McCarthy), for Ilford North (Wes Streeting), for West Bromwich West (Mr Bailey), for Feltham and Heston (Seema Malhotra) and for Cardiff South and Penarth (Stephen Doughty) and from my right hon. Friend the Member for Leicester East (Keith Vaz).

I shall mainly talk about social care, but I want to mention the absence of any Budget help for the 1950s-born women struggling without their state pensions owing to the 1995 and 2011 Pensions Acts. Their demonstration and lobbying here yesterday were wonderful. I am also sad that the Chancellor could not find £10 million for the children's funeral fund, which was campaigned for so ably by my hon. Friend the Member for Swansea East (Carolyn Harris). Despite cuts from central Government, my local authority has recently announced that it will waive fees for child burials, but all the weight of that should not be put on councils.

I had hoped that this Budget would finally announce a Government funding commitment to start to put the social care sector on a stable footing. The Chancellor said that everyone should be able to

"enjoy security and dignity in old age."—[*Official Report*, 8 March 2017; Vol. 622, c. 820.]

However, despite his rhetoric, it is clear that his Budget did not match up to that aim. As we have heard, the King's Fund has put the current funding gap for social care at around £2 billion. Yesterday, the Chancellor announced additional funding of £2 billion over three years, of which only £1 billion will be available this year. That is half of what is needed to deal with the immediate crisis. The Care and Support Alliance commented that that the funding will

"keep the wolf from the door"

but no more. There has been much discussion about the future and what will happen to that extra funding, but we must bear it in mind that post-Budget figures for adult social care show a 2.1% cut between 2016-17 and 2019-20, showing that funding is still being cut in this Parliament.

Along with council leaders, social care providers and health leaders, the Opposition have been warning this Government for many months about the perilous state of the social care sector. Indeed, the King's Fund recently said that adult social care is

"rapidly becoming little more than a threadbare safety net for the poorest and most needy older and disabled people."

Last week, the care company Mitie offloaded its two homecare businesses for £2, which is a clear demonstration of the fragility of the current care market. That company, which had provided care and support to 10,000 people and employed 6,000 staff, was reduced to being worth only £2. It has taken until now for the Government to heed the many warnings, and they were wrong to wait so long to act, just as they were wrong to cut local government budgets by around 40% since 2010, which has led to cuts of £5.5 billion from adult social care budgets by the end of this financial year.

Ms Angela Eagle: Does my hon. Friend also recognise that the cuts to benefits, particularly to housing benefit, will have a huge effect on extra care? Large numbers of people are very happy, well looked after and protected

in those arrangements, but they cannot pay for them if housing benefit goes. Moving those people into nursing care will cost far more a week. That is another ticking time bomb.

Barbara Keeley: My hon. Friend is right about extra care housing.

The Chancellor was wrong not to make any extra funding available for social care in the autumn statement. Instead, Ministers chose to continue putting the burden of funding social care on councils and council tax payers. The local government finance settlement compounded the mess by recycling money from the new homes bonus to create the adult social care grant. That rather inept settlement made a third of councils worse off, including my own Salford City Council, which loses an extra £2 million from budgets this year.

One council that did not lose out from the settlement was Surrey County Council, which will gain £9 million extra from the adult social care grant. Perhaps that should not surprise us, given that the settlement was made when Surrey was in the middle of a long, drawn out and clearly highly successful lobby of Ministers to get more funding for just that council's social care.

Last night, Surrey County Council released many documents and texts revealing the extraordinary level of access that that one council enjoyed with Ministers and their advisers. My local authority recently asked for a meeting with the Secretary of State for Communities and Local Government to discuss our difficult financial situation and the loss of funding for social care. We were given a 30-minute meeting with one of the Under-Secretaries of State. However, the leader of Surrey County Council was given meetings with the Secretary of State on 12 October, 19 October and 9 January. There were a number of further meetings with the Secretary of State to discuss Surrey County Council's funding situation involving the Chancellor, the Secretary of State for Health and other Surrey MPs. There was also a substantial stream of letters, emails and texts, some of which may make surprising reading. Some frustration was expressed about the Communities Secretary, with one Surrey MP saying:

"Sajid led me to understand before Christmas that he would be trying very hard...to help Surrey out with the worst of its (Government-dictated) financial dilemma."

And he said that if the Secretary of State was

"imprudent enough not to have £40m hidden under the Department sofa for just this sort of emergency/problem"

and if all the Secretary of State's local government money really is allocated, he

"still has the option of adjusting all other Council settlements down very slightly in order to accommodate the £31m needed for Surrey—and I think he should be encouraged to do this."

In January that Surrey MP wrote that he was

"losing hope re getting help from Government this time, we still need to kick up such a fuss that Ministers and Civil Servants really do remember at the very least 'they will need to treat us better next time.'"

I think that refers to the new funding formula. All this about a council that the Chancellor himself told in a letter in December:

"Surrey's core spending power in 2016/17 decreased by 1% compared to an average reduction of 2% for shire counties as a whole".

[Barbara Keeley]

And the Chancellor said that over the lifetime of this Parliament

“Surrey’s spending power is forecast to increase by 1.5% compared to a flat cash settlement for local government as a whole”.

It seems that Ministers were not ready to listen to most council leaders, care providers, local authorities and their own regulator about the fragile state of social care funding, but it is clear from all the correspondence—I recommend that hon. Members read that correspondence, as it is very interesting—that relying on council tax and business rates to fund social care will never give us the fair and stable funding system that we need.

As I said earlier, there will still be cuts of 2.1% to social care up to 2019-20, so what we have in this Budget is a sticking plaster or a stopgap announcement that will not give older and vulnerable people the “security and dignity” in old age that the Chancellor claims. And it will not enable us to deal with the continuing demographic challenges that we face. The number of people aged 75 and over is projected to nearly double by 2039. That ought to be something to celebrate, but instead the Government have created fear and uncertainty for older people by failing to address the health and care challenges raised by those demographic changes. The Chancellor said that the Government intend to produce a Green Paper in the autumn on long-term funding options, and there has been some discussion of that in this debate, but given that we have already had the Barker review and the Dilnot commission, there are fears that the Government could be kicking this issue, once again, into the long grass.

I hope that the Government are not doing that, because cuts to social care budgets hit not only people who need care, but the 6.5 million unpaid family carers. Carers UK tells us that an estimated 1.6 million people currently provide 50 hours or more of care per week, which is an increase of a third since 2001. Some 2 million people have given up work at some point to care for loved ones, and 3 million carers have had to reduce their working hours. That is not good for their finances, with many falling into poverty as time goes on.

As people live longer with disabilities and long-term health conditions, more of us will find ourselves having to take on a caring role. Sadly, this Budget offered nothing to carers, just as it offered nothing to women born in the 1950s and nothing to families who were bereaved after losing children. There was nothing in it for carers, no extra support and no sign that this Government value the important work that they do. I say to the Minister that £120 million would deliver a three-hour respite break each week for 40,000 carers who are providing full-time care; instead, as we know, the Government have chosen to prioritise cuts to inheritance tax and corporation tax, and to ignore the increased burden on unpaid family carers.

The Government have also failed to recognise that the social care crisis is not just about older people. The Chancellor talked about the impact that the £2 billion over three years will have on delayed discharges, but, as councils have reminded us this week, other groups of people need social care, including those with learning disabilities. About a third of councils’ annual social care spending—some £5 billion—goes on supporting adults with learning disabilities. Surrey MPs must now

understand that fact, after all the correspondence from their council leader, who spent a lot of time trying to make clear to them what an issue that was for councils.

We had an excellent debate in Westminster Hall earlier in the week on social care in Liverpool, when we heard that Liverpool had lost almost 60% of its grant since 2010 and that that will reach cuts of 68% by 2020. Cuts to social care there have meant that funding for care packages had to be cut, so whereas 14,000 people were receiving one now only 9,000 are—5,000 people are no longer getting a care package. Surrey, which has had so much attention, did not have cuts at that level; its cuts were only 28%. Indeed, social care spending in Surrey has increased from £273 million to £367 million.

I want to make an observation about the new allocations for the £2 billion that the Government have announced. I observe—that is all I can do, because the figures have only just arrived—that the allocations are £1 billion for year one, two thirds of a billion for year two, and one third of a billion for year three. In that, Surrey’s allocation goes up in year two; it is one of only six councils on the whole list that gets a bigger allocation out of a smaller amount of money. I do not know, and it is impossible to see here in the Chamber, what the formula is, but that position is very worrying.

Disturbingly, this important matter of funding social care has been tarnished by the offering of sweetheart deals and the making of gentlemen’s agreements. It seems, from reading the correspondence, that all of that was done to escape the political heat for some right hon. and hon. Members facing the reality of what cuts to council funding have done to social care in their local authority area. That is what this is all about: threats of what will happen to constituencies and areas if the cuts go on.

Social care should not ever be consigned to becoming a threadbare safety net. We also should not have a Communities Secretary who can hold more than seven meetings with Surrey County Council or Surrey MPs to discuss their funding, yet who will not meet a cross-party delegation from Salford City Council and has no time in his diary to meet the leader of Hull City Council. I hope the Communities Secretary will start to listen to councils other than Surrey County Council, whose leader emphasised in letters that we have seen that it has the largest Conservative group in the country. He should also listen to leaders from Hull, Croydon, Salford, Manchester, Liverpool, Durham and Newcastle. He needs to understand from them what is needed throughout the country to save social care from crisis.

4.44 pm

The Financial Secretary to the Treasury (Jane Ellison):

We certainly have covered a lot of ground in today’s debate; indeed, we have strayed internationally, as well as covering an awful lot of domestic policy. Before I address some of the key themes, I wish to stress again the central point made by my right hon. Friend the Secretary of State for Communities and Local Government when he opened the debate. Our ability to provide public services is entirely dependent on our ability to pay for them. Indeed, the right hon. Member for Leicester East (Keith Vaz) said in his speech that before we talk about spending, it is important to talk about how we would raise the money. That is the last thing we have heard from the Opposition today.

Key to this debate is the fact that if we do not live within our means, deal with the deficit and get debt falling, we simply will not be able to continue to fund the public services that we all care about on both sides of the House; of course, the generations to follow will then suffer. We have seen how debt has been left for others to deal with, which is why at the heart of the Budget and our economic policy is our continued resolve to restore the public finances to health, increase our economic resilience and secure our public services for the future. At the heart of our aims is the work to bring down the deficit. We have made great strides, and in doing so we have been able to bring what we spend and what we raise further into line. That is how we can afford public services.

We have already cut the deficit by almost two thirds, but the work is not done. We are also on course to get debt falling as a share of GDP by 2018-19. We are, though, the first to acknowledge that there is no quick fix, no silver bullet and, contrary to assertions by Opposition Members, no magic money tree. That is why we are sticking to the spending plans we have set out and why we are taking a systematic look at how we can become ever smarter in how we spend taxpayers' money, including by conducting an efficiency review that aims to get more value for money and to save £3.5 billion. As my right hon. Friend the Secretary of State said earlier, we are looking forward to benefiting from the insight and expertise that Sir Michael Barber can bring to bear on the process.

We all have to acknowledge that this work is part of a longer-term challenge. There are many pressures on services in advanced economies around the world, and if we do not grapple with the issue of how we pay for things, we just cannot tackle them. We heard quite a lot from the shadow Minister, the hon. Member for Worsley and Eccles South (Barbara Keeley), about social care. We made a significant announcement in the Budget statement about a £2 billion injection of extra cash—*[Interruption.]* Opposition Members say from a sedentary position that it is not enough; I return to my previous point: we have heard so much from them about where they would spend more, but we have heard absolutely nothing about how they would pay for it. They have a few gimmicky ideas, to which I shall come—I am going to address one of them head on—but their answer really is the magic money tree. We have made new money available, and further details have been announced today about how it will be allocated. That is real money made available very quickly—£1 billion is being made available for the new financial year starting in just a few weeks—and it is really important that we do that.

Nevertheless, we acknowledge that there is a longer-term challenge. As I said, all advanced economies face pressures as populations become older and the rise in complex and chronic conditions continues. As well as offering some kind words about me relating to my previous role, the right hon. Member for Leicester East rightly drew our attention to the Government's work on prevention. I shall not be drawn into talking about that too much—as a former public health Minister, I could talk on that for some time—but I remind him of the national diabetes prevention fund and the related work, and the £16 billion a year from the public health budget that we give to local government.¹ All Members have acknowledged what the sugar levy and other work are doing to turn the sugar tide.

I also draw the right hon. Gentleman's attention to page 35 of the Budget book—our consultation on the damage that white cider can do. We are consulting on the alcohol by volume duty rates because we have heard from many charities, particularly those working with the homeless, about the impact of the abuse of white cider, in particular, on the health of homeless people and many young drinkers and the increase that it provokes in the frequency of visits to A&E.

Barbara Keeley: Surely the key point is that we are almost abandoning prevention. Some 1.2 million older people live every single day with unmet care needs. There is no prevention when a frail older person who needs care does not get it, and this money goes nowhere to helping with that.

Jane Ellison: I disagree with the hon. Lady about prevention. We can do a lot on prevention, particularly with older people. With this new money, we can have more care packages. For example, falls prevention, which is delivered in the community or at home, is one of the most valuable ways to keep people out of accident and emergency. But we are not in any way downplaying the challenges of dealing with these pressures. We are not burying our heads in the sand. It is a matter not just of common sense but of responsible government that we must face up to the question of how to secure our social care system for the long term. He is not in his place, but the right hon. Member for North Norfolk (Norman Lamb), my former colleague in the Department of Health, talked about that, and there are areas of great agreement across the House about some of those challenges. That is why we announced that we will publish a Green Paper by the end of the year in which we will set out our proposals to put spending on a sustainable footing.

The hon. Member for Worsley and Eccles South said from the Opposition Front Bench that this was about the long grass. I will not embarrass her by reading out the very long list of times that the last Labour Government attempted to grapple with this issue over 13 years.

Barbara Keeley *rose—*

Jane Ellison: No, I am not going to take another intervention—I will take the same time that the hon. Lady took.

The list is very long. Labour said in its 1997 manifesto that it would tackle this issue; there was a royal commission in 1999, a Green Paper in 2005 and the Wanless review; it was said that the issue would be resolved by the 2007 comprehensive spending review, and there was another Green Paper in 2009—13 wasted years. I am afraid that Opposition Members provoked me to embarrass them. Their long grass was very long indeed.

We are injecting not just new money into social care but an extra £425 million into the NHS to help A&E departments triage patients more effectively and to support local NHS organisations as they reform and improve for the long term the way services are provided to patients. By putting more money into social care and those specific parts of the NHS—triage and capital for A&E—we are addressing some of the very issues that Simon Stevens has talked about recently as immediate challenges of dealing with pressures in the system.

1. *[Official Report, 13 March 2017, Vol. 623, c. 1-2MC.]*

[Jane Ellison]

My hon. Friend the Member for Harrow East (Bob Blackman) asked about STPs. The investment that we set out will make a real difference by supporting regions with the strongest plans that are ready now to deliver their long-term visions. We will revisit STPs in the autumn to see whether there are further areas with strong cases for investment, but the NHS obviously also has a part to play in looking at how it can, for example, dispose of unused land and reinvest that money. I give my hon. Friend that assurance.

Let me talk a little about education and skills. We have already taken action to fundamentally reform and improve school education, with the result—this is never acknowledged by the Opposition—that 1.8 million more children are in good and outstanding schools compared with 2010. The simple fact is that vastly more children are getting a good or outstanding education. In this Budget, we further galvanised our schools with £320 million of investment in new schools and £216 million for the maintenance of existing schools.

My right hon. Friend the Secretary of State for Communities and Local Government spoke compellingly about the sweeping reforms that we have introduced to put technical skills at the heart of our education system. I sense great cross-party consensus that that has been an undervalued part of our education system. That will give young adults a chance to develop new talents that will stand them and, of course, our country and economy in good stead as we work towards the high-skill, high-wage and hi-tech economy that will help us to be competitive in a global marketplace.

I have spoken about the importance of controlling our public finances, investing carefully in our public services and ensuring that our spending is sustainable. Alongside that, I want to make a few remarks about the importance of ensuring that our tax system is sustainable. We cannot talk about one side without talking about the other. The flipside of how we invest in public services is how we fund them. Let me address two issues.

First, a number of hon. Members have mentioned business rates. It is right that we update them to reflect today's property values, but we recognise that this has meant a sudden jump for some. I thank my hon. Friend the Member for Richmond (Yorks) (Rishi Sunak) for his excellent speech. I am familiar with some of the pubs in his beautiful constituency. He mentioned the importance of supporting pubs. That was part of the £435 million package of support that the Chancellor outlined yesterday. He has been working on that with the Secretary of State for Communities and Local Government to help businesses manage the steepest increases following the business rates revaluation.

Secondly, there has been much discussion in this debate of the changes we have made to national insurance contributions, and I will respond directly to some of the points made. Let us be clear that the contributory benefits funded by national insurance contributions are very different from employment rights. Much of this debate and the public discourse has criss-crossed between those two important, but distinct, subjects. National insurance pays into a fund that pays out to the NHS and contributory benefits—principally the state pension, but also parental pay. We have announced that we are looking carefully at maternity and paternity rights.

Wes Streeting: It's a one-way street.

Jane Ellison: No, we have said that it is 20% of the fund, but the vast majority of the national insurance fund pays towards the state pension, which, as has been made clear, is now available to the employed and the self-employed. That is part of an important and necessary step to level up what benefits people get. It is also important and necessary to level the playing field when it comes to what people pay in.

The Prime Minister has asked Matthew Taylor to look at the important issue of employment rights. We will get the Taylor review later this year and will return to look at those important issues. Whether people are self-employed or an employee, if they do a similar job, get a similar wage and receive similar benefits, they should pay a similar tax. That is actually recognised by Labour's shadow Work and Pensions Secretary, the hon. Member for Oldham East and Saddleworth (Debbie Abrahams).

I really hope that the hon. Members for Ilford North (Wes Streeting), for Bristol East (Kerry McCarthy), for Bootle (Peter Dowd), for Cardiff South and Penarth (Stephen Doughty) and for Feltham and Heston (Seema Malhotra) are not disowning the self-employment review and commission that was launched last November by the hon. Member for Oldham East and Saddleworth, who said that one of the five principles of Labour's self-employment commission was that self-employed NICs should rise towards employee levels. She went on to say:

"We cannot expect employees to continue to pay more into the system while offering equality of entitlements across employment status."

I realise that Labour's Front Bench rotates with dizzying speed—[*Interruption.*]

Madam Deputy Speaker (Mrs Eleanor Laing): Order.

Jane Ellison: Thank you, Madam Deputy Speaker. They don't like it up 'em!

I realise that the Labour Front Benchers rotate with dizzying speed, but I suggest that Labour Members look at the self-employment commission that they launched only last November. The majority of people who are affected by the change will be better off from the combined changes to national insurance contributions. Only someone with profits of more than £16,250 will have to pay more and, as some hon. Members have remarked, the new state pension is worth an extra £1,800 of pension entitlement to those who will now be on it. That is something that the Federation of Small Businesses, among others, has campaigned for.

It is obvious from the critique we have been offered by those on the Opposition Benches that, while they have a plethora of suggestions about how to raise taxes and raise spending, they have absolutely no coherent alternative economic policy. That was clearly in evidence yesterday, in the response we heard from the Leader of the Opposition, and the fact that there are so many former Front Benchers sat behind today's Front Benchers is also testimony to it. We need to get spending and revenue-raising in balance; that is the mark of a responsible Government, and that balance is what allows us to safeguard the services we all value for the future.

5 pm

The debate stood adjourned (Standing Order No. 9(3)).

Ordered, That the debate be resumed on Monday 13 March.

Rothbury Community Hospital

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

5 pm

Mrs Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): It is an honour to have finally been successful in the debate ballot and to bring the issue of the proposed closure of in-patient care beds at Rothbury community hospital to the House and to the Minister today.

Rothbury is a thriving small town at the heart of the Coquet valley community in my constituency, in Northumberland. The valley is a large, very rural and sparse community of over 5,000 people across hundreds of square miles, and it runs from the A697 at its eastern edge across to the Cheviot hills and the Scottish border to the west. Small villages and hamlets are dotted across traditional agricultural territory with mainly upland sheep farms, some of which are within the Northumberland national park and the Otterburn Ranges—the Army's largest training base in England.

Families' commitment to living in this idyllically beautiful but quite challenging day-to-day environment is vital to the land management necessary for our tourism, our farming and our military needs as a nation. Over 30% of those living in the valley are over the age of 65—a figure that will only grow, as Rothbury and the surrounding villages are wonderful places to retire to or for people to stay in long after their children have flown the nest. Therefore, we must plan for the right long-term, sustainable healthcare offer for this close-knit community of families and businesses and for the unique challenges they face.

The local community hospital has, until now, provided 12 in-patient beds, primarily for palliative, post-operative recovery and respite care. The clinical commissioning group reviewed activity data last year as it brought in a system-wide approach to discharging patients home, and average bed occupancy in Rothbury was 50% through 2015-16. The CCG declared that to be too low to be sustainable.

As a result of nursing workforce challenges across the Northumbria healthcare trust—albeit that we face fewer challenges than the rest of the UK, thanks to our excellent forward-thinking trust, doctors and managers—the reality is that we do not have the nursing capacity adequately to cover the 12 in-patient beds at Rothbury at present. A combination of those workforce challenges, and the under-occupancy concerns cited by the CCG, meant that the use of those in-patient beds was suspended temporarily in September 2016.

Where I part company from our hard-working CCG on this issue is that I believe that those beds have been empty not because of a lack of demand, but because decisions have been taken to send people home to receive community care, or to Alnwick infirmary to receive in-patient care. As a result, Alnwick infirmary has been running near to capacity for some time, and those in the north and east of my constituency who might otherwise have been sent there have been forced to remain in the urgent care beds at the UK's first specialist emergency care hospital at Cramlington—our new specialist care hospital for the whole of Northumberland and north Tyneside—for longer, placing greater strain and expense on our healthcare system than necessary.

[Mrs Anne-Marie Trevelyan]

If this in-patient ward is permanently closed, that will have negative impacts on my Coquetdale community and greater financial implications for our NHS across Northumberland. In particular, the challenge is that we do not have anything like enough community nurses and carers adequately to support those older patients who are sent straight home with their transition back to independent living. It has always been a challenge for our community teams, working across rural Northumberland, to see anything like the number of patients in one day that they would see if they were based in a town or a city, because our CCG is not funded to commission enough community nurses to genuinely provide the amount of care to meet the extra challenges that this sparse and disparate community generates. If a community nurse needs to visit someone three times a day but her other patients are 30 miles away, she will make three or four visits a day rather than the 10 or so that an urban-based community nurse would be able to make. Many of our older people who have received medical interventions live alone or have elderly partners who are no longer able to be full-time carers themselves. The value of a step-down care transition provided by a few days of recuperation at Rothbury community hospital would have medical as well as psychological value for these communities.

Dr Andrew Murrison (South West Wiltshire) (Con): I congratulate my hon. Friend on the powerful case she is making for her rural constituency. Has she been able to compare and contrast the cost of a community hospital bed with the cost of a bed in the district general hospital to which she referred? I suspect that she has done so and will have found that there is a yawning difference between the two—a very good argument for community hospital beds.

Mrs Trevelyan: I thank my hon. Friend for making that point. This issue is critical, and it has brought some confusion to the community, who felt that the financial model did not seem to make sense. Why keep someone in a very expensive acute bed for longer than necessary if there is the capacity to have a local relationship with nurses who know the community very well? This is part of the CCG's work, obviously, but we need to be very clear about it to be sure that we are not making a bad financial decision in the longer term.

As a result of this consultation, residents across the Coquet valley who have needed admission to an acute ward may well now find themselves staying longer than necessary on that acute ward; being re-admitted to an acute ward for lack of adequate rehabilitation care at home; sent home with inadequate support from an over-stretched community nursing service; or, at best, sent to recuperate in a different community hospital much further from friends and family, placing extra pressure on alternative populations needing to use that provision.

When, back in September, the decision was taken to temporarily suspend admissions to Rothbury community hospital for a period of three months, I wrote to every household across the valley calling on them to share with me their own experiences and concerns about the proposed threatened closure of the in-patient beds. The message came back loud and clear that being near family and their own community while they recuperated, or ending their days with dignity and privacy in the valley

they have lived and worked in rather than dying at home alone, is invaluable. I know that this Government want our world-class NHS to provide not only the best medical interventions but the respect and provision of dignity for every patient while they are under its care.

The Coquet valley is frequently cut off during winter months, making travel to Alnwick infirmary to see loved ones receiving care especially difficult and sometimes not possible at all. Even during the summer months, there is little public transport to connect the valley and Rothbury to Alnwick. The ability of loved ones to visit patients receiving care at Rothbury community hospital was cited time and again to me as one of the primary reasons the in-patient beds are so vital to my constituents. The value of our community hospitals is often overlooked and certainly cannot be quantified when, too often, consultants have not been made aware of their option to transfer patients to receive care in Rothbury.

My constituents have come together in an extraordinary show of unity to speak in one voice under the banner of the Save Rothbury Hospital Campaign—4,500 people have signed the petition calling for the reopening of the ward. Our CCG has worked closely with the campaign team, for which I thank them, particularly Dr Alistair Blair, who has so many pressures on him and his team at this challenging time, and has invited us to bring forward a proposal that would see the beds made available for step-down and end-of-life care. I am concerned, however, that the CCG is telling me that because it does not commission respite or palliative care services, these cannot be part of a sustainable solution, as the valley residents would hope.

Northumbria Healthcare NHS Foundation Trust is one of NHS England's vanguard trusts with its sustainability and transformation plan, and it will be the first accountable care organisation in England in the coming months, so surely we should be able to ensure that integrated care can work in one of our most challenging geographical locations. The University of Leeds is currently conducting a study called, "Cost Structure and Efficiency in Community Hospitals in the NHS in England". The Public Accounts Committee, of which I am a member, regularly challenges NHS England on how it spends taxpayers' money to deliver the best integrated health and social care provision. I know that the Minister is working hard to drive this forward, and we encourage him to go further, but until the results from the University of Leeds are published, the Minister has little economic evidence of the value of the intermediate care provided by community hospitals with which to work on the sort of sustainable solution that I want to see for our community hospital in Rothbury.

Dr Murrison: My hon. Friend is being generous in taking interventions. I am interested in the study to which she refers. Does she agree that a likely outcome of the configuration of healthcare in the longer term will be increasing specialisation at really quite large district general hospitals? If that is the case, there will be an even greater need for community hospital beds—step-down, step-up care—otherwise people's only access to in-patient care will be at one of the huge regional or sub-regional centres that I suspect our NHS will be developing in the years to come.

Mrs Trevelyan: I thank my hon. Friend for his comments. We are unwittingly seeing what he suggests already. In Northumberland, we have an extraordinary specialist

A&E hospital, with which we have led the way in England. It has drawn much more attention and patient focus than perhaps any of us expected, because there in one place are all the specialisms, with the best maternity care. The result is that patient needs have migrated to it.

However, we now rely much more than we should on sending patients straight home, whereas we should be using community hospital beds to provide the best step-down care for our older people, in particular, who really need that support to get back home. Getting home, getting up and about, making their own cups of tea, moving around and avoiding the risk of muscle wastage caused by staying in a hospital bed are real issues for them. As medical science moves on and that becomes more and more clear, in-patient bed units in community hospitals should probably adapt to reflect that. Such units must help to preserve the mobility of people who are taking that step-down approach to going back home; the term “in-patient bed” should not mean that they are stuck in their beds. We understand that continued movement and redevelopment of muscle are important in rehabilitation, and we must absolutely make sure that patients are not left in the wrong part of the NHS when they are trying to get back home after extraordinary medical interventions. Those interventions are now developing very quickly and giving us the opportunity to live much longer.

I therefore call on the Minister to pause the CCG's consultation and the plans to close permanently the in-patient beds until the results from the University of Leeds have been published. Northumbria Healthcare NHS Foundation Trust is leading the way in establishing an accountable care organisation—a model that many people buy into and understand the value of. We all instinctively assume that the NHS is one block, but of course it is not; it has always been made up of separate parts, which work better or less well depending on where they are. The accountable care organisation offers a real opportunity for streamlining and making the flows work much better. We will be the first to do that in Northumberland, so we should be the beacon for fully integrated community care—making the best use of our taxpayers' money and ensuring that my constituents have the most appropriate and supportive care framework—rather than being a victim of the short-term workforce challenges with which the NHS is struggling.

5.13 pm

The Minister of State, Department of Health (Mr Philip Dunne): I congratulate my hon. Friend the Member for Berwick-upon-Tweed (Mrs Trevelyan) on securing the debate. She is a doughty champion of her constituents' interests and, particularly in relation to Rothbury community hospital, she has played a leading role in championing their interests in achieving the best outcome for patient care in the valley of Coquet—this was the first time I have heard that pronounced properly and I am sure I have not done it justice. She gave a thoughtful and considered speech, to which I shall endeavour to respond.

I will first rehearse the facts that have led NHS Northumberland clinical commissioning group to undertake the current consultation. In July last year, it set up a steering group to consider the use and function of community hospital beds in Northumberland. That group studied activity data and considered a model of care

that reflected a drive set out by the NHS chief executive Simon Stevens in the five year forward view, which my hon. Friend will be aware of, to encourage the delivery of as much care as possible as close to the patient as possible—preferably in their homes, or at least out of hospitals, where appropriate.

We have had a geography lesson, with an interesting description of some of the challenges of living in the part of Northumberland centred on Rothbury, including the fact that the valley gets cut off from other parts of the county from time to time during the winter. Local factors undoubtedly need to be taken into account by the local commissioning group both when it sets out a consultation and when it responds to the results, and I am sure it will do so. Frankly, that is why we think the people best placed to plan the patient experience of care for the future are those who have direct responsibility for that community. As my hon. Friend knows, that is very much the direction of travel of this Government in supporting the five year forward view and the move to more local determination.

The steering group agreed that any new model should avoid any unnecessary or avoidable hospital admissions, and ensure that patients are discharged home in a timely manner once medically fit. The challenge for the Rothbury community hospital has been the relatively low use of its in-patient beds. Having discussed the issue with the CCG, Northumbria Healthcare NHS Foundation Trust, which runs the hospital, decided for operational reasons to suspend in-patient admissions from 2 September 2016, initially on a temporary basis. The staff were redeployed to ensure that nursing skills were used to support other parts of the Northumberland healthcare system, in which nursing vacancies were running at a high level and there were difficulties with recruitment.

I understand that, following the announcement, a comprehensive review of activity was initiated last autumn and a series of local engagement sessions was arranged. The review looked at the activity rate of the 12 in-patient beds at the hospital. It found that there had been a steady reduction in the number of beds used from 2013 to 2016. The overall bed occupancy at the hospital fell from an average of some 66% of beds in 2014-15 to 53% in 2015-16 and 49% in 2016-17. I am told that, at times, the rate was closer to 35%, meaning that only three or four of the beds were used although the ward was staffed to cope with a higher occupancy rate.

During that time, the trust has provided an increasing level of care outside hospital and in people's homes, for example through services provided by community nurses and the short-term support service. There has also been an increase in the number of people receiving long-term care packages in their own homes. The ambition to encourage people to lead independent lives as much as possible and to stay out of hospital when possible, because in that way they have a better prospect of maintaining independent living, is working in Northumberland. Regrettably from that perspective, the community hospital is seeing the consequence of such success: fewer patients need in-bed care in the community hospital.

The decision was subsequently taken to close the ward and to undertake a three-month public consultation, which began on 31 January. The consultation asked for views on whether to close the ward permanently, and on whether to change the services undertaken there, so that a health and wellbeing centre on the hospital site could

[Mr Philip Dunne]

offer a range of services in addition to those currently available and provide treatments for a wider range of patients than are presently served by the in-patient beds alone.

My hon. Friend asked whether the current consultation, which is running to 25 April, could be extended. It is not for me to direct the CCG how to undertake its consultation, but she referred to interest in the locality about the future of the hospital. That does not surprise me at all, although I am impressed that as many as 4,500 local people have signed the petition. I strongly encourage as many of them as possible to participate actively in the consultation so that the decision makers are aware of the views of the local people whom they serve.

I also encourage local people to suggest what other services they might find beneficial. My hon. Friend suggested palliative and respite care as possibilities. She is right to say that those services are not currently provided by the trust, as they are not within its mandate, but in the event that Northumberland becomes one of the pilot areas for the new type of accountable care organisation, it will be up to all the organisations that are providing care in the area to work together, and the existing palliative and respite care providers could work with the commissioners and other providers to look at all the options. I very much hope that she will encourage those organisations to participate in the consultation as well so that that is factored into the decision making.

At present, I can give my hon. Friend one piece of reassurance: we in the Department of Health have very high regard for Northumbria Healthcare NHS Foundation Trust. It is one of only six non-specialist acute trusts in England rated as outstanding. It has some of the best performance data on treating patients and local residents of anywhere in the UK. It is meeting all three of its key cancer targets and exceeding the 18-week waiting time targets. The numbers of operations and treatments provided are much higher than they were, and they are happening more or less within target. The number of operations at the trust has gone up from 71,000 to 80,000 in the past six years, and the number of diagnostic tests increased from 98,000 to 164,000 between 2009-10 and 2015-16. That all demonstrates that the trust is coping with increased demand remarkably well.

As my hon. Friend rightly said, the new hospital at Cramlington, which I have driven past in a former life but have yet to visit with my present responsibilities, is an exemplar of how concentrating specialist hospital services in one place can lead to better quality outcomes for patients. It is hard for me, at this distance, to judge what direct impact that is having on the community hospital, but it might be a contributory reason to why fewer in-patients need to go to the community hospital for their rehabilitation.

I encourage my hon. Friend to focus on the choices that are being considered across Northumberland, as they affect Rothbury, but also to look at the way in which Rothbury patients can help themselves by encouraging Northumberland's highly regarded health leadership to reshape services to provide a facility that serves more of the local community than has been the case. Indeed, one reason why that leadership is highly regarded is that it has a reputation for listening to what local opinion formers are saying, as she pointed out. Whether or not those changes should include the continuing use of in-patient beds is something that will have to come out of the consultation.

My hon. Friend asked about the study by the University of Leeds. I will be very interested to see what that study reveals. Like my hon. Friend the Member for South West Wiltshire (Dr Murrison), I represent a rural area, so I know that these issues are not unique to Northumberland, as he rightly said.

The results of the consultation are expected in April. I cannot give my hon. Friend the undertaking on extending it that she is looking for, but there will be a period during which the CCG reviews its response. Hopefully the study to which she refers will have concluded and it will be possible to take it into account before the CCG responds formally. I am not familiar with the timetable, so I cannot make an absolute commitment on that, but it seems to me to be a relevant consideration. I shall encourage the CCG to at least investigate whether that would be possible.

I conclude my remarks by encouraging my hon. Friend to continue to engage with the CCG.

Question put and agreed to.

5.25 pm

House adjourned.

Westminster Hall

Thursday 9 March 2017

[STEVE McCABE *in the Chair*]

Scotland: Demography and Devolution

1.30 pm

Pete Wishart (Perth and North Perthshire) (SNP): I beg to move,

That this House has considered the Second Report of the Scottish Affairs Committee, Demography of Scotland and the implications for devolution, HC 82, and the Government response, HC 938.

It is a pleasure to serve with you chairing this short debate, Mr McCabe.

Back in February 2016, the Select Committee on Scottish Affairs launched our inquiry into the demography of Scotland, to better understand the issues concerning our populations and the impact those trends will have on devolved services in Scotland. We had four sessions here in Westminster and one in Edinburgh, and we were delighted to visit the Isle of Skye, where we visited the Gaelic college Sabhal Mòr Ostaig and held an evidence session there. As always, we are grateful to all those who contributed to the inquiry.

May I start with the good news? It is very good news. Scotland's population is stable and growing. We say in the report that that is good news. Something that differentiates us in Scotland so much from the rest of the United Kingdom is that we welcome population growth in our nation. When we get news of population growth, Ministers put out press releases saying that it is a good thing; when they get similar news down here in the UK, it could not make Ministers more miserable. That says everything about the respective attitudes in Scotland and the United Kingdom.

Only 15 years ago, Scotland was suffering what can only be called structural depopulation, and there was real concern that the population might actually dip below the iconic 5 million mark. Scotland's population has been turned round and is now at its highest ever level, standing at 5.37 million people resident in Scotland. That population growth—not dramatic, but steady and good—is owed to increased fertility among the indigenous population and, more than anything else, immigration, particularly immigration from the European Union following the accession of nations in the early 2000s. After a century of sluggish population growth punctuated by periods of decline, and following centuries of emigration, Scotland's population is now stable, and that is good news.

I mentioned our history because we as a nation are probably more familiar with historical issues of emigration than we are with immigration. That flavours and shapes Scotland's response to the current debate about immigration that is raging throughout the United Kingdom—a debate that probably hijacked the whole conversation about exiting the European Union. There are concerns about immigration in Scotland—we find that in social attitude surveys and opinion polls—but it is absolutely clear to me and other members of the Scottish Affairs Committee

that there does not seem to be the same heat in that debate in Scotland as there is in the rest of the United Kingdom. There is a healthy understanding of our immigration requirements as a nation and our need to sustain a healthy population and demography.

That is the good news, and it is welcome. The not so good news is that our population increase is lagging way behind that of the United Kingdom as a whole. That is a critical part of this equation and a critical relationship. The UK's population is projected to increase to 70 million in 2027 and reach 74.3 million by 2039. That is an increase of 15% over a 25-year period. I know that we are ending free movement, that there are going to be new immigration policies in place and that the UK Government are confident that there will be some sort of Brexitised Canute to stand against this tide of an ever-increasing movement of people throughout the world. That is their ambition and what they intend to do, but according to current figures the population growth of the UK is expected to be 15% over 25 years. In the same period, Scotland's population is expected to grow by 6%.

That population growth gap will have a huge implication for Scotland's economy and our ability to support and sustain an increasingly elderly population. That is because Scotland is predominantly funded on the basis of its population in the form of a block grant that we receive and is calculated on the percentage-based Barnett formula. Increasingly, the distribution of resources throughout the United Kingdom will be on a per capita basis. The main concern, therefore, is that Scotland's revenues will not keep pace with those in the rest of the United Kingdom. That could be increasingly acute as we come to renegotiate the fiscal framework in 2020, where population concerns will once again be factored in, possibly to Scotland's deficit.

The other issue the Committee found is that population growth is variable across Scotland as a whole. That is why the Committee visited the Isle of Skye to try to better understand the regional variations and the issues in Scotland's rural areas, in particular the highlands and islands. We found pockets of success, particularly in the highlands, but an otherwise ongoing story of decline in Scotland's rural areas. For example, most of the new population growth happens in Scotland's cities and conurbations close to them. In my constituency, in Perth and Kinross, we have solid population growth of around 15%; in Edinburgh, where my hon. Friend the Member for Edinburgh North and Leith (Deidre Brock) is resident, it is in the region of 20%; and in Midlothian it is 26%. That contrasts with areas of the highlands and islands that have experienced net population decline, the worst example being the Western Isles, which is expecting a population decline of some 14%.

Scotland has one of the lowest population densities in the whole of Europe. During the inquiry we heard that Sutherland in north-east Scotland has lower population density than Mali in northern Africa—a nation that is entirely covered by Sahara desert. More than anything, that suggests that Scotland is not full up and that we can accommodate many more immigrants to help us to address some of the issues in our economy.

Lurking underneath the statistics are demographic issues that really need to be tackled. The age profile of Scotland's population is rising at a faster rate than that of the UK as a whole. Several witnesses we spoke to in

[Pete Wishart]

the course of the inquiry identified the combination of Scotland's lower population growth, ageing population and lower life expectancy as one of the key challenges it will face in the delivery of public services in the coming years and decades. Over the next 25 years, Scotland's population will have a lower proportion of working-age people than it does now, and they will be expected to support an even bigger number of dependants. That is referred to as the "dependency ratio"—several groups took exception to that phrase when we visited Edinburgh, as my colleagues will remember. In the next 25 years, the dependency ratio will increase from 58 dependants to every 100 working-age people to 67 dependants to every 100 working-age people. That has serious implications for the delivery of public services.

The Committee found two particular areas where the dependency ratio might have an impact. The first is the size of the tax base and the ability to service through that tax base an ageing population. Secondly, it will be much more difficult to fill some vacancies in a number of sectors, including health and social care. An ageing population will increase demand for those services without there being a commensurate increase in the pool of working-age people available to fill those vacancies. That will have to be factored in to the planning and developing of Scotland's public services over the coming years and decades.

Another thing the Committee found during our inquiry is that life expectancy and healthy life expectancy, especially for men, are lower in Scotland than in other parts of the UK. A new report, which we did not have the opportunity to take into account, has emerged in the past few weeks. That report, produced by the University of Glasgow, suggests that for the first time in 150 years life expectancy is not increasing in Scotland. It found a spike of more deaths in 2014 than at any time in Scotland since the second world war. We are not in a position to assess that, but it would be particularly worrying if that was a trend that is beginning in Scotland and was a reflection of some of the social policies that have been carried out not only in the name of this Government, but across both Governments in the United Kingdom. That is something we very much want to keep an eye on over the next few years.

The health inequalities are what concern the Committee more than anything else, and again we saw a disparity not only in the United Kingdom but in Scotland. The most revealing example was given by Professor David Bell, who talked about the train journey from Jordanhill in Glasgow to Bridgeton in Glasgow and how life expectancy declines by 15 years in the course of it. Professor Bell also told us that Jordanhill's people have the same life expectancy as those of Canning Town here in London. Canning Town is a tube journey away from Westminster, where life expectancy is seven years higher. The disparity across the United Kingdom is 21 years, which surely should set off all sorts of alarm bells when we are planning services and considering how to reduce health inequalities.

The Committee considered what would be required to resolve some of the difficulties that we identified in our inquiry. First, we note the Scottish Government's target of matching population growth with the EU15, which was set in 2007 to be completed by 2017. The

Scottish Government have been relatively successful in ensuring that we have achieved the EU25 mean. Some witnesses praised the Scottish Government for setting the population target, saying that it was in the interests of the nation to aspire to be population healthy and demographically healthy. However, some—primarily those in the UK Government, who did not see much value in it at all—felt that there was no need for a population target and questioned the whole idea.

None of our witnesses could tell us the optimum population size for Scotland, although a few gave valid examples of their efforts to do so. Professor Jim Hunter, emeritus professor of history at the University of the Highlands and Islands, told us that it is difficult to establish Scotland's optimum population. When we were on Skye, he told us about some of the reasons given for the clearances, including that the population in the particular area was unable to sustain itself, but he also said to the Committee, revealingly, that

"the population of London exceeded the capacity of the London area to grow potatoes and turnips a heck of a long time ago, so it depends entirely what sort of economy you are looking to create here."

I thought that those were particularly wise words.

We found, unsurprisingly, that what is required to keep a healthy demography and a stable and competitive rate of population growth is an obvious equation between emigration and immigration. We must retain more people in Scotland and do more to attract working-age migrants to Scotland, but that will be a lot harder to achieve with the end of free movement of people from the European Union.

To give an example of the sort of figures that we are talking about, in 2014-15, net inward migration to Scotland was 27,968, while net migration to England was 298,882. That is a huge disparity in our ability to attract immigrants. We must do more to attract migrants to Scotland, but it is particularly difficult to achieve when the legislative levers remain in the gift of a UK Government resistant to immigration and concerned to the point of obsession with immigrant numbers. The UK Government, in their response to the report, defiantly refused to give the Scottish Government responsibility and opportunities to address their immigration concerns, and they have ended schemes such as the Fresh Talent initiative, which allowed us, at least in relation to the student population, to try to increase our population by giving incentives to stay in Scotland.

I mention that because something important and alarming came out in the statistics given to us by National Records of Scotland. There has been a positive spike in Scotland's immigration figures: the number of people coming to Scotland in the critical 19-to-23 age bracket has risen. That suggests that people are coming to Scotland attracted by the offer from our excellent, world-class universities. However, there is an almost commensurate spike in emigration among those aged 23 to 27. That suggests to me that people are leaving Scotland once they have been educated, because they do not have the opportunity to stay there.

Steven Paterson (Stirling) (SNP): As my hon. Friend might be aware, in 2015-16, Stirling University had 930 EU students and 1,350 overseas students; 20% of the student population came from overseas. It clarifies how important immigration is to solving the problem not

just of the skills base, which he correctly identified, but to the universities' health in the future. What are his views on that?

Pete Wishart: That is exactly what we found in the course of our inquiry. One of the report's recommendations was that the Government reconsider their approach and attitude to the post-study work scheme offer. That would address the issues that my hon. Friend raises, but to me the problem is much more fundamental. It is beyond absurd that we attract all those talented young people to Scotland with the quality of our world-class universities and train and educate them to a high standard simply to watch them sail away, when we need those people to help grow and contribute to our community.

Natalie McGarry (Glasgow East) (Ind): I wish the hon. Gentleman a happy birthday and congratulate him on securing this debate. He is making an important point. One of the few issues that unites political parties in Scotland is the need to reintroduce the post-study work visa. Does he share my concern about the 80% drop in non-EU students remaining in the UK after graduation since the scrapping of that vital scheme? We must continue to press the Government to stop the brain drain of global talent from Scotland.

Pete Wishart: The hon. Lady is absolutely spot on. I wish we could do more to convince this Government that they need to reconsider and help us to ensure that we keep those talented people. Our statistics show that we require these people to remain in Scotland; they are welcome in Scotland, but there has been absolutely nothing from the Government in response. They have run some pilots on a post-study work visa scheme, but none of them in Scotland. We saw in the Government's response why Scotland was not included. All of that is totally unsatisfactory. It is one thing that this Government can do that is straightforward, simple and easy to administer. Give us a break; give us a chance. Do something to help us address one of the pressing issues facing our community. We want it, we are ready to do it, the universities want it and it is in the gift of the Government to make that simple little change to help our higher education sector.

The Government say in their response that Scotland should use its range of devolved powers to attract immigrants, and they highlight powers that we could use to achieve it, talking about things such as health and education. I remember the former Chief Secretary to the Treasury sitting across from us in Committee and telling us that the one thing we could use to attract immigrants to Scotland was our planning powers. That was the sum total of what we had at our disposal. How we are supposed to attract immigrants without the levers of immigration powers is totally beyond me.

What I am hearing from the Government—it is a strange proposal and a sustained one, too, because we hear it practically every day—is that apparently Scotland's offer for immigrants has been diminished because we now have powers over income tax. Somehow, we are disincentivising people because we have a differential rate of income tax in Scotland. I do not know about you, Mr McCabe, but I do not imagine potential immigrants in town squares in Krakow and Budapest being put off coming to Scotland because the higher rate of income tax kicks in at £40,000 instead of £43,000. I suspect that that would be the last thing on their minds.

The Minister for Immigration (Mr Robert Goodwill):

It might not have crossed the hon. Gentleman's mind, but employers considering where to locate might look at the rate of income tax for their new investment.

Pete Wishart: I am grateful to the Minister. I suggest that although that argument is always convenient, the evidence for it is flimsy, verging on non-existent. Nobody has presented us with anything to support that view.

Yes, income tax is a feature and a factor when it comes to the suite of taxation that people have to pay, but it is just one part of it. England, for example, has higher rates of council tax and higher house prices. We have free education for our young people and free prescriptions. Taxation comes in many forms. The ludicrous suggestion that Scotland is uniquely the highest-taxed part of the United Kingdom does not bear any scrutiny at all. To suggest that it disincentivises people from coming to Scotland is beyond absurd and almost ridiculous. What changes people's decision whether to come to a nation is powers over immigration and the ability to incentivise people to come through means such as a post-study work scheme, available jobs and a growing economy, and a growing economy needs a healthy working-age population. Those are the very factors we have considered and tried to address in our report.

Emigration from Scotland is an issue. Scotland is still an emigrant country; it is a feature that has characterised our nation throughout the centuries, and we are still losing far too many young people rather than retaining them. The Scottish Government have put in place a number of measures to hold on to young people in Scotland, and we wish them well in those endeavours, but as long as we remain a dependent nation within the United Kingdom, there will always be other attractions, particularly in huge centres such as London. We cannot build that capacity to retain people in our capital and other cities, so for as long as we remain a dependent nation, it will probably always be likely that our young people will be attracted to the bright lights of London. For example, when my son finished at Glasgow University, he came down here to look for work opportunities that he could not find in Scotland, because we have not been able to put in the resources there to develop our economy and give our young people those chances. As long as we remain part of the United Kingdom, I believe that we will always have difficulties.

Mr David Anderson (Blaydon) (Lab): I congratulate the hon. Gentleman on his Committee's important report. He knows as well as I do that one of the reasons we are having this debate is the UK Government's paranoia about getting immigration numbers down to below 100,000. Have he and his Committee given any consideration to addressing some of the concerns that I have heard, particularly in the Irish situation, that if we allow Scotland to have its own immigration policy and bring in as many people as possible, we will not be able to prevent those people from going to Scotland for a fortnight and then coming down to England and completely upsetting the balance that people want to see? I think that is nonsense, but it is one of the reasons behind the Government's refusal to let Scotland handle immigration. We have to work together to find an answer to that, because it is one of the reasons that the Government will use to prevent Scotland from addressing its genuine needs and achieving what the hon. Gentleman and I want to see happening in Scotland.

Pete Wishart: It was not within the scope of our inquiry to look at such solutions; we just wanted to get a snapshot of the quality of Scotland's population growth and some of the demographic issues, and to suggest ways in which they could be addressed—but the hon. Gentleman is right about what the Government say. They say it all the time, but they are totally ignoring the fact that other nations throughout the world are able to manage sub-national immigration policies quite successfully, particularly Canada and Australia, whose policies work perfectly well and have none of the impacts that the hon. Gentleman mentions.

There is another solution, which has just come on the table in the last year. As a result of the Scotland Act 2016, there is now a Scottish rate of income tax set by the Scottish Parliament. We now know where Scottish income tax payers are resident, so if there is any breach, we know where they are. If someone came to Scotland from Krakow or Budapest, for example, with the sole intention of abusing the job opportunities we gave them by then disappearing to London, they would immediately disappear into a black market. They would not be able to work because they would be officially resident in Scotland. Why on earth would somebody want to disappear from a legitimate market, in which they have every opportunity to find a job and contribute to the economy, and go to a black market, in which they will be pursued relentlessly by the Minister's Home Office team? That is my answer to the hon. Gentleman's question, but it was a good question and I am pretty certain that we will hear more on it from the Minister.

Mr Goodwill *indicated assent.*

Pete Wishart: The Minister is giving me a thumbs up, so we can expect him to address the matter in his reply.

I will finish my speech because I know that other hon. Members want to speak. We will always be fighting a losing battle if we cannot grow our population through immigration. Our report calls for the Government to give us a chance, give us a break, and consider devolving some immigration powers to Scotland to let us grow our population. If the Minister and the UK Government do not do so, they will be holding Scotland's hands behind its back, because the population gap between us and the rest of the United Kingdom will have massive implications for our economy and our ability to provide proper social services in Scotland. Population and demographic issues will be central to social planning, healthy economic outcomes and growth over the next decade, but Scotland has a UK-wide immigration policy designed by the Minister and his colleagues that practically works against our vital national interests. If there is one thing that the Government can do to help us to address those issues, it is to give us the levers to address them.

Steve McCabe (in the Chair): I am sure that we all wish the hon. Gentleman a very happy birthday.

1.53 pm

Deidre Brock (Edinburgh North and Leith) (SNP): It is a great pleasure to serve under your chairpersonship, Mr McCabe.

At the risk of being confused with a ray of sunshine, may I lay out some of the grievances rightly held by Scots about population and demographics and put them

in some kind of historical context? Not all of them are directly the fault of this place—some of them might even be someone else's fault—but hear me out. At the beginning of the 18th century, Scotland's population was 1 million, while England's was 5 million. That ratio of roughly 1:5 stayed the same throughout the 18th century and into the beginning of the 19th, but Scotland's relative population shrank during the 19th century until the ratio was 1:7.

It was really the clearances that set Scotland's population growth back on its heels. Private greed played a part, but so did Government decisions. The British Fisheries Board established fishing stations at Wick, Tobermory and Ullapool, dragging people from the land and the industry that they were familiar with and making them cling to the edges of Scotland, as someone once put it, in a barren and unfamiliar area. The Government were also determined to end the clan system; its organisation seemed all too militaristic and people's loyalty to a clan chief, rather than to the Crown, could not be tolerated.

The clearances were the biggest drag on Scotland's population growth until the de-industrial revolution of the Thatcher years, when the crushing of communities echoed the crushing of communities during the clearances. Scotland's population shrank under Thatcher as young Scots were forced out and sought opportunity elsewhere, which removed a breeding population as well as an economically active population. It took until 2010 for Scotland's population to recover to pre-Thatcher levels, and today it stands at less than a tenth of England's.

There is now another Tory threat to Scotland's population and prosperity: Brexit. The UK's population growth from 2000 to 2015 was roughly a third native-born, a third EU-born and a third born elsewhere, whereas half of Scotland's population growth was from EU nationals and only 14% was native-born. Scotland needs those people—those workers. Only 4% of EU nationals in Scotland are over 65, and 16% are under 16. The working-age population of EU immigrants is 80% of the total, with a 79% employment rate—six points ahead of the Scottish average. As I think my hon. Friend the Member for Perth and North Perthshire (Pete Wishart) alluded to, almost a fifth of Scotland's population is over retirement age. We need the supply of young, energetic workers from the EU, which is now under threat from a Brexit that might only mean Brexit to the Prime Minister, but means a potential major economic threat to Scotland.

From the clearances, through Margaret Thatcher, to Brexit, Scotland's population has been getting a raw deal. Scotland needs to get out from under that and create a welcoming and entrepreneurial environment to grow our economy and provide a secure future. As my hon. Friend said, we need an open door for immigrants, and we need immigration policies that are clearly very unlike the policies touted in this place by this Government.

We cannot be left subject to this frankly xenophobic regime if we are to build the population and the economy that Scotland needs. I would prefer it if we agreed to be friendly neighbours and if Scottish independence created a new relationship, but it is possible to do it before then. My hon. Friend alluded to the examples of Australia and Canada, but it is possible for the UK to have different immigration systems for different areas. We know that that is possible because it already happens; the UK runs different immigration regimes for Gibraltar,

the Channel Islands and the Isle of Man, for example. No, the circumstances are not the same—I am aware of that—but the precedent is there, and that example shows that it is possible. There is no reason why Scotland cannot have an immigration regime tailored to our needs even while we are stuck in the UK. We need to keep the door open for the free movement of the peoples of the European Union. Of the four pillars of EU membership, that is the one that I believe Scotland needs to keep most of all.

1.58 pm

Chris Law (Dundee West) (SNP): It is a pleasure to serve under your chairmanship, Mr McCabe, and to follow two wonderful and detailed speeches.

I said in this Chamber only three months ago that “the Government’s current immigration policy is completely failing Scotland.”—[*Official Report*, 8 December 2016; Vol. 618, c. 164WH.] The Scottish Affairs Committee is now leading another debate based on a report that has concluded, yet again, that a different immigration system is needed for Scotland, rather than a one-size-fits-all UK policy. Hon. Members may ask why. Well, our report examined the different population trends in Scotland and why the challenges presented by those trends should be reflected in the UK Government’s policy making. One of the key challenges we found was that over the next 25 years, the average age of the Scottish population will increase dramatically, resulting in far fewer people paying taxes and fewer people being available to work in health and social care to support an ageing population.

The good news is that after years of decline, the population of Scotland is now gradually increasing, mainly due to the decrease in outward migration. However, if a hard Tory Brexit has a negative economic impact on Scotland, it is highly likely that outward migration will increase again. Over the next 25 years, the population of Scotland is predicted to increase by 7%, but London’s population is predicted to increase by more than triple that rate, meaning that the economy of the UK will be even more dominated by the needs of London and the south-east of England.

Steven Paterson: It strikes me that we have had debates in the House of Commons recently on boundary changes, during which the Government argued that those changes had to be based upon population. Based on the point that my hon. Friend has just made, does it not signal the failure of the current policy that according to the Government, Scotland’s number of MPs relative to England will be decreased again and again and again, as it has been over the last 20 or 230 years?

Chris Law: My hon. Friend makes a valuable point. In fact, if the number of MPs in one area, the north-west of Scotland highlands, is reduced, the area covered by one MP will be larger than Belgium. That is completely unacceptable, particularly in the face of Brexit and the amount of work that will result from it, which is likely to be a burden for all MPs.

Scotland’s recent population increase is partly due to inward migration. However, UK Government policies will undoubtedly have a negative impact on Scotland’s population growth. Those policies include barriers to immigration resulting from Brexit, which I have already

mentioned; the scrapping of post-study work visas, which is already causing considerable damage; and the continuing uncertainty about whether EU citizens will be allowed to remain in the UK.

Our Committee’s report also found that population is a key issue in rural areas in Scotland that already have extremely low levels of population density and a pattern of younger people leaving to look for work elsewhere. On a Committee visit to Dumfries quite recently, we heard that in rural areas it is already hard to fill posts in social and health care, and it is predicted that that situation will get worse.

While Scotland’s land reform and rural broadband schemes are intended to boost economic activity in rural areas, which can only be a good thing, achieving that aim will not be possible if there are not enough people living in those areas to develop the economy. Again, the situation will become even worse if our exit from the EU reduces immigration and leads to more young people leaving Scotland to find work elsewhere.

I will give a more detailed example from my own constituency in Dundee. There are many issues in the demography report that have particularly serious implications for my city. To put things into perspective, Dundee has the highest proportion of students in higher education of anywhere in Scotland. The university sector is vital to the economic health of our city. Indeed, a quarter of University of Dundee students come from outside the UK and, as was set out in a report last week, more than 175 jobs in Dundee are fully or partially funded by EU grants. If Brexit leads to a reduction in the number of international students and a loss of EU nationals working in our universities, without doubt that will have a significant negative effect on the economic wellbeing of my city.

As many Members will know, Dundee is currently undergoing a £1 billion regeneration of its waterfront, at the heart of which is the new V&A Museum of Design. Immigration and population growth have the effect of enhancing economic activity and creating jobs. Therefore, any threat to immigration will hinder the positive transformation that Dundee is currently undertaking.

I will focus on one sector for a moment, because Abertay University was the world’s first university to have a degree in designing video games. I chair the all-party group on video games, so I will touch on that sector briefly. My constituency is a cluster for game designers. To give people a flavour of the kind of games that come out of Dundee, one of them—“Grand Theft Auto”—has already broken six Guinness world records. Within the video games industry, talent is the No. 1 priority for businesses, and it is vital that the industry is able to recruit highly skilled international talent without there being immigration barriers to their working here.

A UK-wide survey by the video games industry body UK Interactive Entertainment, which was published just yesterday, showed that more than 98% of respondents—we might as well say 100%, as we are just about there—believe that EU nationals with skills needed in the games industry should have a blanket right to live and work in the UK.

I turn to a sector that is important in my neighbouring constituencies, in particular that of my hon. Friend the Member for Perth and North Perthshire (Pete Wishart).

[Chris Law]

Each year, large numbers of temporary migrants from the EU come to work in the fruit picking industry in the constituency next to mine. If that flow of workers is cut off by Brexit, that will have a hugely negative impact on this vital part of our local economy.

Pete Wishart: I am grateful to my hon. Friend for mentioning my constituency, and he is absolutely right that we have great concerns about what will happen in our world-class berry fruit sector. However, the situation is even worse than that. I am sure that he will have heard examples similar to those I have heard of European nationals in our constituencies who, just because of the current climate, are thinking about leaving, because there is a sense that they are not welcome here any more. They are feeling the chill wind blowing from the UK Government, which is putting their very existence here at risk, as they are used as bargaining chips. Has he come across anybody like that in his constituency?

Chris Law: Yes indeed. In fact, tomorrow, which is my constituency day, I have four surgery appointments with EU nationals who are similarly concerned about the future. The biggest issue that we have is in social and health care, particularly in our care homes, where there is a large percentage of EU nationals among the staff. As Dundee is growing to meet the needs placed on it to be a creative hub for Scotland, we also have a growing hospitality sector, which is again largely served by EU nationals.

However, despite all the evidence that the UK Government received through the Scottish Affairs Committee report, they have once again completely disregarded calls to ensure that any new immigration policies meet the needs of Scotland's demography. Not only that, but they have once again completely rejected calls for a more flexible post-study work visa system for international students in Scotland. Therefore, it is crystal clear that Scotland has different immigration needs from other parts of the UK, and a one-size-fits-all approach simply is not working.

In 2014, the UK Government told Scotland to lead the UK and not leave it, claiming that it would be treated as an equal partner within the UK. Last weekend, however, the Prime Minister said that control over policy areas that have already been devolved, such as fishing and agriculture, may not go to Holyrood in the wake of Brexit, further raising fears that devolution will be undermined rather than enhanced. That is nothing short of a scandal and flies in the face of the devolution settlement of 1998.

If anyone is in any doubt about how difficult the UK Government have made our immigration system, they only have to look at a tweet put out by Faisal Islam the other night. It pointed out that under the same EU law a permanent residence form in Ireland is five pages long and free; in Germany, it is two pages long and costs eight euros; and in the UK, it is 85 pages long and costs £65.

Scotland is not full up. As I have said, our demographic and workforce needs are different to those of the rest of the UK. With the UK Government's current rhetoric signalling a move towards a hard Tory Brexit, it is becoming increasingly obvious that their policies will

seriously damage Scotland's population growth. The UK Government's immigration policy in no way recognises Scotland's needs or serves our economic and societal interests. The UK Government continue to resist pragmatic change that would not only reduce the impact of Scotland's ageing demographic but help Scotland to attract international students. What would really benefit Scotland would be the full devolution of immigration power, so that we can ensure our country's prosperous future. If the UK Government are unable to tailor their immigration needs for Scotland, then Scotland's independence will be the only solution.

2.7 pm

Brendan O'Hara (Argyll and Bute) (SNP): As always, Mr McCabe, it is a pleasure to serve under your chairmanship.

I begin by commending the report of the Scottish Affairs Committee. It is a significant contribution to the debate and it is supported by numerous experts. It makes it very clear that Scotland's population needs to grow and that Scotland requires immigration in order to make that happen.

As my hon. Friend the Member for Perth and North Perthshire (Pete Wishart) rightly said, the United Kingdom's population is projected to increase by 15%, while it is reckoned that the population of my constituency of Argyll and Bute will fall by 8%. That situation is unsustainable and unworkable, because despite being an exceptionally beautiful part of the world, my constituency is—almost uniquely—suffering depopulation. We have an ageing and increasingly non-economically active population, and our young people are leaving to spend their economically productive years outside Argyll and Bute.

We desperately need people to come to work in our rural communities. We need EU nationals and others to be able to come to Argyll and Bute, and we welcome the overwhelmingly positive contribution they make day in and day out to Argyll and Bute and to Scotland generally. We need that to continue, so we need a system that will allow Scotland to find a bespoke immigration policy, one in which Scotland's needs are met, rather than simply being subsumed into the needs of the rest of the United Kingdom, and—

Ian Murray (Edinburgh South) (Lab): I apologise for interrupting the hon. Gentleman; he was in full flow and I perhaps should have waited. Nevertheless, I am delighted to be able to intervene now.

In this report, we have concentrated a lot on migration. I agree with the report, which says there should be a much more flexible approach to immigration, right across the country—in all parts of the UK and not just in Scotland. Indeed, there is maybe even an argument for internal Scottish-type different approaches to immigration. One of the key recommendations of the report was about the number of young people in particular who leave Scotland to live in the rest of the United Kingdom. We need to find ways of making sure that those young people not only stay but are able to contribute to the economy. That is not about migration, because I am talking about young Scots who are moving. How does he suggest that we should deal with that issue?

Brendan O'Hara: I take on board what the hon. Gentleman is saying, but I think there are two strands to it. In Argyll and Bute, we need to keep our young people and attract young people back into the constituency. That is about physical connectivity, digital connectivity and making Argyll and Bute an attractive place for young people to come back to and to not leave in the first place, but that in itself will not be enough. We have to be able to attract EU nationals and others to Argyll and Bute and make them stay. It is not an either/or situation; we should be able to keep our young folk and at the same time attract people into Argyll and Bute to live and work and to make it home.

Part of that is having a bespoke Scottish solution. If Australia, Canada and Switzerland can have immigration policies that differentiate between the different needs of the different parts of the country, surely there is no reason, other than political will, why that cannot happen here. Argyll and Bute Council's plan for economic regeneration was predicated on it continuing to be able to attract EU nationals into the area. I am afraid to say that that plan seems to have been holed below the waterline since last June.

When I was first elected to this place almost two years ago, I came here knowing that I would fight austerity and oppose Trident renewal and that we would seek to deliver the vow in full, as was promised after the 2014 referendum. Never in my wildest dreams did I think that my colleagues and I would have to stand in this place to defend the right of the almost 200,000 EU nationals living in Scotland to remain in the country they have chosen to call home. I did not imagine a scenario where I would have to stand in this place and argue that 1,800 of my constituents—EU nationals in Argyll and Bute—should have the basic right to remain in the country in which they have chosen to settle, raise their family and contribute.

What have we become? How in the 21st century are we debating whether 1,800 of my constituents—mums, dads, husbands, wives, brothers, sisters, employers and employees—have to choose whether to stay or go? They are genuinely fearful for the future. I put it to the Minister that that is because the Government have chosen not to guarantee their future status within the United Kingdom. As my hon. Friend the Member for Dundee West (Chris Law) said, that policy, coupled with the Government's immigration policy, is holding Scotland back.

In the past week, five families from my constituency have contacted me, all deeply concerned. Last weekend, Rita Windham-Wright, a Hungarian national living in Oban with her Scottish husband and children, informed me that because of the uncertainty, they were thinking of leaving Scotland. Celia Krezdorn from Helensburgh—she is a Swiss national married to a German, and she has brought her children up in Scotland—said she was deeply worried about what the future holds and what the lack of clarity will mean for her family. Jean Michel Voinot, a French national living in Lochgilphead with his wife and young children, asked, "Will my family be allowed to stay?"

On Wednesday, another Hungarian woman, Edit Makai, asked me whether it would be okay to take her child to meet her Hungarian grandmother in Budapest. She was worried they might have problems getting back into the country. Just yesterday, Josianne, a French national

who has lived and worked in Rosneath for more than 20 years—she is a highly active member of the community—contacted me to say that she is fearful she may have to leave her home and her family post-Brexit. The Minister may well dismiss those cases, but he has to accept that those are the genuinely held fears of constituents who have approached me as their Member of Parliament asking questions that I would never have expected to have to answer.

Mr Goodwill: Does the hon. Gentleman think that Scottish or British people living elsewhere in Europe deserve similar assurances, or is he prepared to move ahead unilaterally to guarantee the rights of EU nationals living here without getting the same guarantees for the status of Scottish people living abroad?

Brendan O'Hara: I will come on to that point in just a moment, because it is a vital question, and I will answer it. As I was saying, those are the genuine concerns of real people, and I have to ask: what kind of Government know they are causing such fear and alarm, yet refuse to act on it? I raised many of those cases at Home Office questions on Monday, and I was told by the Home Secretary that it was up to me to reassure them of how valued they are. I have done that; I have written to every single EU national in my constituency telling them how valued they are, but it is not in my gift to make the problem go away. The only people who can give that cast-iron guarantee and reassurance are the Government, and sadly they have refused to do it—they have chosen not to do it.

Steven Paterson: My hon. Friend is making a powerful case on one of the most important points. I have many similar stories. For example, in Tyndrum—it is just next to his constituency and on the edge of my constituency—I met with the staff of the Real Food Café, most of whom are workers who have come from the European Union. They were extremely distressed about what the future held for them and what the rules were. My frustration was that I could not give them any real answers to most of the questions that came up because the Government have not given us any real answers. Does he agree that the Government need to get their skates on and give us some idea of how this is supposed to look, so that we can reassure these people about their futures?

Brendan O'Hara: Sadly, it is a familiar tale. People are genuinely worried about the future, and the Government have to do something. They have to say to these folk that their future is guaranteed, come what may. It is not too late for the Government to do the right thing. Indeed, I implore them to do the right thing. I have heard the Government make the argument many times that only when other countries guarantee the position of UK citizens living in the European Union will they do the same. In direct response to the Minister's question, I do not think that is good enough. I do not think that is doing the right thing. It is playing politics with people's lives.

Doing the right thing is saying unequivocally—regardless of what others do—to those EU citizens living, working and contributing economically and socially to the wellbeing of this country, "We guarantee your status will not change with Brexit and you are welcome here." If the

[Brendan O'Hara]

Government choose not to guarantee European nationals the right to remain, history will judge it a national disgrace. I am proud and delighted that history will show that my colleagues and I had no part in that and opposed it every step of the way. So far as we are concerned, every single EU national living in Scotland is very welcome, and we thank them all for the positive contribution they have made, making our country a better place for all of us.

Finally, in my maiden speech in May 2015, I said that the Government had to recognise that the four constituent parts of this United Kingdom had, for the first time ever, voted four different ways and that as a result there could be no more one-size-fits-all policies covering everyone and everything from Truro to Thurso. That includes immigration. Our needs are not necessarily the rest of the country's needs. If the Government are genuine about the respect agenda, they have to respect that and guarantee that our country can grow economically, culturally and politically into something different, if it chooses so to do, and that is with our EU nationals. I urge the Government to act accordingly and change their policy immediately.

2.19 pm

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): It is a honour to serve under your chairmanship, Mr McCabe. I thank my hon. Friends the Members for Edinburgh North and Leith (Deidre Brock), for Dundee West (Chris Law) and for Argyll and Bute (Brendan O'Hara) for taking part in today's debate, as well as those who made interventions—my hon. Friends the Members for Stirling (Steven Paterson) and for Glasgow East (Natalie McGarry) and the hon. Member for Edinburgh South (Ian Murray).

I am grateful to the Liaison Committee for selecting the report for debate, and to the very accomplished Chair of the Select Committee on Scottish Affairs, my hon. Friend the Member for Perth and North Perthshire (Pete Wishart). I wish him a very happy birthday. He shares his birthday with Yuri Gagarin and today also marks 31 years since the space station Mir was launched. Whatever his plans are after today's debate, I hope he has a truly stellar day.

Pete Wishart: I did not know that—I am genuinely surprised. I am always told that I share a birthday with Martin Fry from ABC, who had much greater success than I did in music, selling many more albums than I did in his illustrious career.

Margaret Ferrier: I thank my hon. Friend for that informative intervention, which will now be in *Hansard*. Mir was succeeded, of course, by the international space station—arguably one of humankind's greatest achievements, and a reminder that we achieve more working together than we do apart. That is an important thing to bear in mind, particularly as we enter an ugly, post-Brexit, insular, isolationist, anti-immigrant phase in British politics.

We are often referred to in this place simply as “the nationalists” but, in truth, we have more than proven ourselves to be the largest group of internationalists in the House. Of late, I and my colleagues have received

what can only be described as a barrage of pro-EU and internationalist correspondence from all corners of the UK. It is, in fact, a lovefest for our strong, principled stances on the EU and immigration. What is very clear from those reaching out to us is that many people feel unrepresented in this place as we go through the process of exiting the European Union. The people of Scotland are being ably represented by a strong team of SNP MPs here and an incredibly effective SNP Government in Holyrood. We will continue to push for solutions that will help to solve the unique challenges that we face.

The UK Government cannot simply continue with their one-size-fits-all approach to policy. In their response to the Scottish Affairs Committee report, the Government state:

“Our immigration system is designed for the whole of the UK, taking account of Scotland's needs.”

That is demonstrably not the case. It is completely at odds with the views of Scottish businesses and universities and of civic society in general. Scotland faces demographic challenges in the coming years. We are not unique in that respect, but our needs are not the same as those of other nations in the UK, and, despite the UK Government's protestations, they are not being taken account of by the Home Office. While the UK Government continue with their increasingly bitter and nasty narrative on immigration, the SNP Scottish Government are focused on increasing population growth, which has been historically slow in Scotland compared with England, while also making Scotland an attractive place to work and live.

Pete Wishart: My hon. Friend attended the same sessions as I did and she would have heard from a swathe of Scottish public opinion—from business leaders, to trade unions, to higher education, to everybody involved in business and academia—that we require a differentiated type of immigration system. Does she therefore believe that, as we approach leaving the European Union, it is much more important and pressing that Scotland now has some sort of bespoke immigration system, in order to deal with the challenges we face as a nation?

Margaret Ferrier: I completely concur—I will come on to that point later in my speech. Population growth is a vital contributor to a more dynamic society, and it is crucial if we are to ensure our economy is fit for the challenges of the future. With an ageing population, Scotland will undergo a significant demographic shift in the coming decades, which will present us with challenges that we must be prepared for.

The Scottish Government want to address Scotland's changing demography through population growth, which will provide a larger tax base to pay for services, as well as ensure that we have more people to carry out essential jobs. Immigration policy obviously plays a huge part in that. As we have heard again and again today, EU and international citizens play a crucial role in making Scotland's economy successful. They and the contribution they make to our society are valued. It is utterly shameful that the UK Government have failed to guarantee the rights of EU citizens to remain in the UK almost a year on from the Brexit referendum.

It cannot be repeated often enough how much we respect those who have chosen to live and work in Scotland. In the words of our First Minister:

“You’re not bargaining chips, you are human beings with families, jobs, friends and lives here. I believe you have a right to certainty and peace of mind.”

We have heard it already today, but let us just stop this nonsense about speaking up for people who live abroad. Let us take the first step today and tell EU nationals who are living here that they are valued and that they can stay; then we can move on, because it is just going to be repeated again and again. We need action from the Government now before the issue causes any more distress to families and damage to Scotland and across the UK. One thing is abundantly clear: UK immigration policy is at odds with the values of the Scottish people. It does not meet our needs and the UK Government need to listen to those legitimate concerns.

The Government’s response to the report is disappointing in many ways. The report clearly sets out that, based on the evidence we received, there is a case for further consideration of sub-national migration powers for Scotland. The report calls for closer co-operation between the UK and Scottish Government on that. Simply put, the UK Government must deliver an immigration system that meets Scotland’s needs and they should allow Holyrood to have more say. By insisting that the immigration system is designed for the whole of the UK, the Government fail to take into account that Scotland’s demographic needs are different from those of other parts of the UK.

The UK Government remain absolutely committed to reducing migration to the UK to tens of thousands, as we heard from the hon. Member for Blaydon (Mr Anderson). Growth in our population is crucial to the growth of our economy. Scotland’s people, including those who have chosen to live and work there, are key to our future prosperity and a strong economy.

Mr Anderson: The hon. Lady is making a very powerful speech, as always, but she is being too kind to the Government when she says that the UK immigration system is designed to do that. The Government’s UK immigration policy is for one thing and one thing only: to try and knock back UKIP from their right-wing backwoodsmen in their heartlands. That is what it is about and nothing more.

Margaret Ferrier: The hon. Gentleman has made his point and I do not need to reply; I am sure the Minister will have taken that point on board.

I appreciate that in his response the Minister will probably wish to highlight the fact that immigration policy is not some population panacea. That is very true. In order to grow the population, the Scottish Government are working on a combination of measures, including creating a fair and inclusive jobs market that attracts the type of skilled individuals we need, investing to create a supportive business environment that attracts inward investment, improving the education, skills and health of Scotland’s population, and creating a fairer, more equal society through the delivery of key public services. The UK Government must acknowledge why immigration is essential in that mix as a key driver of population growth. As we have heard, the population of Scotland is projected to increase by 7% between 2014 and 2039, and 90% of the increase over the next 10 years is projected to come from migration. However, projections for the UK as a whole show 49% due to migration. Scotland is different, and one immigration policy for the whole of the UK is simply not workable.

The damage caused by a single UK-wide policy can perhaps be seen in the withdrawal of the post-study work visa. Initially a pilot scheme that worked for Scotland, which was then rolled out across the UK, it was removed due to concerns it was not working for the rest of Britain. In our report, the Scottish Affairs Committee restated our call for the UK Government to work constructively with the Scottish Government to explore the possibility of introducing a formal scheme to allow international higher education students graduating from Scottish further and higher education institutions to remain in Scotland and contribute to economic activity for a defined period of time, as set out in the Smith Commission report. It is hugely disappointing that the Government do not intend to reintroduce a general post-study work scheme for Scotland, despite calls from across the political spectrum, our universities and civic society in Scotland.

Deidre Brock: Universities Scotland’s website states very clearly that it feels that the UK’s current student immigration policy is detrimental to Scotland’s businesses and industry, as there are high skills shortages across a number of sectors that are not being met by UK and EU-domiciled people. What does my hon. Friend make of that comment?

Margaret Ferrier: I am confounded by the fact that the Government are not listening to those people. We heard that in all of our Committee’s sessions, and we are now hearing it from all universities and businesses. I am not sure why their pleas are falling on deaf ears.

Pete Wishart *rose—*

Margaret Ferrier: I am not going to take another intervention, because I am aware that we have hit the time for the Front-Bench spokesmen.

The Minister must surely realise that the trialling of the new tier 4 scheme in universities in England will be seen as a kick in the teeth for Scottish universities. It may very well be that

“There was no agenda to limit those involved to universities in any region of the UK”—[*Official Report*, 8 December 2016; Vol. 618, c. 182WH.]

but given the repeated and sustained calls from Scotland for the reintroduction of the visa scheme, it is in poor taste that the Government are acting in this manner.

I hope the Minister will take my points and those of other hon. Members on board. It has been fantastic to have the opportunity to debate the issues raised by the report. I ask that the Government revisit their poor response to the report and acknowledge that they have got this very wrong.

2.31 pm

Mr David Anderson (Blaydon) (Lab): I thank the Scottish Affairs Committee for doing such a thorough job. It did the job that we expect Select Committees to do, and it did so very well. I thank everyone who contributed to the debate for bringing to this place the voice of what is happening on the ground. The hon. Member for Argyll and Bute (Brendan O’Hara) talked about the real-life stories of human beings and the effect that policies will have on their lives. It is sad that the Government’s response is so dull and negative, but it

[Mr David Anderson]

is hardly unexpected because, as I have already said, the one thing driving their approach to immigration is their desire to get the numbers down below an imaginary figure of 100,000 a year. They have failed miserably to do so, but they are continuing to plough that furrow.

We have to accept the reality that the different nations, regions, countries and cities of the United Kingdom have different immigration needs. The needs of the north of Scotland are different from those of the central belt. I recently visited the north of Scotland, and I was told about the example of Walkers Shortbread. It has a factory in Moray, where there is essentially no unemployment. As a result, it buses two full coaches of EU nationals from Inverness to work in its factory every day. If those workers were not available, that factory could close. Can we imagine Scotland without Walkers Shortbread?

This is not just about places like that. Last autumn, we were told that there was a 14% reduction in the number of EU immigrants available to work in East Anglia, because they are worried about what will happen post-Brexit. If that carries on, we could see crops rot in the fields of East Anglia because of a lack of an available workforce. The Government have to look again at that.

As hon. Members have said clearly, the Government also have to look at the post-study work scheme. Sir Timothy O'Shea, the principal and vice-chancellor of the University of Edinburgh, said in evidence to the Committee that his concern is that a world-class university such as Edinburgh may no longer be able to compete with the best in the world. That is a frightening scenario. We also heard from other hon. Members about the impact on other universities in Scotland and the fact that they have lost millions of pounds as a result of the scheme's closure. Let us be realistic about the different needs that exist and address them as adults, and not be driven by the fear of hard right-wing ideologues.

Deidre Brock: I expect the hon. Gentleman will not be surprised to hear that Universities Scotland considers the UK to have one of the least competitive post-study work policies in the English-speaking developed world.

Mr Anderson: I am not surprised at all. As I said, our immigration policy, if it can be called a policy, is being driven by people who make you wonder if they went to school, let alone university—it is so ludicrously inadequate.

This time last year, we were being driven into a referendum by the ludicrous nonsense that if we did not pull up the Brexit drawbridge, 76 million Turks would flood into this country. That was how ridiculous the debate got in this country—the Conservative party is working within those terms. We need realism, pragmatism and good old-fashioned common sense to put in place an immigration system that benefits everyone's economic and social wellbeing, not the narrow-minded view that all that matters is getting immigration numbers down to tens of thousands, no matter what harm is done to the economy, our public services and the great people who have made their homes in this nation. I suggest humbly to the Minister that working with the Committee in an open and positive manner would be a great way to start.

There is one benefit to leaving the EU: we now have a chance to shape our immigration policy ourselves for the future. We can link it to an industrial strategy, with proper training and apprenticeship schemes, but that will be much harder to do if we carry on with the lunacy that the Conservative party is putting forward. It will not give guarantees to the millions of EU nationals living in the UK and Scotland. We need to understand the vital role they play in Scottish society. Some 80% of EU nationals in Scotland are of working age, compared with 65% of the overall population, and 20,000 EU nationals work in accommodation and food services. We were told last week in the Chamber that that is the fastest-growing industry in Scotland. The health and social work sector employs 12,000 EU nationals, and a fifth of EU nationals working in Scotland are managers, directors, senior officials or in other professional occupations. We can ill afford to lose those people, so it is time to stop playing political football with them. It is wrong to do so.

The Minister intervened on the hon. Member for Argyll and Bute and asked him whether he is prepared to give a unilateral guarantee to EU nationals here if the British people living in Europe are not allowed to stay. I want to put it the other way round. What is the Government's policy? If the EU says to us when we reach the end of the negotiations, "We are not prepared to give UK nationals living in Europe the right to stay," what are they going to say to the EU nationals in this country? They have a right to know that. If the Government were to say, "We might throw you out," or even, "We will throw you out", although I do not want to hear that and nor does anybody else in this Chamber, at least that would be fair to those people and would enable them to plan their lives. But if they say, "If they call our bluff, we will throw you out anyway," it is not a bluff worth having. The Government need to come clean.

Beyond all that, this is a moral issue. It is about human beings, and it is completely and utterly wrong that they are being used as bargaining chips. People have come here and contributed to society, and they deserve the decency and respect that they have earned. We should be good to them, and we should tell them now, "Yes, you are stopping here, in the same way as everyone else is."

A smaller but equally important part of the debate, which the hon. Member for Perth and North Perthshire (Pete Wishart) touched on, is life expectancy. He went through the stats. It is worrying that Scottish male life expectancy is lower than that of people in England. It is even worse when compared with the UK average. That is something that none of us can be proud of, and we have to work at it together. It is even worse when we dig down into the figures. It is bad enough that life expectancy is lower, but those living in deprived communities are 40% more likely to die from a stroke than those living in the least deprived areas. Amazingly, people living in the most deprived areas are 98% more likely to die from cancer than those living in the least deprived areas. I am not saying that to point out that it is bleak, but it is a moral issue for all of us to tackle. We need to get to the bottom of it collectively and do all we can to right that wrong.

The report suggests that the Government should work with the Scottish Government to ensure that we use the new welfare powers that have been given to the

Scottish Government in an innovative way. I am glad those powers have gone to Scotland, and I would like to see them used to relieve the pressure on the people of Scotland. There is a continual attack not only on those at the vulnerable end but on those right across society who are affected by the benefit changes. I hope that the Scottish Parliament will take new powers and use the ones it already has in a way that achieves that. I hope that the Scottish Government will do exactly what is indicated in the concluding sentence of the Government response to the report, so that we can “look forward” to the use of “substantial new powers” for the benefit of all in Scotland, but in particular those most in need.

2.40 pm

The Minister for Immigration (Mr Robert Goodwill): I join everyone in wishing the hon. Member for Perth and North Perthshire (Pete Wishart) a very happy birthday. I am informed by my Parliamentary Private Secretary that the hon. Gentleman's birthday is shared by our former colleague, David Willetts, famed for having one more brain than the rest of us.

I, too, want Scotland to continue to be a prosperous nation whose citizens are able to take full advantage of the opportunities available to them. I disagree with the Scottish National party in that I see Scotland's future sustainability coming as part of the United Kingdom. We have heard several references to Brexit—I will come on to that issue—but, to be clear, for the time being the most important Union for Scotland is the one with England and the rest of the United Kingdom.

Being part of the UK single market presents tremendous social and economic opportunities for people and businesses in Scotland, as it does for us all throughout the UK. The lack of internal borders means absolute freedom for people and goods to move between Scotland and the rest of the UK, so there is a steady turnover of people moving to and from Scotland. The Scottish Government's own global connections survey shows that the rest of the UK continues to be Scotland's largest market for exports. Scotland's exports to the rest of the UK are four times greater than those to the European Union.

I fully accept that Scotland needs immigration to continue to prosper, and I recognise the great contribution that generations of migrants from other parts of the UK and from beyond the UK have made to the socioeconomic wellbeing of Scotland. For our part, the UK Government remain committed to working with the Scottish Government on specific issues and on areas of common concern to harness the resources and talent available to encourage and support those who can contribute to the future vitality of our nation.

Migration is a reserved issue. We will, however, work closely with the Scottish Government as we develop future arrangements, and I welcome the recent publication of their paper “Scotland's Place in Europe”, which has already been discussed at the joint ministerial committee on EU negotiations and is the subject of intense engagement between officials from both Administrations. The truth is this: people will migrate to Scotland if the conditions are right and there are good job opportunities.

The Scottish Government now have significant policy levers to shape and secure their economy. They have the power to make Scotland the most competitive part of the UK, and to encourage and support more people to

move to Scotland from other parts of the UK, the EU or, indeed, the rest of the world. They have levers for economic development and support for enterprise, for education and workforce training, for health and social care, and for digital connectivity and transport.

In addition, the Scottish Parliament has recently taken on new tax-raising powers, which have the potential to be used to make Scotland more competitive and a more attractive place to live—or, potentially, the opposite. I do not agree with how such powers are being used at the moment, but that is a matter for the Scottish Government. That is what devolution is all about.

We have heard repeatedly about the needs of the Scottish economy. For non-EU migrants, there is already a Scotland-only shortage occupation list for tier 2 of the points-based system, which is specifically designed to reflect any skilled labour market needs that are peculiar to Scotland. The independent Migration Advisory Committee consults extensively with employers and other organisations in Scotland when recommending changes to the Scotland-only shortage occupation list.

For the most part, since its introduction in 2007, the Scottish list has matched the UK-wide shortage occupation list. I therefore ask the SNP, where is the evidence that Scotland has a different set of needs from the rest of the UK? However inconvenient it is for the SNP, the evidence shows that Scotland's skills needs are largely aligned with those of the rest of the UK.

I have a question for those who deem the existing levels of migration in Scotland to be too low. Given the significant powers that the Scottish Government have at their disposal and the high levels of migration we continue to experience in the UK, why is Scotland not attracting a higher share of migrants than other parts of the UK?

Deidre Brock: Will the Minister go on to outline exactly why Canada and Australia can have differential immigration policies, but not Scotland?

Mr Goodwill: The evidence from the past about post-study opportunities is that large numbers of people participating in such schemes moved south to England. There is not evidence that those people would stay put. Where is the evidence to support the need for a differentiated migration policy for Scotland?

Deidre Brock: Will the Minister give way?

Mr Goodwill: I will make some progress, if I may. On post-study work visas, which I suspect are the issue to which the hon. Lady was referring, the Government's position has been set out clearly in evidence to the Scottish Affairs Committee and in Parliament, most recently in a debate on the topic in this Chamber on 8 December. For the reasons I set out in that debate, the Government do not intend to reintroduce a general post-study work scheme for Scotland.

Pete Wishart: For clarity, will the Minister name one body or organisation, whether in Scotland or in the United Kingdom, that supports the UK Government position on a post-study work scheme? Everyone I know, everyone I speak to and everyone I have heard from wants one for Scotland. Will he name one organisation in Scotland that supports him on that?

Mr Goodwill: There are good opportunities for people who graduate in the UK to go on to graduate-level jobs, but we will not return to a situation in which people who get degrees here go into low-skilled occupations. That is not what the scheme should have been about. As I have noted, the United Kingdom has an excellent and competitive offer to international students, and there is no limit to the number of international graduates of UK universities who may move into skilled work.

The hon. Member for Perth and North Perthshire mentioned the tier 4 pilot. The four universities chosen for the pilot were selected objectively because they had the lowest visa refusal rate. There was no agenda to limit the universities involved to any particular part of the United Kingdom. If the pilot is successful, however, it will be rolled out more widely, including, potentially, to universities in Scotland.

The status of EU nationals living in Scotland and in the UK as a whole—the hon. Member for Dundee West (Chris Law) made a point about that—is an important issue for the Government. That is why the Prime Minister has made it one of her top 12 priorities for negotiation with the EU. There has, however, been no change to the rights and status of EU nationals in the UK, or of British citizens in the EU, as a result of the referendum. While the UK remains in the EU, EU nationals here and UK nationals in other EU countries continue to have the same rights and status, and are subject to the same residence requirements under EU law, as was the case before the referendum.

Incidentally, we welcome the most recently published figures showing a fall in net migration of about 50,000. It is interesting to note that the numbers of those coming from Romania and Bulgaria increased. Many of them would have been fruit-pickers and others so vital to our agricultural industry. It is encouraging that those numbers increased in the quarter after the Brexit vote.

As the Prime Minister said, it remains an important priority for the UK, and for many other member states, to resolve the challenge of the status of EU nationals as soon as possible. However, the fact remains that there also needs to be an agreement with the EU to ensure the fair treatment of British citizens living in other member states, including those from Scotland.

Margaret Ferrier: Why is the Minister so reticent about guaranteeing EU nationals leave to remain in the UK? Would that not be a sensible step? Let us take the first step, because we would probably then find that the 27 other EU member states followed, saying, “That’s great, you’re taking the first step to guarantee our nationals leave to remain, so we’ll do the same.” The reason we have the impasse is that the UK will not do that.

Mr Goodwill: With respect to the hon. Lady, it was not the UK Government that showed reticence; the other EU member states refused to engage in purposeful and fruitful negotiation ahead of the triggering of article 50. We were keen to get that item resolved as soon as possible. For probably the only time, on that point I will have to agree with the right hon. Member for Gordon (Alex Salmond) and take a leaf out of his book, because last week he confirmed that he did not think EU nationals’ status in the UK would be jeopardised.

I will now make one or two remarks in response to points made in the debate, but I will leave enough time for the hon. Member for Perth and North Perthshire, who initiated the debate, to make some comments at the end. The hon. Member for Dundee West talked about the permanent residency form. The form covers several different scenarios, not all of which will be relevant to a particular applicant. The average applicant does not need to complete anywhere near 85 pages—about 25 pages is the average. There is a new online application process, which is straightforward for applicants to use and means that they can complete the form in about 15 or 20 minutes. Indeed, the online form leapfrogs ahead if sections of it are irrelevant. We have introduced a system so that documents such as passports can be validated by local councils rather than having to be sent off as part of that process.

The hon. Member for Rutherglen and Hamilton West (Margaret Ferrier) made a point about student numbers. I make it clear that we remain committed to attracting the brightest and best graduates to the UK. They help make our education system one of the best of the world and return to use that education for the benefit of their own country. I repeat that there is no limit on the number of international students who can come to the UK.

The hon. Member for Blaydon (Mr Anderson) referred to some of the points made during the referendum campaign. Indeed, I think he almost abused the intelligence of those who voted to leave the European Union. I respectfully point out that in the Gateshead borough, 58,529 people voted to leave the European Union and 44,492 voted to remain. In his area a clear majority of people wanted to leave the European Union. I for one—despite having been on the remain side—am pleased to follow the instructions given to me by the British people.

Mr Anderson: I am aware of the figures. Like the Minister, I was on the remain side. I was disappointed by the figures, but I am aware of the reality and I am working to make the best job of this. The problem with what the Government are doing is that the narrow aim of getting immigration down to 100,000 a year or less is the only thing driving their immigration policy, not the impact on the economy, on social services or on real people’s lives. That is what is insulting our intelligence, and the intelligence of the Scottish people.

Mr Goodwill: Immigration was a key part of the referendum debate. Where we can control numbers—those coming to the UK from outside the European Union—we have seen falls. The Brexit negotiations give us an opportunity to control the numbers that come in in a way we have not been able to before. However, we will be committed to the needs of the UK economy and ensuring that we get the best possible deal.

A number of colleagues talked about the post-study visa scheme—indeed, the hon. Gentleman mentioned it. We remain committed to attracting the brightest and best graduates to the UK. However, the post-study provisions we have in place must strike a careful balance between providing competitive options for the brightest graduates from around the globe and maintaining standards against the type of widespread abuse that was seen in the previous Government’s post-study work scheme. Such abuse undermined our work routes and damaged

the reputation of our education system. The Government welcome international students who choose to study in Scotland and are pleased to note that visa applications from international students to study at Scottish universities have increased by 10% since 2010. The most recent figures, for the year ending June 2016, showed a continued year-on-year increase. With our current post-study provisions, the number of international students switching from tier 4 to tier 2 has increased. In 2015, about 6,000 international students switched from tier 4 to tier 2 from within the UK, up from about 5,500 grants in 2014 and about 4,000 in 2013. Unlike those on the former post-study work schemes, those students will all move into skilled employment with employers, who have appropriate sponsorship duties placed on them.

I will conclude to leave a few moments for the hon. Member for Perth and North Perthshire. As the Government continue to develop their negotiating strategy for leaving the EU, we will work closely with the Scottish Government and other devolved Administrations to get the best possible deal for all parts of the United Kingdom. We are considering the options for our future immigration system carefully. As part of that, it is important that we understand the impacts of different options on different sectors of the economy and the labour market around the UK.

Access to the UK's single market presents tremendous social and economic opportunities for people and businesses in Scotland. The people of Scotland understood that when they were asked to vote in their own referendum. As I said earlier, I want Scotland to continue to be a prosperous nation, but I see Scotland's future sustainability coming as part of the United Kingdom. I am grateful to the Scottish Affairs Committee for its work on this issue, and we will work closely with the Scottish Government as we move forward.

2.54 pm

Pete Wishart: I am grateful to the Minister for leaving me a few minutes to sum up what has been an important and informative debate. First, I thank my colleagues from the Scottish Affairs Committee, my hon. Friends the Members for Dundee West (Chris Law), for Rutherglen and Hamilton West (Margaret Ferrier) and for Edinburgh North and Leith (Deidre Brock), for contributing to the debate. I thank my hon. Friend the Member for Argyll and Bute (Brendan O'Hara) for contributing, too, as well as the hon. Member for Blaydon (Mr Anderson) and the Minister.

I could have written that Government response. We saw it with the woeful response we had to our report, which was an in-depth look at the demographic requirements and population needs of Scotland. We hear this again and again—it always seems to boil down to the same thing. We raise lots of important issues and facts, and we sit and take evidence across Scotland, going to places such as the Isle of Skye, and people tell us clearly that we have particular issues when it comes to the demographic quality of our community and society. They ask us as a Committee and as Members of Parliament to take that issue forward, to do a report and to look at what we could do to resolve these problems and give Scotland some sort of chance to address them properly. We bring them to the Minister and the Minister says, "We're not interested. All we are interested in is a one-size-fits-all UK immigration policy right across the United Kingdom."

That is a singular failure to take into account the specific requirements and difficult challenges we have. We are left in a dreadful situation by the Minister. We are leaving the European Union against our national collective will. We wanted nothing whatever to do with that. Only one Member of Parliament was returned from Scotland with a pledge to have a referendum on the European Union. We voted against that referendum when it came to Parliament. Our nation voted to remain in the European Union. We put forward the solution that would spare us the worst of the madness by keeping us in the single market, which is just about to be rejected by the Government. Again and again, they give us no opportunity and no hope to try to address the real issues, problems and concerns that we consistently raise.

I do not know what a single UK immigration policy is. I do not think even the Minister knows what a single immigration policy is as we approach Brexit. I thought it was going to be a points-based system, but the UK Independence party's points-based system is actually too liberal for the Government, so they are looking to design something else. He talks about a single UK immigration policy, but I would like to know what that looks like. I suspect and suggest that he does not even know that himself—and he is only the Immigration Minister, bless him.

We need to say that there is something going on within our United Kingdom; something is singularly not working. A part of the United Kingdom has emerged, the nation of Scotland, which has a whole different history, culture and approach to issues of immigration and emigration, and that requires to be addressed. There is a particular difficulty with the quality of our demography, our ageing population and the shrinking of our working-age population, and that needs to be looked at and needs solutions. If the Government are not prepared to do that for Scotland—I sense they are not, because we keep bringing it to them and they keep on saying no and, to a certain extent, "Just get stuffed"—they must devolve responsibility to the Scottish Government, who are prepared to do the work. If the Minister sits complacently, just telling us that we have to go along with what the UK Government decide, that is not good enough. He must devolve these policy areas to the Scottish Government so that we can do the critical work required to address the issues identified in the report.

The requirements, problems and challenges are many, and they are manifest. If we do not start to challenge and address them, Scotland will be economically disadvantaged. We cannot proceed with a population gap to the rest of the United Kingdom, and we cannot proceed with a dependency ratio that is out of kilter with the rest of the UK. If we try to do that, there will be a cost to our economy and our community, and that will have an impact on every single constituency in Scotland.

England is different. We accept that. We know there is something particular going on when it comes to immigration in England that requires a different type of solution. However, the situation for England practically works against the interests of the nation of Scotland. That is why we require a different immigration solution. We require the powers to attack and challenge the issues we are confronted with.

[Pete Wishart]

If the Minister is not prepared to work with us in order to do that, he has to devolve the powers to us now. He has to give us the opportunity to address them, because if he does not there will be real issues and problems for Scotland's economy. We have a way to deal with that if the Minister does not do it: we are at 50% for independence today—what a place to start for a new independence campaign. If he will not listen and will singularly, defiantly refuse to give us the powers, we will take them in a referendum of the Scottish people. Then we will get the powers, and then we will make progress.

Motion lapsed (Standing Order No. 10(6)).

BACKBENCH BUSINESS

Turkey: Human Rights and the Political Situation

[MR PETER BONE *in the Chair*]

3 pm

Joan Ryan (Enfield North) (Lab): I beg to move,

That this House has considered human rights and the political situation in Turkey.

It is a pleasure to serve under your chairmanship, Mr Bone. I thank the Backbench Business Committee for making time for the debate, and I am grateful to the co-sponsors of the debate, my right hon. Friend the Member for Tottenham (Mr Lammy) and the hon. Members for Glasgow East (Natalie McGarry) and for Worthing West (Sir Peter Bottomley). I also appreciate the cross-party support for the debate, which demonstrates the deep level of interest and concern among parliamentarians regarding the current situation in Turkey. Could I just say, Mr Bone, that I believe there are a large number of people outside?

Mr Peter Bone (in the Chair): It seems that there are a lot of people outside the room who ought to be inside; I am sure that will be attended to swiftly. I had to battle my way through to get into the room.

Joan Ryan: For context, Turkey is a NATO ally, a partner in the fight against ISIL/Daesh, a key player in helping to tackle the current migrant crisis, a guarantor power in Cyprus and a major trading partner. The UK's bilateral relationship with Turkey is vital, but as the former shadow Foreign Secretary, my right hon. Friend the Member for Leeds Central (Hilary Benn), said last year,

“the basis of any close relationship must be that the two parties can be honest with and, where necessary, critical of one another; indeed, this is in both countries' national interest.”

This debate provides us all with the opportunity to have an honest and open debate about Turkey and to reaffirm our strongest possible support for democracy, the rule of law and human rights in Turkey.

It has now been more than four and a half years since Members have had a full debate in Parliament on issues relating to Turkey. So much has happened in the country during that period, particularly since the attempted military coup in July 2016. In just over five weeks' time, on Sunday 16 April, a national referendum will be held on a new draft constitution, the outcome of which could provide sweeping powers to the Turkish President. This debate could not have come at a more opportune time.

Mr David Burrowes (Enfield, Southgate) (Con): I congratulate the right hon. Lady on securing such an important debate, which is of cross-party concern, not least within the all-party parliamentary group for Alevis. Is not freedom of religion a fundamental human right in any free country seeking to be democratic? That should be a right in Turkey—not least for Alevis to believe, and to express that belief, in Alevism.

Joan Ryan: I could not agree more with the hon. Gentleman. I thank him for his support as the vice-chair of the all-party parliamentary group for Alevis, which I chair.

I am sure Members from all parts of the House will join me in condemning last summer's attempted coup and in offering our condolences to the Turkish people following the series of deadly attacks in the country, which have killed more than 500 people in the past 18 months. There is no place for military intervention in politics, and we stand united with the Turkish people during this turbulent time. On the night of 15 July 2016, there were scenes of mass protest as people took to the streets in defiance of the coup attempt; parties from across the political spectrum united in opposition to the overthrow of the Government. That night, more than 240 people, including 179 civilians, died resisting the failed coup. The Turkish people were rightly commended for their bravery and for the manner in which they stood in defence of their democracy.

However, in the words of Human Rights Watch, the Turkish Government's response to the attempted coup has been "an affront" to the democracy that Turkey's population took to the streets to defend, and the Government

"unleashed a purge that goes far beyond holding to account those involved in trying to overthrow it."

Alongside declaring a state of emergency, which is still in place, Turkey suspended the European convention on human rights. However, article 15 of the convention, which allows for derogation from the convention in times of public emergency, does not give states the right to suspend their commitment to international human rights obligations. Freedom from Torture makes the crucial point that article 15 does not allow for derogation from article 3, "Prohibition of torture". That prohibition is absolute.

More than 40,000 people have been imprisoned since July, with reports emerging of the mistreatment and torture of those in detention, and more than 120,000 public sector workers—school teachers, academics, prosecutors, judges, civil servants and police—are reported to have been suspended or dismissed from their jobs. That is hardly a list of extremists that one should fear.

Mr John Spellar (Warley) (Lab): I congratulate my right hon. Friend and others on securing the debate. Is it possible that the speed of the authorities' response to the coup indicates a premeditated plan to undertake such a purge? Does that not give rise to considerable concerns about the genuine attitudes and intentions of the current regime?

Joan Ryan: My right hon. Friend makes an important point. There are deep suspicions in the country that more was happening than has been admitted. If the coup was genuine, President Erdogan has certainly taken advantage of it in strengthening his authoritarian approach to managing the situation in Turkey.

Mr David Winnick (Walsall North) (Lab): Following that, is it not the case that many of the people who have been held in detention, persecuted or subject to repression are the very people who were the first to condemn the attempted military coup? The defenders of democracy are now being persecuted by the regime.

Joan Ryan: My hon. Friend makes a powerful point; indeed, it is the point I am emphasising. Those people came out on to the streets of Turkey to defend their democracy, but they are now having to defend their democracy from the people who they actually protected on that night.

Helen Goodman (Bishop Auckland) (Lab): My right hon. Friend is making an important speech on a vital issue for the people of Turkey and its neighbouring countries. Has she observed the way in which that repression also affects the media? We have heard that one journalist has been killed and 56 have been detained, and up to 118 media organisations have been closed down, which is an obvious infringement of freedom of speech.

Joan Ryan: Absolutely; my hon. Friend also makes a powerful point. It has been said that in 2016 more journalists were arrested in Turkey than in any other part of the world. I think we all know that a free press is fundamental to the operation of a democracy; I will come to that later.

As the Chair of the Select Committee on Foreign Affairs, the hon. Member for Reigate (Crispin Blunt), pointed out in July, the arrest of 3,000 members of the judiciary in just a few days following the failed coup seemed a rather strange way to uphold the rule of law, which speaks to the point made by my right hon. Friend the Member for Warley (Mr Spellar). The Committee to Protect Journalists tells us—I think my right hon. and hon. Friends have read my speech—there has been a media crackdown in Turkey that is unprecedented since the committee began keeping a record, in 1991. It states Turkey jailed,

"more journalists than any other country in 2016", and closed

"some 178 news outlets and publishing houses by decree in the space of five months, allowing only a handful to reopen."

The judiciary and a free press are being undermined. Both are requirements for any operating democracy.

Human rights have been drastically curtailed, particularly in minority Kurdish and Alevi areas. There has been a clampdown on the freedom of assembly, with military curfews imposed in Kurdish and Alevi neighbourhoods. Dozens of Kurdish and Alevi newspapers and news channels have been shut down. I have been shocked by the information I have received from my Turkish, Kurdish and Alevi constituents regarding attacks on their family and friends in Turkey. Reports have included accounts of co-ordinated lynching attempts in Alevi areas following the failed coup. Members from the community have expressed grave concerns that the ongoing state of emergency is being used as an opportunity to intimidate Kurds and Alevis in their towns, villages and homes.

Civil society space has been shrunk, with non-governmental organisations such as the Rojava Association, a charitable organisation that has helped Turkish flood victims and women and refugees from Kobane in Syria, being forced to close. We can ill afford to see such organisations close down, given the circumstances.

Sadly, the slide to authoritarianism in Turkey is not a new development. Last summer's failed coup attempt was not the starting point of this descent, but instead has served as a catalyst for anti-democratic trends that have been apparent under President Erdogan for some time.

[Joan Ryan]

Almost three years ago, in the build-up to the country's presidential elections, Mr Erdogan spoke of creating a new Turkey founded upon a new constitution. He promised to strengthen democracy, resolve the Kurdish issue and work towards ensuring Turkey's accession to the European Union. Since those pledges were made, two parliamentary elections have been held in a climate of fear.

The elections may have been free, but they were not fair, with attacks on the offices and supporters of the pro-Kurdish Peoples' Democratic party, the HDP. President Erdogan has denounced the rulings of constitutional courts and threatened their future independence. More than 2,000 people have been killed since the breakdown of the Kurdish peace process in 2015. Although Kurdish militias and civilians have shown incredible bravery at the forefront of the conflict against ISIL/Daesh, there has been widespread alarm at the Turkish military's attacks on Kurdish fighters during Operation Euphrates Shield in northern Syria, which has intensified the already dire humanitarian situation in the region.

President Erdogan's temporary suspension of provisions in the European convention on human rights and his support for the reintroduction of the death penalty indicate his unwillingness to engage meaningfully in accession talks with the European Union. If that is the case, it would be a tragedy for Turkey and for the EU. Both parties have much to gain by tackling together many of today's most important international issues, from terrorism to migration and the pursuit of peace in Syria.

Mr Spellar: My right hon. Friend rightly identifies the very serious concerns about the repression taking place inside Turkey, and indeed the concerns about whether the regime saw the coup as a threat or an opportunity. Is it not also the case that in our own communities, those with Turkish citizenship from Alevi and Kurdish communities are finding that they are under attack and under surveillance from agents of the Turkish state? There is considerable concern about spying and people's bank accounts being frozen, and about reports being sent back to Turkey and threats to people's families. Is that not something that our Government should take very seriously? At the moment, they seem to be turning a blind eye to it.

Joan Ryan: Indeed. Like my right hon. Friend, I have had cases reported to me by constituents who feel they are being threatened and spied upon. Many constituents are fearful of going back to Turkey and are concerned about their relatives there. I agree that our Government should take the situation much more seriously.

President Erdogan and his Government are leaving little room for co-operation across the European Union. Kemal Kılıçdaroglu, the chair of Turkey's main opposition Republican People's party, had hoped that an opportunity had been created to open a "new door of compromise" in Turkish politics, following the public's united outcry against the coup attempt. I am afraid the door has remained firmly shut.

Figen Yüksekdağ, co-leader of the HDP, has said that any hope of creating a new, more united and tolerant Turkey will fail without the active participation of Kurds, Alevis and other minority groups. Even before

the attempted coup took place, parliamentary immunity from prosecution was stripped from more than 130 pro-Kurdish and other opposition MPs in 2016, and senior representatives from the HDP and other Kurdish parties have been attacked and marginalised since last July. At the behest of President Erdogan, the HDP was excluded from taking part in Turkey's supposed democracy rallies, following the failed coup.

Selahattin Demirtaş and Figen Yüksekdağ, the democratically elected HDP leaders, were arrested and detained last November on alleged terrorism charges and ties to the banned Kurdistan Workers' party, the PKK. The HDP has denied any links to the PKK. On Friday 6 January, Mr Demirtaş said in his court testimony:

"I am not a manager, member, spokesperson, or a sympathiser of PKK; I'm the co-chair of HDP."

But late last month Mr Demirtaş was sentenced to five months' imprisonment for,

"insulting the Turkish nation, the state of the Turkish Republic and public organs and institutions",

and Ms Yüksekdağ has now been stripped of her status as a Member of Parliament. The EU's Turkey rapporteur, Kati Piri, called the indictment of the two leaders outrageous. The EU's foreign affairs chief, Federica Mogherini, has declared that parliamentary democracy in Turkey has been compromised as a result. Aside from an EU joint statement at the end of last year expressing concerns about the judicial process in the case of Mr Demirtaş and others, I note that UK Government Ministers have not set out in unambiguous terms their grave concerns about these matters, and I would be grateful for the Minister's views when he responds.

President Erdogan's promise in 2013 to create a new Turkey with a new constitution is not what many supporters of democracy and human rights in Turkey had in mind. The national referendum in April on the country's new draft constitution has the potential to further undermine Turkey's democratic character. The proposed constitution would turn Turkey from a parliamentary to a presidential republic, scrapping the office of Prime Minister and giving the President new powers to select the majority of senior judges, enact certain laws by diktat, and unilaterally declare a state of emergency or dismiss Parliament. In a political system that has already had its checks and balances, such as a free press and an independent judiciary, seriously weakened, those powers would entrench authoritarianism in Turkey.

In every meeting that I have attended in recent weeks with members of the Turkish, Kurdish and Alevi communities, not one person has said to me that they would vote yes in the referendum. They are deeply concerned at the prospect of the implementation of the new constitution. President Erdogan has accused them of "siding with the coup-plotters". Such vilification of opposition voters is completely unacceptable. Free and fair elections and referendums are core components of any democracy, as is the protection of people's fundamental human rights and freedoms.

Turkey is at a crucial juncture. Given the close relationship between the UK and Turkey, we need to be open and honest about and, yes, critical of, the current situation there; but is that happening? The headlines from the Prime Minister's recent visit to Ankara related to a £100 million fighter jet deal and the development of a "new and deeper trading relationship with Turkey."

Valuable as our trading relationship is, human rights issues should never play second fiddle to commercial diplomacy. The Prime Minister may have stated the importance of Turkey sustaining democracy

“by maintaining the rule of law and upholding its international human rights obligations, as the government has undertaken to do”.

However, the key question must be whether that undertaking is being fulfilled. I should be very interested to hear from the Minister how the UK Government think Turkey is upholding its international human rights obligations and sustaining a genuine democracy.

Mr Winnick: The Prime Minister did make a reference to human rights, but she could not very well have said less. It was a passing reference with no emphasis, and the general impression was that, those few words having been said, the UK Government were willing to make the commercial deals in question with Turkey, and that human rights in Turkey are not really on the UK agenda.

Joan Ryan: I can do nothing but agree with my hon. Friend who has made an important and powerful point. I hope that the Minister will deal with it.

Turkey is a key member of the NATO alliance, and one of the core requirements of membership is to promote democratic values. How is it adhering to that? As a vital regional player, particularly in the humanitarian situation in Syria and the continuing negotiations in Cyprus, it has a responsibility to support peace, democracy and human rights. How are the UK Government using their influence to press Turkey to change course, strengthen democratic institutions and protect the rights of all its citizens? Human rights are universal and that includes the rights of Kurds, Alevis and other minority groups in Turkey. What steps are the UK Government prepared to take actively to monitor the treatment of Kurds, Alevis and other minority groups? What discussions is the Minister having with his Turkish and UN Human Rights Council counterparts to ensure that the Turkish Government, without delay, allow a visit by the UN special rapporteur on torture?

We must be prepared to support those progressive voices in Turkey that are calling for greater democracy, the advancement of human rights and the promotion of equality and social justice. It is incumbent on the UK Government to promote those values vigorously in our relationship with Turkey; because Turkey—and the Kurds and the Alevis—deserve better, and the UK Government must do better in supporting democracy, the rule of law and human rights in that country.

Mr Peter Bone (in the Chair): Order. It is not my intention to impose a time limit on speeches, but I think six right hon. and hon. Members want to speak from the Back Benches, and the winding-up speeches must begin just before 4 o'clock.

I thank all the people who have come here today to follow the debate closely, but I have one bit of housekeeping: we do not allow any photography.

3.24 pm

Sir Edward Garnier (Harborough) (Con): I join the right hon. Member for Enfield North (Joan Ryan) in thanking you for chairing our proceedings, Mr Bone; I also congratulate her on initiating this important debate.

It is a given, I think, that Turkey is hugely important to us diplomatically and militarily as an important member of NATO, including as a listening post and airbase—particularly for the United States and Germany—and a place from which we can keep an eye on Syria and see what is going on there. Secondly, it is important to us as a country that has had to withstand huge numbers of refugees—I say “withstand”, which is to misuse the English language; it has taken in huge numbers of Syrian refugees and given them a haven. Some of those have moved through into the European Union; some of them have not. The fact that Turkey is a useful military ally and is to some extent a valuable trading and economic partner, and the fact that it has done good humanitarian work in looking after refugees does not, however, excuse its abusive behaviour towards its own citizens, its neglect of the rule of law and its wholesale abuse of human rights.

In 2015 I and two rather better lawyers, Lord Woolf, the former Lord Chief Justice, and Sir Jeffrey Jowell, who was at that stage the director of the Bingham Centre for the Rule of Law, and another member of my chambers, Sarah Palin, who is an expert in human rights law, were instructed by Turkish lawyers to write a report on abuses of human rights law and breaches of the rule of law in Turkey. I have registered that in the Register of Members' Financial Interests. Our lay clients were an institute of Turkish journalists and a group related to or supportive of the Gülenist movement, although I never discovered whether they were actually part of it. The catalyst for their concern was the discovery in December 2013 of various telephone calls implicating the then Prime Minister, who is now the President, and a number of his cabinet Ministers and members of his family in wholesale corruption. As a consequence, the then Prime Minister and the party known as the AKP took it upon themselves to behave in a fairly repressive way in getting the police to investigate and arrest those thought to be antipathetic to their interests.

The number of those who were detained, arrested or moved—judges and police officers, for example, were moved from one part of Turkey to another, for the purpose of disruption—in 2014-15, ran into the hundreds, if not the thousands at that stage. The position got worse, of course: not only was there interference with Government officials who did not have the approval of the then Prime Minister and the Government party, the AKP; but the Government machine—it is difficult as far as I can see to draw a distinction between the Government machine and the political party, as they work in lockstep—started to interfere with the free media. It started to send in officials or police officers to take over newspapers, shut down television companies and generally interfere with rights of freedom of expression under the European convention. In any other democracy that would have led to riots on the street, I suspect. As it happened, it did not in Turkey—probably because huge numbers of the Turkish population, particularly in the eastern part of the country, have no access to the internet and no particular interest in some of the things that the professional classes, intellectuals and others in Ankara and Istanbul take an interest in.

We published our paper in the summer of 2015, and various western-based newspapers reported on it. It was alleged by the Turkish Government machine that those of us who had written the report as professional,

[Sir Edward Garnier]

dispassionate observers were Gülenists and part of the parallel state, whose job or intention it was to undermine the democratic Government of Turkey. That was not our intention, and certainly there is no evidence to suggest that the four of us, as English lawyers, had any interest in the matter at all as far as politics was concerned; we had every interest in the subject as far as the abuse of the rule of law and human rights were concerned.

Since the attempted coup, to which the right hon. Member for Enfield North referred, the situation in Turkey seems to have got worse. It was bad enough before, but it has got a lot worse. Tens of thousands—I think as many as 50,000—of officials, be they judges, police officers, members of the civil service or teachers, have been detained without trial. I have no knowledge of whether the attempted coup was “genuine” or a manufactured event. However, as someone has already pointed out, the President of Turkey has taken advantage in a wholly disproportionate way of the events of last summer.

We now face a position where the President wants to bring more power unto himself and is using the tactic of the referendum, which is coming up shortly, to achieve that purpose. Time does not allow me—nor would you, Mr Bone—to say all that I would like to say about the nature of that exercise or what is intended by it. However, it is fair to say that the President’s grasping of power in a personal way goes from the sublime to the ridiculous. It is sublime in the sense that all sorts of people have been arrested and detained without trial, and the prospect of the Turkish court system providing them with justice now that the President is influencing the appointment of judges strikes me as unlikely.

The European Court of Human Rights has already indicated—if it has not, the Council of Europe certainly has—that there is no rule of law in Turkey available to Turkish citizens and that emergency applications to the Court will be considered, even though technically domestic remedies have not been exhausted in the Turkish court system, because there is no Turkish court system that is recognisable as a system of law.

We now see the extraordinary conduct of the President in attacking Germany—one of the most civilised modern western democracies—for behaving like Nazi Germany. We are all used to hyperbole in political debate and to people in a hurry saying silly things, but for modern Germany, which is light-years away from the Germany of the 1930s, to be accused by this President of Turkey of behaving like Nazi Germany is beyond offensive. Indeed, the headline of yesterday’s editorial in *The New York Times* was “Mr. Erdogan’s Jaw-Dropping Hypocrisy”.

Journalists have been imprisoned and expelled from the country, and it seems the situation will not improve. I have seen *Hansard* reports from both this House and the other place in which Foreign Office Ministers say, “We constantly remind the Turkish Government or our counterparts of this, that and the other, and we are keeping the matter under review.” It is possible to exercise, as Mrs Merkel has done, proper diplomatic restraint without being guilty of pusillanimity. There is a proper distinction between pusillanimity and doing and saying very little apart from going through the form in order to preserve NATO and the help that Turkey is giving in relation to refugees, and to help the military position, as we want to keep an eye on Syria.

Let me finish by showing how ridiculous the situation currently is. It is ridiculous for an outside observer such as me, commenting in this way, but it is terrible for the innocent citizens of Turkey who may have different political or other views from the current Government and end up being imprisoned for it. As is clear now, Mr Erdogan wants to win his referendum, and no doubt he will. However, the situation has got to the ridiculous stage now where the Turkish news media have reported that the Government are worried enough about a victory for the no campaign that officials in Konya, a city in central Turkey, recently withdrew from circulation an anti-smoking pamphlet that contained the word “no”. A local Member of Parliament from Turkey’s governing party said the pamphlets had been recalled to avoid confusion, as reported by the Turkish newspaper *Hürriyet Daily News*. Mr Erdogan is further reported as saying to reporters that those who say no in the referendum will be siding with 15 July—the date of the attempted coup.

The situation in Turkey is very worrying, particularly for the people of Turkey. I hope the British Parliament will encourage the British Government to remember that there is a distinction between diplomatic restraint and pusillanimity.

Several hon. Members rose—

Mr Peter Bone (in the Chair): Five more Back-Bench Members wish to speak. We only have 20 minutes. I call Jim Shannon, who I know will keep to the time limit.

3.37 pm

Jim Shannon (Strangford) (DUP): I am more than happy to, Mr Bone. It is a pleasure to speak in this debate. I thank the right hon. Member for Enfield North (Joan Ryan) for presenting a very good case and giving Members the opportunity to participate.

I have families in my constituency who thankfully heeded Foreign Office advice and cancelled their holidays to Turkey; otherwise, they would have been in the middle of the coup attempt when it unfolded last year. The repercussions of the chaotic coup attempt and the actions that were then taken continue to this day. I am thankful to the Members who secured the debate for allowing us to highlight this issue and see if we can get some rights reinstated.

There remains a severe shutdown, including incarceration, on anyone deemed a threat to the President’s remaining in power. Indeed, many have referred to President Erdogan’s power grab, and it cannot be seen as anything else. Turkey is still under a state of emergency after various bombs at Istanbul airport, and the coup attempt has allowed the President to legally justify restricting human rights. The right hon. Member for Warley (Mr Spellar), who has just left the room, referred to the suspicion, which cannot be ignored, that some of the rebels who conspired in the coup were encouraged by the Turkish Government, who were the ultimate winners in what took place.

Some of the human rights under the international covenant on civil and political rights that I believe have been illegally restricted include freedom of expression; the right to peaceful assembly under article 21; the right to freedom of association with others under article 22; the right to liberty and security of person under article 9; freedom of movement under article 12; the right to

equality before the court under article 14; and the right to protection of the law against arbitrary or unlawful interference with privacy under article 17. Those are clearly—I am sure the Minister is listening—infringements upon civil liberty and people's chance to express themselves.

In addition, some churches in Turkey have been destroyed. Some Christians have been prevented from attending church, and their movements are monitored. The right hon. Member for Enfield North also referred to that. The restrictions are having an unfair impact on Christians and their right to practise their religion.

The 2016 EU enlargement report on Turkey summarised the general problems of Turkish civil society organisations. They included the closure of many non-governmental organisations after the failed 15 July coup attempt; the intimidation and detention of members of NGOs, particularly those active on human rights issues; the lack of an overall Government strategy for co-operation with civil society—there is almost a denial that there is a civil society; the fact that NGOs are rarely involved in law and policy-making processes; continuing restrictions on freedom of assembly; continuing restrictions on registration and procedures for the authorisation and functioning of associations; and the fact that current legislation, including taxation law, is not conducive to encouraging private donations to NGOs. Again, the Government seem to have closed every door possible in Turkey and infringed on the liberties of the people there.

Can the Minister confirm that when he has the opportunity to speak to the Turkish Government, he will convey to them all the comments that we are making as individuals in this Chamber? I know he will, but I ask him to do that with the passion and desire that we have shown. The reason I say that is that the right hon. Member for Enfield North tabled a written question on 7 November 2016 about the human rights situation in Turkey generally, and particularly in the predominantly Kurdish and Alevi areas of the country. On 17 November, the Minister for Europe and the Americas told her:

“We continue to encourage Turkey to work towards the full protection of fundamental rights, especially in the areas of minority rights, freedom of religion and freedom of expression.”

If the things that we are discussing have continued from last November until now, we need to know what steps will be taken to ensure that they are stopped.

As I mentioned in the debate in January, since the 15 July coup attempt the Government have postponed much-needed legal and institutional democratic reforms and taken actions that have a direct impact on people's abilities to exercise effectively the freedoms of religion or belief, expression, association and assembly. Government measures, including state of emergency measures, have damaged Turkey's human rights protection framework. Those measures include far-reaching changes to the justice system that started before the coup attempt, and increased religious-nationalist approaches to issues by the Government since.

I am coming to the end of my presentation, Mr Bone. Evidence of ill treatment in custody compiled by the Human Rights Foundation of Turkey among others indicates a serious need for independent monitoring of state institutions' implementation of their human rights obligations. It is clear that they have blatantly disregarded them, and we need to make them start to understand what that means. The impact on the overall state of

democracy of the swift removal of judges and other personnel in the state apparatus, along with the closure of universities, associations, television channels and newspapers under state of emergency decrees, has yet to become fully clear. The situation in Turkey is not allowing for freedom; indeed, it has impinged massively on the most basic human rights.

I urge the Foreign and Commonwealth Office and the Minister to do all that is in their power—that is clearly what hon. Members in the Chamber are saying—and apply as much pressure as possible to reinstate those rights and release the grip of emergency powers as we come up to almost a year since the coup attempt. I believe that we have some influence, and I hope that we will begin to exert it on behalf of not only Christians in Turkey but all people whose lives are still being impacted as a result of a coup attempt that they did not take part in, yet are paying the price for.

3.43 pm

Natalie McGarry (Glasgow East) (Ind): I offer my congratulations to the right hon. Member for Enfield North (Joan Ryan) and the co-sponsors of the debate. It is not only timeous but imperative. The relationship between the EU and Turkey is now fractious at best, given President Erdogan's scorched-earth approach to democracy and human rights in Turkey as he pursues an executive presidency with all the fervour of a dictator, riding roughshod over democratic process and consigning Turkey's reputation as a stable secular democracy to the annals of history, while using last summer's coup attempt as a bloody blank cheque to suspend the rule of law and human rights.

At this point, I of course express my condolences and concern for the people in Turkey who lost their lives during the violence last summer and those who have suffered terrorist atrocities in the last few months and years. I add to that my condolences for the civilians in areas of the south-east of Turkey who lost their lives at the hands of the Turkish military, for whom no half-mast flags fly across the world, whose sufferings speak not their name.

At this point in history, as the UK prepares to leave the EU, our relationship with other nations will define the UK and who we really want to be on the world stage: insular and inward, internationalist and outward, or empire 2.0. The indications thus far send alarming signals. Immediately after announcing her intention to trigger article 50, the Prime Minister headed off to meet President Trump, immediately prior to meeting Turkish President Erdogan and signing a trade deal to supply military aircraft to Turkey with no human rights caveats, before finally inviting Benjamin Netanyahu to Downing Street—quite the triumvirate. Will concerns about demonstrable human rights abuses and the disregard for the rule of law be casualties of the UK's desperate need to find trade allies post Brexit? I sincerely hope not, but I fear the indications are not good.

Human rights abuses in Turkey preceded the coup attempt of last summer, and while unequivocally condemning what happened, we cannot be blind to the fact that the orchestrations of what is happening now—the imprisonment of democratically elected politicians; the closing down of civil society space; the highest proportion of journalists jailed in the world; imprisonment without trial; military

[Natalie McGarry]

personnel, teachers, lecturers and judges sacked and silenced; and the mockery of fundamental freedoms of speech, expression, religion and language—all have their roots in President Erdogan's transition from Prime Minister to autocrat.

It will be no surprise to many that I wish to concentrate the rest of my remarks on the Kurdish issue, as that is intrinsic to what is happening in Turkey as a whole. The policies that President Erdogan is now pursuing against political opponents and public leaders across Turkish society have been well trialled against the Kurds. Next month, Erdogan will hold a rigged referendum to enshrine in the law and constitution his position as executive President and bypass Turkey's Parliament on many issues. I say "rigged" because political opponents such as democratically elected HDP MPs and the co-leaders and elected co-mayors of Kurdish areas and municipalities, such as Diyarbakir, Nusaybin and Sirnak, have been imprisoned and held without trial, with many allegations of torture having been made. The referendum's no campaign proponents have been silenced, their premises attacked or closed down and adverts banned, and the media are wholly in the palm of Erdogan's closed fist because of fear of imprisonment.

I will bring my remarks to a close, because there is very little time and I want to respect other speakers. The Kurds have a saying that the mountains are their only friends. I am here today to say that that is not true. There are politicians in this House and civil society organisations in the UK, such as Unite and the GMB, that stand in solidarity with the peoples of all of Turkey, but particularly those in Bakur.

I share the sentiments of the hon. Member for Strangford (Jim Shannon). I hope that the Minister will be more robust in answering some of our concerns than the Minister for Europe and the Americas was when he responded to the debate in January on the closing down of civil society space across the world.

3.47 pm

Ann Clwyd (Cynon Valley) (Lab): Last time I was in Turkey, it was to try to get some HDP prisoners out of jail. A Member of the Swiss Parliament and I were asked to go there by the Inter-Parliamentary Union. I am a member of its human rights committee, and we deal with the human rights of parliamentarians. We went to Turkey to try to get the HDP members out of jail, but luckily, a few days before we got there, they had all been released. However, I believe that many of them are now in jail again.

Some years before that, when I was a Member of the European Parliament, some of my colleagues and I tried to get members of the Peace Association of Turkey—the equivalent of the CND in this country—out of jail. I went to Metris prison, where they were being tried at the time in very bad circumstances. Of course, that was under military dictatorship. Eventually most of them were released, but only after they had gone through a particularly difficult time. When Leyla Zana was imprisoned some years before, the Turkish authorities allowed me to spend some time with her in prison. I talked to her about why she was there and what stand she was making, and she is a very principled person.

There is now imprisonment of MPs in Turkey once again; it is believed that about 15 of them are in jail. The HDP—the Peoples' Democratic party—is a legitimate Turkish opposition party working for a pluralist Turkey. It advocates greater rights for Turkey's ethnic minorities and increased autonomy for the majority Kurdish south-east of the country, but not an independent state. The two co-chairs have already been mentioned by my right hon. Friend the Member for Enfield North (Joan Ryan), and many other HDP lawmakers were detained in November. The co-chairs remain in prison on terrorism-related charges, and I understand that they face a total of 180 years in jail if found guilty on all charges.

I consider myself a friend of Turkey, but also a critic. Some of my good friends live in Turkey and I visit it fairly regularly, but four of my friends are now exiled in Wales. Two of them are actors, one is a designer and the other is a writer. They are all Turks, and very well-known Turks—one was the most important male actor in Turkey. The reason they are in exile is that Erdogan denounced them twice at a rally, pointed at the man in question and shouted, "He's a traitor to Turkey. He should be killed." That happened twice. In the Turkey of the moment, the best thing they could do was obviously to leave the country. They have had to leave their friends, relatives and careers and get out of the country because they are so afraid.

I know that my friends in Turkey—academics, journalists, writers—are also afraid, because they do not know who is going to be imprisoned and caught up next. They are in a dreadful situation. We have to keep highlighting that and, in particular, the attacks on the media. As my right hon. and hon. Friends have mentioned, so many journalists are in jail, and many of them have not been charged but are waiting for charges. Some 170 media organisations have been shut down since the coup. There have been physical attacks and threats against journalists, and Government pressure on the media to fire critical journalists and cancel their press accreditation. As has been said, the UN's special rapporteur on the right to freedom of opinion and expression concluded after his visit in November:

"Across the board, the Government is imposing draconian measures that limit freedom of expression".

As others have said, the rule of law is being seriously eroded. More than one fifth of Turkey's judiciary has been removed, and the Government have consolidated their control over the courts. More than 100,000 civil servants, including teachers, judges and prosecutors, have been dismissed or detained without due process. Many detainees are placed in pre-trial detention despite a lack of evidence.

I look to the Minister and ask what the UK Government's policy is on Turkey in light of the deteriorating situation and the fact that Erdogan is accumulating more and more power for himself. Are we simply going to turn a blind eye or, even worse, increase arms sales at a time when there is a real risk that those arms will ultimately be used by the Turkish Government against their own population? The international community, including the UK, who are true friends of Turkey, need to focus on helping to restart the peace process between the Turkish Government and the Kurds. The conflict between the two has plagued Turkey for years, and following the collapse of the peace talks in 2015 the situation in the south-east, which I have been to several times, has deteriorated

significantly. It is time to try to bring this conflict to an end with a viable political solution. Addressing that problem could set Turkey down a different path—a path of security, prosperity and harmony so that Turkey, again, would be a beacon in the region and in the world.

3.54 pm

Mr David Lammy (Tottenham) (Lab): The Turkish diaspora and Alevis in my community are very worried about their homeland, so today it is important that we send a message that while Turkey may be a friend, we are a critical friend. We must not let its position in NATO and its centrality to the refugee crisis and the fight against ISIS stop us making clear our concerns about what is happening in the country. I speak on behalf of my constituents—I have the largest Turkish speaking population in the country—and I apologise that I now have only two minutes to make a contribution in this debate. I will publish my speech afterwards on my website so that they will all see it.

Mr Peter Bone (in the Chair): Order. I want to let the House know that because I want to try to get everyone in and give them reasonable time, I am going to ask the Front-Bench speakers to restrict their speeches to eight minutes each to give the Back Benchers a bit more time.

Mr Lammy: I am grateful for that indication—I can return to my scripted speech, which is important.

The debate comes at an important time in Turkey's history and our relationship with the country. It is a wonderful country. I have visited it on occasions—it is young, it is vibrant—and I participate in this debate very much as a friend. However, the state of emergency declared last summer has been used as a pretext for a comprehensive purge of judges, generals, civil servants, teachers, police officers, soldiers, lawyers and academics, as well as the detention of thousands of Turkish citizens opposed to the current President.

More than 100,000 people have been arrested, dismissed or suspended since last year's failed coup, including 25,000 police officers and 3,000 judges. Some 140,000 citizens have had their passports revoked and 130,000 public sector workers are under investigation. Those figures are frankly staggering. The headquarters of an opposition party has been raided and the two joint leaders of the pro-Kurdish Peoples' Democratic party have been arrested and detained along with 11 of their party's MPs. That must be of tremendous concern to this country. The World Justice Project's rule of law index put Turkey 99th out of 113 countries, just behind Iran. Reporters Without Borders ranked Turkey 150th out of 180 countries in the press freedom index—177 media outlets have been shut down, almost 400 journalists are behind bars and 10,000 people working in the media have been purged.

This is now a democracy in name only. President Erdogan is seizing total control, reinforced by a classic dictator's trope: a nationalist, populist narrative claiming that internal agitators are fifth columnists and a risk to national security. The planned constitutional changes that Turkey will vote on in the referendum next month represent the next step on a road that will in all likelihood lead to an authoritarian, dictatorial state. It is not a fair fight; one side is shouting while the other can barely utter even a muffled whisper. All outdoor gatherings in

support of the no campaign have been banned. Campaigners have been arrested and branded as terrorists or fifth columnists.

What is at stake next month? We have the introduction of an executive presidency to replace the existing parliamentary system, the abolition of the office of Prime Minister and the erosion of the separation of powers, giving Erdogan huge, unconstrained powers to appoint Ministers, prepare the budget, choose senior judges and enact laws by decree. The writing is on the wall. This is an enabling referendum, of a kind we have not seen from an ally in the continent of Europe since the 1930s.

Most of all, the writing is on the wall for the Kurdish and Alevi minorities in Turkey. Throughout history they have been massacred, deported, tortured, arrested and discriminated against, with even the word "Kurd" and the Kurdish language banned. They have had their homes and livelihoods destroyed by Government forces. At least 18 villages are currently under siege with military curfews in place.

This is a serious debate that has been attended by 17 or 18 Members of Parliament. We can feel the Public Gallery. This issue is of tremendous concern to the world and this country, and I hope Britain will do the right thing and say the right thing in the coming days, weeks and months.

3.59 pm

Sir Peter Bottomley (Worthing West) (Con): I will not repeat what has been said with clarity by colleagues from all parties. I first became aware of Turkey's development when I was MP for Woolwich West, where St Agnes's chapel is located. It was renamed the Gallipoli chapel by the Rev. Henry Hall, who had been chaplain to the 29th Division and who landed at Gallipoli in April 1915. He wanted a dedication, and his successors wanted to commemorate what happened at Gallipoli.

One thing that happened at Gallipoli was that the local commander, Atatürk, went on to become the well-known leader who dedicated Turkey to peace at home and peace in the region and internationally. It would be worthwhile for those interested in such things to watch the *Guardian* panel on 23 March, which will consider all the questions that I could list now but will not, as I want to give time to the Front-Bench speakers. For those who are free this evening, I suspect that there may be spare places at the British Institute at Ankara's gathering at the British Academy, where a distinguished panel will also consider what can be done for stability nationally, regionally and internationally.

It is clear to those of us who have been involved in NATO and in issues in the middle east and wider middle east that Turkey has been carrying much of the burden of the instability around it. I pay tribute to Turkey for what it has done for refugees, and for its assistance, almost beyond cost, to those who find themselves within its borders. It is also worth recognising that when this House made the mistake, in my view, of not intervening early in Syria, we let down Turkey, which was prepared with others to take effective action that could have allowed Syria to find its own future, without the kind of regime that I hope will not emerge in Turkey now.

I will not go into what was behind the coup, as it is beyond my knowledge. If the strong man idea in politics—which we have seen, sadly, in Russia, and which we may

[*Sir Peter Bottomley*]

or may not be seeing in the United States—is adopted by Turkey, the difficulty is how Turkey will get out of it again. It will take a long time before another Atatürk comes along who can create unity in a country that is an important part of Europe, an important part of Asia and an important part of the world.

4.2 pm

Mike Weir (Angus) (SNP): The hon. Member for Worthing West (*Sir Peter Bottomley*) has just reminded us of the foundation of modern Turkey by Kemal Atatürk, who sought to create a secular republic. It is sad to see what is now happening in Turkey, which is drifting toward dictatorship.

In introducing the debate, the right hon. Member for Enfield North (*Joan Ryan*) rightly discussed the ties between this country and Turkey. Others have mentioned that Turkey has taken 3 million refugees from other parts of the middle east. She also made the very good point that the main thing to come out of the Prime Minister's recent trip to Turkey was a fighter jet deal worth £100 million. The right hon. Member for Enfield North said that human rights issues should never play second fiddle to trade deals, and we wholeheartedly support that position. Human rights should always be up there when we discuss such deals.

In considering that, the Minister should perhaps reflect on what has happened with sales to Saudi Arabia, the position in Yemen and the reputational damage to this Government and this country caused by the failure to take strong early action on how those weapons were used. I think that that will haunt the Government for some time to come.

Graham Jones (Hyndburn) (Lab): I appreciate the hon. Gentleman's point, and I generally agree with all the comments in this debate, but I was in Diyarbakir. It is absolutely dreadful what has gone on there, but that was done by munitions and weapons previously held by the Turkish, and they are also procuring equipment now from Putin in Moscow. The situation is a bit more complex than blaming the UK Government for arms sales; the Turkish Government should be held to account for what they have done in Diyarbakir.

Mike Weir: Nobody is arguing with that—the hon. Gentleman is perfectly right—but it is part of how we should approach human rights worldwide. We should not be part of supplying arms to regimes that may use them in such a way. It is about considering human rights under the regimes that we are dealing with.

The present situation in the country probably goes back well before the attempted coup in July, but the state of emergency imposed then and most recently renewed in January means that many of the normal functions of the constitution are suspended, resulting in derogations from the European convention on human rights. Since the coup, the Government have conducted a widespread campaign of media clampdowns, arrests and dismissals. More than 40,000 people have been imprisoned; more than 120,000 police, prosecutors, judges, civil servants and academics have been dismissed. It is an attack on civil society by a Government almost unprecedented in modern times, despite the fact that

most in Turkey were probably opposed to the attempted military coup, as the right hon. Lady pointed out in her introduction to this debate.

Ten MPs from the pro-Kurdish Peoples' Democratic party, including its two co-leaders, were imprisoned after Parliament voted to remove legal immunity from dozens of MPs in May 2016. The Government accuse the party of having links to the Kurdistan Workers' party or PKK, although that is strongly denied and there is no independent evidence. Indeed, the strong suspicion remains that it is being used as an excuse to dismantle domestic opposition to the present Government. Human Rights Watch says:

"Instead of building on the cross-party unity opposed to the coup to strengthen democracy, Turkey's Government has opted for a ruthless crackdown on critics and opponents".

In April, a plebiscite will be held to enhance significantly the powers of the President. The Government are conducting a vigorous propaganda campaign in its favour, while the current crackdown clearly impedes opponents' ability to campaign against it. Despite that, before the Government banned opinion polls, they showed that 45% opposed the changes while 35% supported them, suggesting that even in these difficult times, the flame of democracy remains alive in the country, as is also shown by the reaction to the coup.

We unreservedly condemn attempts such as the failed coup to overthrow democracy, but equally, we condemn any response that does not respect human rights or the rule of law, and the current Government in Turkey have clearly used the coup to target their democratic opponents. In that respect, it is also imperative that we uphold and strengthen the European convention on human rights, yet I observe in passing that some of the things that this Government say about the European convention are not helpful in pushing it in other nations that are going much further than I hope our Government would ever dream of going.

We must lead by example and show unequivocally that we support the ECHR, and we must urge Turkey to do likewise and to approach the Kurdish issue—on which my hon. Friend the Member for Glasgow East (*Natalie McGarry*) went into in greater detail in her fantastic speech—not with repression but by talking to those, such as the Peoples' Democratic party, who seek a peaceful solution in Turkey: not independence, but home rule. It is a reasonable position, and one with which the Government should work, rather than continuing the oppression from which the Kurds in that region of Turkey have suffered for so long.

4.8 pm

Fabian Hamilton (Leeds North East) (Lab): I congratulate my right hon. Friend the Member for Enfield North (*Joan Ryan*) on securing this debate, and all right hon. and hon. Members who have taken part on their contributions. It shows that we need a far longer debate on the Floor of the House about our relations with Turkey and the abuse of human rights in that country. I emphasise the Labour party's historic and current commitment to upholding human rights and democracy throughout the world wherever they are abused and wherever freedom is attacked. We are and always have been opposed to oppression and autocracy.

The shadow Foreign Secretary, my right hon. Friend the Member for Islington South and Finsbury (Emily Thornberry), said on 19 July, just following the coup:

“Turkey is of pivotal cultural, political and strategic importance to the world, straddling as it does the east-west divide with borders to eight countries. It is”,

as has been emphasised in this debate,

“a vital NATO ally and has important minorities, particularly Kurds and Armenians, as its citizens. Half a million people of Turkish or Kurdish descent live in the UK and they are desperately worried about their families. With 2 million British visitors a year, Turkey is greatly loved in this country, and the interests of our two countries cannot be separated.”—[*Official Report*, 19 July 2016; Vol. 613, c. 685.]

I hope you will allow me to make a couple of personal points, Mr Bone. My personal commitment to Turkey has always been very strong. I was chair of the all-party group for Turkey from 2010 to 2016; I organised our visits to Turkey and Turkish parliamentarians’ visits to London. I have a passion for the country and for its people, culture and cuisine. I have a personal reason for that: it was the Ottomans who in the 15th century allowed the Jews of southern Spain, my ancestors, to settle in parts of the Ottoman empire, including Salonika and Istanbul, where they thrived for 450 years until the Nazis destroyed that community. I believe that that makes me somewhat more Turkish than the Foreign Secretary.

Early this morning, I returned from a Front-Bench visit to Cyprus. This debate is not about Cyprus, but there is huge concern there about interference by the Turkish Government and about the interest of Mr Erdogan in stopping or at least slowing a settlement that is so near to being achieved after 43 years. That is a subject for a further debate, perhaps.

The contributions from so many right hon. and hon. Members this afternoon have emphasised that this country’s friendship with and closeness to Turkey are only being questioned by the coup and its aftermath.

Mike Gapes (Ilford South) (Lab/Co-op): My hon. Friend stresses the importance of the UK’s relations with Turkey. The Foreign Affairs Committee is carrying out an inquiry into that subject, and I was in Ankara with other Committee members in January. I hope that when we publish our report in a few weeks’ time, we will have the opportunity to debate it in Parliament properly and at length.

Fabian Hamilton: It was with the Foreign Affairs Committee that I first visited Turkey; I enjoyed being there and seeing my own inheritance from that country. I look forward to reading the Committee’s report, to the debate on it and to the contributions of many hon. Members to that debate.

The coup of July 2016 resulted in a state of emergency enacted by Parliament that was expected to be temporary, but as we know, it was extended in January 2017 and now appears to be indefinite. The state of emergency allows for rule by decree and the temporary suspension of many rights in Turkey. Authorities have used it to target suspected political rivals and reduce the space for civil society. As a consequence, as we have heard today, checks and balances and human rights have shrunk in Turkey as it has been pushed further away from a system in which the rule of law was guaranteed.

On 18 January, just before Donald Trump was installed as President of the United States, *The Guardian* wrote:

“Turkey’s regime is fast degenerating into outright dictatorship, emboldened by the imminent ascent of Donald Trump”.

The irony is that before President Erdogan and his party democratically won power, they themselves were victims of human rights abuses. Erdogan was imprisoned in 1999 for reciting a religious poem, and the fiercely secular constitution and the elite consistently attempted to undermine his mildly Islamist political forces in the country. I find that deeply ironic.

As hon. Members have emphasised, more than 40,000 people have been imprisoned and more than 120,000 public sector workers—police, prosecutors, judges, civil servants and academics—have been dismissed. Turkey temporarily derogated from many of the protections in the European convention on human rights and the international covenant on civil and political rights. As Hugh Williamson, Europe and Central Asia director at Human Rights Watch, said:

“Instead of building on the cross-party unity opposed to the coup to strengthen democracy, Turkey’s government has opted for a ruthless crackdown on critics and opponents”.

We have heard some excellent speeches this afternoon. It goes without saying that my right hon. Friend the Member for Enfield North, who moved the motion, said many important things, including that the UK Government must do better in supporting human rights; I will be interested to hear the Minister’s reply to that. My right hon. Friend the Member for Tottenham (Mr Lammy) made a powerful speech. I had not realised that his constituency has the largest number of Turkish speakers in the entire United Kingdom. He made the essential point that Turkey is now a democracy in name only. I hope that the Minister will pick up on some of the issues that my right hon. Friend raised.

My right hon. Friend the Member for Cynon Valley (Ann Clwyd), who has an impeccable record on human rights, raised the subject of arms sales. Will we increase our arms sales to Turkey? Labour Members hope not, but what are the Government doing to ensure that that does not happen? The hon. Member for Strangford (Jim Shannon), as always, highlighted the persecution of Christians and other groups in countries where they are in a minority; we can always rely on him to emphasise that and to stand up for oppressed minorities. The hon. Member for Glasgow East (Natalie McGarry) said that the use of the coup as a “bloody blank cheque” to oppress opponents of the regime cannot possibly be acceptable.

I will conclude shortly, because I want to hear what the Minister has to say, as we all do. The constitutional referendum that will take place on 16 April is worrying. Many people in Cyprus talked about it when I was there this week; they are very concerned, because 100,000 people in Northern Cyprus will have a vote. The Turkish Deputy Prime Minister is currently in the north of Cyprus, canvassing support for the referendum. He is encouraging people to vote, because they believe that it is on a knife edge. The referendum is on changing the constitution to give President Erdogan huge new powers to remain as President until 2019—barring any future attempts to change the constitution to allow him to rule for any longer. That is something that Presidents in Bolivia and Burundi, for example, have attempted in the past. Is Turkey really on a par with those countries?

[*Fabian Hamilton*]

I believe not; I believe that Turkey and the Turkish people certainly deserve better.

I will briefly mention the issue of asylum seekers. Four years ago, I went to Yayladagi, a refugee camp just on the tip of southern Hatay, almost butting into Syria, where the Turkish authorities were looking after hundreds of thousands of desperate refugees. We must take our hats off to Turkey for the work it has done for Syrian refugees, and we must give it more support, but what is currently happening makes that more difficult.

Graham Jones: Will my hon. Friend give way?

Fabian Hamilton: Yes, if I have time.

Graham Jones: My hon. Friend makes a very powerful point. I went to Harran camp—an exemplary camp run by the Turkish authorities, it has to be said. We should give credit where credit is due.

All my hon. Friend's comments on Turkey's internal problems and its undemocratic actions are very valid, but before he concludes, will he touch on the issues on Turkey's border? There are 2,000 Turkish troops in Bashiqa who are almost getting into conflict with the popular mobilisation units—

Mr Peter Bone (in the Chair): Order. Interventions have to be short. I cannot give the shadow Minister a longer speech than the Minister, so I hope you will finish very, very shortly, Mr Jones.

Graham Jones: Thank you, Mr Bone. I think I have made my point.

Fabian Hamilton: I apologise that I will not be able to take up that point, but perhaps we can come back to it when the Foreign Affairs Committee's report comes out.

Let me briefly touch on women's rights. President Erdogan has publicly stated that he does not believe in gender equality. He calls abortion "murder" and birth control "treason". Yesterday was, of course, International Women's Day. On lesbian, gay, bisexual and transgender rights, we know that those who abuse, attack and even murder people who are self-declared members of the LGBT community are getting off very lightly under the judicial system.

Finally—

Mr Peter Bone (in the Chair): Order. The hon. Gentleman must resume his seat. It is not possible for the shadow Minister to speak for longer than the Minister.

4.19 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Tobias Ellwood): It is a pleasure to respond to this very important debate. I join the Opposition spokesman, the hon. Member for Leeds North East (Fabian Hamilton), in saying that it is a shame that we did not have longer. I hope that the powers that be will recognise that it is important that the matter is discussed.

I join others in congratulating the right hon. Members for Enfield North (Joan Ryan), and for Tottenham (Mr Lammy), my hon. Friend the Member for Worthing West (Sir Peter Bottomley) and the hon. Member for Glasgow East (Natalie McGarry) on their speeches. Hon. Members will have noticed that I am not my right hon. Friend the Minister for Europe and the Americas, who should be replying to this debate. He is travelling at the moment. I will do my best to respond to the big themes that have been raised today and I will ask him to write to individual Members with detailed responses to some of the questions that have been put. There simply is not time for me to go into too much detail now, due to the shortness of this debate.

As has been said, the UK has an important relationship with Turkey which stretches back over 400 years. As the Prime Minister said during her visit to Ankara in January, that relationship has long been important, but it is arguably even more important now, given the challenges we face today. Turkey is a vital strategic partner. It stands on the crossroads between Europe and the middle east, and it is a NATO ally, as many hon. Members mentioned. It stands on the frontline of some of the most serious challenges that we face. Turkey is a Muslim-majority democracy with a dynamic economy, and it has an active and important diaspora in this country.

I will talk about some of the key aspects of our relationship, the first of which is security. Turkey plays a crucial role in the region. It is a key partner in Syria, where we are working together in the global coalition to fight Daesh and in support of a political solution to the conflict. However, we are also working together to tackle challenges in Iraq, Libya, Somalia, Afghanistan and the wider region, including in support of a Cyprus settlement, which has been mentioned. Our security co-operation with Turkey is essential to ensure the safety of British tourists in Turkey—about 1.7 million Britons travel there each year—and to help us to tackle threats here in the UK.

We should not forget the significant role that Turkey plays in the migration crisis. I pay tribute to the work that Turkey has done in hosting almost 3 million Syrian refugees. The generosity of the Turkish people has been extraordinary.

Natalie McGarry: Will the Minister give way on that point?

Mr Ellwood: I am afraid I will not give way, simply because of the time.

During her visit to Turkey, the Prime Minister agreed a new strategic security partnership, which will ensure that we can work together even more closely on counter-terrorism, serious and organised crime, and illegal migration. Also, there were discussions about human rights, the rule of law and democracy.

The second particularly important aspect of our relationship with Turkey is trade. Bilateral trade between our countries is currently worth £16 billion. We are looking to build rapidly on that, not least with the agreement between the Turkish aerospace industry and BAE Systems to collaborate on Turkey's new fighter jet, the TFX. Our two countries have also established a trade working group to seek further ways of boosting bilateral trade.

Consequently, it was as a partner and an ally that the UK stood shoulder to shoulder with Turkey in July last year as it defended its democracy from an attempt to seize power by force. Turkey's Parliament was attacked by the country's own aircraft, civilians were crushed under tanks and 241 people were killed. We condemned the attempted coup unreservedly and continue to do so, and we have expressed our sympathies and condolences for the tragic loss of life. My right hon. Friend the Minister for Europe and the Americas travelled to Turkey shortly after the attempted coup, and expressed our solidarity with the Turkish people. The way that they rallied across the political spectrum to support the constitutional order was an impressive demonstration of the strength of Turkish democracy.

In light of the attempted coup, the Turkish Government have a right and a responsibility to act against the perpetrators and against those who have committed or who plan to commit terrorist acts. The UK Government have consistently stated that it is important that measures taken following the coup should be proportionate, justified and in line with Turkey's democratic principles and international human rights obligations. Of course, we are aware that concerns have been raised, including by the Council of Europe, and we welcome Turkey's recent steps to address those concerns by reducing the custody period and creating a mechanism for reviewing dismissals carried out under the state of emergency. We support the dialogue between Turkey and the Council of Europe on implementation of the emergency decrees following the coup and we urge them to continue dialogue on these issues.

In addition to concerns about Turkey's response to the attempted coup, concerns have been expressed about its broader human rights record. In this area too, we regularly emphasise the need for Turkey to meet its international obligations. The Prime Minister referred to that directly in January, emphasising the importance of Turkey sustaining its democracy by maintaining the rule of law and upholding its international human rights obligations. We regularly highlight the role that freedom of expression and freedom of the media play in supporting democracy, and we urge the Turkish Government to ensure that the upcoming referendum on constitutional reform is free, fair and in line with international norms.

Internally, Turkey faces a grave terrorist challenge on its own soil from Daesh and al-Qaeda, as well as from the PKK and affiliated groups. In the last 18 months, nearly 1,500 Turkish civilians and security personnel have been killed through terrorism, and we offer our condolences for the many lives that have been lost. In the face of this threat, we stand by Turkey and support its legitimate right to defend itself, including from the PKK, whose attacks we condemn, as we condemn all terrorism. As in any conflict, civilian casualties should be avoided and human rights should be fully protected. In the course of the counter-terrorism effort, it is important that legal processes are undertaken fairly, transparently and with full respect for the law.

Turkey is and will remain an essential trade and foreign policy partner for the UK, including as a NATO ally. We are working with Turkey to manage cross-border challenges, including migration, terrorism, and serious and organised crime, and we are building on our already

significant trading relationship, which will benefit both our economies. At the same time, we have to be clear and direct about the need for Turkey to uphold its international obligations, including on human rights, and we will continue to do this. We firmly believe that the rule of law and fundamental rights, including freedom of expression and the media, are vital for a healthy democracy. As Turkey continues to confront the extraordinary challenges posed by the current turmoil in the region, and to tackle multiple security threats at home, the UK will remain a partner and a friend.

Mr Lammy: Will the Minister give way?

Mr Ellwood: I will not give way.

Mr Peter Bone (in the Chair): I call Joan Ryan to wind up, please.

4.27 pm

Joan Ryan: I thank the Minister for his response to this debate, and I thank all Members who have taken part in it and supported it. I was very encouraged by the response of my hon. Friend the Member for Leeds North East (Fabian Hamilton) on the Labour Front Bench. However, although I have thanked the Minister for his time and contribution, it was a very disappointing contribution, and many people in the Turkish, Kurdish and Alevi communities here will also be disappointed. Indeed, the disappointment will be even more widespread, because people in this country are very committed on human rights.

We need to say and do so much more to be a critical friend of Turkey. I do not think we are being critical enough of what is happening in that country. Just as the Kurdish people in Turkey defended their democracy and President Erdogan, only to find him then turning on them, we may come to regret not taking a much stronger line on what is happening in Turkey and with Mr Erdogan. It is not for us to tell the Turkish people how to vote in their referendum, but if it were for us to do so, I would say, "Vote no. Don't vote for this slide into authoritarianism, for this oppression, for these detentions, for these arrests, for this loss of human rights and for this complete ignoring of the parliamentary democracy in Turkey that is valued by Turkish people."

I do not think we are a friend to Turkey if we do not speak up loudly now, while it matters. When we do finally speak up, it may well be far too late and we may well deeply regret the fact that we are not now taking the responsibility that we should be taking. Yes, Turkey is a NATO ally and, yes, that is very important, but it does not have to be a case of trade or human rights; there needs to be both.

Mr Peter Bone (in the Chair): I thank the right hon. Lady and all those who participated in this debate, particularly as there were so many people attending it.

Question put and agreed to.

Resolved,

That this House has considered human rights and the political situation in Turkey.

4.29 pm

Sitting adjourned.

Written Statements

Thursday 9 March 2017

CABINET OFFICE

Contingency Fund

The Minister for the Cabinet Office and Paymaster General (Ben Gummer): The Cabinet Office has sought a routine advance of £150 million from the Contingency Fund to cover pension benefit payments by the Principal Civil Service Pension Scheme. The amount includes £90 million to fund pension benefits and £60 million to fund payments to HMRC in respect of the tax related to these benefits.

This technical measure is simply since the costs have fallen earlier in the financial year than initially forecast by pension administrators.

Authority has already been sought in the supplementary estimate 2016-17 for these payments, but this is not due to be approved by Parliament until the end of this month. The funds will be repaid to the Contingency Fund once the Supply Bill has been authorised. There is no interest on such advances from the Contingency Fund.

[HCWS524]

TREASURY

National Infrastructure Commission Report: 5G Strategy

The Chief Secretary to the Treasury (Mr David Gauke): My noble Friend the Commercial Secretary to the Treasury (Baroness Neville-Rolfe) has today made the following written statement.

The Chief Secretary to the Treasury deposited a copy of the National Infrastructure Commission's report on 5G and telecommunication technology in the Libraries of both Houses on 24 January 2017. [DEP2017-0060]

Today I confirm the publication of the Government's response to the National Infrastructure Commission's report. This response is set out in the Government's 5G strategy. <https://www.gov.uk/government/publications/next-generation-mobile-technologies-a-5g-strategy-for-the-uk>

Copies of the document will be deposited in the Libraries of both Houses.

"Connected Future", published on 14 December 2017, calls for Government to play an active role in ensuring that basic mobile services are available wherever we live, work and travel. The Government welcome the report as an opportunity to position the UK at the forefront of the deployment of 5G, and ensure we can take early advantage of the applications 5G networks may enable.

That is why, alongside this publication, the Government are providing £1.1 billion of funding to explore and incentivise the next generation of digital infrastructure for the UK—5G and full fibre. This will be a core part of our modern industrial strategy—helping to shape and establish an economy which is adaptive, resilient to change and fit for the demands of the 21st century.

The National Infrastructure Commission was announced in October 2015, to provide expert impartial analysis of the long-term infrastructure needs of the country. In January 2017 the commission was established on a permanent basis as an Executive agency of HM Treasury.

[HCWS522]

COMMUNITIES AND LOCAL GOVERNMENT

Local Growth

The Secretary of State for Communities and Local Government (Sajid Javid): The Chancellor announced at the 2016 autumn statement that the Government would publish a strategy for the midlands engine.

As the ministerial champion for the midlands engine I am delighted that we have today published that strategy. I will be placing a copy in the House of Commons Library.

The midlands has a central role to play in the Government's emerging industrial strategy—a successful midlands economy is a vital part of a successful UK economy that works for everyone. It is at the heart of the United Kingdom and has huge economic potential. Its economy is worth £217.7 billion—13% of the UK's annual output.

Through the strategy we will focus on five key objectives:

Improving connectivity to raise productivity

Strengthening skills to make the Midlands a more attractive location for businesses

Supporting enterprise and innovation to foster a more dynamic regional economy

Promoting the Midlands nationally and internationally in order to maximise trade and investment in the region

Enhancing quality of life to attract and retain skilled workers, as well as to foster the local tourism economy.

As part of the delivery of the connectivity theme, Midlands Connect is today launching its transport strategy, "Powering the Midlands Engine", which outlines transport investment priorities across the region.

The Government cannot deliver the midlands engine strategy alone. We will continue to work with the Midlands Engine Partnership, which brings together businesses, local authorities, academic institutions and local enterprise partnerships (LEPs). It is a unique example of local government and businesses voluntarily joining forces to deliver a shared vision for a whole region. Together with the West Midlands Combined Authority, and LEPs and local authorities across the region, it provides an excellent vehicle to support delivery of this strategy, continuing on our journey towards making the midlands an engine for growth and building an economy that works for everyone.

As part of the midlands engine strategy, I am today announcing the 10 individual awards to LEPs in the midlands.

Between them they will benefit from £392 million of Government support from the local growth fund, on top of the £1.5 billion committed in previous growth deals.

Table A: growth deal 3 funding awards for LEPs in the midlands

LEP	Funding Award (£m)
Black Country	55.05
Coventry and Warwickshire	42.44
Derby, Derbyshire, Nottingham and Nottinghamshire	62.99
Greater Birmingham and Solihull	54.20
Greater Lincolnshire	29.45
Leicester and Leicestershire	25.87

Table A: growth deal 3 funding awards for LEPs in the midlands

<i>LEP</i>	<i>Funding Award (£m)</i>
South East Midlands	59.04
Stoke and Staffordshire	23.30
The Marches	21.91
Worcestershire	17.51

We have now awarded over £9 billion to LEPs from the local growth fund. With the home building fund and local transport majors launched in 2016 we have fulfilled our manifesto commitment to a £12 billion local growth fund. It is a crucial part of the Government's agenda to drive growth and devolve power to local areas, with decisions being made by those who know their local area best, and supporting the Government's commitment to build an economy that works for everyone.

This was the most competitive round yet, and awards were made based on a bidding round that took place last year.

The expanded deals will provide LEPs in the midlands with the power and funding to support local businesses, unlock housing where it is most needed and develop

vital infrastructure to allow places to thrive. The funding will also be used to create jobs, equip a new generation with the skills they need for the future and attract billions of pounds of private sector investment. This investment is Government stepping up, not stepping back, building on our strengths to boost national productivity and growth.

The Government have strong ambitions to put the midlands at the heart of growth in the UK. We have already invested £1.5 billion in growth deals in the midlands and this additional investment will help to ensure that we achieve greater economic growth and productivity. We are supporting improvements in infrastructure, skills, business environment, innovation and increasing trade and investment by promoting the midlands nationally and internationally.

Attachments can be viewed online at: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2017-03-09/HCWS523/>

[HCWS523]

Petition

Thursday 9 March 2017

OBSERVATIONS

TRANSPORT

Construction of a A36-46 link road, east of Bath

The petition of residents of Bath and the wider North East Somerset Area,

Declares that transport networks in Bath need improvement to reduce congestion in the area; further that a link road between the A36 and A46 should be built; further that an A36-46 link road would provide economic benefit to Bath; further that it would improve transportation links; and further that it would reduce congestion and air pollution.

The petitioners therefore request that the House of Commons urges the Government to work with Bath and North East Somerset Council and Highways England to bring this long discussed and much needed project of building a A36-46 link road to fruition.

And the petitioners remain, etc.—[Presented by Ben Howlett, *Official Report*, 8 February 2017; Vol. 621, c. 574.]

[P002010]

Observations from the Minister of State, Department for Transport (Mr John Hayes):

I greatly appreciate Mr Howlett's efforts in campaigning on this matter and welcome him bringing this important issue to the Government's attention.

I recognise the importance of an efficient road network in supporting economic growth across the country, and the environmental benefits of moving long-distance traffic away from built-up areas. For these reasons, the Department takes a long-term approach to guaranteeing substantial funding for strategic roads, such as the A36 and A46, through five-year Road Investment Strategies (RISs). The current RIS, involving over £15 billion of investment, runs from 2015-2020. It includes over 100 major schemes across the country, with over £2 billion of investment in the South West of England.

Unfortunately, it was not feasible to tackle all the issues on the strategic road network in this first RIS. That is why I am currently collecting evidence to determine which schemes will go ahead in the following RIS ('RIS2'), which will run from 2020-2025.

Through this evidence-gathering exercise, I have been made aware of concerns about congestion around the east side of Bath, where north/south traffic travelling between the A46 and A36 has to enter the City and use the Cleveland Bridge across the Avon. I am also mindful of the economic, environmental and health benefits that an improved road network in the area might bring, along with the challenges of building adjacent to this unique urban and natural environment.

Bath and North East Somerset Council and Highways England are considering a wide range of options, including construction of a link road, to alleviate the current problems. The findings from this work, along with other evidence I receive, will inform my decisions about further investment in the strategic road network in the area.

ORAL ANSWERS

Thursday 9 March 2017

	<i>Col. No.</i>		<i>Col. No.</i>
EXITING THE EUROPEAN UNION	919	EXITING THE EUROPEAN UNION—continued	
Article 50: “Scotland’s Place in Europe”	933	Scottish Devolution	919
Common Travel Area: Republic of Ireland	924	Single Market and Customs Union:	
Devolved Administrations	934	Manufacturing Sector	928
EU: UK’s Financial Contribution	935	Topical Questions	937
Farming Sector	927	Transitional Arrangements	922
Human Rights	932	University Funding	936
Non-UK EU Nationals: Residency Rights	936		

WRITTEN STATEMENTS

Thursday 9 March 2017

	<i>Col. No.</i>		<i>Col. No.</i>
CABINET OFFICE	27WS	TREASURY	27WS
Contingency Fund	27WS	National Infrastructure Commission Report:	
COMMUNITIES AND LOCAL GOVERNMENT ..	28WS	5G Strategy	27WS
Local Growth.....	28WS		

PETITION

Thursday 9 March 2017

	<i>Col. No.</i>
TRANSPORT	21P
Construction of a A36-46 link road, east of Bath.	21P

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CONTENTS

Thursday 9 March 2017

Oral Answers to Questions [Col. 919] [see index inside back page]
Secretary of State for Exiting the European Union

Business of the House [Col. 945]
Statement—(Mr Lidington)

Budget Resolutions [Col. 965]
Debate (Second day)
Debate adjourned

Rothbury Community Hospital [Col. 1048]
Debate on motion for Adjournment

Westminster Hall
Scotland: Demography and Devolution [Col. 375WH]
Turkey: Human Rights and the Political Situation [Col. 402WH]
General Debates

Written Statements [Col. 27WS]

Petition [Col. 21P]
Observations

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
