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PARLIAMENTARY DEBATES

(HANSARD)

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House of Commons

Tuesday 14 March 2017

The House met at half-past Eleven o'clock

PRAYERS

[Mr Speaker *in the Chair*]

Oral Answers to Questions

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

The Secretary of State was asked—

Low-carbon Economy

1. **Deidre Brock** (Edinburgh North and Leith) (SNP): What steps he is taking to support the transition to a low-carbon economy. [909221]

4. **Alan Brown** (Kilmarnock and Loudoun) (SNP): What steps he is taking to support the transition to a low-carbon economy. [909224]

14. **Dr Paul Monaghan** (Caithness, Sutherland and Easter Ross) (SNP): What steps he is taking to support the transition to a low-carbon economy. [909235]

The Minister for Climate Change and Industry (Mr Nick Hurd): Between 1990 and 2015 the UK's emissions have fallen by over a third while our economy has grown by over 60%. Since 2010, Government policy has contributed to a trebling of renewable electricity capacity and encouraging the take-up of low-carbon heating and ultra-low emission vehicles.

Deidre Brock: I thank the Minister for his answer. Businesses in the Scottish renewables sector predict that one in six jobs is at risk over the next six months due to changes in UK Government support. Will the Minister take action now to reverse those changes, to make sure we grasp the opportunities that our fantastic national energy resources provide?

Mr Hurd: Few countries, certainly in Europe, have done more than we have to expand renewable energy electricity capacity since 2010, and the low-carbon economy sector now employs over 220,000 people. The hon. Lady questions our continued commitment to renewable energy; I refer her to the public commitment to forthcoming auctions to support the less mature renewable technologies.

Alan Brown: A recent Chatham House report as well as the Department for Business, Energy and Industrial Strategy's own following study on North American woody biomass both concluded that the use of these pellets for energy production in the UK is high-carbon. Given that and that a review was promised of bio-energy policies in 2012, will the Government conduct an urgent review and impose a moratorium on new subsidies for biomass?

Mr Hurd: As the hon. Gentleman knows, we have reviewed and adjusted subsidies in relation to biomass, and we keep that under regular review.

Dr Monaghan: Given that Scotland's renewable energy will be cheaper than that produced at Hinkley by the time it is complete and that Brexit is already pushing up the build costs of these reactors in an environment where the UK Government have unilaterally decided to abandon the protection of Euratom, will you scrap the costly and inefficient nuclear obsession in favour of a low-carbon future?

Mr Speaker: The hon. Gentleman invests me with powers that I do not possess; that is very good of him.

Mr Hurd: Frankly, previous Governments neglected their responsibility to this country to invest in upgrading its power infrastructure, but this Government are grasping that challenge. As I have said, few countries have done more to make the transition to cleaner energy, with a trebling of capacity in renewable electricity, and the commitment to Hinkley offers us the potential for 7% of the country's electricity—low-carbon based power.

Mr Andrew Turner (Isle of Wight) (Con): Colleagues in both Houses have signed an offshore blade made by MHI Vestas on the Isle of Wight, which is also arranging a schools outreach programme. Does my hon. Friend agree that this sort of initiative raises awareness of how low-carbon renewable energy technology can ensure that the UK reaches its potential of exporting its first-class engineering and advanced manufacturing worldwide?

Mr Hurd: I thank my hon. Friend for his question and wholly endorse what he says. The Secretary of State and I saw at first-hand when visiting the new Siemens offshore wind blade turbine factory in Hull just what this technology and engineering can do to inspire, in particular, young people in the area about opportunities for employment in this exciting sector.

Antoinette Sandbach (Eddisbury) (Con): Nuclear power is an important part of the transition to a low-carbon economy. Will the Minister update us on the small modular reactor competition?

Mr Hurd: I congratulate my hon. Friend on her election to the Select Committee, and she is absolutely right: energy innovation is critical to both our future ability to reduce the cost of decarbonisation and unlocking the industrial opportunities inside the low-carbon energy sector. We are reviewing our plans in relation to our energy innovation portfolio. The nuclear industry is a very important part of those plans, and I hope we will have something to say very shortly.

Kevin Foster (Torbay) (Con): The Minister will be aware that we in the south-west do not share the Scottish National party's negative view of the Hinkley Point power station project, but will he reassure me about what work the Government will do to ensure that young people have the skills to take the jobs that will become available in these industries?

Mr Hurd: I thank my hon. Friend for correcting the impression that investment in new jobs in the nuclear industry is somehow bad news, given the commitment that 65% of the content of Hinkley should be supplied from this country. Just as important is the contribution it makes to upgrading our power infrastructure and making sure this country has the ability to access reliable low-carbon energy in the future.

Barry Gardiner (Brent North) (Lab): Last week, the Budget failed to stop the 800% rise in business rates for companies that have installed solar panels. This week, research published in the journal *Nature Energy* states that to achieve our targets set out in the Paris agreement we need to set out longer-term plans beyond 2050, yet the Government have now dithered for five years and still refuse to publish their own implementation plan, even up to 2030. How does the Minister propose to increase our low-carbon exports when he cannot even set out how we will achieve our medium-term climate targets?

Mr Hurd: The hon. Gentleman accuses us of dithering, but our performance on emissions during the last Parliament was one of the most successful since 1990. He talks about delaying the emissions plan but he will know that the fifth carbon budget was set only last July. This country, and this Government, have a proud record of proving that we can reduce emissions while growing our economy, and we will continue to build on that.

Mr Philip Hollobone (Kettering) (Con): With more than 30 large wind turbines in the borough, Kettering is coming close to generating more green electricity than it consumes, but what incentives are there in the business rates and planning systems to reward housing developments and business start-ups that are low carbon?

Mr Hurd: I thank my hon. Friend for pointing out how much progress we are making at the local level as well as nationally on the transition to green power. This has been facilitated by substantial investment through public subsidies and, as we look to encourage the deployment of renewable energy through competitive markets—preferably subsidy free—we are looking at what else we can do to facilitate that using the tools available to the Government.

Callum McCaig (Aberdeen South) (SNP): Our concern on Hinkley is that the Government appear to be stacking the deck in favour of nuclear power over the much cheaper renewable energy. The strike price for Hinkley was £92.50 in 2012, compared with a much lower £82.50 for onshore wind in 2015, yet in the value-for-money assessment the Government assume a £90 strike price for onshore wind. Why are they inflating the price for renewables in comparison to Hinkley?

Mr Hurd: I hope that the hon. Gentleman does not want to give the wrong impression. He knows from his experience that one of the keys to a successful energy policy is diversity of supply. That is the key to energy security, which is the primary responsibility of every Government. Ensuring diversity of supply is absolutely evident in what we as a Government are trying to do.

Callum McCaig: The Minister has completely missed the point of my question, which was about comparisons. The Government commissioned Frontier Economics to look at the whole systems impact of electricity generation models, yet despite repeated parliamentary questions and freedom of information requests the report has not been published. If the Government have nothing to hide, why are they hiding things?

Mr Hurd: I am not aware of hiding anything. I am trying to make a point about diversity of energy supply. I would make a further point about prices, in answer to the hon. Gentleman's question. One of the most encouraging things is the progress we have made in our policy structure on driving greater competition, through contracts for difference, in order to get better prices for consumers and for the taxpayer from the public subsidies that are available. I hope that that will be evident very soon in the results of the forthcoming auctions.

UK Science

2. **Andrew Bridgen** (North West Leicestershire) (Con): What assessment he has made of the adequacy of levels of funding for the UK science base. [909222]

The Minister for Universities, Science, Research and Innovation (Joseph Johnson): We are committed to making the UK the global go-to nation for scientists, innovators and tech investors. That is why, as part of the industrial strategy, we have announced an increase of £4.7 billion in public research and development funds—the biggest increase in science support for 40 years.

Andrew Bridgen: I welcome the Government's recent £14 million investment to develop space technologies in Leicester, including the university-led national space park. What further steps could the Minister take to encourage the space industrial cluster in the midlands?

Joseph Johnson: The space industry has an important role to play in driving growth across the UK, and the Government are working closely with the sector to make that a reality. I am pleased that the Leicester and Leicestershire local enterprise partnership is grasping this opportunity. The Satellite Applications Catapult has funded a centre of excellence in the east midlands for the past three years, focused on linking industry to local and national expertise. In addition, the UK Space Agency is supporting business incubators in Leicester, Nottingham and Loughborough to develop innovative space start-ups.

Alison McGovern (Wirral South) (Lab): Page 98 of the Government's industrial strategy talks about the importance of long-term institutions. Many of those who work in the science-based industries in Wirral and elsewhere feel that the single market is a long-term institution that has served them well. Has the Minister asked the Prime Minister to change course and keep our country in the single market?

Joseph Johnson: The UK is a powerhouse of academic research, and our collaborations with institutions in Europe and around the world are an important part of that success. Through the industrial strategy, we want to continue to play to our great strengths as a science and research powerhouse, and we will continue to welcome agreements to collaborate with our European partners on major science and technology programmes in years to come.

Mark Pritchard (The Wrekin) (Con): Agri-science plays a vital part in the industrial strategy, but more could be done. Is the Minister aware of the excellent work of Harper Adams University in my constituency? It exports its excellence all over the world.

Joseph Johnson: I am aware of the excellent work undertaken by that institution in my hon. Friend's constituency. Agri-tech receives considerable support through our public investment in R and D, and will continue to do so.

Fiona Mactaggart (Slough) (Lab): The European Medicines Agency, which is based in the UK, is one reason why our pharma industry is so successful. What will happen to the agency when we crash out of the EU? What is the Science Minister doing to ensure that we have effective regulations that support our pharma industry?

Joseph Johnson: The right hon. Lady should wait until we have embarked upon the negotiations for our future relationship with European funding streams. We anticipate that we will continue to collaborate closely with our European partners, so that our scientists can develop institutions such as the one she mentions to the benefit of this country for years to come.

Nusrat Ghani (Wealden) (Con): Scientifica is a Wealden-based science and technology business that won the 2016 British Chambers of Commerce awards for business of the year and export business of the year, and I joined Scientifica members at the London Stock Exchange to open the markets yesterday. Will my hon. Friend join me in congratulating Scientifica on championing and promoting the best of British science and research?

Joseph Johnson: I am delighted to congratulate Scientifica. Companies such as that are doing brilliantly at exploiting the research that is undertaken in our science base to this country's benefit and maximising the commercial opportunities arising from our significant public investment into R and D.

Mr Gregory Campbell (East Londonderry) (DUP): Looking beyond the two-year period to when we exit the EU, will the Minister ensure liaison with the devolved Administrations—hopefully all fully restored before then—so that excellent facilities such as the science centres in Belfast and Londonderry can be availed of and replicated right across the UK to ensure that we get the maximum advantage?

Joseph Johnson: Through the creation of UK research and innovation, a UK-wide global funding and research agency, we will continue to ensure that excellent science and research are supported throughout the UK in the years to come.

Oil and Gas Sector

3. **Martyn Day** (Linlithgow and East Falkirk) (SNP): What steps his Department is taking to support the oil and gas sector. [909223]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Jesse Norman): The oil and gas sector is important for the UK's economy, for energy security and for jobs. That is why the Government have established the Oil and Gas Authority as a strong, independent regulator over the past two years, providing a £2.3 billion package of support to encourage investment and exploration in the UK. In the spring Budget last week, the Chancellor announced that the Government will consider how tax could be used to assist sales of late-life oil and gas assets in the North sea, helping to keep them productive for longer.

Martyn Day: Do this Government stand by or reject comments, which are in contrast to industry voices, made by the Scottish Conservatives' energy spokesman, Alexander Burnett MSP, that the oil and gas industry does not need any help and that

"People in Aberdeen are not asking for more at the moment"?

Jesse Norman: I am unsure whether I entirely caught the hon. Gentleman's remarks, but the Government have been clear in their support not just for the UK continental shelf and the companies on it, but for Aberdeen through the £250 million city deal.

22. [909243] **Michael Fabricant** (Lichfield) (Con): Is my hon. Friend aware that at this very moment crude is trading at just $48.31? Has he read the OECD report which states that and many other structural factors mean that an independent Scotland would have a worse debt to population ratio than even Greece?

Jesse Norman: I am sure that my hon. Friend will understand that I will not comment on that specific economic issue. However, I admire his awareness of the oil spot price. The Government have managed to engineer a significant fall in oil and gas supply costs on the continental shelf—*[Interruption.]*

Mr Speaker: Order. A cerebral Minister is at the box responding to a pertinent inquiry, and the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell) is behaving in a mildly boorish fashion—very uncharacteristically. I am sure that this is an exceptional case.

Jesse Norman: I am not sure that anyone can recover from the attribution of being "cerebral."

The way in which the Oil and Gas Authority has lowered costs on the UKCS is testimony to how competitive our economy can be in oil and gas, even when oil prices are falling.

UK Space Sector

5. **Justin Tomlinson** (North Swindon) (Con): What steps he is taking to support growth in the UK space sector. [909225]

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): The UK's space sector is world leading. A quarter of the world's telecommunication satellites are either built here or are built with key UK components. Our recently announced draft Spaceflight Bill will enable UK businesses to enter a global market worth an expected £25 billion over the next 20 years.

Our industrial strategy will ensure that we build on that and continue to be a global leader in this very important sector.

Justin Tomlinson: Many people think that my constituency, North Swindon, is out of this world, and they are not wrong, as we are home to the UK Space Agency. Will the Secretary of State therefore tell me how the upcoming Spaceflight Bill will enable the UK to build on its strengths in science, research and innovation?

Greg Clark: North Swindon has a stellar Member of Parliament, too. The space sector is one of our most important industries, and the Spaceflight Bill, in particular, will move us forwards and enable us to be in the business not only of manufacturing satellites but of launching them, which will give us further industrial opportunities from which not only Swindon but the whole UK can benefit.

Ian C. Lucas (Wrexham) (Lab): The collaborative approach of the UK aerospace sector is one of the lessons that the Government need to remember in the difficult years ahead. Will the Secretary of State please come to one of the most important aerospace sectors in the country in north-east Wales to see its excellent work and the potential threats to one of the most successful industries in our country?

Greg Clark: The hon. Gentleman is absolutely right. One of the reasons why the space and satellite sector has been so successful is the collaboration between the firms, the Government and the research institutions, which is the way forward. The Under-Secretary of State for Business, Energy and Industrial Strategy, my hon. Friend the Member for Hereford and South Herefordshire (Jesse Norman), will visit north Wales and the facilities that the hon. Member for Wrexham (Ian C. Lucas) mentions, and I look forward to hearing all about it.

18. [909239] **Mr Steve Baker** (Wycombe) (Con): As someone who has calculated inertia matrices and Hohmann transfers, I am pleased that the Government are focusing on this area. What assessment has the Secretary of State made of the capacity of the UK's commercial space flight sector? What steps will he take to support it?

Greg Clark: I am glad that my hon. Friend is not questioning me on inertia ratios and matrices. The capacity is there, but it requires planning ahead. That is why the industrial strategy mentions the need to invest in science and research and development—it is important that we do that—and the need to look forward to make sure that we have the skills in the workforce to fulfil the order books. The purpose of having a long-term industrial strategy is so that we are prepared to reap those very opportunities.

Exiting the EU: Small Businesses

6. **Carol Monaghan** (Glasgow North West) (SNP): What support his Department is providing to small businesses as a result of the UK's decision to leave the EU. [909226]

9. **Martin Docherty-Hughes** (West Dunbartonshire) (SNP): What support his Department is providing to small businesses as a result of the UK's decision to leave the EU. [909229]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James): Small businesses are vital to the economy, and we are providing additional access to finance and support to help scale up businesses so that they are able to reap the benefits of future trade with the EU and the rest of the world.

Carol Monaghan: I wish everybody a happy Pi Day—"pi," the mathematical version, not "pie," the pork version.

The Conservative party broke its 2015 manifesto commitment by failing to consult the business community on the changes to national insurance for the self-employed. Will the Government now address the ongoing uncertainty that those changes could bring to workers' rights, such as maternity and paternity pay, sick pay, annual leave and pensions?

Margot James: The Government are absolutely committed, as the Prime Minister has said on several occasions, to protecting workers' rights as we leave the European Union. And not just to protect those rights but to enhance them, if necessary. She has set up the Taylor review to examine the details.

Mr Speaker: I call Martin Docherty-Hughes. I am sad to note the rather uncharacteristic absence of the hon. Gentleman. We will do our best to bear up with such fortitude as we can muster.

Kirsty Blackman (Aberdeen North) (SNP): A number of small businesses in the oil and gas sector supply chain have been hit disproportionately by the oil price reduction. My hon. Friend the Member for Aberdeen South (Callum McCaig) and I held a meeting last week to encourage young businesses to access different methods of capital financing so that they can grow. What are the UK Government doing to encourage such businesses to access capital finance?

Margot James: Although support for businesses in Scotland is largely devolved, the British Business Bank funds a vast number of companies in Scotland. It has provided £415 million of finance for Scottish companies, including through start-up loans. In addition, more than 1,600 companies in Scotland benefit from the enterprise finance guarantee scheme.

Rebecca Pow (Taunton Deane) (Con): Small and medium-sized enterprises are the backbone of the south-west, and much effort is being put into upping productivity in the region. We in Taunton Deane welcome recent Government investment in a lot of infrastructure and the work that is being done on skills. However, to give us a real fillip, will the Minister, or perhaps someone else from the Department, agree to come to Taunton's annual business conference on 6 June to give a boost to the things that the Government can help us with?

Margot James: I thank my hon. Friend for such a wonderful invitation. Although I have already been to the south-west, I am sure I can find an occasion on 6 June to do so again.

Hon. Members: Ooh!

Mr Speaker: The hon. Member for Taunton Deane (Rebecca Pow) looks as though her cup has runneth over. What a happy day for her and, indeed, for Taunton Deane—not to mention the Minister.

Mr David Nuttall (Bury North) (Con): One advantage for small businesses of the United Kingdom leaving the EU is that the House will be free to repeal unwanted EU regulations. What steps is the Minister taking to consult small businesses so that she can identify those regulations?

Margot James: I assure my hon. Friend that we consult small businesses all the time. The Department for Exiting the European Union regularly engages with the Federation of Small Businesses. We will, in due course, ask that Department to hold a roundtable for small businesses to discuss the very issues that he raises.

Small Business Growth

7. **Mark Pawsey** (Rugby) (Con): What steps he is taking to support small business growth. [909227]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James) *rose—*

Ms Angela Eagle (Wallasey) (Lab): Come on!

Margot James: I am glad that the hon. Lady is so keen to hear my answer to this question.

We support small business growth by ensuring that small businesses can access finance and wider support. The British Business Bank is already supporting more than 54,000 smaller businesses with £3.4 billion of finance, and I am leading a taskforce to enable SMEs to accelerate their growth potential and realise their growth prospects quicker.

Mark Pawsey: I know that Rugby is a great place to run a business, but many small businesses continue to tell me that an obstacle to their expansion is still a shortage of suitable industrial premises. At a time when our authority is preparing its local plan, what discussions has my hon. Friend had with her counterparts in the Department for Communities and Local Government to ensure that adequate land is allocated for the development of business units?

Margot James: We work closely with the Department for Communities and Local Government, and I recently co-chaired a successful roundtable with my hon. Friend the Minister for Housing and Planning and providers of finance. We will be having a further meeting, and I shall obviously consider the needs of businesses in Rugby for more space.

Dame Rosie Winterton (Doncaster Central) (Lab): Small businesses in Doncaster have expressed concern to me about how they can access apprenticeship schemes. Will the Minister work with the Department for Education and draw up a regional analysis—especially for Yorkshire and the Humber—of how small businesses can access those schemes effectively, particularly in the light of the apprenticeship levy?

Margot James: We will certainly talk to businesses in the Doncaster region, as well as to those elsewhere in Yorkshire, but I am delighted to say that only 1.3% of businesses will actually pay the apprenticeship levy. For all other businesses, particularly small businesses, the Government will fund 90% of training costs following the introduction of the levy proper next month.

Ben Howlett (Bath) (Con): Last week's announcement on business rates by my right hon. Friend the Chancellor will provide welcome relief to hundreds of independent small businesses in my constituency. Will the Minister join me in congratulating our tourist management organisation, Visit Bath, as it focuses more attention on the marketing of our independent small businesses in Bath in domestic and international markets, which will bring jobs and growth to my constituency?

Margot James: I absolutely join my hon. Friend in congratulating Visit Bath on all the trade and ideas that it brings to SMEs in his constituency.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): As chair of the all-party group on disability, I have been hearing from disabled entrepreneurs that they still have to face far too many barriers, including with regard to access to affordable loans, peer mentoring and information, even through the Government Gateway. What specific measures are the Government taking to support disabled entrepreneurs and what more can be done to address these very important issues?

Margot James: I thank the hon. Lady for her excellent question. I work closely with the Minister for Disabled People, Health and Work, who is leading huge initiatives to improve opportunities for people with disabilities. I will raise with my hon. Friend the specific question of entrepreneurs with disabilities.

Richard Fuller (Bedford) (Con): The truth is that the Government have to show a lot more love for small businesses to reinforce the truth that the Conservatives are the party for entrepreneurs. Will my hon. Friend start that by eliminating the time limits on the enterprise investment scheme for small businesses, and by finding a way, after we leave the EU, of reducing the compliance with regulations for small businesses to a single check mark?

Margot James: As my hon. Friend knows, I am a great lover of small businesses and entrepreneurs, and I think that I can speak for the rest of the Government in that regard. He knows that the EU governs time limits and caps on the EIS at the moment. What happens following the Brexit negotiations will be a matter for the Treasury.

Bill Esterson (Sefton Central) (Lab): I do not think that small businesses are really feeling the love after last week's Budget. A report by the Federation of Small Businesses entitled "37 problems and tax is one" states that the

> "proposed National Insurance tax grab on this group is an absolute kick in the teeth, just at a time when we need to create more entrepreneurs, not fewer."

The Minister says that the Government consult the Federation of Small Businesses, but perhaps they might listen to it in future and do what it suggests as well.

Margot James: The small business world must feel more love from this Government than it would from Labour, were it to take our place in government.

On the hon. Gentleman's specific question, I know that the FSB lobbied hard on a number of points, including national insurance, business rates and the quarterly reporting of tax accounts. On the latter two, it was very pleased with what the Chancellor provided. With regard to national insurance, the hon. Gentleman knows that more than 60% of people who are self-employed will actually benefit from the changes mooted by the Chancellor last week.

Energy Infrastructure

8. **Chris Green** (Bolton West) (Con): What steps he is taking to improve the UK's energy infrastructure. [909228]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Jesse Norman): Just yesterday I was a few miles away from my hon. Friend's constituency in Carrington, opening a new combined-cycle gas turbine plant. A few weeks before that, I was in Folkestone to see the new interconnectors being built through the channel tunnel. Both schemes remind us of the Government's commitment to the UK's energy infrastructure, underscored by a capacity market and contracts for difference. We are also investing £320 million in new heat infrastructure, which underlines the size of our whole commitment.

Chris Green: Base load energy supply is fundamental to delivering our energy needs. Solar and wind power do not provide base load, and there is a pressure not to increase the consumption of hydrocarbons, so does my hon. Friend agree that, in the absence of energy storage capacity, future investment must go to the nuclear industry, especially small modular reactors?

Jesse Norman: As my hon. Friend knows, we are spending a great deal of time working with developers, with new investment, alongside the plans that are already being executed at Hinkley. Small modular reactors could be part of that conversation. However, there are many possible storage technologies that might come on stream over the next decade or two; undoubtedly, they will also be an important part of the picture.

Albert Owen (Ynys Môn) (Lab): The country needs 21st century systems such as smart metering. Will the Minister update the House on the progress of the roll-out, and will he have a word with the energy companies to stop them blaming the Government for smart metering being part of the hike in energy prices that is ripping off the consumer?

Jesse Norman: We are in no doubt at all about the need for energy companies to bear down on prices. As they will be aware, the costs of policy are a relatively small part of those prices.

Mrs Flick Drummond (Portsmouth South) (Con): Tidal energy gives the UK an opportunity to provide a clean and predictable source of renewable energy. It is a sector in which we have world-leading business expertise in the Solent region. Will my hon. Friend consider giving tidal a higher priority in the UK energy strategy so that we can maintain our competitive edge?

Jesse Norman: My hon. Friend will know that we are looking at tidal energy and related issues closely in the context of our consideration of the Hendry review.

John Pugh (Southport) (LD): Following on from that question, will the Minister tell the House when a final decision will be made on the Swansea tidal lagoon?

Jesse Norman: It is fair to say that we have stated that we will come to the House as soon we can and that the matter is presently under consideration.

Dr Alan Whitehead (Southampton, Test) (Lab): The Minister mentioned the capacity market. I am sure he will agree that the prime purpose of that market has been to procure new infrastructure capacity. Will he tell me how many new gas-fired power stations have been procured with the £3.4 billion that has been spent so far on the capacity market? What plans does he have to improve that number?

Jesse Norman *rose—*

Dr Whitehead: To be helpful, the answer is: one new power plant in King's Lynn.

Jesse Norman: Well, I am all in favour of the self-answering question, but I remind the hon. Gentleman that the last capacity market procured energy at a cost of £7 per kilowatt, which is cheaper than any conceivable alternative.

Gig Economy

10. **Jess Phillips** (Birmingham, Yardley) (Lab): What assessment he has made of recent trends in the number of people employed in the gig economy. [909230]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James): With no common definition of the "gig economy", numbers vary in terms of how many workers are involved in it. We have commissioned new research, to be published this summer, which will look at the number of individuals working through digital platforms in the UK and at their experiences.

Jess Phillips: The number of freelancing moms has increased by 79% since 2008. Although I welcome the Government's announcement that they will consult further in the summer on fairer maternity pay for self-employed moms, this was recommended 13 months ago. Why has it taken the Government so long to act on this crucial issue for these women when it took a stroke of a pen to increase their taxes?

Margot James: As I said in my previous answer on national insurance, the increase in taxes, which itself is under review, will be ruling out—[Hon. Members: "Ah!"]

In terms of the maternity and paternity issues raised by the hon. Lady, I should hasten to add, the consultation will run its course this summer and she will have an answer before the end of the year.

Jack Dromey (Birmingham, Erdington) (Lab): Does the Minister begin to understand the sense of grievance on the part of the growing army of the self-employed who are reluctant conscripts to self-employment in the gig economy? They work in a twilight world of insecurity without basic rights, but they will now have to pay more in tax although there was not one measure in the Budget to put the burden on the shoulders of those truly responsible: the Ubers of this world.

Margot James: The hon. Gentleman knows that the Taylor review is currently examining all the issues that he raises. I am very concerned about the plight of some low-paid workers—they may well actually be workers, rather than self-employed. That is up to the courts and the Government to conclude later this year, but I assure him that we take the issues he raises very seriously.

Industrial Strategy: West Midlands

11. **Lucy Allan** (Telford) (Con): What assessment he has made of the potential effect of the Government's industrial strategy on the west midlands. [909232]

13. **James Morris** (Halesowen and Rowley Regis) (Con): What assessment he has made of the potential effect of the Government's industrial strategy on the west midlands. [909234]

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): Last week, we published the midlands engine strategy. It is further demonstration that this Government are committed to investing in the midlands, a region that has seen over 180,000 more people in employment since 2010.

Lucy Allan: I thank the Minister for his reply. Telford is seeing increasing inward investment from businesses in the automotive supply chain such as Polytec and Magna's Cosma, bringing real jobs and growth to Telford. Does he agree that Telford, with its reputation for innovation and advanced manufacturing, is set to play a key role in the midlands engine strategy, and will he congratulate those businesses on helping to build a successful future for Telford?

Greg Clark: I will indeed. My hon. Friend's constituency, which includes Coalbrookdale, has a good claim to be the cradle of the first industrial revolution—*[Interruption.]* It is perhaps a disputed claim, but I think Abraham Darby, in 1709, was fairly early. However, now, Telford is at the heart of the fourth industrial revolution, as my hon. Friend says. The T54 site is proving to be a very important location for automotive sector supply chain.

James Morris: Does the Secretary of State agree that one pivotal thing that needs to be in an industrial strategy for the west midlands is closing the skills gap that has held back the west midlands for too long, so that areas such as the black country can continue to work to become leading specialists in things such as aerospace, automotive and advanced manufacturing, which are critical to the agenda of the Conservative candidate for west midlands Mayor, Andy Street?

Greg Clark: I agree with my hon. Friend—he is absolutely right. The reputation of the black country is very strong. There is the phrase

"Made in the Black Country, Sold around the World",

but to fulfil that we need good skills. Andy Street, being a person of great business experience, is the best person available to bring that business acumen to bringing more businesses to the whole of the west midlands.

Mr Speaker: Order. This is supposed to be about an industrial strategy, rather than an electoral strategy, but there you go.

Rob Marris (Wolverhampton South West) (Lab): In passing, may I say that it was the black country that was the birthplace of the industrial revolution, not Coalbrookdale? However, on transport spending, which is key to the industrial strategy for the west midlands, when does the Secretary of State expect to persuade his colleague the Secretary of State for Transport to spend as much per capita in the west midlands as in London?

Greg Clark: The hon. Gentleman, who is an assiduous reader of these things, will see that, in the industrial strategy, we propose a commitment to upgrade infrastructure right across the country. I hope he will respond to that so that when we have the Budget later in the year, we will be in a position to make further such announcements.

24. [909245] **Craig Tracey** (North Warwickshire) (Con): What role does my right hon. Friend see the self-employed, particularly those in my constituency, playing as the industrial strategy develops?

Greg Clark: The self-employed have an important role to play. One trend that colleagues on both sides of the House will know of is that the development of supply chains is one of the key sources of innovation in many industries. Within that, start-up businesses, including those run by the self-employed, can make a big contribution to making us attractive for jobs and new businesses.

Industrial Strategy

12. **Christian Matheson** (City of Chester) (Lab): If he will make an assessment of the effectiveness of his sector-based approach in delivering the aims of the Government's industrial strategy. [909233]

16. **Louise Haigh** (Sheffield, Heeley) (Lab): What steps the Government is taking to ensure that all sectors of the economy benefit from its industrial strategy. [909237]

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): We have had great success over the years in developing key sectors, including aerospace and the automotive sector. To build on this, we have set out proposals for new business-led sector deals in the industrial strategy. The first set of deals is already under development. We are taking steps to drive growth in sectors across the economy, including with funding for science, infrastructure and technical education.

Christian Matheson: Does the Secretary of State share my concern that the implementation of an industrial strategy led by the big players will focus solely on the big players? What is he doing to ensure that the small and medium-sized enterprises in those sectors, which are often the engine rooms, get their fair say and their fair share?

Greg Clark: I assure the hon. Gentleman that that is not the case. I have regular discussions with the Federation of Small Businesses, the British Chambers of Commerce and smaller businesses right across the country. The supply chain, and making our country more attractive to supply chain businesses, are absolutely foundational to our industrial success, and that involves a particular regard for small businesses.

Louise Haigh: Cyber-security is one of the most important sectors for this country's growth, but the UK has the highest skills gap in cyber-security in the world. Does the Secretary of State think that the Government's current commitment to educate 1% of our students in cyber-security by 2021 is anywhere near good enough?

Greg Clark: The hon. Lady makes a very good point. If we are to take advantage of the opportunities that exist, we need to upgrade our technical education. That is why in last week's Budget the Chancellor made such a clear commitment, prominent in the industrial strategy, to transform the level of technical education, including to increase by 50% the hours of tuition that are available. Cyber-security is one of the areas in which I would expect that to be applied.

20. [909241] **Lucy Frazer** (South East Cambridgeshire) (Con): I welcome the £90 million that the Chancellor has given in the Budget for PhD places. Has the Secretary of State determined how they will be distributed and whether the academically excellent area of Cambridgeshire will benefit from this funding?

Greg Clark: Yes. I would expect all competitive areas to make a bid for these places. The University of Cambridge and Anglia Ruskin University in Cambridgeshire, and other institutions more broadly across the country, will be in a good position to benefit from that.

21. [909242] **Andrew Stephenson** (Pendle) (Con): The aerospace sector is of vital importance to the economy in the north-west of England. In December, I was delighted to take part in a ground-breaking ceremony at Rolls-Royce in Barnoldswick ahead of its £50 million expansion of its Pendle site. How can the Government's industrial strategy help to further the growth of our aerospace sector?

Greg Clark: My hon. Friend is absolutely right. This is an important sector, as has been evident from our discussions this morning. That reflects the track record of working together that will continue and be reinforced. I think that all Members across the House will have been as delighted as I was that Boeing made its commitment to its first ever UK plant in Sheffield, showing how attractive we are to advanced manufacturing businesses such as that.

Rebecca Long Bailey (Salford and Eccles) (Lab): The BEIS Committee's recent report stated that the industrial strategy Green Paper

"provides little clarity on how…sectoral deals will work in practice",

and that it appears to lack "political will", falling short of

"providing a clear framework for decision making in the long term."

Is it lack of clarity or lack of political will that has led to a bespoke Brexit deal for certain manufacturers while leaving others, and indeed other industries, in a state of uncertainty?

Greg Clark: May I welcome the hon. Lady to her first BEIS oral questions? I see her predecessor behind her. She is, I think, my third opposite number in the eight months that I have had this job. The first was appointed in the summer, the second in the autumn, and she was appointed in the winter. I noticed this week that the birds were singing and the sun was out, so I hope that is not bad news for the hon. Lady. On her points about the industrial strategy, the sector deals that we have proposed have been widely welcomed. We have set out a number of initial deals in, for example, life sciences and the creative industries. We are already talking to other sectors such as the steel sector, and a lot of colleagues in the House will want to see that taken forward.

Rebecca Long Bailey: Oh, the Secretary of State is cheeky! He might want to refer to the report, because it also states that the White Paper on exiting the EU failed to meaningfully refer to an industrial strategy

"and reinforces a lack of coordination between the Government's major challenge and its principal plank of business policy."

Given that last week's Budget failed to mention Brexit or the industrial strategy, does the Secretary of State agree with the recent Foreign Affairs Committee report that the Government have provided "no evidence" of industrial contingency planning in the event of no deal? If that is so, what is his no deal plan?

Greg Clark: I say gently to the hon. Lady that she will have to do a bit better than that. I have the Budget here. She says that it does not mention the industrial strategy. I can tell her that it is mentioned in the first paragraph on the first page, and throughout. Given her interest in this, she ought to read the Budget.

15. [909236] **Mary Robinson** (Cheadle) (Con): I am keen that the north-west should play its part in the Government's industrial strategy to drive up competitiveness in our area. How can small businesses play their part in my area?

Greg Clark: In my hon. Friend's area, as in every area of the country, the opportunities for the supply chain to be attracted to and to locate in this country—to supply the major manufacturers and service providers, but also to export around the world—is one of the key themes emerging from the sector deals that are being negotiated.

Renewable Energy

19. **Pat Glass** (North West Durham) (Lab): What recent steps his Department has taken to promote renewable energy. [909240]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Jesse Norman): Nearly £56 billion has been invested in renewable energy since 2012.

In the Budget last year, my right hon. Friend the former Chancellor of the Exchequer announced £730 million of annual support for less established renewable energy projects, including offshore wind. In the previous autumn statement, the renewable heat incentive was announced, at £1.15 billion by 2021.

Pat Glass: We have heard a lot about the importance of small business this morning. There are 44,000 small businesses that have their own solar microgenerators. Currently, they are exempt from business rates, but from 1 April they face an 800% increase in business rates, which is clearly damaging for them and for the solar industry. I hope that that is not deliberate, so will the Minister meet the Chancellor to see what can be done to relieve the situation?

Jesse Norman: Of course, the impact of rates differs from company to company as regards their solar panels. Three quarters of businesses are projected to have rates that fall next year and there is of course transitional rates relief, but the Department has long recognised the problem in some cases to which she refers, and we are in active discussion with other Departments about it.

Mr Speaker: I call Sir Desmond Swayne.

Sir Desmond Swayne (New Forest West) (Con): No. 24—or is it No. 22? [Hon. Members: "No. 23!"]

Mr Speaker: The right hon. Gentleman was close on either side.

Energy Supply Market: Competition

23. **Sir Desmond Swayne** (New Forest West) (Con): If he will make it his policy to increase competition within the energy supply market; and if he will make a statement. [909244]

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): I will respond shortly to the Competition and Markets Authority report, and I will take steps to increase competition and help consumers.

Sir Desmond Swayne: If the Secretary of State is successful in engendering much greater competition, will we need a regulator at all?

Greg Clark: The aim of Government policy must be to have such vigorous competition in markets that that takes care of itself. Unfortunately, I do not think we are in that position, so I am determined to make sure that customers are treated fairly.

Topical Questions

T1. [909246] **David Rutley** (Macclesfield) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): As well as continuing the consultation on our industrial strategy Green Paper, we are acting on its diagnosis. Last week's Budget set out our plan to transform technical education—increasing the hours students are taught by 50%, increasing funding for technical education by £500 million a year and establishing new institutes of technology. We announced in the Budget the first £270 million of projects under the industrial strategy challenge fund, including a world-leading investment in the development, design and manufacture of batteries to power the next generation of electric vehicles, and we announced a £100 million fellowship fund to attract the world's brightest minds to come and work in the United Kingdom.

David Rutley: I am pleased that my right hon. Friend is planning to visit AstraZeneca's Macclesfield site, the largest pharmaceutical site in the United Kingdom, in the near future. Will he tell the House what plans the Government have to support the life sciences further as part of its northern powerhouse strategy?

Greg Clark: My hon. Friend, who is a great champion of the life sciences as well as of the Cheshire economy, knows that the opportunity to negotiate a sector deal for life sciences, which is being led by Sir John Bell, will be good for the whole country, but will have particular relevance to Cheshire and Macclesfield. I am looking forward to visiting his constituency to see the facilities for myself.

T2. [909247] **Ian Austin** (Dudley North) (Lab): Will the Secretary of State join me in congratulating the greatest evening newspaper in the country, the *Express & Star*, and the brilliant work of Wolverhampton University, which have launched the green shoots scheme? The scheme has now successfully distributed £4 million of regional growth fund money, supporting 65 businesses, creating or protecting 600 jobs and, extraordinarily, generating over 11 million in private sector investment to support businesses in places such as Dudley. Contrary to what he said earlier, everybody knows that Dudley was the real birthplace of the industrial revolution.

Greg Clark: Having dipped my toes into controversy by talking about places with claims to be the cradle of the industrial revolution, I am certainly not going to nominate the best local newspaper in the country—suffice it to say that I gather the Foreign Secretary began his illustrious career on the *Express & Star*, although I do not know whether that shows its prescience, or whether it has recovered from that particular judgment. Local newspapers make a vital contribution to the success of local business, and I am delighted to hear about the initiative that the *Express & Star* is promoting.

T4. [909249] **Kelly Tolhurst** (Rochester and Strood) (Con): Since 2010, my constituency has seen 8,800 apprenticeships started across many sectors, and very soon I will be hosting my first apprenticeship fair, bringing together local students and businesses. Will the Minister outline what steps he is taking to encourage more small businesses to engage with apprenticeships and take on more apprentices in places such as my constituency?

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James): The new phase of the "Get in Go Far" campaign focuses on helping small employers understand the benefits of apprenticeships. The National Apprenticeship Service supports that by contacting small businesses that have previously engaged with the programme. That will be of great benefit to small and medium-sized enterprises in my hon. Friend's constituency.

T3. [909248] **Bridget Phillipson** (Houghton and Sunderland South) (Lab): The Government's industrial strategy Green Paper talks of the need to close the skills gap and invest in infrastructure, so can the Secretary of State explain to the House why childcare is not mentioned once?

Greg Clark: Making ourselves attractive as a country to the workforce and making sure that we are the best place to operate a business and to work is an important theme of the strategy. I look forward to the hon. Lady's contribution to the consultation, and if that issue does not have the emphasis that she thinks it needs, we will have the opportunity to address that.

T6. [909251] **Jeremy Lefroy** (Stafford) (Con): I thank the Secretary of State for his support for the midlands engine. In Stafford, we build them. Last week I had the honour of opening the technical training centre at Perkins' large engine plant in Stafford. Does he agree that that shows just how important it is for businesses to be proactive in putting together the facilities needed for apprentices and taking on more of them, as Perkins is?

Margot James: I quite agree with my hon. Friend. That demonstrates the need for all businesses, especially SMEs, to take advantage of our target of 3 million apprenticeships and the huge improvement in the quality of apprenticeships that the National Apprenticeship Service supports.

T5. [909250] **Ms Angela Eagle** (Wallasey) (Lab): Given that the Brexit negotiations are about to start, does the Secretary of State agree with his right hon. Friend the Prime Minister that no deal is better than a bad deal?

Greg Clark: Yes, Mr Speaker.

T9. [909254] **Tom Tugendhat** (Tonbridge and Malling) (Con): Will my right hon. Friend set out how he intends to shape the regulatory environment as we leave the European Union, including through such things as visa allocation, to ensure that the United Kingdom remains at the forefront of the technological revolution?

The Minister for Universities, Science, Research and Innovation (Joseph Johnson): The UK is the No. 1 place in Europe for inward investment in technology, and the Government's industrial strategy will deliver the Prime Minister's vision of Britain as a magnet for international talent and a home to the pioneers and innovators who will shape the world ahead. We are making sure that our regulatory landscape and visa system are up to that challenge through a range of measures, including the tier 1 exceptional talent visa.

T7. [909252] **Carol Monaghan** (Glasgow North West) (SNP): Scotland's economy, from its thriving universities to our diverse food and drink sector, relies on EU freedom of movement. How does the Minister hope to close the skills gap and pave the way for a highly skilled economy if he cannot safeguard the rights of EU nationals living here?

Joseph Johnson: The Government have made it clear on many occasions, including at the highest level, that we value tremendously the important contribution that EU nationals make to the success of our higher education institutions and scientific establishments across the country, including in Scotland, and we have every intention of that continuing in the years ahead.

Tom Pursglove (Corby) (Con): When I visited the Corby steelworks on Friday, there was real enthusiasm for a sector deal for the steel industry and a real commitment to ongoing partnership working. Is my right hon. Friend the Secretary of State willing to visit the Corby works to discuss those opportunities?

Greg Clark: I would be delighted to visit Corby with my hon. Friend. He is absolutely right—my discussions with the steel industry show a real appetite for a long-term sector deal to secure the future of the steel industry.

T8. [909253] **Richard Arkless** (Dumfries and Galloway) (SNP): Given the decimation of Scotland's renewables sector and the fact that Scotland has very different energy capabilities from the rest of the UK, why do the Government continue to think that a one-size-fits-all energy policy is in any way appropriate for Scotland?

The Minister for Climate Change and Industry (Mr Nick Hurd): I have already emphasised in earlier answers the importance of a diverse energy supply, which is at the root of energy security. There is no question about this Government's commitment to ongoing investment in renewables.

Mr Alan Mak (Havant) (Con): Many of those focused on driving forward the fourth industrial revolution are in new sectors such as robotics and 3D printing. Can the Minister ensure that the industrial strategy's sector engagement includes new, innovative challengers, not just incumbents?

Joseph Johnson: I certainly can. Through our industrial strategy, we are backing Britain's innovators with the biggest investment in science and technology since 1979 and a new industrial strategy challenge fund to bring cutting-edge ideas out of the lab and into the wider economy.

T10. [909255] **Gavin Newlands** (Paisley and Renfrewshire North) (SNP): A recent Resolution Foundation report stated that one in three UK businesses admitted to under-investing over the last five years. What measures will the UK Government take to turn that around?

Joseph Johnson: Yes, this country does recognise that it has been under-investing in research and development, and that is why at the autumn statement and in the Budget we have made the biggest investment in R and D for more than 40 years. Public investment in R and D helps to bring in private sector investment at the rate of about £1.36 for every £1 of public investment.

Amanda Milling (Cannock Chase) (Con): Can my right hon. Friend outline what measures are included in the midlands engine strategy to support small businesses and enterprises such as those in Cannock Chase?

Greg Clark: As my hon. Friend knows, in the growth deals that are part of the midlands engine there is support, through local enterprise partnerships, for small businesses—both start-ups and growing businesses.

Mr Iain Wright (Hartlepool) (Lab): Following npower's 15% price hike last month, the Government pledged that

"where markets are not working we are prepared to act."

E.ON raised its prices by 14% last week and SSE by 8% yesterday. How many more companies need to raise their prices before the Government actually act to stop energy customers getting fleeced?

Greg Clark: The hon. Gentleman is absolutely right that that behaviour is unacceptable. It has been reported by Ofgem that there is no reason to increase prices. We have committed to a Green Paper on consumer markets, which will be published very shortly. The time is up for these companies.

Robert Courts (Witney) (Con): As the recently elected chair of the all-party group for small and micro business, I know that access to finance in the early years is a real challenge for small businesses. What advice could the Minister give to those in my constituency who are looking for access to finance in the early years?

Margot James: I can advise my hon. Friend that the Start Up Loans Company has already helped 44,000 small start-ups and will be on hand to support start-ups in his constituency.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): What plans does the Secretary of State have to encourage new innovation support for SMEs in our key foundation industries, which make materials such as glass, ceramics and steel for cars, including those needed for Nissan in my constituency? This could help to create hundreds of jobs in the supply chain that are actually made in Britain.

Joseph Johnson: Support for innovation has received its biggest boost since 1979 in the autumn statement and in the Budget that was just announced. The industrial strategy challenge fund has just seen the first allocation of £270 million, which will help to boost innovation in key areas across the economy.

Mark Pawsey (Rugby) (Con): Diesel-powered generators add to poor air quality. Will the Minister welcome the contribution of Off Grid Energy, a small, innovative business in my constituency, whose mobile hybrid units provide green energy to the construction and event sectors?

Mr Hurd: My hon. Friend makes an extremely good point. Through him, may I congratulate the business involved?

David Simpson (Upper Bann) (DUP): What positive impact will the Government's plans to improve the energy infrastructure have on small businesses when it comes to electricity costs?

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Jesse Norman): Of course, the primary effect of success in that area will be to keep costs down for small business, as well as for large.

Andrew Stephenson (Pendle) (Con): On Friday, I visited Graham Engineering, in Nelson. It is an excellent company in the nuclear supply chain that currently has 30 new vacancies, which will be on offer at my seventh annual Pendle jobs fair on 24 March. What more can we do to support the nuclear supply chain?

Greg Clark: One of the things that we have done to support the nuclear supply chain is to have a continuing commitment to nuclear power in this country, and that will benefit my hon. Friend's constituents. Through our network of training colleges, we will make sure that we grow the nuclear skills that we need for this industry.

Steve McCabe (Birmingham, Selly Oak) (Lab): I thought the Minister was a touch complacent in his earlier answer on smart meters given that this will cost the taxpayer £11 billion by the end of the Parliament. What is he going to do about the fact that they do not work when a customer switches supplier?

Jesse Norman: The smart meter programme should be judged on its long-term effect. It will save £47 billion by the end of that decade.[1]

Rachael Maskell (York Central) (Lab/Co-op): When will the business rate review commence and report? The sticking plasters offered last week will do little for small businesses in York.

Margot James: The review will report in due course and in the not-too-distant future.

Melanie Onn (Great Grimsby) (Lab): The digital strategy is a key component of the Government's industrial strategy. Can the Secretary of State do better than the Department for Culture, Media and Sport and tell me which companies have committed to work in Great Grimsby as part of the digital skills partnership?

Greg Clark: The whole of the industrial strategy is an invitation to businesses in every sector to come forward and propose to the Government what is required to grow jobs and skills. That is the invitation to all digital companies.

Greg Mulholland (Leeds North West) (LD): The Pubs Code Adjudicator Paul Newby failed to declare a much more fundamental direct conflict of interest than Charlotte Hogg, yet Ministers are ignoring it. Tomorrow, tenants will protest outside his office. How long will Ministers keep failing to do their duty and not face up to this situation?

Margot James: The hon. Gentleman knows that the Commissioner for Public Appointments stated that the panel considered there were no conflicts of interest in this case that would preclude Mr Newby from doing his job.

Several hon. Members *rose*—

Mr Speaker: I am sorry to disappoint the remaining troika, but we must now move on.

1.*[Official Report, 15 March 2017, Vol. 623, c. 5-6MC.]*

European Council

12.36 pm

The Prime Minister (Mrs Theresa May): With permission, Mr Speaker, I would like to make a statement on last week's European Council, and the next steps in preparing to trigger Article 50 and beginning the process of leaving the European Union.

The summit began by re-electing Donald Tusk as President of the European Council. I welcomed this because we have a close working relationship with President Tusk and recognise the strong contribution he has made in office. In the main business of the Council, we discussed the challenge of managing mass migration; the threats from organised crime and instability in the western Balkans; and the measures needed to boost Europe's growth and competitiveness, which will remain important for us as we build a new relationship between the EU and a self-governing global Britain. In each case, we were able to show once again how Britain will continue to play a leading role in Europe long after we have left the European Union.

On migration, I welcomed the progress in implementing the action plan we agreed at the informal EU summit in Malta last month. This included Italy strengthening asylum processes and increasing returns, and Greece working to implement the EU-Turkey deal, where the UK is providing additional staff to support the interviewing of Iraqi, Afghan and Eritrean nationals.

At this Council, I argued that we must do more to dismantle the vile people-smuggling rings who profit from the migrants' misery and who are subjecting many to unimaginable abuses. With co-ordinated and committed action, we can make a difference. Indeed, just last month an operation between our National Crime Agency and the Hellenic coastguard led to the arrest of 19 members of an organised immigration crime group in Greece. As I have argued before, we need a managed, controlled and truly global approach, and that is exactly what the Council agreed. We need to help to ensure that refugees claim asylum in the first safe country they reach, and help those countries to support the refugees so they do not have to make the perilous journey to Europe. We need a better overall approach to managing economic migration, one which recognises that all countries have the right to control their borders. Engaging our African partners in this global approach will be crucial, and this will be an important part of the discussions at the Somalia conference which the UK will be hosting in London in May.

Turning to the deteriorating situation in the western Balkans, I made clear my concerns about the risks it presents to the region and to our wider collective security. Organised criminals and terrorists are ready to exploit these vulnerabilities, and we are seeing increasingly brazen interference by Russia and others. In light of the alleged Montenegro coup plot, I called on the Council to do more to counter destabilising Russian disinformation campaigns and to raise the visibility of the western commitment to this region.

The UK will lead the way. The Foreign Secretary will be visiting Russia in the coming weeks, where I expect him to set out our concerns about reports of Russian interference in the affairs of the Government of Montenegro. We will provide strategic communications expertise to the EU institutions to counter disinformation campaigns in the region, and we will host the 2018 western Balkans summit. In the run-up to that summit, we will enhance our security co-operation with our western Balkans partners, including on serious and organised crime, anti-corruption and cyber-security.

More broadly, I also re-emphasised the importance that the UK places on NATO as the bedrock of our collective defence, and I urged other member states to start investing more, in line with NATO's target, so that every country plays its full part in sharing the burden. For it is only by investing properly in our defence that we can ensure we are properly equipped to keep our people safe.

Turning to growth and competitiveness, I want us to build a new relationship with the EU, as I have said, that will give our companies the maximum freedom to trade with and operate in the European market, and allow European businesses to do the same here. So a successful and competitive European market in the future will remain in our national interest. At this Council, I called for further steps to complete the single market and the digital single market.

I also welcomed the completion of the free trade agreement between the EU and Canada and pressed for an agreement with Japan in the coming months. For these agreements—*[Interruption.]* Yes, just wait for it. These agreements will lay the foundation for our continuing trading relationships with these countries as we leave the EU.

At the same time, we will also seize the opportunity to forge our own new trade deals and to reach out beyond the borders of Europe to build relationships with old friends and new allies alike. This weekend, we announced a two-day conference with the largest ever Qatari trade delegation to visit the UK, building on the £5 billion of trade we already do with Qatar every year. We will also strengthen the unique and proud global relationships we have forged with the diverse and vibrant alliance of the Commonwealth, which we celebrated on Commonwealth day yesterday.

Finally, last night the Bill on article 50 successfully completed its passage through both Houses unchanged. It will now proceed to Royal Assent in the coming days, so we remain on track with the timetable I set out six months ago. I will return to this House before the end of this month to notify when I have formally triggered article 50 and begun the process through which the United Kingdom will leave the European Union. This will be a defining moment for our whole country, as we begin to forge a new relationship with Europe and a new role for ourselves in the world.

We will be a strong, self-governing global Britain with control once again over our borders and our laws. We will use this moment of opportunity to build a stronger economy and a fairer society, so that we secure both the right deal for Britain abroad and a better deal for ordinary working people at home.

The new relationship with the EU that we negotiate will work for the whole of the United Kingdom. That is why we have been working closely with the devolved Administrations, including the Scottish Government, listening to their proposals and recognising the many areas of common ground that we have, such as protecting workers' rights and our security from crime and terrorism.

So, Mr Speaker, this is not a moment to play politics or create uncertainty and division. It is a moment to bring our country together, to honour the will of the British people and to shape for them a brighter future and a better Britain. I commend this statement to the House.

12.43 pm

Jeremy Corbyn (Islington North) (Lab): I thank the Prime Minister for an advance copy of the statement. The passing into law of the European Union (Notification of Withdrawal) Bill marks an historic step. The triggering of article 50 later this month is a process that will shape this country's future. There is no doubt that if the wrong decisions are made, we will pay the price for decades to come.

Now, more than ever, Britain needs an inclusive Government who listen and act accordingly. However, all the signs are that we have a complacent Government—complacent with our economy; complacent with people's rights; complacent about the future of this country. I urge the Prime Minister to listen to the collective wisdom of this Parliament, and to give the House a full opportunity to scrutinise the article 50 deal with a meaningful final vote. The people's representatives deserve better than "take it or leave it". If we are to protect jobs and living standards, and if we are to protect the future prosperity of the country, the Government must secure tariff-free access to the single European market.

The Prime Minister has already made the threat to our negotiating partners to turn Britain into a deregulated tax haven. Is that what she means by "global Britain"? When the Foreign Secretary says that no deal with the EU would be "perfectly OK", it simply is not good enough. Far from taking back control, leaving Britain to World Trade Organisation rules would mean losing control, losing jobs, and, frankly, losing out. The Prime Minister says that no deal is better than a bad deal. Let me be clear: no deal is a bad deal. Such a complacent strategy would punish business, hit jobs, and devastate public services on which people rely.

The Prime Minister says that she is seeking to secure a future free trade deal with the EU, after initial negotiations have been completed. If that is the strategy, it is essential that the Government stop being complacent and focus on securing a transitional agreement with the EU at the earliest opportunity. That would at least give the British people and businesses some short-term clarity during this period.

The Prime Minister said that she wanted to provide certainty on the issue of EU nationals as soon as possible. Why, then, have the Government voted down every Labour attempt to bring certainty to EU nationals, who make such a massive contribution to our community and our society? These people are not bargaining chips; they are mothers, fathers, wives and husbands. They are valued members of our community. The Government could and should have acted months ago. I agree with the Prime Minister that now is not the time to create uncertainty or play politics. She should tell that to the EU migrants in Britain who have no idea what their future holds because of the decisions made by her Government.

Is the Prime Minister saying that she is content for refugees to remain in camps in Libya—is that a safe country?—or for Greece, Italy and Malta to shoulder the entire burden of refugees from north Africa and the middle east? While we welcome the conference on Somalia that she is proposing, we need to know what support Britain is offering to all those countries. Does the Prime Minister still believe that we have a collective responsibility on the issue of refugees?

The Prime Minister said that she had argued about tackling vile smuggling rings, and about people being subjected to unimaginable abuse. Does she not agree that her argument would be so much stronger if her Government had been prepared to accept some of the victims of that unimaginable abuse; for example, the children who should have been accepted through the Dubs amendment?

As we move towards the triggering of article 50, there is much uncertainty about Britain's future. A responsible Government would set a positive tone with our negotiating partners, and would move to protect our economy, workers and citizens at the earliest opportunity. Instead, we have a reckless Government who are playing fast and loose with the British economy. We will fight for jobs and the economy, using every parliamentary mechanism that is available, and the Government should welcome that scrutiny.

The Prime Minister: The right hon. Gentleman mentioned a range of issues. He spoke again about the issue of EU nationals. As I have said in the House and as has been said by others from this Dispatch Box, we do want to ensure that the issue of the status of EU nationals who are living in the UK is dealt with at an early stage in the negotiations, but we also have a consideration for the UK nationals who are living in the EU. He said that the EU nationals living here are individuals who have contributed to our society. Indeed they are, but UK nationals living in EU member states are individuals who have contributed to their society and economy. I want to ensure that their status is also ensured. We hope and expect that this will be an issue that we can address at an early stage.

The right hon. Gentleman talked about the need to come forward and be very clear about the need for a transitional period. I refer him to the speech I gave in Lancaster House in January and to the White Paper that we published. The need for an implementation period so that we have a smooth and orderly Brexit process is one of the objectives that was set out in that speech and in that document.

The right hon. Gentleman talked about refugees from north Africa and the middle east. What we want to ensure is that people do not feel the need to make the often dangerous, life-threatening journey across the central Mediterranean. Many of these people—more than three quarters of the people who are doing this—are not refugees; they are economic migrants. We need to ensure that we are providing facilities and working with countries in Africa—which the EU and other countries are doing—to ensure that the circumstances are such that people do not try to make a life-threatening journey. We also need internationally to be able to make a better distinction between refugees and economic migrants, so that we can give better support to those who are refugees.

The right hon. Gentleman appeared to suggest that the UK Government are doing absolutely nothing to break the vile smuggling rings. In my statement, I quoted a recent example of the work of the National

[The Prime Minister]

Crime Agency; I might add that it was a Conservative-led Government who set up the NCA and the Organised Immigration Crime Taskforce. The Government are dealing with these issues. He talks about abuses and the movement and trafficking of people, but it is this Government who brought in the Modern Slavery Act 2015. I am very proud that it is this Government who did so.

The right hon. Gentleman referred to global Britain and what it means. I will tell him what it means. It is about a strong, self-governing Britain, a Britain that is trading around the world with old friends and new allies alike, and a Britain that is proud to take its place on the world stage.

Sir William Cash (Stone) (Con): I congratulate my right hon. Friend not only on her statement and the way in which she dispatched the Leader of the Opposition, but on the passage of the European Union (Notification of Withdrawal) Bill. Does she accept that now is the time for the UK to do all the things that she has recommended in her statement and, in addition to that, to take urgent legal advice in respect of the legal warnings that have been given by Lord Hope of Craighead to be sure that we do not have any unforeseen further attempts to undo that Bill in the courts?

The Prime Minister: I can assure my hon. Friend that, as we move ahead with this, as we have at every stage, we will take appropriate legal advice, but as he will know we do not discuss that on the Floor of the House.

Angus Robertson (Moray) (SNP): I thank the Prime Minister for advance notice of her statement. I agree with her about how valuable it was that a large part of the EU Council was given over to jobs, growth and competitiveness. That is hugely welcome for the whole of the UK. It really matters that there is economic growth across all 27 member states. The single European market matters to all of us, given it is the largest single market in the world.

The last time the Prime Minister came to the Dispatch Box following an EU Council meeting, I asked her what issues she had raised on behalf of the Scottish Government and their priorities. She could not give a single example then, so I am going to try the same question again. Given that this was the last EU Council before the invoking of article 50, can she give an example—just one, please—of a single issue that was raised on behalf of the Scottish Government and their priorities at the Council meeting? *[Interruption.]* Goodness, there is a lot of hubbub from the Government Benches on this issue. Perhaps they are also keen to hear from the Prime Minister on that. She did not make a single mention during her statement of what she raised on behalf of the Scottish Government. We will all wait with bated breath to hear the Prime Minister answer that question.

While the Prime Minister was in Brussels, what discussions did she have about her Brexit timetable? Can she confirm that the plan is to negotiate a deal and that, after that, there needs to be time—time for ratification and for agreement across the EU and its institutions? Will she confirm from the Dispatch Box that that is indeed her plan?

The Prime Minister has decided, for one reason or another—I cannot imagine why—to delay the invoking of article 50. Last July, we were told by the Prime Minister herself—I am sure that she remembers saying these very words—that she would not trigger article 50 until she had a "UK-wide approach". She knows that she has no agreement with the devolved Administration, despite months of compromise suggestions from the Scottish Government. Will the UK Government, even at this very late stage, use the next days to secure a compromise UK-wide approach, or does she still plan to plough on regardless, even though she knows what the consequences of that will mean?

The Prime Minister: The right hon. Gentleman asks what issues of relevance to the Scottish Government and to the Scottish people were raised at the European Council. I can answer him—jobs, growth and competitiveness. Those are issues that matter to the Scottish people. They matter to the people of the whole of the UK. He asked whether at the Council there was a discussion of the timetable for the negotiations in respect of article 50. As I said early on in my statement, in the main business of the Council, we discussed the challenge of managing mass migration; the threats from organised crime and instability in the western Balkans; and the measures needed to boost Europe's growth and competitiveness. This was a Council at which we focused on those issues. I was presenting the case for the UK's concerns in relation to those issues, including jobs, which, as I have said, matter to the people of Scotland.

The right hon. Gentleman talked about the importance of access to the single market of the European Union. I simply remind him and his colleagues once again that the most important single market for Scotland is the single market of the United Kingdom.

John Redwood (Wokingham) (Con): Should not friendly democracies with decent values rush to reassure British citizens that they can stay on the continent, and is it not strongly in the economic interests of our partners to accept our generous offer of continuing with tariff-free trade on the same basis as today?

The Prime Minister: My right hon. Friend makes an important point. The issue of EU nationals and UK nationals, and the question of the trading relationship we have in the future, is not a one-sided argument; it is about the benefits for the EU as well. I very much think that that is the case in relation to trade. As I have said before, this is not about something that works just for the UK. I believe the right trading deal for the UK, the sort of free and open access that he talks about, will be good for the rest of the EU as well.

Hilary Benn (Leeds Central) (Lab): The Prime Minister has spoken many times about the importance of achieving a good deal from the negotiations that the country is about to embark upon, yet in recent days the Foreign Secretary has said that leaving with no deal would be perfectly okay, while the Secretary of State for International Trade has said that not achieving a deal would be bad. Would the Prime Minister care to adjudicate and tell the House which of those Ministers was speaking for the Government?

The Prime Minister: I am optimistic that we are going to get a good deal for the UK on trading with the EU.

Crispin Blunt (Reigate) (Con): No deal may be a bad deal for both the EU 27 and for the UK, but it is very far from the worst deal for the UK if there were no route to a future free trading arrangement with the EU. The deal is in the gift not of the Prime Minister's Government, however hard they are trying to deliver it, or of this Parliament, but of the European Parliament and our partners. So no deal remains a real possibility. It seems that her Government and Departments are now preparing for it. Will that preparation include the opportunity for individuals and businesses to make their own dispositions for that possibility?

The Prime Minister: I was clear in the Lancaster House speech that no deal was better than a bad deal. I am optimistic that we will be able to negotiate a good deal, but my hon. Friend is absolutely right of course that there are other parties to this, and it is not just about what we say. There will be a negotiation about that trade arrangement, and I can assure him that in coming to an agreement on that arrangement I and others in Parliament—the Secretary of State for Exiting the European Union, the Secretary of State for Business, Energy and Industrial Strategy—are talking to businesses across the United Kingdom to understand the issues that are most important to them.

Emma Reynolds (Wolverhampton North East) (Lab): The Prime Minister said again just now that no deal is better than a bad deal, but what possible deal is worse than no deal, and can she describe it?

The Prime Minister: We are about to enter into a negotiation with the remaining 27 members of the European Union. As part of that, we will be negotiating a trade deal for our future relationship with the European Union. I confidently expect that we will get a good deal. *[Interruption.]* Somebody says "You hope" from a sedentary position. It is precisely because of the answer I gave to my right hon. Friend the Member for Wokingham (John Redwood): this is not a one-sided negotiation. It is not just about what is going to suit the UK; it is about what is right for the future relationship between the UK and the EU, and a good trade deal for the UK is a good trade deal for the EU.

Mrs Cheryl Gillan (Chesham and Amersham) (Con): I welcome the Prime Minister's announcement that the UK is strengthening its contribution to cyber-security and countering disinformation and also the Foreign Secretary's forthcoming visit to Russia, but with Russia spending over a billion dollars on media outlets and troll factories, is she satisfied that the EU's East StratCom organisation, which counters fake news and misinformation from the Kremlin, is sufficiently resourced? Also, what progress was made on setting up the further centres to identify and counteract Russian propaganda that were mentioned in the pre-briefing to the Council?

The Prime Minister: My right hon. Friend raises a very important point. The UK has particular expertise and experience when it comes to the whole issue of strategic communications around these sorts of areas, and we will be making that expertise available to the EU in order to be able to enhance the work it is doing to counter the disinformation campaigns.

Andy Burnham (Leigh) (Lab): May I tell the Prime Minister that it is not just in Scotland where there is a fear that the right wing of her party is dictating the terms of this debate and pushing us towards a Brexit deal that favours London and the south over the north? May I ask her to dither no more, and to establish a Brexit committee of the regions and nations, and give places like Greater Manchester equal and fair representation in this crucial debate?

The Prime Minister: As I have repeatedly said in this House, this Government will be negotiating a deal that will be good for the whole of the United Kingdom. That is why we have been listening to businesses and others from across the whole of the UK—yes, the devolved Administrations, but also people from the regions of England and businesses from across the whole of the UK—to understand the interests and what we need to take into account as we negotiate the deal.

Mr Jacob Rees-Mogg (North East Somerset) (Con): As my right hon. Friend launches into the negotiations, I wonder if she has had time to consider the excellent House of Lords report that says we have no legal obligation to pay any money whatsoever to the European Union. Does she share my view that that is an excellent basis for beginning the negotiations?

The Prime Minister: I can assure my hon. Friend that I have noted the House of Lords report on this particular matter. As he will know, when people voted on 23 June last year they were very clear that they did not want to continue year after year paying huge sums of money into the European Union.

Tim Farron (Westmorland and Lonsdale) (LD): I thank the Prime Minister for advance sight of her statement. Given that she is interpreting the will of the people and not enacting it, history will declare that last night she demonstrated contempt for this place and for the British people. The Brexit deal is an unwritten, unknown deal, and it is a deal that will be signed off by someone. The only question is: will it be signed off by a handful of politicians or by the whole of the people? Does she agree that it should be signed off by the whole of the people?

The Prime Minister: What the hon. Gentleman says comes a little strange from his party: I seem to remember the time when the Liberal Democrats were going around telling everybody that they were going to have an in/out referendum on membership of the EU, yet now that we have had an in/out referendum on membership of the EU they are not willing to accept the result the British people gave them. We are, and that is why we are putting it into practice. We are delivering the will of the British people.

Conor Burns (Bournemouth West) (Con): My right hon. Friend the Prime Minister has been very clear that the United Kingdom is leaving the European Union, but we are not leaving Europe. A strong and prosperous EU remains in the interests of the United Kingdom. Does my right hon. Friend agree that a strong, stable united United Kingdom is also in the interests of the EU, and will she vigorously resist anyone who uses this moment to try and destroy our precious United Kingdom?

The Prime Minister: I absolutely agree with my hon. Friend. As he has said, and as I have said before, a strong remaining EU of 27 will be in the best interests of the UK. We want to see the EU remaining strong, but we also want to see a strong UK playing its role as a global Britain. It is important that we keep the Union of the United Kingdom together; there is much that binds us, and I do not want to see anybody engaging in constitutional game-playing with the future of the United Kingdom.

Alex Salmond (Gordon) (SNP): I congratulate the Prime Minister on bringing the country together and uniting Scotland behind our First Minister. The Prime Minister was asked by my right hon. Friend the Member for Moray (Angus Robertson) about what was said last year, so let me cite the Tory Bible *The Daily Telegraph* on 15 July:

"Theresa May has indicated that…she will not trigger the formal process for leaving the EU until there is an agreed 'UK approach' backed by Scotland."

Was that misreporting by *The Daily Telegraph*, misspeaking by the Prime Minister, or is she still working on it?

The Prime Minister: As the right hon. Gentleman knows full well, we have been in discussions with the Scottish Government and the other devolved Administrations, recognising the issues they have raised, and recognising the concerns and the common ground between us. The right hon. Gentleman refers to the views of the Scottish people in relation to the announcement made yesterday by the Scottish First Minister; I might remind him that the evidence in Scotland is that actually the majority of the Scottish people do not want a second independence referendum.

Mr Bernard Jenkin (Harwich and North Essex) (Con): I commend my right hon. Friend for her very measured response to the provocation of the calling of a second independence referendum in Scotland: she is not ruling out a referendum in the future, but now is not the right time. Will she also point out that the Scotland Act 2016 reserves all the single market issues to the United Kingdom Government? These are matters that we should share with Scotland in the discussion, but they are matters reserved to the United Kingdom.

The Prime Minister: As I have just said in response to the right hon. Member for Gordon (Alex Salmond), at the moment the evidence is that the Scottish people do not want a second independence referendum. As we negotiate issues in relation to access to the single market through the free trade deal that we will be negotiating, we will be taking into account the interests of the whole of the United Kingdom—of every part of it—and ensuring that that deal works for everybody across the UK, including the people of Scotland.

Mr Nigel Dodds (Belfast North) (DUP): Following the successful conclusion of the article 50 Bill last night, there are some in Northern Ireland who would add to the uncertainty and division by calling for a border poll. They have already created enough uncertainty and division by collapsing the institutions in Northern Ireland. Will the Prime Minister take this opportunity to tell people that there has never been more support for the Union in Northern Ireland across all communities, and that in fact such a call is outside the terms of the Belfast agreement, and the very point that Sinn Féin keeps harping on about is that it wants the implementation of the agreements?

The Prime Minister: The right hon. Gentleman is right: obviously there is a set of circumstances, but the Secretary of State for Northern Ireland has looked at this issue and it is not right to have a border poll at this stage. What we should all be focusing on is bringing the parties together to ensure that we can continue to see the devolved Administration in Northern Ireland working, as they have done, in the interests of the people of Northern Ireland. We want to see that devolved Administration being formed, and that is what all the parties should be looking for at the moment.

Mr Mark Harper (Forest of Dean) (Con): Is it not clear from the European negotiations that a lot of the detail will not be finalised until the end of the process, and therefore that the timetable set out yesterday by the First Minister for a premature second independence referendum is an excuse, not a reason? Should we not listen to the right hon. Member for Gordon (Alex Salmond), who referred to the last independence referendum as a "once in a generation opportunity"?

The Prime Minister: My right hon. Friend rightly points out that we have a timetable of up to two years for the negotiations, and it is possible that the details will not be finalised until close to the end of that period. He is also entirely right to suggest that those in Scotland who talk about having a second referendum should remember what the right hon. Member for Gordon said: it was a once in a generation vote that took place in September 2014. It seems that a generation is now less than three years.

Ms Angela Eagle (Wallasey) (Lab): The Prime Minister has said that no deal is better than a bad deal. We all wish her well in getting the best possible deal for the UK, but will she now publish what the effects would be of crashing out of the European Union on World Trade Organisation rules, so that we can have a debate in this country about her assertion that no deal is better than a bad deal?

The Prime Minister: I am grateful to the hon. Lady for her support for the Government as we look ahead and try to negotiate the best possible deal for the United Kingdom. That is precisely what we will be doing.

Antoinette Sandbach (Eddisbury) (Con): I welcome the Prime Minister's positive approach to establishing a new, co-operative relationship with Europe and the sensibleness of contingency planning. Will she tell us how much that contingency planning will cost?

The Prime Minister: It is important that contingency planning should take place, and we obviously have to look at a variety of scenarios. A lot of work is being done by the Department for Exiting the European Union and will be done by other Departments as well. It is important that that work is done properly so the Government can have the best possible information on which to negotiate our relationship for the future.

Chris Leslie (Nottingham East) (Lab/Co-op): After lecturing the other European leaders on how they should complete the single market, did the Prime Minister remember that she had already thrown in the towel on Britain's membership of the single market? Will she admit what an error it was for her to give the Scottish First Minister exactly the excuse she was looking for for an opportunistic second referendum?

The Prime Minister: First of all, no lecturing took place. There was a view around the table—I encouraged it, and others contributed—that it was important for the European Union to continue to complete the single market. The hon. Gentleman talks about the single market, but actually there is work yet to be done. It is also important for the EU to continue to work on trade arrangements with other areas. The reason that I ask the EU leaders to do that is that it will be good for the United Kingdom in our future relationship with the European Union. This is something that will be good for us. I have always been clear that we will trigger article 50 by the end of March, and that is exactly what we will do.

Mr Peter Bone (Wellingborough) (Con): There has been much speculation about the divorce from the European Union and about how much money would need to be paid in the process. I am afraid that I am going to disagree with my hon. Friend the Member for North East Somerset (Mr Rees-Mogg) on this point. Since we joined the EEC in 1973, we have paid in £184 billion. That is the net contribution—the actual amount that we have paid in after taking into account any money that we got back. When people get a divorce, do they not split the net amount in two? That would mean that £92 billion should be paid back to us. Did the Prime Minister have a chance to bring that up at the summit?

The Prime Minister: I am tempted to say to my hon. Friend: "Nice try, but I don't think that was an application for a job at the Treasury."

Mr Speaker: The hon. Gentleman seems to be able to contain his misery.

Caroline Lucas (Brighton, Pavilion) (Green): Not everyone shares the Prime Minister's enthusiasm for the imminent application of the EU-Canada agreement, not least because the comprehensive economic and trade agreement's new investment court system still fails to address serious concerns about the investor-state dispute settlement process. Does she regard CETA as a blueprint for the trade deals that she thinks the Government can so easily agree, once the UK has left the EU? What reassurance can she give us about protecting key social and environmental standards and our public services if that is the case?

The Prime Minister: There is no blueprint. I have said consistently over the past seven months or so that we are not looking to adopt another country's model for our relationship with the European Union. We will negotiate the deal that is right for the UK.

David Rutley (Macclesfield) (Con): In the EU Council, did my right hon. Friend detect any strong support for a separatist Scotland remaining in the EU, no questions asked?

The Prime Minister: I can honestly say to my hon. Friend that I did not detect any such support in the European Council.

Mr David Winnick (Walsall North) (Lab): The country is almost evenly divided about leaving the EU, so how will the Prime Minister try to resolve that? I have not known the country to be so divided since Suez in 1956.

The Prime Minister: This House chose to give a vote to the British people in the referendum on 23 June, and the people of the United Kingdom voted in that referendum. The majority voted for the UK to leave the European Union. When I talk to people who voted to leave and to those who voted to remain, the overwhelming message is that they now want the Government to get on with the job of delivering on that vote.

James Cleverly (Braintree) (Con): My right hon. Friend the Prime Minister has made it clear at the Dispatch Box and in the country that she wishes to prioritise certainty for UK nationals living in the EU 27 and for EU nationals living here in the UK, but I have it on good authority that the EU negotiators want to prioritise the so-called divorce settlement. Will she make it clear to the people with whom she is negotiating that we will not countenance British and EU citizens being used as bargaining chips in such a way?

The Prime Minister: My hon. Friend is right. We want to ensure reciprocal arrangements for EU citizens living here and for UK citizens living in the EU in terms of their future status, and I want to see that discussion taking place at an early stage in the negotiations. I recognise his point about some of the things that are being said, but I will simply say that, following my conversations with other European leaders, I believe that there is an extent of goodwill to deal with this issue at an early stage.

Alison McGovern (Wirral South) (Lab): The Prime Minister lectures nationalists on the importance of staying in unions, but all the while she is advocating leaving one. She lectures our European partners on the importance of the single market, but all the while she is hellbent on our leaving it. Does she think that this incoherence in her position might be dealt with—and make her life easier—if she thought again about our staying within the single market?

The Prime Minister: I have said this on a number of occasions in the House, and I will repeat it here today: we want to negotiate the best possible trading arrangements. My right hon. Friend the Member for Wokingham (John Redwood) has talked about a tariff-free, frictionless and seamless movement of goods and services. It is wrong to think of the single market as a binary issue, in which we are either in it or have no access to it. We want to ensure that we have good access to the single market and the best possible trade deal, which will allow frictionless and, as far as possible, tariff-free access.

Sir Julian Brazier (Canterbury) (Con): I particularly welcome my right hon. Friend's comments on the Balkans, an area that has plunged Europe into horror several times over the past few centuries. Will she confirm that it is Britain that has insisted that we keep the mission there going, despite the opposition of several of our European partners?

The Prime Minister: My hon. Friend is absolutely right. The United Kingdom has been playing a key role in relation to the western Balkans. There was a good discussion at the European Council and clear recognition around the table of the need for us to continue to be involved in the western Balkans and of a number of steps that can be taken to ensure that we stabilise the region, which is in the interests of not only the countries in the western Balkans but the rest of us in Europe.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): In the spirit of the so-called UK-wide approach to Brexit, will the Prime Minister confirm how much notice she intends to give to the First Ministers of Wales and Scotland and to the leadership in Northern Ireland of the date upon which she intends to invoke article 50?

The Prime Minister: We will invoke article 50 by the end of March, and a number of processes will happen in advance of that invocation. As I have said, I will come to the House when we have decided to make the notification.

Kevin Foster (Torbay) (Con): Did the Prime Minister have the chance to take up with the European Commission and the Spanish Government their attitudes to the border with Gibraltar and to the separatists who claim that their countries could break away and then just rejoin the EU?

The Prime Minister: In our negotiations, the Spanish Government have been concerned and clear that it is not possible for a country to break away from a member of the European Union and immediately rejoin the European Union—the Barroso doctrine, which has been reaffirmed by the European Commission. As for Scotland, independence would not mean membership of the European Union. Scotland would remain outside the European Union.

Kate Hoey (Vauxhall) (Lab): I am sure that the Prime Minister will be pleased to know that millions of Labour supporters across the country will be delighted and will share her and my pleasure at the legal decision taken by Parliament. Did the right hon. Lady have any chance at the Council to discuss informally with EU leaders the position of British citizens in other countries? Are those leaders sticking up for our citizens there in the way we are sticking up for their citizens here?

The Prime Minister: I have had several discussions with European leaders on that point. That is why I said in response to an earlier question that there is good will on both sides about dealing with the issue and about recognising the needs not only of UK citizens living in other EU member states but of EU citizens living here in the UK. There is good will, but, as has been made clear in the past, no discussion can happen until the negotiations have been formally triggered.

Alberto Costa (South Leicestershire) (Con): I welcome the Prime Minister's statement that politics is not a game, but those of us who have fought the SNP know that it is a game to them. Yesterday's announcement by the First Minister is just the first of many that we will hear in the coming weeks and months. Does the Prime Minister agree that it is imperative that her Government and every Member of this House who believes in Great Britain and Northern Ireland reaffirm to our constituents outside of Scotland why it is that the United Kingdom is important to us all?

The Prime Minister: I absolutely agree with my hon. Friend. It is vital for us to continue to confirm and reaffirm the importance of the United Kingdom. He says that we should reaffirm that importance to constituents outside Scotland, but we should also reaffirm the importance of the United Kingdom to Scotland and to Scotland's economy, which I did recently when I was in Glasgow.

Hywel Williams (Arfon) (PC): I was glad to hear the Prime Minister say that she has been working with the devolved Administrations, but I was also slightly puzzled because the

> "Joint Ministerial Committee on Exiting the EU is less organised than a community council".

Those are not my words, but those of an actual participant: the Welsh Government Minister Mark Drakeford. How is she ensuring that the interests of the devolved Governments are reflected in the article 50 notification?

The Prime Minister: The Joint Ministerial Committee process has been operating for some months at various levels and has brought UK Government Ministers together with the three devolved Administrations to discuss issues that have been raised on both sides, including looking at the Welsh Government's paper on Wales's particular concerns, which are being taken into account.

Sir Desmond Swayne (New Forest West) (Con): The Premier of Luxembourg apparently believes that we might yet be persuaded to stay in the EU. Are there others like him? If yesterday's emphatic proceedings did not disabuse him, will the Prime Minister do so in the nicest possible way?

The Prime Minister: I think we can be reassured that the votes that took place in this House and in the House of Lords last night and the granting of Royal Assent to the European Union (Notification of Withdrawal) Bill will send a clear message to everybody in Europe that we mean business.

Mike Gapes (Ilford South) (Lab/Co-op): The practice and experience in complex negotiations, such as in Northern Ireland, is that nothing is agreed until everything is agreed. Does the Prime Minister agree that that will be the case here? If so, and given that she said that no deal is preferable to a bad deal, how can British citizens living in EU countries or EU citizens living in the UK believe that there will be any resolution of the uncertainty?

The Prime Minister: The hon. Gentleman cites experience as the model for what will happen in our negotiations, but I do not look at these matters in that way. When we invoke article 50, we will start those negotiations, and we have already been in discussions with other European leaders about the importance of reassuring UK citizens living in the 27 member states and EU citizens living here on their status and their future. As I have said in answer to several questions, including one from the hon. Member for Vauxhall (Kate Hoey), I believe that there is genuine good will on both sides on this issue, and that is why I want it to be an early part of the negotiations.

Oliver Dowden (Hertsmere) (Con): The Prime Minister rightly talked about the need to reassure EU nationals in this country. Does she agree that the biggest reassurance we can give is that their rights will remain completely unaltered until this House chooses to change them?

The Prime Minister: My hon. Friend makes an important point. Of course, we will still be members of the EU until we exit the EU, but it is clear that any changes to our immigration rules that need to happen will have to come before this House.

Joanna Cherry (Edinburgh South West) (SNP): The Prime Minister has said several times today that she is in discussions with the Scottish Government. She has also confirmed that she wants to trigger article 50 by the end of the month. By my calculations, she has less than two weeks to finish those discussions and to agree and announce the UK-wide approach that she promised in July last year, so when does she expect to finish her discussions with the Scottish Government and to announce the outcome?

The Prime Minister: As the hon. and learned Lady knows, when we trigger article 50 and enter negotiations, we will be negotiating as the UK Government. We have been in discussions with the Scottish Government and the other devolved Administrations, and those discussions continue. However, I have of course already set out our broad objectives for the negotiations, which included a reference to the sort of trade deal that she and her colleagues have said they want for the United Kingdom and for Scotland.

Nadhim Zahawi (Stratford-on-Avon) (Con): There were smirks and laughter from the Opposition Benches when my right hon. Friend spoke of the single market and digital. Will she remind the House that we want to continue to trade with the single market and that we inject £60 billion-worth of demand into that market? With investment from Snap, Facebook and SoftBank, this country is a powerhouse in digital.

The Prime Minister: My hon. Friend is absolutely right about this country's important role in the market for digital services, which is why my right hon. Friend the Secretary of State for Culture, Media and Sport has set out a digital strategy. I was rather surprised by the derision from the Opposition at the suggestion that we should encourage a single market in digital services in the European Union, which we can trade with and sell into. They seem not to want us to develop that market in a way that is good for the United Kingdom.

Owen Smith (Pontypridd) (Lab): A moment ago, the Prime Minister repeated without a hint of irony or comedy that she is encouraging the European Union to complete the single market in services because that is in our national interest. Will she explain to the House and to the country how it is not in our national interest to be a part of it?

The Prime Minister: The hon. Gentleman has said in the past that he has a different view on the result of the vote and of where the Government should be going in relation to membership of the European Union.

Wes Streeting (Ilford North) (Lab): He asked about the single market.

The Prime Minister: Yes, I know that the hon. Member for Pontypridd (Owen Smith) asked about the single market, and I have answered many questions about that. My response to him is the same as my response to my hon. Friend the Member for Reigate (Crispin Blunt), which is that it is important for us to encourage the market—the market that we are going to be working with, that we are going to be trading with, that we want the best possible access to and that we want our services to be able to operate within—to be a free market with which we are able to work.

Mr David Nuttall (Bury North) (Con): I thank my right hon. Friend for her statement. As we do not pay to sell our goods and services to any other country around the world, will she confirm that we will not accept any deal that requires us to pay the European Union for access to the single market?

The Prime Minister: My hon. Friend may have been looking at the same report as my hon. Friend the Member for North East Somerset (Mr Rees-Mogg) in relation to the sums that we pay. As I said in my response to him, the vote on 23 June 2016 was about many things. Obviously, in terms of leaving the European Union, one of the things that people were clear about is that we would not continue paying huge sums into the EU every year.

Mark Durkan (Foyle) (SDLP): Is it the Prime Minister's intention that both the common travel area and the Good Friday agreement will be specifically named as features in the framework for future relations between the UK and the EU? Does she accept the Taoiseach's point about the signal importance of having the consent provisions of the Good Friday agreement specifically reflected in a new UK-EU treaty to make it clear that Northern Ireland, as one part of the UK, could elect to rejoin the EU without necessitating article 49 negotiations and that the Barroso doctrine would not be an impediment?

The Prime Minister: We have been very clear about the importance of maintaining and delivering on the agreements that have been made in relation to Northern Ireland, and that issue is very clear to other member states of the European Union. Of course the common travel area existed long before either the Republic or the United Kingdom were part of the European Union, and one of the objectives I set out as we look to the future negotiations is that we will be looking to maintain the common travel area.

Ben Howlett (Bath) (Con): Following the last few months of debate, I am assured by the Prime Minister and her Government that they are striving to achieve a

[Ben Howlett]

zero-tariff trade deal on goods and services with the EU as they enter formal negotiations. Will she outline the potential impact on European markets of not agreeing a trade deal with the UK following its departure from the European Union?

The Prime Minister: My hon. Friend raises an important point, because all too often people act as if somehow we are just a supplicant in this relationship and that anything that is decided will have an impact only on the United Kingdom. Of course a trade deal will have an impact on companies within the remaining 27 member states, as they want to trade with and operate within the United Kingdom. That is why I am confident that, when we come to the negotiations, people will see the benefit to both sides of getting a good trade deal.

Stella Creasy (Walthamstow) (Lab/Co-op): The Prime Minister has said that, in the deal she wants with the European Union, she would like associate membership of the customs union—a membership that does not as yet exist.

On 6 February, after the last European Council, I asked the Prime Minister whether she had raised that idea with her European counterparts, and she overlooked the question—I am sure it was an oversight—so I ask her the question again. Has she raised the idea, and what was the response? Or should we take her evasiveness as meaning that there is no deal?

The Prime Minister: First, the hon. Lady is slightly misinterpreting the speech I gave at Lancaster House, in which I said that there are certain elements of the customs union that we would not wish to be part of because they prevent us from negotiating trade deals on our own, as the United Kingdom, with other countries across the world. I said that the relationship we want with the customs union is to have

"as seamless and as frictionless a border as possible".

I indicated that that might be called "associate membership" or it might be something else, but we need to do that as part of the negotiations. Our relationship with the customs union will be part of the negotiations that will start when we trigger article 50.

Rehman Chishti (Gillingham and Rainham) (Con): I welcome the Prime Minister's statement. Paragraph 9 of the conclusions on security refers to the EU working together to fight terrorism. One of the biggest challenges facing Europe and the UK in the next five to 10 years, according to experts such as Peter Neumann, is terrorist fighters returning to their host countries from Syria and Iraq as Daesh is defeated. Was that discussed at European level, and is there an agreed strategy across Europe to deal with it?

The Prime Minister: That was not one of the issues that we discussed within the business of the European Council last week. However, it is an issue that I have discussed with other member states on a number of occasions in the past, and we are all well apprised of the need to ensure that we have a means of identifying those who are returning. We are working to deal in the most appropriate way with those individuals who are returning. Of course, so far as the United Kingdom is concerned, individuals will be looked at on a case-by-case basis.

Mr Chuka Umunna (Streatham) (Lab): On single market membership, in their 2015 manifesto the Prime Minister and her party made an unconditional commitment to

"safeguard British interests in the Single Market."

She castigated my hon. Friends the Members for Wirral South (Alison McGovern) and for Pontypridd (Owen Smith) for raising that issue, but on 26 May 2016 she told an audience of Goldman Sachs bankers, in relation to single market membership, that

"the economic arguments are clear. I think being part of a 500-million trading bloc is significant".

Why is she waving the white flag and starting these negotiations without even trying to keep our membership of the single market, with the reforms she seeks? We are the second-biggest economy in Europe and the fifth-biggest military power in the world, and she is waving the white flag before the negotiations have started.

The Prime Minister: I am doing nothing of the sort. The hon. Gentleman needs to recognise that there is a difference between access to the single market, protecting our ability to operate within the single market, and membership of the single market. Membership of the single market means accepting free movement, accepting the jurisdiction of the European Court of Justice and, effectively, remaining a member of the European Union. We have voted to leave the European Union, and that is what we will be doing.

Tom Tugendhat (Tonbridge and Malling) (Con): My right hon. Friend needs no lessons in her primary duty, which is the defence of this great realm. I welcome enormously the efforts she has made with our European partners to work together to counter the Russian threat that is sadly growing in the east. Will she please comment a little on how the threat would affect the United Kingdom should parts of our own great United Kingdom secede from the Union? What vulnerabilities would that put into our defence?

The Prime Minister: It is right that we are looking very carefully at the impact that the activity of Russia and others can have across the European Union, but it is also right that we are stronger as a United Kingdom in our collective defence and that every part of the United Kingdom benefits from being part of the UK through our collective defence and security against crime and terrorism.

Wes Streeting: Membership of the single market and the customs union gives our country barrier-free, tariff-free access to the biggest single market in the world and, through the customs union, more trade deals with other countries across the world than any other leading economy outside those institutions. Why is the Prime Minister therefore determined to pull us out? Is it because she genuinely believes it is the right thing to do, which she did not just a matter of months ago, or is it because she has been taken hostage by the right wing of her party? Once more, another Conservative Prime Minister is not only putting her party political interests before the economic interests of our country but is putting at risk the integrity of the United Kingdom.

The Prime Minister: On 23 June 2016, the majority of people in the United Kingdom voted to leave the European Union, and there are consequences of leaving the European Union. We want to negotiate a comprehensive free trade agreement with the European Union that gives us the best possible access to the single market.

Wes Streeting: We have the best possible access now.

The Prime Minister: We have membership of the single market because we are a member of the European Union, which involves—*[Interruption.]*

Mr Speaker: Order. Somebody is overexcited. The question has been asked, and the Prime Minister should not have to fight to be heard. The right hon. Lady must be heard.

The Prime Minister: Being a member involves accepting certain other requirements from the European Union, requirements that people voted not to be part of when they voted on 23 June. That is why I have consistently said that Members of this House must stop thinking that the only option is membership of the single market or nothing—it is not. There is an option of having a comprehensive free trade agreement that gives us the sort of access that we want to have.

Jason McCartney (Colne Valley) (Con): I commend the Prime Minister on her strong leadership. Latvia will host NATO's Supreme Allied Commander Europe in meetings tomorrow. I represent a considerable Ukrainian community in Huddersfield. It is clear that there are currently real and present threats from Russian aggression throughout the whole of Europe, the Baltics and the Balkans; will the Prime Minister continue to put NATO at the forefront of our efforts to tackle the worries and concerns resulting from Russian aggression?

The Prime Minister: I absolutely assure my hon. Friend that we will continue to put NATO at the forefront of those efforts. I am pleased that the UK is able to make a specific contribution this year to NATO's efforts in relation to the eastern border of the European Union and NATO countries with Russia. For example, we will soon see UK troops going to Estonia as a very visible sign of our commitment.

Lady Hermon (North Down) (Ind): Fears about the consequences of Brexit were undoubtedly exploited by Sinn Féin in the recent Northern Ireland Assembly election. Sinn Féin increased their first-preference votes by somewhere in the region of 58,000, which means they are just one seat behind the Democratic Unionist party in the new Assembly, as elected. I wonder—as, I am sure, does the rest of the country, and particularly those in Northern Ireland—what additional steps, including visiting Northern Ireland, the Prime Minister is going to take to turn back the tide of support for Sinn Féin.

The Prime Minister: The hon. Lady is obviously correct in the facts she sets out about the voting in the election. The focus we must all have now and in the coming couple of weeks, because there is limited time set aside in the legislation, should be on bringing the parties together to form a devolved Administration. I believe it is absolutely essential that we do everything we can to ensure that a devolved Administration are maintained in Northern Ireland.

On the impact of Brexit, we have been very clear about the relationship we want to ensure with regard to the border with the Republic of Ireland, and we continue to work with the Republic of Ireland and others to deliver on that. Nevertheless, over the next couple of weeks the focus of us all must be on bringing the parties together to ensure a devolved Administration are formed in Northern Ireland.

Matt Warman (Boston and Skegness) (Con): Previously as Home Secretary and now as Prime Minister, my right hon. Friend has paid particular attention to the scourge of modern slavery in economies such as Lincolnshire's agricultural sector. Will she confirm that, as she negotiates our way out of the European Union, she will prioritise a collaborative approach to continuing to tackle this vile trade, and that she will take the same approach when it comes to designing a scheme for seasonal workers, who may still have to come to work in this country?

The Prime Minister: We will certainly continue to prioritise the work we do in relation to modern slavery, not only to support the victims of that vile trade but to break the criminals who make so much money out of it and stop the damage and abuse they bring to individuals. As my hon. Friend says, we have looked at the issue in particular in areas such as the agricultural sector in his part of the country, and we want to continue to co-operate on the issue as we leave the European Union. We will continue to co-operate on these sorts of issues because they are not just about membership of the European Union; we need to do something about them, whatever international organisations we are part of.

Ian Blackford (Ross, Skye and Lochaber) (SNP): The Prime Minister talks about listening to the Scottish Government, but that is of course on the back of the people of Scotland voting overwhelmingly to remain in the European Union. Given the UK Government's intransigence, it is little surprise that the Scottish National party is proposing a motion in the Scottish Parliament to ask for a mandate for a second referendum. Will the Government allow that to take place, or will she attempt to veto the democratic wishes of the Scottish people and the Scottish Parliament?

The Prime Minister: There was a referendum in Scotland in September 2014 in which the people of Scotland voted to remain part of the United Kingdom. Sitting next to the hon. Gentleman is the right hon. Member for Gordon (Alex Salmond), who said at the time that it would be a once-in-a-generation vote.

Lucy Frazer (South East Cambridgeshire) (Con): The right hon. Member for Moray (Angus Robertson) quite rightly started his questions by emphasising the importance of jobs and the economy. Given the circumstances, with Scotland's trade with the UK being worth £50 billion—four times less than its trade with the EU—does the Prime Minister think there is a good economic case for Scotland to remain in the UK and to ensure that together we work for the best deal with Europe?

The Prime Minister: My hon. and learned Friend is absolutely right, and the figures are very clear: the single market that is most important to Scotland is the single market with the United Kingdom. *[Interruption.]*

[The Prime Minister]

The right hon. Member for Gordon shouts "frictionless borders" at me; of course, Scotland has a frictionless border with the rest of the United Kingdom, which is the most important single market it is a member of.

Stephen Timms (East Ham) (Lab): In recent discussions I have taken part in, it has been clear that there is no support among any of the parties represented in the German Parliament for the UK to retain barrier-free access to the single market if we no longer operate free movement. The Prime Minister has asserted her optimism, but does she recognise that that is the reality of the starting point we are at?

The Prime Minister: The reality of the starting point we are at is that we are going to sit down with the European Commission and, obviously, representatives of the European Council and the European Parliament, to negotiate the relationship that is going to be right for the United Kingdom and right for the rest of the European Union. The discussions I have had so far indicate that there is a recognition on both sides of the negotiation of the importance of making sure that we get a very good free trade agreement.

Henry Smith (Crawley) (Con): I commend the Prime Minister on her statement. Does she agree that now is a good time to consider raising environmental and animal welfare standards as we leave the European Union? For example, we currently cannot stop the export of live animals.

The Prime Minister: The position we have taken is that, when we leave the European Union the acquis will be brought into UK law through the great repeal Bill, so that at that point everybody will know where they stand in relation to the various rules and regulations we have abided by as members of the European Union. Thereafter, of course, it will be open to this Parliament to determine the standards we require and the regulations we wish to see across a whole raft of areas, including those my hon. Friend mentions.

Kate Green (Stretford and Urmston) (Lab): The Prime Minister will know that under the Dublin rules the UK has returned more asylum seekers to other European Union countries than we have received from them. What are her intentions post-Brexit? Does she intend for us to continue to participate in that aspect of the Dublin agreement?

The Prime Minister: We will obviously look at the relationship we will have with the European Union on matters such as asylum seekers. I have broadened the discussion on this issue; it is about not only the UK's relationship with the EU but how the whole international community deals with asylum seekers and economic migrants. I am clear that, as an international community, we should accept that individuals should claim asylum in the first safe country they reach.

Richard Drax (South Dorset) (Con) *rose—*

Simon Hoare (North Dorset) (Con) *rose—*

Mr Speaker: Ah, two Dorset Members. I call Mr Richard Drax.

Richard Drax: I congratulate my right hon. Friend the Prime Minister on her clarity of purpose. Does she agree that nothing is of greater importance today than the United Kingdom standing together? Those calling for a second referendum in Scotland are behaving totally irresponsibly and will potentially lead the people of Scotland over a cliff like lemmings to economic ruin.

The Prime Minister: My hon. Friend is right that as we start on the negotiations for our future relationship with the European Union, it is important for us to do so as a United Kingdom. We should come together, recognise the interests of all parts of the United Kingdom, and ensure that we get absolutely the right deal for the whole United Kingdom.

Mr David Hanson (Delyn) (Lab): Last week, the European Council agreed to speed up proposals for European travel authorisation and the sharing of information on travel. In the context of Brexit, are we planning to be part of that system? If not, what will it mean for visa fees or access to Europe for British citizens?

The Prime Minister: The European Union was indeed negotiating the arrangements for the sort of European tariff or visa system it would put in place. As a member of the EU, we were able not to be part of that arrangement, but as we look forward to the post-Brexit arrangements, one issue we will discuss in the negotiations is how we exchange border information. The right hon. Gentleman will know from his experience in previous positions he has held that it is a question not only of issues such as that, but of access to things like Schengen Information System II and Eurodac, as well as other issues. All that will be part of the negotiations.

Simon Hoare: As the third of the Dorset trio in the Chamber this afternoon, may I say that, like my right hon. Friend the Prime Minister, I am a Unionist to my fingertips? Will she and her Cabinet colleagues consider that, as we see a dwindling of EU financial contributions to capital programmes in this country, we should explore very vigorously the opportunity to present to all of our constituents the fact that, where capital projects are undertaken in all parts of the kingdom, they are funded, supported and delivered by UK taxpayers from a UK Treasury?

The Prime Minister: My hon. Friend raises an interesting point. He will be aware that the Treasury has offered reassurances on the funds that are currently received from the European Union while we are still members of the European Union and, in some cases, thereafter as well. Leaving the European Union gives us an opportunity to look at how support can best be provided by the United Kingdom Government.

Paula Sherriff (Dewsbury) (Lab): Last December, just 101 EU nurses came over to work in our NHS. That is a decrease of more than 90% from pre-referendum months. How does the Prime Minister intend to tackle that so we do not have any more hospital wards—like many in my own constituency—that are dangerously understaffed?

The Prime Minister: I recognise the contribution that nurses from the European Union have made to the NHS over the years, and that is one group of EU citizens whom we will be thinking of when we start those negotiations on EU citizens living here and their rights. The Government also recognise that there are many people here in the United Kingdom who wish to train as nurses but who have not been able to do so because of the cap on numbers. We have removed that cap, which will enable more to take up those training positions.

Peter Grant (Glenrothes) (SNP): Nobody knows what the answer will be when the people of Scotland are asked the simple question of whether they will choose hard Brexit as part of the UK, or full partnership with 27 sovereign states in the European Union. Does the Prime Minister agree that that question should be asked at a time when, whatever the democratic answer from the people, it can be seamlessly implemented, which means that the question should be asked within the timeframe indicated by Nicola Sturgeon yesterday?

The Prime Minister: First, as the hon. Gentleman will know—I am sure that he has been present in the Chamber in previous statements and debates on this topic— I do not accept his terminology that what we will be negotiating is a hard Brexit from the European Union. We shall be negotiating a good trade deal, which will be good for all parts of the United Kingdom, including Scotland.

Heidi Alexander (Lewisham East) (Lab): In the Prime Minister's desperation to do the UK Independence party's bidding, she has determined that we will be leaving the single market as well as withdrawing from the European Union. Will she tell me whether there will be stand-alone legislation to repeal the European Economic Area Act 1993, or does she intend to use the EEA as the basis for her transitional implementation period?

The Prime Minister: I expected better from the hon. Lady in terms of the description that she has given. I say simply this: what this Government are doing is the bidding of the British people, and the British people alone.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Turkey is an exceptionally important partner in Europe's attempts to deal with mass migration. Turkey is also an exceptionally important partner in NATO. Given the events of the past week, did the European Council have any discussions about how we can ensure that there is no rowing back on democracy in Turkey, and, at the same time, that it remains the important partner that it has been so far?

The Prime Minister: The Council recognises the important role that Turkey plays, particularly in the areas of migration and the EU-Turkey deal that was negotiated some while ago, which has led to a significant reduction in the number of people moving from Turkey, across the Aegean, into Greece. I am very clear, as are other European leaders, that we want to see Turkey maintaining its democratic institutions and the rule of law and respecting international human rights.

Angela Smith (Penistone and Stocksbridge) (Lab): There has been a lot of emphasis on the trade deal, but the divorce deal is very important, too. At the heart of any divorce deal is a fair financial settlement. What will the Prime Minister do if there is no fair financial settlement at the end of the article 50 period? What will happen then to the divorce deal and our exit from the European Union?

The Prime Minister: The hon. Lady will be aware that, as we enter the negotiation, there is a wide range of issues that we will be considering and discussing with the European Union. I did not respond to this issue earlier, but a number of Members have used the term "divorce". I prefer not to use that term with regard to the European Union, because, often, when people get divorced, they do not have a good relationship afterwards. Hon. Members need to stop looking at this as simply coming out of the European Union and see the opportunity for building a new relationship with the European Union, as that is what we will be doing.

Alan Brown (Kilmarnock and Loudoun) (SNP): In the jumble of words that formed the Prime Minister's statement—"global Britain", "leading role in Europe" and "not a moment to play politics or create uncertainty and division"—she missed out the two key words of "hypocrisy" and "irony" given her actions today. However, my real question is this: after Brexit, what are the Government's plans with regard to the 1964 London fisheries convention?

The Prime Minister: The 1964 London fisheries convention is one issue which the Government are looking at, and we will be looking at it in relation to our future relationship with Europe as we come out of the European Union and therefore out of the common fisheries policy. *[Interruption.]*

Mr Speaker: Yes indeed. It is a very important matter. I think that we will learn more about it. The hon. Member for Kilmarnock and Loudoun (Alan Brown) obviously knows all about it.

Ian Murray (Edinburgh South) (Lab):When the First Minister announced her drive for a second divisive Scottish independence referendum yesterday, one of her manufactured grievances was the fact that Brexit gives the UK Government an opportunity to muscle in on the powers of the Scottish Parliament. Does the Prime Minister agree that the fundamental overriding principle of any EU repatriated powers should be that they are transferred to the devolved Administrations?

The Prime Minister: I have been very clear with all the devolved Administrations that Brexit will not involve any powers that have currently been devolved to those Administrations being returned to the United Kingdom Government. As we look at the transfer of powers that are currently in Brussels back to the United Kingdom, we may very well see more powers being devolved to the Administrations.

Dr Rupa Huq (Ealing Central and Acton) (Lab): A total of 43% of publications from the UK's 47 biggest universities come from collaboration with at least one EU firm—it is even higher in London institutions. Did the discussions that the Prime Minister engaged in with her European counterparts touch on any kind of safeguards for our university sector given that level of dependency on European industry? Furthermore, on page 75 of her

[Dr Rupa Huq]

party's manifesto, there is a commitment not only to remain in the single market, but to expand it. How is that going?

The Prime Minister: The hon. Lady might have noticed that we also promised the British people a referendum and a vote on whether to stay in the European Union. We gave them that vote, and they decided. We are now acting on the results of that vote. Although the vast majority of questions have been on Brexit this afternoon, Brexit was not formally discussed in the EU Council, as I indicated earlier. On the issue of universities, we have already given some comfort to universities in relation to research funding agreements that they enter into before we leave the European Union. If she looks at the Lancaster House speech I gave and the White Paper that came off the back of that, she will see that science and innovation was one issue that we put forward as a negotiating objective.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): The Prime Minister has welcomed the completion of the free trade agreements between the EU and Canada, and the pending free trade agreement between the EU and Japan. When it comes to the benefits of the single market and free trade, will the EU not be getting the full jammy doughnut while the UK will be left behind with nothing but an empty hole?

The Prime Minister: No. We will be negotiating free trade agreements with not just the EU, but other countries around the world. Crucially, other countries around the world are eager to work with us to negotiate free trade agreements. There are discussions with countries such as America, Australia, Mexico and India. We are already looking at the agreements that we can have as a United Kingdom outside the European Union.

Clive Efford (Eltham) (Lab): Does the Prime Minister accept that her intransigence over amendments to the European Union (Notification of Withdrawal) Bill and her pandering to the Brexit fanatics on her Back Benches, which have diminished the role and sovereignty of this Parliament over the Brexit process, have opened up the door to threatening the future integrity of the UK?

The Prime Minister: Amendments were put before this House; this House voted and took a decision. From the description that the hon. Gentleman has given, he seems to be saying that every time that this House takes a decision that he does not agree with, it is somehow a disrespect of Parliament. I have to tell him that that is not how this place works—we put our arguments and then vote on them; one sides wins and the other loses.

Christian Matheson (City of Chester) (Lab): Does the Prime Minister accept that if we crash out of the European Union with a bad deal or no deal at all, it will be entirely the failing and responsibility of our chief negotiator and her team—the Prime Minister and her Ministers?

The Prime Minister: I have already said that I am optimistic that we will be able to negotiate a good deal for the United Kingdom.

Stewart Malcolm McDonald (Glasgow South) (SNP): I agree with the Prime Minister on one thing: politics is not a game. That is why I will not sit back and just hope for the best from her Government, as she seems to wish me to do. Given the way in which she has handled the compromises put forward by the Scottish Government and the situation she now finds herself in, may I offer her a moment of reflection? Is there anything she regrets about the way in which she has responded to those compromises, or does dogma still reign in Downing Street?

The Prime Minister: We have had extensive discussions with the Scottish Government and the other devolved Administrations on the issues that they have raised with the United Kingdom Government and the concerns that they wish us to take into account. As I said in my statement and yesterday, there are many areas of common ground between us and the Scottish Government. For example, we both agree on the protection of workers' rights once we have left the European Union. We have been looking at those areas of common ground, but we have also been looking, as we will in the negotiations, at ensuring that we get a deal—an arrangement and relationship for the future—that is good for the whole United Kingdom, including Scotland.

Jim Shannon (Strangford) (DUP): I thank the Prime Minister for her statement and refer her to the Somalia conference that she mentioned. A Nigerian MP was a guest speaker at yesterday's meeting of the all-party group on Nigeria. He informed all of us present that Nigeria has become the biggest centre for illegal arms smuggling in the whole of Africa. Will the Prime Minister assure me that she will raise that issue, which affects all of Africa, when the Somalia conference is hosted in the UK in May?

The Prime Minister: I assure the hon. Gentleman that the Government will look at the issue very seriously. Obviously there are a number of concerns in respect of what he has said, and I will certainly look at the issue carefully.

Mr Speaker: I am extremely grateful to the Prime Minister and all 66 Back-Bench Members who questioned her following the Leader of the Opposition.

Point of Order

2.3 pm

Mrs Maria Miller (Basingstoke) (Con): On a point of order, Mr Speaker. The European Court of Justice has announced today that any employer can ban the wearing of religious symbols at work, including headscarves. This overturns important existing case law from the European Court of Human Rights. What mechanisms are open to the House to obtain a swift clarification of what this means here in the UK, particularly so soon after the Prime Minister's clear statement in this House that what a woman wears is her choice and nobody else's?

Mr Speaker: I am grateful to the right hon. Lady for her point of order, which she raises not only in her capacity as a constituency Member of Parliament, but with the strength of her interest and experience as Chair of the Women and Equalities Committee. I had not been familiar with the development until the right hon. Lady notified me a few moments ago, not least because I have been in the Chair attending to my duties. I imagine that the issue will be of considerable interest and concern to a great many people in all parts of the country with a variety of different views.

The short answer is that it is open to the right hon. Lady to table a question on the matter. I have certainly received no indication of an intention by a Government Minister to come to the House to make an oral statement, but the right hon. Lady has the recourse of a question. If, as seems possible, she judges the matter to be urgent, she knows the mechanism that is available to her to bring the matter to the attention of the House and to secure a ministerial response sooner rather than later.

Diplomatic Service (United Kingdom Wines and Sparkling Wines)

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

2.5 pm

Nusrat Ghani (Wealden) (Con): I beg to move,

That leave be given to bring in a Bill to require Her Majesty's Diplomatic Service in certain circumstances to purchase wines and sparkling wines produced in the United Kingdom and to serve such wines at overseas functions and events; and for connected purposes.

The triggering of article 50 is on its way, and this could be seen as the first post-Brexit Bill. As we leave the EU, we must grasp every opportunity to find new markets for our products around the world, and to be imaginative in supporting and promoting them. British viticulture is an industry whose future is golden, much like the colour of its best known sparkling vintages. It will play an increasingly important role in our rural economic powerhouse.

For those who think that our weather and terroir cannot support vines so that we can compete with France, Italy and Spain, think again. Chalky soils, south facing slopes and warmer temperatures provide ideal conditions for producing wine and sparkling wine, and we produced 5 million bottles of English wine last year. Even Scotland, Wales and Northern Ireland, warmed by the sun, produce wine. We bottle to everyone's taste and budget. Admittedly, our wine production is a fraction of the global total, but that means that we have market share in our sights. In fact, speaking of France, we have been beating it at its own game. At a tasting held in Paris last year, English wine not only was mistaken for champagne, but beat respected champagne houses all round. That was not just a one-off. English wine won more than 175 UK and international awards in 2016 alone.

One of the great characteristics of modern Britain is that someone who was not exactly brought up with a champagne flute in their hand—unlike several hon. Members I could mention—has the opportunity to represent and promote such a fantastic, blossoming British industry. My constituency of Wealden in East Sussex has not one or two vineyards, but well over a dozen, several of which boast international awards. I have to report that my husband is doing his single-handed best to support this local industry, judging by the contents of our fridge.

It is a hugely exciting time to be a part of the English wine industry. There are now 133 wineries and more than 500 vineyards dotted across our beautiful English countryside. Some 150 of them are open to the public, including one of our local vineyards, Downsview, which is set in an area of outstanding beauty and has far-reaching views to the South Downs in the distance. Sussex Fox & Fox Vineyards, run by the visionaries Jonica and Gerard Fox, sits either side of the hilltop village of Mayfield, among the rolling hills and woodlands of the Sussex High Weald. One would be forgiven for thinking that a photo of harvest time in Mayfield was taken in Champagne.

Set amid bluebell-strewn woods at the edge of Ashdown forest is Bluebell Vineyard Estates. Like many of our vineyards, it specialises in the production of award-winning, estate-grown English sparkling wines using the traditional

[Nusrat Ghani]

method—the same method used to create champagne. Boasting the Hindleap range, Bluebell Vineyards picked up an impressive haul of 16 medals at international wine competitions last year. Similarly, Davenport, which has vines in my constituency, has won a whopping 35 awards since its establishment. Most impressively, both winemakers received silver medals at the prestigious International Wine and Spirit Competition last year—something that would have been unheard of 20 years ago.

Last month, I celebrated the English wine industry's success in Parliament, where top wine critic, Matthew Jukes, hosted a tasting and took the opportunity to boast about its stunning quality. It is no wonder that last year, for the first time, English wineries became official suppliers to No. 10. Chapel Down and Ridgeview are now official suppliers for Downing Street receptions, and I believe that Her Majesty the Queen serves English sparkling wine at state banquets, showing commitment to, and confidence in, our wine industry.

UK-produced wine accounts for around 1% of the wine purchased in the UK, but the sector has high aspirations and great potential. It is no longer just a few people growing vines in their back gardens. Bluebell Vineyard has more than doubled in size since opening in 2005, and now has 70 acres and 100,000 vines. Just on my doorstep, in the constituency of my hon. Friend the Member for Lewes (Maria Caulfield), is the Rathfinny wine estate. The estate was established in 2010 and has the potential to produce more than 1 million bottles of Sussex sparkling wine annually within a decade. Rathfinny could develop into one of the largest vineyards in England and even the largest in Europe.

There is a real appetite to invest in British soil, and the industry has seen significant overseas investment over recent years. Champagne houses such as Taittinger and Pommery have already invested in growing English grapes, and such ventures show no signs of stopping.

In 2015, sales of English sparkling wine hit £100 million, and overseas markets grew by one third. There is a huge appetite in the industry to continue that trend; indeed, our winemakers have pledged to produce 10 million bottles by 2020, with 25% of those for export. In a post-Brexit world, we must do all that we can to get behind industries that show the sort of potential of our wine industry. What better way to support our wine industry than by giving the world a taste and by serving UK-produced wine and sparkling wine in our 268 embassies, high commissions and consulates around the world? What could be a more appropriate setting to promote English wine than the famed ambassador's reception?

However, the lack of consistency in embassy policies on hosting and serving British products means that we are missing opportunities to show those products off in new markets that should be fertile territory for exports, such as China, Japan, Singapore and even India, where wine consumption among the professional classes is growing exponentially. Last week, I was told that our Rome embassy asked the UK wine industry to sponsor a wine tasting for Tuscan wines. That just is not good enough. I doubt that Italy's outposts here in London serve anything other than Italian wine.

The Bill would enable us to have a consistent top-down policy from the Foreign and Commonwealth Office to require embassies, where possible, to serve British wines and thus to promote British exports. Our embassies, high commissions and missions abroad are an extension and projection of our country's brand. Showing support for high-quality and high-profile indigenous products such as our award-winning wines will demonstrate a confidence in our country and a belief in the opportunities ahead of us.

Britain's largest wine producer, Chapel Down in Tenterden, Kent, has just signed a distribution deal in France, of all places. I look forward to the very best of our wines creating a splash in Paris—and in Berlin, Madrid and Rome, for that matter—and perhaps helping to oil the wheels of the Brexit negotiations to come. I commend the Bill to the House.

Question put and agreed to.

Ordered,

That Nusrat Ghani, Sir Peter Bottomley, Nick Herbert, Tim Loughton, Neil Parish, Mr Nigel Evans, James Duddridge, Mrs Anne-Marie Trevelyan, Sir Julian Brazier, Chris Bryant, James Heappey and James Cartlidge present the Bill.

Nusrat Ghani accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 24 March, and to be printed (Bill 154).

Ways and Means

Budget Resolutions

AMENDMENT OF THE LAW

Debate resumed (Order, 13 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.

2.14 pm

The Secretary of State for Education (Justine Greening): This Government are about delivering opportunity—the opportunities that matter to ordinary working people up and down this country: the opportunity to work in a skilled, well-paying career; the opportunity to send their children to a good school; and the opportunity to contribute to a shared, fairer society, where everyone is empowered to do their best for their community.

Those ambitions are not too much for us to ask—they are not unreasonable—but the truth is that, for too long, too many people in our country have felt cut off from opportunity. They see doors open for others, but stay closed for them. What they want is the chance to show their worth and reach their potential. This Government want them to reach their potential, too, so we will work with the grain of human nature to spread opportunity to every village, town, city and region in our country and to give everyone a chance to succeed and to contribute to a strong, united nation.

A strong economy is a vital part of that mission. A strong economy provides the careers and jobs that equip people with financial independence, protect them by providing financial security over the course of their life, and fill them with a sense of self-worth—the knowledge that we all have a role and a valued place at the heart of our society. A strong economy is at the heart of how people can contribute to our country as a whole.

This Government are in the business of building a strong economy and creating great careers and jobs—over two million jobs since 2010. This year, there are more people working than ever before. The employment rate for women is at its highest level since records began, with 70% of 16 to 64-year-olds now in work. That represents more than 1 million more women in employment since 2010.

Mrs Maria Miller (Basingstoke) (Con): Does my right hon. Friend agree that one of the most important things the Government can do is support women returners to work, particularly when we have record numbers of women in the workplace?

Justine Greening: My right hon. Friend is absolutely right. I hope she will welcome the element of the Budget that saw £5 million invested in returnships, specifically looking at how we can help women who have been out of the workplace—often starting and having a family—to go back into it and rebuild their careers. I will come on to that later in my speech.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I believe absolutely that wealth creation is important to give us the resources we need to provide a good education, but is the Secretary of State aware that so many schools have seen cutbacks? We in Huddersfield are the 64th worst-hit area out of 650. We do not feel the affluence she is talking about.

Justine Greening: We have record investment coming into our schools now.

To secure and build a strong economy, we need sustained investment in human capital—the skills, knowledge and technical excellence that drive productivity and growth. It is people who will lift our country, and we are investing in people. We need to do that now more than ever, because we know there is a productivity gap between the UK and other advanced economies, and we know that part of that gap is caused by skills shortages.

Nick Thomas-Symonds (Torfaen) (Lab): On the issue of human capital, does the Secretary of State agree that it is a mistake by the Government to cut the work allowance under universal credit, which will particularly affect women and deny them work opportunities?

Justine Greening: We cut the taper rate on universal credit at the last autumn statement. As I said, the strong economy that this Government's policies have helped to create means that more women are now in work than ever before. I was talking about how skills and plugging skills shortages for employers is so important. Top employers and businesses are telling us that the skills they need, particularly in science, technology, engineering and maths, are in too short supply.

Mrs Flick Drummond (Portsmouth South) (Con): On the point made earlier about women returners, is my right hon. Friend aware that just 5% of women returning to work would generate an extra £750 million in the economy—a very good return?

Justine Greening: Absolutely. Women's economic empowerment is one of the most powerful levers we have to help drive growth in our economy and, more broadly, around the world over the years ahead.

Looking at how we are going to plug the skills gap, only 10% of adults in our country hold a technical qualification as their highest educational achievement. Germany currently produces twice as many science, engineering and technology technicians. Driving these skills will power innovation and growth and, in turn, our economy. That benefits everyone, so we cannot afford to wait. Other economies have been ahead of us in developing the skills of the future, and this Government are clear that we will not fall further behind. We should recognise that globalisation and automation are changing the modern workplace. Thirty-five per cent. of our

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existing jobs are at a high risk of being replaced in the next 10 to 20 years, not through competition but by technology.

George Kerevan (East Lothian) (SNP): The Secretary of State mentions Germany's lead in training in technical positions. Does she link that in any way with the fact that Germany consistently has a much higher level of corporation tax in order to fund that?

Justine Greening: Germany has its own approach to corporation tax. Ours has been steadily, and dramatically, to reduce it in order to make sure that companies can retain the profits they are making to be able to reinvest in growing their companies. The proof of the pudding is in the substantial and significant job creation that we have seen in our economy, by comparison with many other countries, over recent years. That is why we are able to put money into our public services.

As we prepare to leave the European Union, we will need to be more self-sufficient in our workforces, in our skills and in the training of our young people to set ourselves up for success. We will need new ideas, new jobs and new investment to confidently meet every challenge and grasp the opportunities ahead of us. We want a global Britain strong at home and strong abroad. It is now time for Britain to step up a gear to begin the shift up to the high-skill, high-productivity economy that we can be. This Government are ready to act.

John Mann (Bassetlaw) (Lab): Is it not a fact that under this Government, while the Secretary of State has been in office, we have fallen two places in the research and development international league tables, behind Slovenia and the Czech Republic?

Justine Greening: The autumn statement saw us provide further investment for R and D. Indeed, the national productivity fund has been set up to make sure that we can fund infrastructure, including R and D, more broadly. However, it is not just through physical infrastructure that our country will be successful—we need to invest in our people and in human capital as well. Through this Budget we are investing in human capital in skills, education and training to create a strong economy that works for everyone.

Lucy Powell (Manchester Central) (Lab/Co-op) *rose—*

Justine Greening: If I can make a bit more progress, I will give way.

This Government are rightly focused on apprenticeships because of the huge difference that they can make to individuals, boosting a person's lifetime earnings by 11% on average. Eighty-three per cent. of apprentices tell us that they believe it is improving their career prospects. This is already making a big difference to individuals. Last year 900,000 people were enrolled in an apprenticeship, which means that more than 3 million people have started an apprenticeship since 2010. They include apprentices such as Adam Sharp, last year's advanced apprentice of the year, who moved 150 miles to take up a mechanical design apprenticeship in Sellafield and dreams of becoming that nuclear power plant's chief mechanical engineer; and Becky King, who went to train at the National Physical Laboratory in London straight after college in order to develop her passion for science.

Last week I kicked off National Apprenticeships Week with Barclays in the City. I met young people on apprenticeships at Barclays who were inspiring because they were finding out just how well they could do. Apprenticeships are bringing out the underlying talent of our young people. It is cathartic for them to be able to discover their potential.

Mims Davies (Eastleigh) (Con): Earlier I met Nationwide representatives from my area keen to support women in getting more maths skills to lead businesses. Recently apprentices from Lloyds met the all-party women in Parliament group. One area where we really need to keep up momentum is with the maths skills that will make sure that our women can lead companies as well. The apprenticeship work at Eastleigh College is doing exactly that in building the basic skills for the gas fitters and plumbers we need—

Madam Deputy Speaker (Natascha Engel): Order. We are already going to have to impose a time limit of eight minutes on Back Benchers right from the beginning. This debate is very heavily subscribed. If people are going to intervene, they must keep it very brief.

Justine Greening: I pay tribute to the work that my hon. Friend's local college is doing. She is absolutely right. In order to see a change in the workplace and in careers, we have to start in early education to build the pipeline to make sure that girls, and subsequently women, are going into these careers, which have traditionally often been more male dominated.

This is not just making a difference to the people who are doing apprenticeships; apprenticeships are making a difference to our country. Employers tell us that apprenticeships increase quality and increase productivity, so investing in an apprenticeship pays out for them and their business, and it is paying out for our wider economy. This is only the beginning of our apprenticeship reforms. Next month, we are introducing the apprenticeship levy, which will ensure that by 2020 over £2.5 billion is available to support apprenticeships. Contributing to the levy will mean that employers are, for the very first time, truly fully invested in apprenticeships. This keeps us on track to meet our manifesto commitment of delivering 3 million apprenticeships by 2020.

Apprenticeships will play a key role in delivering the skills that our modern economy needs to level up, but we need to do more to meet the broader challenges that our economy faces. The most successful countries do not just rely on apprenticeships—work-based routes—to get skilled professionals. They also depend on more college-based routes—on technical courses with workplace experience and training as a crucial element. So we will up our game, looking at reforming our technical education system to make it a central plank of how to sustain a growing economy. For decades, our country has neglected technical education, despite the fact that a substantial proportion—over half—of our young people who choose not to go to university take this path. We have never achieved a sustainable strategy because it has never been truly led by employers. We need a strategy that asks businesses what a world-class technical curriculum should look like—that invests in the tools, the teaching and the skills expertise that help young people to navigate the complex web of choices on careers to find the skills and the career that is right for them.

Over many years, we have allowed the technical curriculum to emphasise quantity rather than quality. There are currently around 13,000 separate technical qualifications. In plumbing alone, a young person has the choice of 33 different courses. How on earth are they supposed to know which course is the highest quality, which one is valued by businesses, and which option is the right fit for them? This cannot be right. In recent years, we have made some important steps forward in tightening the requirements for qualifications included in school and college performance tables, but we need to go much further to ensure that technical education is high quality and meets employers' needs. In place of complexity, this Government are following the advice of Lord Sainsbury and replacing the current system with a streamlined set of just 15 technical skills routes. Each route will be a pathway to skilled employment—from construction to digital, whether bricks and mortar or lines of code—and our standards for each route will be designed and agreed by our best businesses to make sure there is a direct flow through to the skills that our economy needs.

We know that we need investment as well as reform. At the moment, a young person working towards a technical qualification receives a programme of about 600 hours a year, but in countries with the best technical education—Germany, Denmark, the Netherlands, Norway—students train for far more hours per year. If we really are serious about becoming world-class on skills, we need to rival the commitment and investment of the world's leading countries.

That is why my right hon. Friend the Chancellor announced last Wednesday over half a billion pounds a year of new funding for technical education. It will be used to increase the number of teaching hours for students. As the Sainsbury panel recommended, it will also fund institutions to organise a substantial, high-quality work placement for every technical education student, helping them to apply their skills in the workplace and to prepare for a successful move into employment. In total, this will mean that a student's programme hours will increase by more than 50%, from 600 hours per year to more than 900. It is no surprise that the CBI has called this Budget a "breakthrough Budget for skills".

The funding for extra hours will be rolled out alongside the new technical routes, beginning with the first programmes in autumn 2019. Each of the routes will lead to a new certificate, the T-level, which will be a gold standard for technical and professional excellence. The name will remind Members of another prominent qualification, and that is very deliberate. I want there to be no ambiguity whatsoever: this is the most ambitious reform of post-16 education since the introduction of A-levels 70 years ago. The investment announced by my right hon. Friend the Chancellor shows that the Government are committed to making it a success.

Graham Evans (Weaver Vale) (Con): I am very privileged to have my constituency office based at Sci-Tech Daresbury, which is all about technology, innovation and skills. Will the T-level be significantly stronger than existing technical qualifications?

Justine Greening: The qualification will be stronger on a number of fronts. First, it will have the commitment of, and its design will be led by, employers. Secondly, it will have more hours, so the student will simply have had a more comprehensive programme of education in achieving the T-level. Thirdly, its quality will be much higher, with more time spent in the classroom and, critically, more time spent on a quality work placement with an employer. Once the person finishes the T-level, they will come out of it ready to work and to begin their career with a high-quality qualification that employers truly value. That I why we feel this is such a significant step forward.

Building such a world-class technical education system will not just generate the skills and productivity that are the foundations of a strong economy; it will also spread opportunity and increase social mobility, helping to break the link between a person's background and where they get to in life. It will be no surprise to the House that many young people from disadvantaged backgrounds are more likely to be on technical courses than their peers, yet such an education has not been at the level that they deserve or that our economy deserves. A report by the Boston Consulting Group and the Sutton Trust suggests that greater social mobility could boost our economy by a staggering £140 billion every year. Different young people have different talents, and if we can successfully put technical education on a par with academic routes, it will not just be good for those young people, but it will be exactly what our economy needs.

Improving the quality of technical education will boost the life chances and future earnings of those young people. This is not about designing a second chance system for the disadvantaged. I do not want technical education to be seen as a back-up to the academic path; I want parity of esteem. I want technical education to take its rightful place alongside the academic track as a totally credible path to a professional career, but we are not there yet.

Lucy Powell *rose—*

Madam Deputy Speaker (Natascha Engel): I call Lucy Allan to make an intervention.

Lucy Powell: Did you call me Lucy Allan, Madam Deputy Speaker? I am very much a Powell.

Labour Members very much welcome any attempt to raise the status of technical and vocational education and the esteem in which it is held, something we began during our time in government. Does the Secretary of State agree that it is often a mix or blend of the technical and the academic—in engineering, digital opportunities, the creative industries or even health and social care—that will be important in the global world of the future, and will she assure the House that people will not be separated at the age of 16?

Justine Greening: The key to success is strengthening the technical education routes, as I have said. Having longevity in the strategy, as was done in Lord Sainsbury's work, is absolutely critical in giving us an architecture around which we can now build a strategy and, as we saw in the Budget, in which we can now invest. As the hon. Lady says, it is important to ensure that the whole education system fits together. That is why it is so important, as we create more national colleges and

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institutes of technology, that we talk with further education colleges—they will be at the centre of all this—and also with universities. Universities of course already offer degrees in areas such as engineering, but they can clearly offer more applied learning and more technical education routes for many young people. As she says, we have to make sure that that fits together.

Indeed, we want to increase the quality and availability of higher-level technical education, so that technically gifted students can continue their studies beyond the age of 19. One of our challenges is that not only are the lower rungs of the technical education ladder not as high quality as on the academic route, but there are not really the higher rungs for young people to aim for and to climb successfully. The Government's new national colleges and institutes of technology will make sure that there are world-class institutions at which to study higher level technical qualifications.

From September 2019, we will introduce maintenance loans for students studying level 4 or higher qualifications at these institutions. This will mean that for them, just as for university students, our best technical minds will not be limited by financial circumstances or place. This approach is just as much about parity between places as it is about parity between people. Nearly three quarters of young people in Barnsley follow a technical path, while less than one quarter do so in Kensington and Chelsea. By levelling up technical education—putting it on a par with academic routes, with reform, investment and focus—we can steadily erase regional inequalities and make sure that the door of opportunity for young people in all parts of the country, whatever education route they choose that fits them, is firmly kept open.

Building opportunity and a strong economy is about having good school places as well as skills. Good schools are the foundation of economic success and social mobility. This Government are resolute in our pursuit of more good school places in every part of the country, especially where they are most needed, to power higher educational attainment. That is why almost 1.8 million more children are in good or outstanding schools compared with 2010. That means, critically, that 1.8 million more young people are getting a better start in attempting to reach their potential. However, 1 million pupils are still in schools judged by Ofsted to be inadequate or to require improvement, so there is more work to do.

Alongside the £5 million a year of investment in skills, the Budget delivers £320 million of investment to fund over 70,000 places in up to 110 new free schools, on top of the 500 free schools we have committed to deliver by 2020. That includes funding for specialist maths schools, building on the successes of the outstanding Exeter Mathematics School, which I had the privilege of being able to visit recently, and King's College London Mathematics School, which the Prime Minister has visited. Every child in every part of the country needs access to a fantastic school place, so we have to plan ahead and leave no stone unturned in pursuit of those places.

Mrs Miller: My right hon. Friend is making a powerful case for the importance of education, but does she not share my concern about the current funding system in this country, which is based more on a postcode lottery than on the needs of schools in a particular location?

Justine Greening: Absolutely. Our current approach is not just outdated but, in places, extremely unfair. We want our schools to be able to achieve the same outcomes, but we are funding them fundamentally differently in different places. There are differences for children often for no other reason than where they are growing up. No one who wants social mobility to get better should accept that, so we have to move to a more equitable funding approach. That is what we are consulting on right now.

We have to make sure that school places are there for children as they move through the system, but this is not just about the extra school places and new schools that we need; it is also about investing in the schools and school places that we already have. My right hon. Friend the Chancellor has therefore put forward an additional £216 million to help to refurbish existing schools and make them fit for the 21st century. Of course, that is on top of our existing plans to invest more than £10 billion improving the condition of the school estate by 2021.

Maria Eagle (Garston and Halewood) (Lab): Does the right hon. Lady accept that academic A-levels are one way in which young people can ensure that they get a good start in life, from which they can perhaps go on to great success through our university system? What will the proposals that she is outlining do for young people in Halewood and Knowsley, who have no option in the entire borough for doing academic A-levels and must leave the borough in order to study?

Justine Greening: The hon. Lady raises a profound and important point. There are parts of the country where, for far too long, young people's educational attainment has simply not been good enough. I know that the situation she highlights is part of the much broader challenge that her local community faces in seeking to raise educational attainment steadily. It is important that alongside the investment in technical education that we have set out in the Budget, we make sure through approaches such as opportunity areas that we zone in on the places that most need additional support so that we can shift outcomes there.

The Government's focus on opportunity does not end when someone leaves full-time education. In a dynamic, modern economy we need to foster a culture of lifelong learning, in which all of us—adults from every walk of life—are passionate about continuing to upskill ourselves.

John Pugh (Southport) (LD): Before the Secretary of State moves off the issue of the fabric of schools, may I say that although the money from the Chancellor for school repairs is welcome, there is a £6.7 billion backlog of repairs to bring schools up to satisfactory condition? What does she think that backlog will be by the end of this Parliament?

Justine Greening: The investment that we have brought forward in the Budget will enable us to go further and faster on that backlog, but as I said earlier, it is also important that we plan ahead. We need to make sure that the demographic bulge of people who have been in our primary schools and are moving through to our secondary schools have school places and classrooms to go to when they need them. That is why balanced investment was announced in the Budget, not just in refurbishing existing schools and school places, with a particular focus on those that need it the most, but in ensuring that we have the extra good school places that our country will need in the future.

I touched briefly on why lifelong learning and the investment in it in the Budget are so important. Lifelong learning needs to become the norm in our country, and I want to ensure that people have the tools to do it. The reality is that many of us will never study again after leaving school, yet we know that in the economy of the future, readapting to new skills and continuing to learn will be vital. That is why we are making available up to £40 million over the next two years to fund lifetime learning trials. That will help us to ensure that we know what works, where it is needed and how we can change our country so that we have a culture in which more adults seize opportunities to upskill and take control of their lives.

As I said earlier, we have the highest level of female employment on record, which is a fantastic achievement, and the gender pay gap is at a record low of 18.1%, but there is still a gap. The Government are implacable in our commitment to close that gap to zero within a generation, and we know that some women find it hard to return to work after taking time out to care for young children. Many feel that they come back to work at a lower level or have to expect less progression in their work and pay. That is not good enough, and our economy cannot afford to miss out on that talent. Some employers are already running schemes to help women return to work, and we want to learn from those businesses and work with them to support more women to be able to do so. We also want to apply the same lessons in the public sector, together with improving people's ability to take up lifelong learning.

I want to see people coming back to work better skilled than when they left to take a career break, rather than somehow having to struggle to get their career back on track. That is why I have announced that my Department will work with business groups.

Mr Iain Wright (Hartlepool) (Lab): On labour market participation, the Red Book shows that funding for returnships will be £5 million, as opposed to £655 million for extending the free schools programme. Does the Secretary of State think that is an appropriate balance?

Justine Greening: Returnships are not widely used at the moment—in fact, they are used by just a few companies—but we know that where they have been invested in, they have made a real difference. We are at the beginning of bringing forward some pilots so that we can better understand what works and get a clearer sense of the broader strategy that we should have for the long term. That comes alongside the investment in lifelong learning, which ties into that work. Critically, we will consider how we can ensure that, as we develop those policies and ideas, they are informed by evidence. That was the reason for the investment that we announced in the Budget.

Mims Davies: On returners, will the Secretary of State also consider people who have stepped out of the workplace because of caring responsibilities? They are not necessarily youngsters, but include people who have given up a career thinking that it would be for the long term, but have found that it is for a shorter time.

Justine Greening: My hon. Friend raises an important point. We need to understand that flexible working must be able to adapt to the different lives that people lead today, not just at one point in their life but as it changes, which happens to all of us through our working lives and careers.

Of course, International Women's Day was last week, and I thought it was a sign of how important that day has become in our calendar that the Chancellor chose to mark it by making it Budget day. We have our second woman in No. 10 Downing Street, and I am proud that both female Prime Ministers have been Conservative Prime Ministers. There is a long way still to go, but we should celebrate the important progress that has been made. Nearly 100 years after women were first given the vote, the Chancellor has set aside £5 million to celebrate that historic event.

This Budget continues the Government's mission to spread opportunity to every part of the country. That mission rests on a strong, stable economy that provides the careers and jobs that will lead to financial independence and success for a new generation, and a sense of place and meaning in people's lives. We cannot be complacent. There will be more challenges to come, but by investing in a world-class system of technical education, alongside schools, lifelong learning and returnships, the Government have taken a crucial step in underwriting the flow of skills that our country and our businesses need. We will level up opportunity. We will lift our country by lifting up our young people, and this breakthrough Budget on skills and schools merits the support of this House.

2.50 pm

Angela Rayner (Ashton-under-Lyne) (Lab): It is a pleasure to respond to the Secretary of State, and it is quite right that we have a day in this year's Budget debate dedicated to education and skills. This Budget comes at a time when Britain has a deep social mobility problem that is getting worse, not better. That problem is the result of an unfair education system, a two-tier labour market, an unbalanced economy and an unaffordable housing market. That is not my accusation, but the conclusion of the Government's own Social Mobility Commission.

The commission made a number of policy recommendations, most of which seem to have been ignored. It also made a recommendation against a policy: the Government's proposals for new grammar schools. Sadly, that recommendation has also been ignored. Instead, the Chancellor used the Budget to announce plans to spend another £320 million on the next tranche of new free schools. The Prime Minister wrote in *The Daily Telegraph* that that money would provide 70,000 new places, as the Secretary of State reiterated today. That would be the equivalent of £4,571 per pupil, but the Secretary of State will know that her Department's most recent figures showed that the cash cost of a primary free school place was £21,100 and the cash cost of creating a secondary free school place was £24,600.

That huge underfunding is coupled with a slightly curious detail hidden in the back of the Red Book: a further £715 million of capital funding for free schools in the next Parliament. Perhaps the Secretary of State can answer this maths question. If Philip gives Justine £320 million for new free school places, and each school

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place costs at least £21,000, how many school places will Theresa end up with? I look forward to marking the Government's homework later.

Justin Tomlinson (North Swindon) (Con): Will the hon. Lady join me and local parents in Swindon in congratulating the Government on providing the funding for two free schools and helping us to tackle the lack of school places after the last Labour Government reduced the number of school places in the noughties?

Angela Rayner: I will come to the hon. Gentleman's points about the cost-efficiency of free schools later in my speech.

Either the Prime Minister has made an announcement without the Chancellor actually funding it, or they are simply disguising yet another eye-watering overspend on their staggeringly inefficient free schools programme and pretending that it is new money for new places. That would not be much of a surprise. The National Audit Office has helpfully reminded the Chancellor and the Secretary of State:

"In 2010 the Department estimated that it would cost £900 million by March 2015 to open 315 schools."

By March 2015, the Department had spent double that initial budget and not even managed to hit its target for new schools. The NAO found that the Department had already spent around £3.4 billion on the land alone for free schools and it was on course to be Britain's largest land purchaser, even before this Budget sank yet more money in. The NAO also showed that new places in free schools were far more expensive than those in conventional schools. Will the Minister tell the House and the British people how much money her Department will actually spend on delivering these new free schools, and will she guarantee that they will open in places where there is a clear need for spaces?

The Chancellor pledged £216 million for every other school over a three-year period, as the Secretary of State mentioned in her speech, but the NAO has found that, as the hon. Member for Southport (John Pugh) said, £6.7 billion is necessary just to return all existing schools to a satisfactory condition. The NAO also found that 85% of schools that applied to the priority schools building programme were rejected in the last round, and that that investment was cheaper than the free schools programme.

Of course, we know why the Chancellor focused on free schools despite the cost—because it

"will enable the creation of new selective free schools."

It was the former Education Secretary who said that he had "had enough of experts", but not even he tried to bring back grammar schools, let alone pretend that it was a policy for social mobility.

Chris Philp (Croydon South) (Con): Will the hon. Lady give way?

Angela Rayner: I am not giving way. Only one in every 25 pupils at a grammar school is eligible for free school meals, while one in every eight pupils at grammar schools previously attended an independent school. Even among the highest-achieving 20% of pupils, those from the most affluent backgrounds are 45% more likely to get into a grammar school than those from the most disadvantaged. Of course, the Government have suggested—again, not to this House, but in leaks to the press—that they intend to take action to change that in existing grammar schools; that has not gone down very well on the Conservative Back Benches. Given that the Government have been happy to jump the gun on the rest of their consultation, perhaps the Secretary of State could be as forthcoming to the House about those plans as she was to the press?

Chris Philp: Will the hon. Lady give way?

Angela Rayner: The Secretary of State has spent a huge amount of time speaking and I have a lot of Back Benchers who want to speak, so I am going to carry on.

The Chancellor announced one other measure in the Budget to address the issue: £5 million a year for the Government's cash-for-cabs scheme, bussing children to grammar schools. Of course, the Chancellor forgot to mention that the Government had just cut £6 million out of the schools transport budget for every other child. Those cuts left no statutory provision for disabled 16 to 18-year-olds and others, who were forced to change school. They are paying the taxi tax so that a handful of pupils can be ferried up to 15 miles to the nearest grammar school by cab, at a cost of thousands of pounds each. Apparently, the comprehensive school bus is out, and the grammar school Uber is in. That is all to give the Government a fig leaf of social mobility. The Chancellor said:

"We are committed to that programme because we understand that choice is the key to excellence in education".—[*Official Report*, 8 March 2017; Vol. 622, c. 818.]

I remind the Government that good teaching, school leadership, proper funding, the right curriculum and many other things are also key to that excellence.

It is also a rather obvious point that the Government's proposed system is not one in which parents or pupils choose the school; instead, the schools choose the pupils. Parents are unlikely to have the choice they have been promised on childcare either. The Chancellor told the House that

"from September, working parents with three and four-year-olds will get their free childcare entitlement doubled to 30 hours a week."—[*Official Report*, 8 March 2017; Vol. 622, c. 816.]

But the Secretary of State has already admitted in written answers that only a small minority of the parents receiving 15 hours will be eligible for the 30 hours. Fewer than 400,000 families will qualify, despite the Government's promise at the last election that more than 600,000 would benefit.

The Chancellor's plans for adult education are no closer to reality. He announced £40 million to trial new ways of delivering adult education and lifelong learning, but his own Government have cut the adult skills budget by 32% since 2010, taking out more than £1 billion. I know that the Chancellor's aides have referred to their neighbours in No. 10 as "economically illiterate", but surely even they realise the absurdity of trying to reverse the damage caused by £1 billion of cuts with £40 million in trials.

It is a similar story with the £500 million a year to deliver the new T-levels. That amount of new investment would be welcome—after all, further education budgets were cut by 7% in the last Parliament, and the Institute for Fiscal Studies found that between 2010 and 2020, funding per pupil in further education would be cut by 13%—but the briefing lines do not quite match the Budget lines. The Red Book shows that in 2018-19 the new funding will be only £60 million. Even by 2021-22, the new funding will not have risen to the promised half a billion a year.

John Mann: Is my hon. Friend aware of the consequences for the productivity gap? Since the Tories came in, and even under the coalition Government, the productivity gap between this country and the rest of the world has worsened in every single year. It is now at its worst since 1991.

Angela Rayner: Absolutely, and I thank my hon. Friend for his intervention.

Several hon. Members *rose—*

Angela Rayner: I make that one-all from each side of the House, so I will move on.

That brings us back to the context for the other announcements, which is the funding crisis facing our schools. We learn from *The Times* today that the Government are now in retreat over the new funding formula. Perhaps the Secretary of State will use this opportunity to clarify the Government's position to the House, rather than to Conservative Members in private meetings. They might say that they are still consulting and have not seen the results, but we still have not yet had the results of the "Schools that work for everyone" consultation and that did not stop the Prime Minister using the Budget to announce most of the forthcoming schools Bill to the press.

It was the same story with the initial plans for new grammar schools, the new school improvement funding, the new capital spending on free schools and every other education announcement made in last week's Budget. Announcements are being made behind closed doors or behind the paywalls of the Prime Minister's favoured newspapers, rather than to this House. It is no wonder they would rather avoid our scrutiny, because the Budget failed to mention the pledge the Conservative party made in its manifesto:

> "Under a future Conservative government, the amount of money following your child into school will be protected…there will be a real-terms increase in the schools budget in the next Parliament."

The last Prime Minister made it clear what he meant:

> "the amount of money following your child into the school will not be cut. In Treasury-speak, flat cash per pupil."

The Conservatives were clear: not a single pupil in the country would see their funding cut by a single penny. That was their promise. Yet the National Audit Office has found that there will be an 8% drop in per pupil funding this Parliament, leaving schools forced to make cuts worth £3 billion. Up and down the country, we hear that schools are seeing less money in their budgets. They are being forced to cut hours or subjects, or to ask parents to chip in. Yesterday, on Europe, the Government were clear that their justification was the mandate of the British people, yet they had a mandate when it came to funding our schools too. I know the Tories would like to airbrush the last Prime Minister from history, but will they tell us today whether that pledge still stands, and, if so, when the Treasury intends to meet it?

The Government had much to say about education in this Budget, but when it came to meeting their own promises they were selective with their facts and comprehensive in their failure. They must do better.

3.4 pm

Chris Philp (Croydon South) (Con): It gives me some pleasure to follow the shadow Secretary of State for Education, the hon. Member for Ashton-under-Lyne (Angela Rayner).

Let me start by welcoming the Budget and congratulating the Secretary of State on her speech. I am delighted that she has managed to secure protection for the schools budget, which will continue to grow in real terms, and I congratulate the Chief Secretary on facilitating that. I also welcome the national funding formula, which the Secretary of State for Education has been working on with a forensic attention to detail. It will ensure that funding follows need, rather than being an accident of postcode. Croydon, the borough I represent, has historically been underfunded. We will now see that injustice corrected, so I congratulate the Secretary of State on her work and welcome the national funding formula.

The shadow Secretary of State for Education gave us a blizzard of statistics. I wanted to intervene on her to say that the most important statistic on education is this: 1.8 million more children are being educated in good or outstanding schools than in 2010. The hon. Lady can quote all the sums she likes, but the fact remains that the Government are delivering a better education for more children than ever before. Conservative Members are proud of our Government, and our free school and academy programme, and I am delighted that the Government are expanding it.

I was pleased that the Chief Secretary, the Chancellor and the Education Secretary found an additional £1.035 billion over the next five years—up until 2021-22—to fund further new schools. New schools give choice to parents and, as the statistics I quoted show, they encourage higher standards. Some of those schools might well be new grammar schools, which the hon. Member for Ashton-under-Lyne criticised. I should declare to the House that I am a grammar school boy. I know from my experience in a south London grammar school that such schools help children from ordinary backgrounds to fulfil their potential. All the studies show that children from ordinary backgrounds who go to grammar schools do a great deal better than those who go to other schools.

Sir Edward Leigh (Gainsborough) (Con): I am sorry that the hon. Member for Ashton-under-Lyne (Angela Rayner) did not give way to my hon. Friend, although she did give way to the hon. Member for Bassetlaw (John Mann), many of whose constituents attend a grammar school in my constituency. The question she failed to answer was this: why, since the abolition of grammar schools, has there been a catastrophic fall in social mobility in the most deprived areas?

Chris Philp: My hon. Friend raises an important point. Grammar schools can and should be an engine for social mobility. The Government's White Paper and the Education Secretary's proposals include new measures to ensure that grammar schools take on a higher proportion of pupils on free school meals. There is a very successful

[Chris Philp]

case study: the King Edward VI grammar schools in Birmingham. They have taken a number of steps, including offering outreach to local primary schools in deprived areas, free tuition for their tests, and bursaries to fund school uniforms and travel. Together, they have increased the grammar schools' free school meal intake from 3%, which is a very low figure, to about 22%. This shows that the Education Secretary's proposals work in practice, and I strongly welcome them.

George Kerevan: In the interests of joined-up thinking, may I ask what proportion of qualifications the new grammar schools will give over to T-levels?

Chris Philp: It is up to individual schools to set their own individual curriculums, and to offer their pupils and parents a choice. That is what localism means. Of course grammar schools, by their nature, tend to be more academic in flavour—[HON. MEMBERS: "Ah!"] Well, that is what a grammar school is—that should hardly be a surprise to Opposition Members. Other kinds of school have a more technical specialisation. Diversity of provision, choice for parents and variety in our system are signs of success, which Conservative Members celebrate.

Let me turn to other measures in the Budget, starting with business rates. Like several hon. Members, I was concerned about the effect of the business rates revaluation on smaller businesses. The town of Purley in my constituency was particularly affected by some quite significant upward revaluations. In that context, it is welcome that the Budget announced £435 million of discretionary relief to help small businesses in towns such as Purley. I would suggest, particularly to the Chief Secretary to the Treasury, that it might be worth reconsidering the profiling of that £435 million over time. The lion's share of that money comes in the first two years: £180 million in 2017-18; and £85 million in 2018-19. That is welcome, but the transitional relief—the upward caps on rates increases—for small businesses is 5% in 2017-18, and 7.5% in 2018-19, so most small businesses will not feel too much of an effect in the next two years. It is really in three, four and five years' time that increases will be most powerfully felt. Would the Chief Secretary consider changing the profile of that money so that, instead of being front-loaded in the next one or two years, it can be back-loaded into years 3 and 4, when the effects of the business rate increases will be felt most heavily? The total amount of money would remain the same—£435 million—but the profile would be shifted over time better to match the effect of the business rates increases.

I offer a second thought on transitional relief for the future, which again relates to the upward and downward caps. Bills have been sent out for 2017-18. There is an upward cap of 5% for small businesses, so no small business will face an increase of more than 5%, and there is a downward cap for large businesses of 4.1%, so no large business gets a decrease greater than 4.1%. I accept that that is now fixed.

Looking into the future, however, and particularly to 2019-20 and 2020-21, I wonder whether the autumn statement might consider fine tuning those upward and downward caps so that the largest businesses, such as the big four supermarkets, have a lower or even a zero further downward cap, so that they get no further decreases beyond next year's decrease. That could fund a more generous upward cap for the smallest businesses, meaning that the upward cap of 10% to 15% in 2019-20 and 2020-21 could be reduced. This approach would be fiscally neutral. It would not affect arrangements for the coming financial year, which I accept are fully set in stone, but it would help small businesses in three or four years' time, including businesses in Purley. I have noticed that the cumulative upward cap for such small businesses over the five-year period accumulates to 64.2%, which represents quite a high cap. If we could find a way of softening the blow, it would be very welcome indeed.

The Chancellor's Budget statement also touched on pollution, particularly due to diesel cars. My constituency, like all London constituencies, is profoundly affected by this problem. The Chancellor mentioned that a plan would be delivered over the summer, in response to the European Union court case, and that fiscal measures would be introduced in the autumn Budget.

I have significant reservations about Sadiq Khan's proposed diesel scrappage scheme, which would cost £515 million over two years in London. The cost of such a scheme nationally would be £3.5 billion a year over two years, which would be unaffordable and would, in fact, simply cause one set of diesel cars to be replaced by another. I do not support the diesel scrappage scheme proposed by the Mayor of London, but one fiscal measure that the Government might consider, bearing in mind that diesel cars now burn 10 million tonnes of fuel a year—a three times increase over the last 10 years—is introducing a significantly increased registration tax for new diesel cars. I am talking about cars, not vans and lorries, because I accept that including them would have an impact on business. That approach would help to deter people from buying new diesel cars, which now make up about half of all new car purchases in this country. Such a measure would have no retrospective effect on people who have already bought a diesel car, but it would encourage people to switch away from diesel cars, which would do a great deal to help to ease pollution problems in cities such as London in the months and years ahead.

I see that I am rapidly approaching the time limit, so let me conclude—*[Interruption.]* I am glad I have said something that is popular among Opposition Members. I welcome the Budget, which continues the Government's record of job creation and growth. I congratulate the Education Secretary and the Chief Secretary again on protecting and growing education funding, and on committing to fund more excellent schools in our country.

3.14 pm

George Kerevan (East Lothian) (SNP): This was a dull Budget, although I do not necessarily say that as a criticism, because it was meant to be dull. The Chancellor did most of his heavy lifting in the autumn statement, in which he amassed a war chest by borrowing more than £120 billion. The criticism of the Budget is that rather than using that war chest now to raise productivity and improve education, he has put it aside because he does not know what will happen after the Brexit deal is done.

The Secretary of State for Education made a reasonable fist of trying to explain the new T-levels. If her explanation had lasted for two or three minutes, I would have believed her, but after half an hour, I began to think that she was arguing a little bit too hard, as if she did not really believe it herself. The T-levels were one of the more innovative parts of the Budget—I do not demur from that—but if we want a technical education of the standard that exists in Germany or the Netherlands, we must have the schools, and the workshops, computers and machinery in those schools, to do the teaching. In fact, the equipment in the schools has to be better than what people will find in the factory after they have graduated. The way to raise productivity is by training in schools at the highest and most advanced technological level.

If the money that the Budget gave to increasing selective education had been put into technical schools in line with the investment that takes place in Germany and the Netherlands, I might just have believed what the Government said. However, the T-levels are yet another blind by a Government who want to pursue selective academic education for a very narrow stream of people, which will not solve the problem of productivity.

The one significant change in the Budget that had the biggest impact was the rise in national insurance for the self-employed, so let us try to connect that to the whole question of educational productivity. Rather than Members listening to me, let us take the evidence of two companies: a construction and investment company called Chiswell; and a building company called Castlemead. Does anyone know who these companies are? They are both owned by the Chancellor of the Exchequer. To give him his due, he put those companies into a blind trust in 2010. He is an honourable man, so there is no question of him influencing these companies at the moment, unlike certain Presidents of the United States who we might mention.

It is interesting to see what these companies are thinking about the economy, productivity and skills. The 2016 accounts of Castlemead say that the building industry is

"suffering from supply bottlenecks, particularly of skilled tradespeople, driving up costs."

What does the building company Chiswell say? It states:

"The scarcity of good quality and committed subcontractors is still an issue".

The company is considering going back into house building. Of course, this skills and supply bottleneck is largely seen among the self-employed. To sum up, the Federation of Master Builders says that 60% of SME construction firms are struggling to hire bricklayers and carpenters.

The Secretary of State claims that the increase in technical training will help to supply some of this much-needed skill demanded by Chiswell and Castlemead. At the same time, however, the Chancellor is removing the incentive to work and to take up training because he is raising the taxes of the very workers whom his companies say they need. In other words, the Chancellor is so short-sighted that he is hurting not only his own businesses but, sadly, everybody else's.

This is not just a dull Budget because, at its heart, there is a ticking timebomb. The OBR forecast about what happens next is interesting, as it relates to whether the money will be there to provide the training about which the Secretary of State has spoken. The Chancellor was concerned to tell us that, under his chancellorship, growth has been very strong in the past 12 months. Growth in this country has been powered by consumer borrowing. If we drill into this, we find that the OBR says that in 2016 the savings ratio in the UK hit a historical low—it has gone to zero and below. People are dissaving. If people are not saving, ultimately the funds are not there to finance the investment that will raise productivity. Moreover, because saving has collapsed, the OBR does not think that there is a potential for consumer borrowing and consumer expenditure to continue to carry the economy. The OBR predicts a downturn in the availability of consumer funds over the next 12 months, so the dissaving cannot continue.

Most of the boost to consumer spending last year was a hangover from 2015, when inflation was fairly low. As real incomes were rising—a rare occurrence in the previous 10 years—people felt that they were a bit better off. However, now that inflation is rising, because the pound has tanked, we can expect consumer borrowing to disappear, so how will the economy meet its growth targets? The OBR says that the borrowing will be replaced by a rise in business investment. When I asked the OBR officials who appeared before the Treasury Committee yesterday why they thought that—where was the evidence that business investment would rise?—they had a wonderful answer, which quite took my breath away: "Business investment has been so low for so long that it is bound to go up some time." *[Laughter.]* That was what they said; Members can go and read the transcript.

Ian Blackford (Ross, Skye and Lochaber) (SNP): Things can only get better.

George Kerevan: Indeed, but I will believe that when I see it, and I will believe that pigs can fly.

Ian Blackford: May I amplify the point that my hon. Friend is making? On page 7 of its book, the OBR states that investment intentions have been put on hold, but when we turn the page, we find that business investment is forecast to grow by between 3.7% and 4.2% between 2018 and 2021. It simply does not add up, does it?

George Kerevan: Not only does it not add up, but it means that we will not have the investment in plant and machinery that will raise productivity. We will miss our productivity targets yet again. Since the Chancellor has amassed his war chest, he should be using it. He should not wait for two or three years to see what happens after Brexit—no general does that. What is needed is investment now. Let us get on with the T-levels. Let us invest in English schools. I think that that would be a good thing to do, but it is not what the Budget says.

Richard Drax (South Dorset) (Con): I am listening carefully to the hon. Gentleman's speech. As I understand it—a Minister may be able to confirm this—the Government have invested £300 million. Colleges can apply for technical status, and the money will help to provide all the equipment, which I entirely agree is needed.

George Kerevan: I accept that proposition but, having spent 25 years of my life teaching in further education, I know that £300 million for the whole of England and Wales becomes a tiny amount when we drill down to all the individual institutions. Can the Government not confront reality? If we want the productivity levels of Germany, we should not be talking about £300 million;

[George Kerevan]

we should be talking about £30 billion. If the Government do not want to spend £30 billion, that is fine, but they should not pretend that small amounts of money somehow solve the problem.

Ian Blackford: I learned a lot from my hon. Friend because about 35 years ago he was my economics lecturer.

We have delegated responsibility to the Bank of England through the quantitative easing programme, and that has led to a lack of balance. We have seen £435 billion of QE that simply has not worked, but we have not seen enough fiscal responsibility from the Government to create the circumstances that will deliver sustainable growth.

George Kerevan: My hon. Friend is right. However, it is important to pin the blame where it is deserved, because perhaps the Chancellor gets too much of it. The blame actually lies in Downing Street with the Prime Minister. When she launched her bid for leadership of the Conservative party on 30 June 2016, she said:

"If before 2020 there is a choice between further spending cuts, more borrowing and tax rises, the priority must be to avoid tax increases since they would disrupt consumption, employment and investment."

Yet now we have a Budget that will raise the taxes of the self-employed and entrepreneurs—the people whose motivation is required for growth in the economy and an increase in productivity. It is the Prime Minister who has reneged on her leadership promise; the Chancellor is only doing her bidding.

This Budget claims to address the questions of education and productivity, but it is actually about selectivity and privilege for the narrow few. Let me tell the House what it has not done. For the first time in 100 years, the millennial generation is earning less than its parents. The Budget does not deal with that, because the Chancellor has sat on his war chest. Home ownership among middle earners is falling for the first time in 50 years. Mrs Thatcher would be turning in her grave if she heard that that was happening under a Conservative Government. By 2020-21—the end of the forecast period—average incomes will be a fifth less than they would have been if growth had continued at pre-crisis levels. There will be £5,000 less for every household.

The Conservative Government have not delivered a return to wealth for the ordinary person. The Chancellor's freeze on universal credit and housing benefits means that one person in seven will have a lower real income in five years' time. This is a Budget that does not address the real issues of inequality in this country. It is a Budget for inertia and complacency, and I will vote against it.

3.26 pm

Sir Edward Leigh (Gainsborough) (Con): It is a pleasure to follow the hon. Member for East Lothian (George Kerevan). He rightly had a lot to say about education in England, but we might have liked to hear more from him about education or health outcomes in Scotland.

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): Will the hon. Gentleman give way?

Sir Edward Leigh: Well, I have hardly started, but—

Roger Mullin: I can tell the hon. Gentleman that the outcomes of Scottish education, in terms of the number of people entering work and higher education, are significantly higher than they are in this part of the United Kingdom.

Sir Edward Leigh: I am very grateful for being informed. Before the hon. Gentleman stood up, I did want to say to him and his colleague the hon. Member for East Lothian that the events of the last 24 hours had convinced me more than ever that I was right to table an amendment, at the beginning of the present Parliament, to give full fiscal autonomy to Scotland, with a modern equalisation formula which would ensure prosperity throughout the nations of the United Kingdom and replace the outdated Barnett formula. Perhaps SNP Members should not intervene on me too often, because basically I am on their side when it comes to these matters.

I want to say a few words in defence of the Government. I am aware that that is sometimes an unpopular thing to do, but I feel that the Chancellor was courageous. I know that that is what Ministers are sometimes told by their civil servants when they are doing radical things—"It is a very courageous thing that you are doing, Minister"—but I think that this was the right thing to do. A storm has broken about the Chancellor's head over the last few days. Why was it the right thing to do to try to plug the funding gap and to increase national insurance contributions? It was the right thing to do because this is, I think, about honesty in politics. Too often in Budgets we have seen gimmicks and little giveaways. We have only learnt the full story the next day, and we have realised that successive Chancellors have pretty well taken back from us what they have given to us. The Chancellor was trying to say, "We have to have a mature, grown-up debate in this country about how we are going to meet the funding gap in adult care." That debate will run and run. We have a few months to think about it and to come up with a solution.

People say to me, "You made a manifesto commitment." Sometimes, circumstances change, and one has to do what is right for the country. It is a difficult thing to do. Manifesto commitments are not written in stone—*[Interruption.]* I did not mean that to be a joke. We all know the history of that particular Labour party manifesto commitment and what might have happened to those words written in stone if the Labour party had won the election.

We have to have a mature debate about how we are going to pay for the NHS. Why do I say that? I am going to be completely honest about it. A lot more needs to be done for our NHS. I rely, as do my family, entirely on the NHS. We have no other providers. People of my age are deeply worried about the funding crisis. We have seen what has happened on A&E—targets have been missed. We have seen the report that puts the UK just ahead of Slovenia, Croatia and Estonia. As a country, we should be doing better than that. What is worse, England was ranked 30th for accessibility because of our exceptionally long waiting times for treatment. The 2013 figures from the OECD show the Netherlands, Sweden, Germany and France at the top, with their spending hovering at around 11% of GDP, while the UK's stands at just 8.5%. Therefore, we need to have a mature debate about how we are going to meet the funding gap for all our people.

The King's Fund estimates that, if we wanted to close that gap solely by increasing NHS funding from central Government, by 2021 we would need to increase our spending by 30%—a whopping £43 billion increase in real terms. That would push NHS spending to £185 billion overall.

Are there any alternatives to those scenarios? I pose that question. I know that that is unpopular. I know that people do not necessarily want to debate this, but we cannot raise this money from general taxation—there is not the political will and we cannot afford to do it—not if we want to maintain the NHS as universal, non-contributory and entirely free at the point of use. Something has to give.

The 2015 Euro health consumer index points out a contrast between two styles of health care: the "Bismarck" systems and the "Beveridge" systems. Bismarck systems are based on citizens taking out insurance available from a range of providers, whereas Beveridge systems such as ours have one body that provides all the care. The ECHI says that the largest Beveridge countries—the UK, Spain and Italy—

"keep clinging together in the middle of the index."

The ECHI rated the Dutch health system as the best performing in Europe. The Netherlands happens to have a contributory Bismarck-style system. I believe—I know that it is controversial and that colleagues do not necessarily want to debate it because it is politically very sensitive—that, without appointing a royal commission and wasting years, Ministers, and the Opposition, have to have an open mind about how we are going to raise money for people not from general taxation, but by moving gradually, for parts of our healthcare, to a social insurance-based system.

We also have to have the courage to think radically about following the German and French example and indeed the Australian example. If you go to see a GP in Australia, you have to pay some money; if you do not turn up, you lose the money. In France, if you go to see a doctor or go to A&E, you have to pay a "facture". If you cannot afford to pay, all that will be returned to you; if you can afford to pay, you have to make a contribution.

I know that these are radical ideas. However, if people are going to dismiss them, and dismiss the need for an open debate about how we are going to fund our healthcare system, they have to explain to us how they will raise the money from general taxation. There is no point simply attacking for Government for increasing national insurance contributions without proposing how they are going to tax to have a world-beating healthcare system, which is in all our interests. We want an open debate on that.

We need to have a realistic debate about education, too, on both sides of the Chamber. I do not think the way to approach the debate is to say, "I believe in grammar schools," or "I oppose selective education in any shape or form." The Opposition have to ask themselves a serious question: why has social mobility declined so catastrophically in our most deprived areas? The solution may not be to have grammar schools in our deprived areas. It may be to have more academic streams in our comprehensive schools. It may be to set up some selective schools only in deprived areas. It may be to provide places only for academically gifted children who come from deprived backgrounds. If politically and ideologically one says that we are not going to go down that route at all and believes in neighbourhood comprehensives in deprived areas, one has to ask oneself why social mobility is declining, has declined and will go on declining.

The Prime Minister is trying to open up a serious and interesting debate, and the Health Secretary is starting to open up a serious and interesting debate about how we are going to fund the NHS, and the Chancellor is opening up a serious and interesting debate about how we are going to find the money to meet all our future needs. In those terms and on that basis, I welcome the Budget speech.

3.35 pm

Mr Iain Wright (Hartlepool) (Lab): It is a pleasure to follow the hon. Member for Gainsborough (Sir Edward Leigh); he made a thoughtful and forward-looking speech, although I have to say that I could not disagree with him more on the matters of insurance-based payments to fund our NHS and selective education; those are the wrong approaches for this country to take.

I want to mention three key points. The first is the position of the national debt. This year's "Economic and fiscal outlook" document from the Office for Budget Responsibility states that

"the fiscal mandate has targeted different measures of the deficit at different horizons",

which is a beautifully diplomatic way of saying that the Government keep moving the goalposts and still fail to score the goal. The OBR goes on to state that

"the Government does not appear to be on track to meet its stated fiscal objective to 'return the public finances to balance at the earliest possible date in the next Parliament'."

So the Government have failed on the deficit, but they are failing catastrophically on the debt.

In 2010, the Government expected public sector net debt to be falling as a share of GDP; it was forecast to reach a high of 70.3% in 2013-14, falling to 67.4% by 2015-16. However, in every single year that the Tories have been in No. 11 net debt has risen in actual and relative terms, reaching 83.7% of GDP last year, and it is going to rise through this Parliament, with the Red Book forecasting that it will reach 88.9% this year.

When the coalition took office, public sector net debt was £771 billion. This year it reached £1.6 trillion, and the Red Book forecasts it is to rise again throughout this Parliament to £1.9 trillion. This is my first key point: in little over a decade, the Tories will have increased public sector debt by 146%, with it rising by over £1 trillion.

In his statement, the Chancellor said that they

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

However, when Tory Chancellors have increased the public debt by almost 150% in a decade, saddling our children with ever-increasing debts seems to be precisely what this Government are doing.

Chris Philp: Will the hon. Gentleman join me in welcoming the fact that the deficit has gone down from 11% of GDP when Labour left office to 3% of GDP today?

Mr Wright: But the public sector debt is almost touching £2 trillion. The hon. Gentleman cannot be satisfied with that situation when the whole nature of

[Mr Iain Wright]

Tory Governments since 2010 has been not only to reduce the deficit, but also to get the debt down to manageable proportions.

On that point, having debt on a low and falling proportion of GDP provides some scope to absorb the impact of any future economic shock. That was the case with the Labour Government in the run-up to 2008, and in many respects it was the case with the Thatcher Government in 1988, '89 and '90, to hit the recession of the early 1990s. But this Government are failing to do the same thing: we will hit any economic turbulence or downturn with public sector debt being about 80% to 85% of GDP. That does not give us the flexibility to be able to respond and help firms and families in a robust and strong way.

The second point I want to make is about the nature of the economic recovery. Seven years ago a Tory Chancellor's first Budget for 13 years stated that the British economy had become unbalanced, too reliant on growth and, as the 2010 Red Book said,

"driven by the accumulation of unsustainable levels of private sector debt and rising public sector debt."

Growth was confined to a limited number of sectors and regions. I have mentioned public sector debt, and it is true to say that the British economy has performed well; the UK was the fastest-growing G7 economy last year. However, if we scratch beneath the surface, it is questionable precisely who is benefiting from that growth and what sort of growth we are having. Of course, growth is growth, and it has to be welcomed, but the British economy seems to be reverting to type, which could leave us vulnerable to long-term challenges and mean that we fail to take advantage of great opportunities.

Who is benefiting from the growth? The UK has been the only big advanced economy in which wages have contracted while the economy has expanded. Households are facing a period of 15 years in which average real wage growth simply does not happen. Average earnings in real terms are expected to be the same in 2022 as they were in 2007. Such a long period of wage stagnation is unprecedented since before the industrial revolution. Yet despite the lack of wage growth, household consumption is powering the economy, as the hon. Member for East Lothian (George Kerevan) mentioned in his powerful contribution. This has led to an expansion in the dominant services sector, but if consumption growth is running faster than wage growth, it must mean that people are either reducing their savings or increasing their borrowing.

The Governor of the Bank of England said in a speech in January that

"the UK expansion is increasingly consumption-led. Evidence from the past quarter century across a range of countries suggests episodes of consumption-led growth tends to be both slower and less durable."

The household debt-to-income ratio has increased from 140.8% to 143.9% this year alone. These are worrying trends, and we are not seeing an increase in investment or an export-led recovery. Business investment has constantly undershot expectations, and there was a year-on-year fall in business investment of 1.5% last year. Despite the drop in sterling's value against the dollar by about a fifth since 23 June, we have not seen the boom in exports that we might have expected. In fact, the trade deficit widened to £13.6 billion in the third quarter of 2016. That was due predominantly to a trade in goods deficit getting larger by £8.5 billion.

My third point is that we need a new model for the economy. To be fair to the Prime Minister, she said when she first came into No. 10 that she wanted to see an economy that worked for everyone, and that she wanted to see private sector reform to ensure that growth was rebalanced and reached all parts of the UK. However, that is not what we saw in last week's Budget. The Government have referred to an industrial strategy as the path by which such growth could be achieved, yet the Chancellor failed to mention the term "industrial strategy" once in his financial statement, which demonstrates the buy-in from the Treasury to the concept. We talk about rebalancing across the regions, but as a north-eastern MP, I could find no reference whatever to the north in the Budget statement, let alone an assurance that we could have an economy that worked for everyone.

In our recent Select Committee report following our inquiry into the industrial strategy, we noted that the Government tend to operate in silos, and this Budget sadly reveals business as usual and more of the same. The Government intervene in the economy every single day, through taxes and regulations, as the Red Book shows. They can do that in an ad hoc, piecemeal way, or they can do it as part of a co-ordinated, strategic purpose. Sadly, the Budget seems to stress the former. It is true that the industrial strategy talks about skills as being essential, and the Chancellor's announcement on technical education is welcome, but we will not see the fruits of those proposals until 2020-21. The industrial strategy also talks about ensuring that we are one of the most competitive places in the world to start and grow a business, yet the national insurance contributions debacle will result in a tax on enterprise, on ambition and on personal risk-taking by entrepreneurs.

The Committee would have liked to see a more ambitious, mission-based approach in which the Government, working with business, set a long-term direction for the economy in the pursuit of tackling global and national challenges. Where in the Budget was the vision on decarbonisation? Where in the Budget was the ambition to be the leading economy to exploit the fourth industrial revolution? Sadly, we got the same short-term tinkering, which will not address issues such as low productivity, skills deficiencies and massive regional imbalances. If the Prime Minister is serious about an economy that works for everyone, we need to see a step change in the way the economy works. An industrial strategy could be the means by which we achieve that but, sadly, in this Budget we saw business as usual.

3.44 pm

Lucy Allan (Telford) (Con): Thank you for calling me to speak in this important debate, Madam Deputy Speaker. It is a pleasure to follow the considered speech of the hon. Member for Hartlepool (Mr Wright). I congratulate the Secretary of State for Education on her passion and commitment to social mobility. We saw that today and we see similar themes in the Budget. I am so pleased that she is doing everything possible to ensure that my constituents have the opportunity to realise their potential. I particularly welcome the Government's commitment to technical education, the introduction of the T-levels and the fundamental reform of education for 16 to 19-year-olds. It is truly a Budget for skills. I care so much about that because it represents an important investment in the future of my constituency. Telford has a proud industrial past as the birthplace of the industrial revolution.

Mr Iain Wright: That's just wrong.

Lucy Allan: I know that the hon. Gentleman disagrees with me, but I will continue to say that Telford is indeed the birthplace of the industrial revolution. We have our foundries, ironmasters such as Abraham Darby, the invention of the inclined plane, the Ironbridge—I could go on, but we are here to talk about skills. Over the years, through innovation and the indomitable Telford spirit, we have been able to overcome obstacles and find solutions to many problems. As a result of that innovation and spirit, Telford has become a dynamic, vibrant centre of the modern industrial revolution. From polymers and plastics to the high-tech automotive supply chain and advanced manufacturing, high-skilled, high-paid jobs are on offer to Telford's young people.

Some years ago, I addressed sixth-form students at Abraham Darby Academy, which is in Madeley in my constituency, and said that university is not for everyone, that many graduates feel ill-equipped for the world of work on graduation and that some find themselves highly in debt in low-paid jobs. There was a bit of shuffling and an awkward silence and the teachers looked at each other and at the floor, and it became clear that almost all the students were being actively encouraged to go to university, which is what they planned to do. At that stage, however, they did not have the choice that is now being offered to students. We now have a clear-cut quality alternative for students who want to spend their post-16 years preparing for the world of work, which has to be a good thing. We have to ensure that the young people of Telford have the right skills and the work-readiness abilities to take full advantage of the opportunities presented by the high-skilled, high-tech jobs that are now coming to Telford.

Employers in Telford frequently talk to me about the skills gap being a major challenge, and the Budget's measures on technical training will address that. Telford already has some fantastic organisations that are working hard to upskill our young people. Juniper Training and the Telford College of Arts and Technology do fantastic things on work readiness and skilling young people up with technical skills. Equally important, however, is the skills training offered by primary schools in Telford. We may be doing something unique, so I want to tell the House about it because it is a model that other primary schools should look to follow.

At Dawley C of E Primary Academy, which I visited recently, every single child uses technology in the classroom in amazingly innovative and advanced ways. Children are acquiring skills that will equip them for the jobs of the future. I got to see 7-year-olds using 3D printing and computer-aided design to make flowerpots and benches for an outdoor area as if it were second nature. The school is giving children the skills to thrive in the Britain of tomorrow—skills for success in a modern economy. Pupils from Newdale Primary and Nursery School visited me in Parliament today, and one young boy told me all about how they are learning to code. Many schools do that, but we need to build on the technical skills that children learn at a young age. It is fantastic that we can build on that with a complete overhaul of 16-to-19 provision to create a workforce of tomorrow for jobs that have not even been created yet, which is vital for a vibrant economy and for our global competitiveness.

I say "Well done" to Dawley C of E Primary Academy and to Richard Smith from Amazing ICT, who goes around all the primary schools in Telford helping pupils to discover technology at the youngest possible age. They are giving students the skills they need to thrive in the modern economy and equipping them for the jobs of tomorrow. A particular "well done" goes to the Secretary of State for Education for introducing that transformative approach to skills. As with the new T-levels and the technical education routes, we are helping children to do what they wish to do, and we are boosting UK productivity and UK competitiveness in a post-Brexit world.

I welcome many of the Budget's other measures, too. I particularly want to mention the measures for women, including the £5 million for the centenary of votes for women in 1918, as it is important that we mark that incredible milestone. I welcome the £5 million for returners and the £20 million for the victims of domestic violence, and I am glad to see those important measures.

Hannah Bardell (Livingston) (SNP): I also welcome that funding, but does the hon. Lady share my dismay that, on the same page as her Government talk about giving support to victims of domestic violence, they refuse to get rid of the repugnant rape clause?

Lucy Allan: I am glad that the hon. Lady, like me, welcomes the money for victims of domestic violence. It is extremely important that the Government continue to recognise those victims, and I believe our Prime Minister is 100% behind doing exactly that.

I welcome the Budget, and I specifically welcome the Secretary of State's commitment to social mobility. I know that my constituents in Telford will benefit from the measures that she has set out.

3.51 pm

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I have heard a few Budgets in my time. The first was delivered by Sir Geoffrey Howe, who was a thoroughly decent man. Denis Healey unkindly said that Sir Geoffrey had been round the country stirring up apathy, but he was a decent man and I remember his Budget.

This Budget is deeply, deeply disappointing. In the context of the miserable votes last night, with this country heading headlong into a hard Brexit, I expected an imaginative Budget that prepares the country for what Harold Macmillan called, "Events, dear boy, events." Well, we have already seen one such event from the First Minister of Scotland, and there will be many more from left field and right field. This country is going to be rocked by events over the coming years, and this Budget does not help anyone—nationally or regionally.

I represent Huddersfield, which is almost the average town in Britain, and it is in a dreadful state. They are going to close the accident and emergency services at our local hospital, and they are going to close the whole hospital. There is chaos across our country, not just in Huddersfield. Two thirds of the health services in our country are in dreadful trouble.

[Mr Barry Sheerman]

Most of the local authorities I know, especially the ones with indecent levels of deprivation and poverty—the ones in the average, real parts of our urban communities in Britain, not the ones in the leafy suburbs that some Conservative Members represent—are in deep trouble and are unable to bear the cost of social care and health. I was expecting something imaginative from the Budget, and we did not get it.

We also got very little indeed on education. Some earlier speakers asked where we could get alternative funding. The hon. Member for Gainsborough (Sir Edward Leigh) and I used to sit together on the Liaison Committee, and I used to call him, very unkindly, a member of the "barmy army," but he actually thinks a lot. He has always been quite provocative, and he always has something to say. The fact of the matter is that we need imagination and passion to solve our country's problems, but I heard little passion from the Government Front Bench today. I feel passion because I believe that every little child in this country has a spark of potential. If we, as politicians, cannot create a system that liberates that spark, we are not doing our job.

As Sir Michael Wilshaw said, the disaster of our education system is that we find bright little kids in our primary schools and we lose them after the age of 11. What sort of country and what sort of school system is that? All parties have underachieved, but we have seen some real change. There are signs of improvement, and I shall briefly give the test that most primary school teachers use to assess a young person's work. They use "two stars and a wish," and these are my two stars. First, I give a star for the good fundamental policy approach to skills in this Budget. We have been languishing on skills policy for so long, but there is now some imagination there. Who would have thought it? They used to say that John Prescott was a crazy man of the left who wanted a levy for training. Conservative Members used to say that was an absolutely disgraceful left-wing horror. Well, we now have an apprenticeship levy, as we should. It comes in in April and I hope it will succeed.

The Government actually went about policy making in a sensible way. They took evidence and consulted. They put Lord Sainsbury in charge, along with the former Minister the hon. Member for Grantham and Stamford (Nick Boles), who actually got to know something about skills and training. He has gone now, but some of us will miss him, because he listened. He introduced Lord Sainsbury to the skills commission that I chair, and I gave evidence to them both about what I wanted to see in skills policy. Some of that stuff is in the policy that came through in the Budget. I welcome such evidence-based policy. When I was Chair of the Education Committee, we used to applaud evidence-based policies, along with policies that seemed to work in countries like ours. So, there is something in the Budget in terms of skills, Alison Wolf's recommendations to the Select Committee, and the work done by the Sainsbury review to talk to businesses, employers and practitioners on a cross-party basis. That is the way to make policy.

Sir Edward Leigh: The hon. Gentleman is speaking with great passion and is doing his best to provide some solutions. May I give him another one? Perhaps we should end the fiction that national insurance contributions can pay for all social care. We should merge national insurance and taxation, simplify things, and try to raise more money that way.

Mr Sheerman: I have already complimented the hon. Gentleman on being a good, out-of-the-box thinker, and that is another interesting suggestion to debate.

My second star is for productivity. Actually, it is only half a star, because we cannot really check. The Budget includes additional high-value investment, the national productivity investment fund and world-class infrastructure investment. I like most of that, except I am one of those quirky people who still cannot believe in High Speed 2 and in the fact that all that national treasure is being put into a railway that will be out of date by the time it opens in 2033. I think the money should be spent on the national health service, but I know I am in a minority on that.

The Budget also includes £300 million for the future development of the UK's research talent and to attract talent from the research powerhouses of China, Brazil and Mexico. I like all that—it is all quite good stuff, so it gets half a star. All the stuff about disruptive technology investment to transform the UK economy, electric vehicles, artificial intelligence and robots is good stuff, but there has not been enough private sector research and development for a number of years. Co-operation between business and universities has not been good enough. We will never get the levels of productivity we want until we have the right kind relationships.

Finally, I come to my wish: for goodness' sake, where is the evidence that grammar schools and free schools do anything to find the spark in children that we want to release? There is no evidence and no research. Not one reputable research institute or organisation in this country believes that a return to selective education will help anyone—quite the reverse. Look at all the research and the experience in other countries. Just look at Kent, for God's sake! It is the most selective place in the country and it has the worst performance across all schools in the country. That is selective education. It has no research base and no experience base, and there is no global comparison of which we can say, "Isn't it wonderful?" They do not have it in Denmark, Sweden or Finland. I doubt it is even the latest fashion in Shanghai.

I like policy that is based on good research and good evaluation, and yes, sometimes we should work across the party divide—that is the way to make policy. This Budget has not delivered it. We want that spark to be found and promoted—we want the country to be rich and successful in the challenging disaster of Brexit—but it is not in this Budget.

3.59 pm

Chris White (Warwick and Leamington) (Con): I am delighted to follow the hon. Member for Huddersfield (Mr Sheerman). We work together in many areas, including as co-chairs of the all-party group on manufacturing. He displayed his typical passion in his speech this afternoon. My view is that we must be forward looking in our approach and embrace an increasingly dynamic economy. If we tie that in with our industrial strategy, we have much to be optimistic about.

I start by acknowledging the positive news on employment. A record 31.8 million people are in work, which is reflected in the figures in my constituency.

Businesses can be particularly proud of the fact that there has been a 74% fall in unemployment since 2010. Naturally, as the unemployment figure falls, it becomes increasingly difficult to reduce that figure further. For that reason, we must think differently about developing a skills base and investing in research and development. Industry 4.0 is a prime example of an idea that must be integrated into Government policy and that must span a range of Departments.

I also welcome the introduction of T-levels. Technical education has the potential to boost productivity. The new system, which will be introduced in 2019, increases the number of hours on such courses and includes good, strong work placements. I spoke in a recent debate on the productivity plan. If we are to improve productivity in the UK, we must first improve our domestic skills base. The £500 million per year in extra funding for technical education is a boost. Warwickshire college, which is in my constituency, is an example of what can be achieved.

Giving parity of respect to technical education in relation to A-levels has been something in which I have long believed. I am pleased that the Government have recognised the significance of this standard. More generally, strengthening ties between our education system and business should be a priority, particularly as the demands on businesses will continue to shift with the changing landscape of the economy.

I welcome the national productivity investment fund, which was announced in the autumn statement, and the funding that will be provided through the spring Budget to upgrade transport infrastructure. In the midlands, some £23 million will be directed towards improving the transport network. Wider spending on infrastructure with a focus on providing the very best framework for business is vital. The launch of the industrial strategy challenge fund is also very welcome, particularly with its focus on investing in innovation. It is absolutely the right approach to take and I hope that it can be built on as the strategy develops.

During the Queen's speech debate last year, I spoke about the importance of shaping an industrial strategy to give certainty and confidence to British business. Despite being a little alone with that opinion on the Government Benches, I welcomed the industrial strategy Green Paper and the development of the Department. With this new funding, projects that further the capabilities of the automotive sector and that increase the longevity of batteries in electric vehicles can go a long way in securing a prosperous and sustainable future. Investment in infrastructure in tandem with investment in R and D is vital if our potential is to be realised.

The midlands is well placed to be at the forefront of such technologies, and it is in that context that I welcome the launch on Thursday of the midlands engine strategy, which specifically mentions the automotive industry and the fact that 39% of UK employment in the sector is in our region. With a strong science and research base, providing additional support to the midlands is the most effective way of enabling the UK to take a greater share of the international market. Regional empowerment should be a key consideration of Government policy. Sustained support for the midlands engine is, therefore, vital.

My final point is about the concern of a number of businesses in my constituency about business rates. In recent weeks, I have canvassed opinion locally on the upcoming changes to rateable values. By way of an example, a pub in my constituency is seeing a rise from £18,000 to £68,000. Another is seeing an increase from £33,000 to £94,000. Elsewhere, a business is seeing its rateable value rise to £12,500; being £500 above the rates relief threshold will mean a further tax bill of £6,000. Even for successful enterprises, these significant hikes in business rates risk jobs losses and closures of businesses altogether. The £1,000 business rates discount for one year for pubs with a rateable value of up to £100,000 is put into context with the rises I have just mentioned. Allocating £435 million towards supporting those that will be particularly impacted is welcome, but I urge the Chancellor to review the issue urgently.

Mr Speaker: I call Gareth Snell for his maiden speech. [Hon. Members: "Hear, hear."]

4.6 pm

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): Thank you very much, Mr Speaker, for the opportunity to make my maiden speech during an important debate on education and skills. Both are vital to the future success of my constituency, albeit a greater challenge following the sustained underfunding of Stoke schools.

It is a privilege to have been elected as the Labour and Co-operative Member of Parliament for Stoke-on-Trent Central in an election that was not planned and following a campaign that, all too often, did not do justice to the wonderful city that I now represent. Many of my colleagues on these Benches—and, I would wager, on the Government Benches—who came to Stoke-on-Trent during the by-election would struggle to reconcile the vibrant, welcoming and proud city they visited with the portrait painted by the national media. All too often, cameras lingered over disused bottle kilns, while our resurgence in hi-tech ceramics went unmentioned. Journalists posed by abandoned shop fronts, just yards away from the city's thriving cultural quarter, and rarely did our world-class university feature in reports. Commentators talked down my city in order to play up their narrative. They dismissed a capital of culture as little more than the capital of Brexit, pigeonholing my constituents into a box that does not reflect their true character.

While that narrative suited those seeking to win the election on a platform of hatred, division and nationalism dressed up as patriotism, it did a grave disservice to my city, whose motto is "United strength is stronger." My city demonstrated that nationalism of any sort has no place in our politics. My challenge, for however long I am blessed to represent Stoke-on-Trent in this place, is to champion everything that is great and good about our city; to recognise our problems, but to highlight our many achievements; and to shout loud and often about why the Potteries, above all else, is the best place in the UK, if not the world.

In the Potteries, we are innovators and educators, artists and entrepreneurs. We pioneered the first industrial revolution—something that has been discussed quite a lot this afternoon—and we have the potential to lead the next. We are the home of Reginald Mitchell, Josiah Wedgwood, Clarice Cliff and, more recently, Robbie Williams. But, most importantly, we are home to the Staffordshire oatcake—a delicacy seldom found outside of the ST postcode but which, once savoured, is never forgotten.

Lucy Powell: We'll have to try it.

Gareth Snell: Yes; I'll bring some.

We were the beating heart of a ceramic empire that stretched to the four corners of the world and, today, proud members of the "turnover club" can be seen inspecting their tableware for that all important back stamp, hoping to find neatly inscribed on the back of their plate or cup the five greatest words in the English language: "Made in Stoke-on-Trent." It is a ceremony my own daughter Hannah has taken up with vigour. Indeed, so enthusiastically does she wish to discover the origins of a dinner plate, she has on occasion forgotten to finish its contents before turning it over and depositing her lunch in her lap.

It was with utter joy, when I arrived in this place, that I discovered that my first cup of tea was from a wonderfully crafted cup produced, upon further inspection, by Dudson, from my city, which, although technically in Stoke-on-Trent North, I am sure my hon. Friend the Member for Stoke-on-Trent North (Ruth Smeeth) will not mind sharing for the purposes of this speech—I hope, anyway. But ceramics is not just our history and our heritage; it is our present, and with the right help from this Government, it can be our future, too.

Mr Speaker, in the middle of my constituency, on an otherwise unassuming window in the city centre, you will see a life-sized picture of TV's Eric Knowles, best known as the ceramics expert on the "Antiques Roadshow". He proudly proclaims that the Potteries Museum and Art Gallery boasts a greater collection of ceramics than even the Victoria and Albert Museum—a discussion I shall no doubt have with the V&A's new director.

That allows me to segue neatly to pay tribute to my predecessor, Tristram Hunt. Although he was, like me, not a native son of Stoke-on-Trent, anyone who met Tristram knew that the Potteries had found its way into his heart. He was a fervent champion for Stoke-on-Trent, and never was an opportunity missed to extol the virtues of our six towns. His ability to bring people together and ignite in them a passion for the Potteries will be sorely missed.

But it was our city's children who most preoccupied Tristram's efforts. He knew that the best hope for our city's continuing resurgence was to ensure that every young person had a good education and the best possible start to life. He was a champion of Sure Start—one of Labour's greatest achievements and, for the doubters on the Conservative Benches, something we will rescue in the next Labour Government. He was a frequent visitor to the many wonderful schools across the constituency. He delivered the maths excellence partnership to improve standards in our local schools and give young people the skills they need to prosper.

Tristram used his talents to promote literacy, because he knew the value of inspiring children to read and to foster a love of books. His enduring legacy in Stoke-on-Trent Central will be a generation of children who, through his work on the now acclaimed Hot Air literary festival, have been able to expand their reading, take up creative writing and explore a world of literature that otherwise would have passed them by. As we speak today of the importance of education and training for post-Brexit Britain, these achievements, and the ongoing challenges, are as important as ever.

Tristram was a thoughtful and forceful voice in this House and beyond, and I know that his contributions will be missed, but he is one of a long line of distinguished parliamentarians to have represented Stoke-on-Trent Central. Whether it was Mark Fisher and his campaigns on local health services and to ensure the sovereignty of Parliament, or Bob Cant as a keen advocate for local government, my constituency has been ably served by dedicated public servants, and I will do my utmost to continue in that tradition. [Hon. Members: "Hear, hear!"]

My predecessor was a man who loved our movement's history, but I am a man who has lived it. Growing up with my grandfather, a union rep for the old Transport and General Workers Union, I was taught from a young age that the greatest strength that working people have is our solidarity. It was a lesson that he embodied in his own life, representing his colleagues at the chicken factory where he worked, and representing his friends and neighbours as a Labour councillor.

My childhood taught me always to stand up for what I believe and always to speak my mind. The latter, it must be said, has sometimes brought mixed results. *[Interruption.]* Yes, 140 characters are coming out later. Nevertheless, that advice has served me well, and my wife Sophia and I will be proud to pass it on to our daughter, Hannah.

I would also like to put on record my thanks to the Labour movement, including friends in the Labour party, the Co-operative party and the trade unions, for their assistance in my election. Particular thanks must go to my hon. Friend the Member for Birmingham, Erdington (Jack Dromey) and to my new neighbours, my hon. Friends the Members for Stoke-on-Trent North and for Stoke-on-Trent South (Robert Flello).

Ours is a politics based on comradeship in which the strength of our common endeavour means that we really do achieve more together than we achieve alone. Those same values of fairness, co-operation and social justice run through the history of Stoke-on-Trent and its people. They were on display in 1942 when the north Staffordshire mining community helped rebuild the village of Lidice in the Czech Republic after it was razed by the Nazis. The driving force behind that crusade was another of my predecessors, Sir Barnett Stross, who said at the time:

> "The miner's lamp dispels the shadows on the coal face. It can also send a ray of light across the sea to those who struggle in darkness."

At its best, that is what the Labour movement has always been—a ray of light for those who struggle in darkness. It is my immense privilege to be part of that movement here in Parliament, and to try in my own small way to help to hold that lamp aloft. It is a responsibility that I will do my best to meet as I strive to give a voice to the people I represent and showcase all that is great about Stoke-on-Trent.

4.15 pm

Richard Drax (South Dorset) (Con): It is a great pleasure to follow the maiden speech given by the hon. Member for Stoke-on-Trent Central (Gareth Snell). We all remember our maiden speeches. I personally thought the hon. Gentleman made an excellent speech full of passion and conviction. Perhaps a little shiver went through those on these Benches at hearing a man of conviction, which is what this House needs, in my humble opinion, on many occasions. From Staffordshire oatcakes to the ceramic empire, we heard it all. The hon. Gentleman represents an honourable seat and I am sure he will do an honourable job.

I congratulate the Government on doing an excellent job so far, bearing in mind the appalling inheritance that we had back in 2010, along with the banking crisis and many other factors that led to the massive cash crisis that we face. The UK economy is forecast to grow by 2%, real wages are forecast to rise every year to 2021, the deficit is due to fall, and the debt in proportion to national income is also due to fall. All this, and more, is most welcome, and I congratulate the Government of whom I am proud to be a member.

I am also glad that the Government are not ashamed, as they should not be, to mention the dire financial circumstances that our country still faces. Wherever I go in my constituency—I am sure that most Members are the same—we cannot brush over the fact that we are still on a knife edge. We are told—the figures are there—that there is debt of £1.7 trillion, or £62,000 per household; that private debt, which is not often mentioned, is a similar figure; and that there is £50 billion a year of debt interest, which is more than we spend on defence and policing put together. These are horrifying figures that Government Front Benchers are desperately trying to deal with.

I would not be doing my duty as a Member of Parliament if I did not raise a few of my concerns about the Budget, although overall I support it. The word "fairness" is used a lot by the Chancellor of the Exchequer, for reasons I quite understand, but I am not sure that it entirely resounds with those who are going to be affected by one or two tax rises. As a Conservative, I long to hear from a Conservative Chancellor a vision for this country that involves a massive reform of our tax system, which today is one of the most complicated in the world. For example, why cannot we have a flat-rate income tax of, say, 30%? KISS—keep it simple, stupid—is what we were told in the Army, and I think that there is a lot of room for that in the tax system of this country.

Sir Edward Leigh: My hon. Friend is making an interesting speech. The reason why we cannot have a flat-rate tax—this is not often mentioned by Labour Members—is that the top 2% pay a quarter of all income tax. It would therefore be impossible to move to a true flat-rate tax, but we could completely simplify the tax system, perhaps by having two rates. We could also try to merge capital taxes, and their terms and rates, much more into income tax. We could therefore start to get rid of the poverty and unemployment trap.

Richard Drax: I entirely concur with my hon. Friend. As always, his intervention was absolutely spot on.

Another point I have noticed during the six or seven years I have been in the House is that everything is ring-fenced—every Department is ring-fenced. The Chancellor says, as we have heard previous Chancellors say, that there is so little room for manoeuvre. May I suggest that we take away the ring fence, think radically about areas such as the national health service—my hon. Friend mentioned it—and try to look at things far more in the round for the future of our country? I would have liked to have heard a lot more about Brexit, and the future—where we are going—in the vision from the Chancellor, as I do not believe that we heard about that.

I want to touch on one or two other issues, the first of which is the national insurance hike. I must say that I am concerned about that because many people who will be affected work and live in my constituency of South Dorset. The money raised will be relatively pitiful, but 2.5 million people are facing an average rise of £240. We have heard about a manifesto pledge being broken, and I believe it has been broken. I am not saying that manifesto pledges cannot be broken, because circumstances may change, meaning that they have to be broken.

I have consistently argued that if we are to look for more money, the overseas aid budget is the area that we should consider. Many of my constituents certainly believe that we should help the less well-off—of course we should. However, setting an arbitrary figure for such aid of 0.7% of GDP—interestingly, the average figure for the EU is 0.4%—is a pledge too far. It is also a pledge that this country clearly cannot afford, because many areas of our national life are now calling for more money.

Self-employed people take risks that the employed do not, as we all know. They risks their homes, livelihoods and families. That is one reason why they have, or did have, such a tax advantage. I know that there has been equality as far as pensions are concerned, but I still believe that the risk takers, the entrepreneurs and the aspirational—the people we need to create wealth, prosperity and jobs for our future, especially as we move to leaving the EU—should not be penalised.

I am not happy about quarterly reporting. The self-employed and small businesses will be required to fill in four income tax returns a year instead of one. They will need to do so digitally, but if hon. Members speak to farmers about applying for grants digitally, they will find that that is not always easy. Such people will require an accountant and there will be extra costs. Income tax will have to be paid at the end of each quarter, rather than in one or two instalments each year, and that will inevitably affect cash flow. It is important—in the good times or the bad times that we know businesses experience—to have an annual look at a business, rather than for it to be affected during a poor period by a cash payment that has an impact on its cash flow.

Another area that I am concerned about is probate fees. At the moment, probate costs are capped at £215. It is worth noting that the costs on estates of over £50,000 could now range from £300 to £20,000. The press have dubbed this a "death tax", and I think that that is a fair comment.

On death taxes, I want to mention inheritance tax—I declare an interest. I think that inheritance tax is completely immoral. We pay a lot of tax all our lives, and when we die, as we cannot avoid doing, 40% is charged by the state. In my view, that is completely immoral. Let me quote the previous Prime Minister, David Cameron, who said at the last election:

> "We will take the family home out of inheritance tax. That home that you have worked and saved for belongs to you and your family—you should be able to pass it onto your children".

I entirely concur.

In my remaining minute, let me say that I want the abolition of inheritance tax, a review of capital gains tax and the simplification of the whole tax system. I also want much more investment in technology colleges—I entirely agree with the hon. Member for East Lothian (George Kerevan)—where I think the future lies for all the jobs that we will need to fill. If money is needed, I want the overseas aid budget to be targeted, rather than any other ring-fenced area.

[Richard Drax]

The situation regarding business rates concerns me. In the view of Tim Martin, the very able founding chairman of Wetherspoons, who came to address my apprenticeship fair last week, supermarkets will get away with it and his pubs will get hammered. Finally, may I gently ask Ministers that we stop using the terms "tax avoidance" and "tax evasion" in the same sentence? Tax evasion is illegal; tax avoidance is something we all do for our families' sake. I would be grateful if we could stop using the two terms together.

4.25 pm

Mr Jim Cunningham (Coventry South) (Lab): I start by congratulating my new hon. Friend the Member for Stoke-on-Trent Central (Gareth Snell). His speech was interesting and very hopeful, given the economic situation that the people of Stoke-on-Trent, like the rest of the country, are suffering from. I am sure their new Member will do his adopted city proud, as I try to do for Coventry.

Let us look at the Budget in the context of the austerity measures that the Government have pursued. They will have lasted far longer than the time from the start of the second world war to the end of rationing, and we wonder why people like Donald Trump get elected—it is because austerity has gone on far too long in America, like in this country and in Europe. I would have expected the Budget to have offered at least some sort of hope to the British people, but all we had was a further dose of austerity.

The Government told us that the deficit would be eliminated by the end of the last Parliament—another promise that they have broken. In fact, the Chancellor is now extending the deficit. Taxes are increasing while real wages are falling. The TUC's analysis has found that the UK ranks 103rd out of 112 countries for pay growth. Some 6 million people earn less than the living wage and 4 million children are in poverty. The Government have not really addressed those issues.

When Labour left office, Britain retained its triple A rating, we had low interest rates to help poorer families, and 85,000 more nurses and 32,000 more doctors had been trained. The current Government, and the coalition before them, have been living off the benefits of that.

Another broken manifesto promise by the Government is on national insurance contributions. That was touched on earlier, so I will not elaborate too much on it, but it will affect self-employed people, particularly those in lower pay brackets such as taxi drivers and people working in pubs. The rich will not necessarily be better off as a result, but the change will hit hard-working people.

In the case of welfare, there has been no reversal of the personal independence payment cuts and the changes to employment and support allowance, which will hit disabled people hard. There have been demonstrations about that, and I am sure that my colleagues will have been lobbied about it at their surgeries. Yet the Government have started a process that will allow some people to pass on property free from inheritance tax.

Stephen Pound (Ealing North) (Lab): Not only do we get lobbied in our surgeries but we get lobbied at home—my son, a self-employed electrician, was speaking to me about this the other day. Not only is he being hammered for NICs, but he is having to do quarterly tax returns—he is tempted to vote Labour! That is the unfortunate side effect, from the Government's point of view. Does my hon. Friend accept that the Conservatives are no longer the party of the self-employed—the party of white van man and woman? They are the party of themselves, and of the wealthy, the rich and those who are not bothered by what have been described as "pitiful" sums of money.

Mr Cunningham: Simply put, the Conservative party was never on the side of the working man, so nothing has changed there. I am quite surprised at times that some people vote for the Conservatives.

Healthcare has been touched on in today's debate. The funding for social care is welcome, but it is too little, too late. It is putting a plaster over a big wound, and it will not solve the long-term issues. Funding for the national health service is needed, but the funding that has been announced will not help in the longer term; more investment is needed. Council tax increases will raise money in the short term, but they will not solve the problem in the longer term. In Coventry, the increase in council tax will generate about £443 million, but the national living wage increases will cost about £600 million. The Government have abdicated their responsibility for social care and they are shifting the burden on to local authorities and local people, rather than paying for it from general taxation.

Turning to pensions, we were lobbied last week by what we call the WASPI women, but there is nothing in the Budget to address the problems that they face. Women's issues have certainly been mentioned in this debate, and in many debates in this House over a long period of time. Yet again, however, the Government have done nothing to address the issues that really affect the WASPI women. I will not go into the detail of the hardship that they experience, because it is well known to the House, but the Government have done nothing to address it. The Government boast that there are more women in work. That might be true, but they forget to mention that a lot of women—many of them in lower-paid, manual jobs—will have to work for longer.

The business rate changes will hit small businesses on the high street the hardest. The £1,000 relief for pubs is not a lot in the great scheme of things. It is only a gesture, and it will not help in a meaningful way.

Let us look at education. Instead of funding free schools, money should be invested in our existing schools. Schools are being asked to find £3 billion of cuts, and resources are already stretched to breaking point. Local authorities in Coventry have always taken the decision to fund schools well, but the national funding formula will leave pupils with less funding, even though the Government say that no pupil will be worse off. Will they guarantee money to ensure that the national funding formula does not leave Coventry schools with a shortfall?

The Institute for Fiscal Studies warns that, by 2020, school funding per pupil will have been cut, in real terms, by 6.5%. Funding for 16-to-18 education will be on a level similar, in real terms, to that of 30 years ago. The Chancellor has ignored the funding crisis in the Budget. The cost of employing staff is growing because of increases in employers' contributions to national insurance and pensions, plus pay increases, but there has been no additional funding for that from the Government.

Women will still have to prove that their third or subsequent child was the product of rape to get child benefit. Once again, we see women being discriminated against by the Government. Women are still disproportionally affected by austerity, and the £20 million fund for violence against women is not enough to offset the cuts that they have faced since 2010. That fund is likely to be a repeat of the £20 million announced last November; it may well not be new money.

In the midlands, although the £392 million of funding through the local growth fund is welcome, it is not sufficient if we have any real intention of developing the west midlands economy. Listen to this: Coventry and Warwickshire will get only £42.4 million, which is not a lot when we consider the area. There will be £20 million for the midlands skills challenge to improve employment prospects for people in the area, £4 million to support the midlands engine partnership, £12 million for commercial and housing developments and broadband infrastructure, and £11 million to support skills and apprenticeships in Coventry and Warwickshire. That will not solve the problems that the country faces.

Although investment is welcome, there is also a housing crisis that needs tackling. London has been awarded nearly 10 times as much for housing. Since 2010, there has been a 40% cut in Government funding to local councils, and small businesses and high streets will be hit hard by business rates rises, but that has not been addressed in the midlands engine strategy. By 2020, the Conservative Government will have cut £655 million from Coventry City Council's budget, and the midlands engine strategy will not cover that shortfall. Social care and our NHS desperately need funding, and Coventry and Warwickshire local authorities expect a deficit of £33 million by 2020-21 in social care. The midlands engine proposal is superficially attractive, but it will not address the long-term issues in the west midlands.

4.34 pm

Shabana Mahmood (Birmingham, Ladywood) (Lab): I congratulate my hon. Friend the Member for Stoke-on-Trent Central (Gareth Snell) on his excellent maiden speech, which I enjoyed very much. It moved many of us to laughter and tears. I gently correct him on one point: Stoke is not the centre of the known universe. That would be another place in the west midlands called Birmingham, but I will let him off on this occasion because that was a first-rate start to his parliamentary career and I wish him all the very best.

I want to focus my remarks on the Government's record and their failure on their own terms. I note with interest that the Government Benches are all but empty. That may be because Government Back Benchers are not exactly lining up to defend the increase in national insurance, given the row that has erupted between No. 10 and No. 11 Downing Street, but the reason may go back further than that. Long before the Government's broken manifesto commitment on national insurance, the Government failed the test they set for themselves: their central mission when they came into government in 2010, and the one promise they made to this country, was that they would eliminate the deficit in five years and that the age of austerity was the only way to achieve it.

The Budget documents are clear. In 2016-17—I am glad more Government Members are coming into the Chamber, so they can hear about their Government's failure on the deficit in person—the deficit will be £51.7 billion. In 2017-18, it will be £58.3 billion. Even in 2021-22, it will still be £16.8 billion. On this trajectory, the deficit will not be eliminated until 2025-26: a full 15 years after their famous promise, made in 2010, to eliminate the deficit in five years.

That is the true shameful record of this Government, but it sits alongside a much starker and more catastrophic reality on living standards for ordinary working people. *[Interruption.]* Government Members should stop chuntering and listen to what they have done to ordinary working people. On current forecasts, average earnings will be no higher in 2022 than they were in 2007. That amounts to 15 years without a pay rise for ordinary working people. According to the Resolution Foundation, by 2020 families will have missed out on pay growth of £12,000: the worst decade in 210 years. That is what the Government have delivered for ordinary working people country. They used to taunt Labour Members with a slogan about us not fixing the roof while the sun was shining. For people going 15 years without a pay rise, it is as if the sun never shone at all.

On pay, wages, jobs and growth, I was particularly disappointed that the Government failed to take action to offset the planned cuts to universal credit later in this Parliament. I say to Conservative Members, who rightly kicked up such a fuss on the changes to tax credits planned by the former Chancellor of the Exchequer, that the U-turn was not truly a U-turn. The cuts are still coming down the tracks. Many of the same people will be affected when those currently on tax credits are moved on to universal credit towards the end of this Parliament. At the moment, only 170,000 or so people are in receipt of universal credit, but, by the end of this Parliament, millions of families will be on universal credit.

The Secretary of State's warm words on opportunity mean nothing given what the Government are doing to the working poor. The cuts to work allowances will total £6.4 billion by the end of this Parliament. Only a tiny concession was given at the autumn statement by the Chancellor when he reduced the taper rate from 65% to 63%. It remains the case that lone parents on the national living wage with one child in 2021 earning £16,000 will lose £2,800. The measures in the autumn statement will give them back only £200 of that money, so they will be £2,600 a year worse off. Those are not small sums. They are the difference between keeping a roof over your head and being homeless. They are the difference between putting food on the table or watching the children go hungry. That record of delivery that the Government are putting on the people of our country in the 21st century is unacceptable.

In the end, politics is always about choices and priorities. This Government have made the choice to cut corporation taxes, totalling £11.2 billion by 2021-22. They could make a different choice. They could choose to spend that money elsewhere, perhaps on universal credit or social care or to alleviate the crisis in the national health service. This is a choice that they are making. Cuts to corporation tax are not necessary to ensure that we have job growth in our country. We have seen what has happened to wages, and we know that business investment is nowhere near where it should be. The cuts to corporation tax are therefore being pocketed as profit more than they are delivering for the rest of the economy. They should be reconsidered. The Government's choices thus far have made ordinary people pay the price, which is unacceptable.

Several hon. Members *rose—*

Madam Deputy Speaker (Mrs Eleanor Laing): Order. As the hon. Member for Birmingham, Ladywood (Shabana Mahmood) cleverly and rightly anticipated, I am afraid that the time limit for speeches has to be reduced to six minutes.

4.41 pm

Ruth Smeeth (Stoke-on-Trent North) (Lab): Before I start, may I say how proud and delighted I am to be joined on these green Benches by my new hon. Friend the Member for Stoke-on-Trent Central (Gareth Snell) who made a wonderful maiden speech? I am now grateful for every door I knocked on in the rain. *[Interruption.]* We can send him back now.

What we heard last week was a Budget bereft of ideas from a Government in want of a plan. It offered no solution to the crisis in our NHS, no vision for our country's future outside the EU and no offer of hope for the Potteries, which I am so proud to represent. Its alleged support for health and social care amounted to little more than an empty gesture in the face of crippling financial crisis within our NHS.

The Budget prioritised the vanity projects of an out-of-touch Prime Minister over fixing our struggling education system. It is timid in the face of unprecedented challenges; indeed, it is bold in only one respect—in its choice of victims. The Chancellor will no doubt have been counting his blessings that he had a ministerial car in which to flee the scene last week, because I am sure that the cabbies of central London would have painted him a clear and somewhat colourful picture of what his announcement on national insurance is set to do to their take-home pay.

Wes Streeting (Ilford North) (Lab): As chair of the all-party parliamentary group on taxis, I can tell my hon. Friend that taxi drivers as well as other self-employed workers cannot understand why their burden as relatively low-paid workers should increase while there are tax cuts for the very richest. Is this not one of the many reasons why there are so few Conservative Members on the Government Benches to defend this terrible Budget?

Ruth Smeeth: I could not agree more with my hon. Friend. As the niece of a black cab driver, I should really declare an interest.

It seems that, as far as the Chancellor is concerned, the "strivers" that his party claims to stand up for are not striving quite hard enough. It is beyond belief that at a time when Britain needs to rebuild and rejuvenate its economy, this Government have chosen to impose a tax on hard work and entrepreneurship. It is also a tax on aspiration, something that we should promote, not attack. I remind hon. Members that this was billed by many as the last pre-Brexit Budget, yet the glaring omission in the Chancellor's plans was any clear vision of what Britain might look like after Brexit and what sort of investment and Government support might be needed to get us there.

As for constituencies such mine, which voted overwhelmingly to leave, there seemed to be no consideration of the investment and support needed to make sure that places like Stoke-on-Trent can benefit and thrive from our new relationship with the world. There is no clearer example of this than the Government's approach to education and skills, which is the single biggest issue raised by all the employers and educators in my constituency when we discuss industrial strategy—another phrase sorely missed from the Budget.

Schools in my constituency are losing an average of £400 per pupil, and our city is crying out for proper investment in skills and education. Instead, the Chancellor is choking the life out of our public education system, while pouring millions into a doomed experiment in selective education. That lack of commitment to our wider education system is deeply concerning, because the single most important thing that we can do to improve the economy of my great city and others is to improve the skills of the people who live and work there.

It is not a lack of will that is holding my young people back: they are enthusiastic and keen to work. What is missing is the support and investment to ensure that they are fulfilling their potential, learning the skills that they need in order to succeed and gaining the qualifications to prove it. Last week I visited a wonderful primary school in my constituency—the best primary school in the city, even—which is already having to choose between teachers and computers. It is not two to one for books; it is two to one for computers. That is why it is so wrong—at a time when we should be upskilling our communities for the challenges of the future so that they can embrace the fourth industrial revolution—for the Government to focus on a grammar school system that will benefit only a select few and overwhelmingly favour those from more privileged backgrounds, rather than providing the basics for every child in every school.

We need to ensure that all our schools are properly funded, and that we have a robust system of early intervention to support the most vulnerable families right from the start. That is why our children's centres, our primary and secondary schools and our further education system need investment, not vanity projects. If we are to make the best out of Brexit, which we now desperately need to do, we must ensure that our communities are ready to seize those opportunities. We need a workforce that is ready for the jobs of the future, we need a universal and properly funded education system, and we need to ensure that all our young people are supported so that they can realise their potential. We need a better deal for the next generation, not this ideologically driven waste of public funds.

4.46 pm

Lucy Powell (Manchester Central) (Lab/Co-op): I echo what has already been said about the fantastic maiden speech of my new hon. Friend the Member for Stoke-on-Trent Central (Gareth Snell). I went with him to visit a maintained nursery school in Stoke, and I know how committed he is to education and skills in the area. That brings me to the main thrust of my own speech.

After nearly seven years, the cumulative effect of Government policy on education and skills is now being felt by pupils, parents and teachers, and has given rise to a number of serious issues, each of which should demand the full attention of Ministers. School budgets are falling for the first time in 20 years. There is a teacher shortage crisis. There has been a huge rise in pupil numbers, requiring about 400,000 new school places. We are seeing the biggest changes in GCSEs and the curriculum for a generation, of which many people are unaware. Primary assessment is in absolute chaos: the pass rate in last year's standard assessment tests fell from more than 80% to an appalling 53%. We have seen the introduction of more free childcare with insufficient funding, and serious failings in capacity and oversight in the schools system. Many of the Government's previous "pet projects" have failed and closed. All that has come on top of what the Secretary of State described today as the biggest revolution for a decade in technical education.

Any one of those issues should command the undivided attention of Ministers, but they want to impose two huge further changes on the schools system: a new funding formula which seems to have left all sides unhappy, and the reintroduction of grammar schools without a shred of evidence, which has shone a light on the woeful record of existing grammar schools in supporting children from poorer backgrounds. The Budget had nothing to say about social mobility, closing the productivity gap, or creating the high-wage, high-skills economy that we need. Perhaps the Government would have done better to spend more of their time sorting out the last set of experiments that they said would create "more choice". What has happened to them? Let us take a look.

Since 2010, when the Government introduced their previous gimmicks—university technical colleges, studio schools and free schools—there have been huge problems and a massive waste of resources. More than 1 in 10 UTCs has closed, and many more are now on the brink. While there are a few excellent UTCs, even the right hon. Member for Surrey Heath (Michael Gove)—who had introduced them—admitted that the experiment had failed, saying:

"the evidence has accumulated and the verdict is clear".

Three in 10 studio schools have closed or are due to close, as Schools Week analysis has found, and many more are on the brink of closure. Only one has reached the 300-pupil mark that was set. The future is therefore looking bleak for those experimental institutions, yet the Government are hellbent on creating more. One in five free schools are in places where they are not needed. With the starving of capital funds to existing schools, and the failure to meet the places crisis by continuing to throw good money after bad, this Budget does nothing to deal with the real issues facing our schools.

Even though we are awaiting the outcome of the Government's consultation, we heard this week that the Government are hellbent on going ahead with their grammar schools programme, which they are now calling "selective free schools." I note that the Secretary of State is so ashamed of that policy that she did not even mention it in her speech today. I reiterate that there are very few Conservative Members in the Chamber to defend that policy.

Maria Eagle: Does my hon. Friend agree that the Secretary of State probably did not mention the policy because she does not agree with it?

Lucy Powell: Yes. We can infer that. The evidence is clear on selective education. Those systems do not boost social mobility. In fact, in many cases they widen the gap. As we all know in the House, the big challenge facing our education system is the long tail of under-achievement. It is not about how we can better support the already high-achieving. The only argument advanced by Conservative Members is that the tiny number of children on free school meals who get into grammar schools, who by definition are already high-achieving, do better than all the other children on free school meals. What a joke of an argument that is to base the entire policy on. There is a huge amount of evidence going the other way.

Perhaps that is why, when the Secretary of State addressed the usually mild-mannered and pragmatic Association of School and College Leaders at the weekend, she got booed, which has never happened at that conference before. It may also be why the Sutton Trust, the Government's own Social Mobility Commission, the Education Policy Institute, the former chief inspector of schools, all the secondary heads in Surrey and many, many others and many Conservative Members have come out against those proposals.

There are plenty of things that the Government should be doing, and we have mentioned a few of them. Perhaps they should get to those core issues, rather than creating yet more uncertainty and instability in the system. They should get on with doing something about the major funding challenge. This is not about fair funding—it is about funding levels being maintained at the levels they are now. The belts are being tightened even more for some schools, but all schools are losing out from those funding measures.

The Government should do something about teacher shortages. For five years in a row, they have missed their retention and recruitment challenges. They should do something about the school places crisis and work with local authorities, rather than plonking free schools where they are not needed. And get a grip on what is happening with the new GCSEs and curriculum. There is absolute chaos there.

If the Government really want to do something about social mobility, they could do a lot worse than look at investing properly in quality provision in the early years, rather than trying to deliver child care on the cheap. There is plenty of evidence to support it, and I am happy to discuss that with Ministers if they want to have a real agenda for social mobility.

4.53 pm

Yasmin Qureshi (Bolton South East) (Lab): Sometimes we hear Government Members and the Prime Minister herself talk as though when Labour was in power, we did nothing for health, education, children, the homeless, older people and other vulnerable groups, but let me take the six Conservative Members who are sitting in the Chamber on a trip down memory lane. In 1997, when hospital waiting lists were more than three years, people were lying on hospital trolleys, and hospital staff and others were completely demoralised, we spent millions and millions of pounds on repairing hospitals and investing in people—in nurses and in doctors—and in hospital services, so that when we left office in 2010 our NHS was a brilliant service. The Tories inherited that and they are now destroying it.

We had the mantra "education, education, education," and we followed it with real funding in our education system. I am sure people will remember that there were run-down schools, some with leaking roofs, and demoralised teachers, and all the extra funding that we put in. This Government now take credit for our education doing so well, but that is because of the investment we put in

[Yasmin Qureshi]

from 1997. We also took half a million children out of poverty and began the Sure Start programme, which helps young people; if we really want to help young people from poorer backgrounds to succeed, we need to ensure that early years education is good, and Sure Start helped many families.

We also introduced the education maintenance allowance for 16 to 18-year-olds, which helped many young people from poorer families to stay on at school or college. That was abolished by the Conservative-Liberal Democrat Government, and now many young people, instead of being able to stay on and study at school or college, are having to go to the jobcentre to sign on, and are not getting any extra training or learning. That is one of this Government's most counterproductive actions, and it is driven purely by ideological considerations.

Yes, we did create academies, but only when schools were failing, and often in poorer parts of the country, to improve educational levels. Since 2010 this Government have been forcing many outstanding schools to become academies by offering them extra money. Hundreds and hundreds of millions of pounds have been spent on forced academisation and on free schools when many ordinary schools are suffering, and the funding formula has now been changed, affecting many ordinary schools in my constituency. It would have been far better to spend money on most schools than on the ideologically driven academisation of even very, very good schools. I was very disappointed that the Chancellor did not bother to reintroduce something like the education maintenance allowance or redress the funding formula so that all schools can benefit.

Everybody accepts that early years education is very important for children. The Bolton alliance of nursery providers has come to see me on a number of occasions and talked about the fact that although the Government have promised 30 nursery hours, the funding formula that goes with it is just not enough for providers to be able to offer proper provision in nurseries. These providers are not big businesses: for example, one nursery owner says that they will go out of business because they just cannot afford to offer a decent level of nursery provision. I raised this point at last week's Prime Minister's questions when I asked, "Can we please reconsider the funding for nursery education?"

I am afraid that, again, this Budget does not address anything. We are told, of course, that a lot of the cuts and the austerity are all to do with balancing the books, but this Conservative Government have borrowed £1 trillion in the last seven years, so our debt is higher than it has ever been. Let us not have lectures from the Government who say that the Conservative party is the party of economic prudence or the party of getting the country going; it is not.

The national debt to GDP ratio is now over 80%, yet when the Labour Government came into office in 1997 it was only about 40%, and after a few years of that Labour Government being in power it was 34% of GDP. Again, no lessons are required from the Conservative party about who is economically prudent and who is not.

We on the Opposition Benches propose a different future, because this Budget has done nothing for jobs, nothing to increase people's pay, nothing for people on lower incomes, and nothing for many, many people who are worse off and have been the subject of the austerity cuts. We need a Government who will not abdicate their responsibility, nor sit on the sidelines. We need a serious approach to the economy. We do not need a laughing, complacent Chancellor; we need one who protects our living standards and jobs and the environment.

4.59 pm

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): I proudly share the mining heritage of the hon. Member for Stoke-on-Trent Central (Gareth Snell), who is no longer in his place. Although I might not agree with quite everything he says, I commend him for his passionate and quite excellent speech, and for his extremely kind and honest words about his predecessor. Stoke-on-Trent certainly has a new champion, and we on these Benches wish him all the very best for his future in this place.

My hon. Friends on these Benches have made numerous salient points about the shortfalls of this Budget, which is noticeably a much thinner document than last year's pre-EU referendum spring Budget. A thinner document, and yet thinner gruel within. I would like to focus on the glaring issue of the extraordinarily misleading employment statistics used as a foundation for many of the new proposals in this Budget. The Chancellor has claimed that 2.7 million more people are

"enjoying the security and dignity of work than in 2010".—[*Official Report*, 8 March 2017; Vol. 622, c. 809.]

I cannot fathom how he can describe as dignified the gig economy that has emerged since 2010, which is filled with zero-hours contracts and insecure temporary work, or the huge growth in the number of individuals who are self-employed through necessity rather than choice. In fact, the working conditions faced by many today are far less dignified than those faced by people a decade ago. Also, many of those workers now face the loss of the minimal remaining employment rights that have been secured by the EU due to the coming hard Tory Brexit.

The Chancellor has stated that he does not want to saddle the next generation with ever increasing debts. I would suggest that he consider addressing that problem by taking a closer look at the funding allocated to the Department for Work and Pensions Work programme. Since 2011, more than £1 billion has been spent on attachment fees, job outcome payments and sustainment payments, all of which are rather nice-sounding euphemisms for what the Government have really been doing: paying off employers—often large chain retailers—to hire Work programme participants to stack shelves or work on shop tills. Not only does this grossly skew the Government's employment statistics; it also sheds light on the issue of stagnating productivity. It hardly seems a stretch to suggest that if that £1 billion had been used to invest, rather than to aid the UK Government in fudging their employment statistics, productivity might be just a little higher.

I would like briefly to address the Chancellor's claim that individuals elect to be self-employed, rather than a regular employee of a business, due to the marginally lower rate of national insurance they are required to pay. This point was made very articulately by my hon. Friend the Member for East Lothian (George Kerevan). That might be the case for wealthy consultants in the

City of London, but it is certainly not the case for the numerous builders, joiners, electricians and other tradesmen I have spoken to in my constituency, and others all over Scotland.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): On 27 October 2015, when the right hon. Member for South West Hertfordshire (Mr Gauke)—then Financial Secretary to the Treasury—gave evidence to the Public Bill Committee on the National Insurance Contributions (Rate Ceilings) Bill, he stated:

"I remind the Committee of the purpose here. It is to emphasise and underline our commitment not to increase national insurance contribution rates in the course of this Parliament."—[*Official Report, National Insurance Contributions (Rate Ceilings) Public Bill Committee,* 27 October 2015; c. 9.]

What does my hon. Friend think went wrong?

Philip Boswell: Alas and alack, it appears that word is seldom kept in this place.

The people I was describing often do jobs for the same companies for years on end, but the companies will not hire them as regular employees due to the cost of providing them with basic employee benefits. This means that they do not have maternity or paternity leave, sick leave or paid holidays; nor do they have the security of knowing whether they will be employed in a month's time. The insinuation by the Chancellor that these individuals elect to give up all those benefits for the sake of saving a small percentage of their income on national insurance payments is absurd and hugely offensive. If the Chancellor would like to address the gap in revenue due to the growing trend of self-employment, I suggest that a fairer and more effective way would be to tackle those companies that hire workers only as self-employed contractors, in order to avoid paying employee benefits, rather than blaming those who are subjected to these unfair employment practices.

The Chancellor has presented yet another Tory Budget that blames working people for the economic problems created by the London-centric elite. It offers nothing new to address the existing economic problems faced by so many; nor will it protect working people from the fallout from this hard Tory Brexit. So much for caring Conservatism!

5.4 pm

Anna Turley (Redcar) (Lab/Co-op): After seven years of economic failure, missed deficit reduction targets, deteriorating public services, increasingly insecure employment, and an explosion in the number of food banks supporting working people, my expectations for this Conservative Budget were already low, but have we ever had a Budget so lacking in substance? With breathtaking complacency, it made no mention of the greatest economic challenge facing this country: Brexit. It is clear from the debate this afternoon that the Government have no clue about what they want from Brexit or how much it is going to cost.

Eliminating the UK's deficit by 2015 used to be the Government's overriding goal. That target has now been dumped and public debt is climbing to almost £2 trillion. Is this the long-term economic plan so often wildly cheered from the Government Benches? Our public services have paid the price of failure. NHS waiting lists are rising, and our social care system faces a huge funding black hole. In Redcar and Cleveland, the amount spent on social care has gone down in real terms by a fifth under this Government despite rising demand, and there are 400 fewer police officers keeping our streets safe in Cleveland.

Our schools are losing funding, too. In Redcar and Cleveland, schools will lose a whopping £7.8 million by 2020—£422 per pupil in one of the most deprived areas in the country. As my hon. Friend the Member for Huddersfield (Mr Sheerman) said, while our primary schools are in the top 10 in the country, our secondary schools desperately need more support, and the newly departed Lord Heseltine highlighted our poor secondary education in his report on the Tees valley. When the Government close our steelworks and batter our local economy, leading to the loss of over 3,000 jobs and a youth unemployment rate two and a half times the national average, the Secretary of State for Education owes it to our region to invest in the future of our young people, not to snuff out their potential before they have begun.

Teesside has suffered from the loss of well-paid industrial jobs and from falling living standards. Unemployment in the Tees valley has been above 10% for most of the time that the Conservatives have been in office. Austerity has hit many families in my constituency. Over 2,000 people were affected by the bedroom tax and others by unfair benefit sanctions and cuts to tax credits. Living standards are falling, with average annual wages forecast to rise much more slowly than expected over the next four years. At the same time, families are turning to credit to make ends meet. The household debt forecast has been revised up to £189 billion by 2021.

What Teessiders really needed from this Budget was support on the big challenges we face: infrastructure, industry, and skills to give our local economy the boost it needs. Despite the difficulties of the past few years, I strongly believe that our region is on the cusp of a new industrial renaissance. A high degree of investment and development is coming to the region, including the petrochemicals site at Wilton and the former SSI site. Sirius Minerals and MGT Power are both investing in Redcar and Cleveland. However, that investment, and the opportunities that come with it, will not benefit local people unless there is a skills revolution and we get the necessary technical education to capitalise on future industrial opportunities.

The Chancellor did not face up to the challenges facing our country or our workforce. He did not take action to address the unfairness that is holding back areas such as mine. The north-east continues to lose out on regional investment, funding for infrastructure, and investment in education and skills to develop the industries of the future. The Budget made no mention of the north of England, of the so-called northern powerhouse or, indeed, of the industrial strategy, as pointed out by my hon. Friend and neighbour the Member for Hartlepool (Mr Wright).

What is more, the future of Teesside's economic resilience will depend upon the success of our small and medium-sized businesses. Many small local businesses have been in touch with me about the huge impact of the Government's business rates revaluation. The Chancellor's measures to soften the burden are welcome, but there will still be a rise for most. Moreover, the area's self-employed workers will not have been happy to learn that their national insurance contributions will rise, despite a manifesto promise by the Tories not to

[Anna Turley]

increase them. Many ex-steelworkers went self-employed after the closures, with Government funding actively encouraging them, and now many will be hit by the rise. The wrong priorities were at the heart of this Budget. It was a paper-thin, miserable, brittle Budget that came after seven years of crippling economic failure and austerity. I heard no vision in it for a post-Brexit Britain or for the Tees valley.

5.9 pm

Susan Elan Jones (Clwyd South) (Lab): It is a privilege to follow my hon. Friend the Member for Redcar (Anna Turley) and to hear a terrific maiden speech from our new colleague, my hon. Friend the Member for Stoke-on-Trent Central (Gareth Snell), who will be a great asset to the Labour movement, the Opposition and this House.

It was interesting to hear the Secretary of State for Education begin her speech by saying that the Budget was delivered on International Women's Day, as indeed it was. That makes the insult all the greater that the Government chose not to mention the WASPI women who have been campaigning for fairness. Those women were born in the 1950s and often left school at 15. They are women who have dedicated their life to their job and their family, yet they got not one word from the Chancellor.

Like many Members, last week in Parliament I met a delegation of local women who have been affected by the changes to the state pension law. Women came down from Chirk, Rhostyllen and Llangollen in my constituency. Those women, of whom there are more than 3 million across our country, are not political militants. They do not oppose the equalisation of the pension age, and they certainly do not want the state pension age to go down to 60. All they are asking for is a bit of fairness—a bridging pension to provide for them. It is downright shameful that the Government chose not to listen to them.

Budgets are about choices, and I cannot accept that the Government have put agreeing to £17 billion-worth of corporation tax cuts, £2.8 billion-worth of inheritance tax cuts and many other items above modest bridging support for these women. I am interested in the figures on inheritance tax—my hon. Friend the Member for Leeds West (Rachel Reeves) recently wrote an excellent article on the subject—because I have read that only 15 houses sold for £650,000 or more in my constituency in 2015-16, which is 0.9% of the 1,700 houses sold during that period. The average sale price in June 2016 was £140,000. I wish those 15 people well, but they do not deserve a special tax cut to enjoy their new property.

Rather than that extravagant change to inheritance tax and the cuts to corporation tax, the Government should have been on the side of the small businessperson and the self-employed. How extraordinary it is that the Conservative party has broken its promise to the plumber in Penley, the cabbie in Cardiff and the grocer from Grantham. Could one believe that a Conservative Government are charging grocers from Grantham more? How extraordinary! We all know it is a trade-off. Being self-employed means no parental leave, no sick pay, no holiday pay and difficulty getting a mortgage, among other things. The hike in class 4 national insurance contributions has broken the consensus that we in this country have believed in for years. It is a £2 billion tax rise.

I also hope that the Government will consider what the Farmers Union of Wales has to say, because the Budget has a particular consequence for our rural communities. The union's managing director, Alan Davies, rightly asked this question last week:

> "Why is it that tax is being increased for those hard working individuals, some of whom only make a profit just over £8,000, whilst at the same time corporation tax is falling?"

The Under-Secretary of State for Wales, the hon. Member for Aberconwy (Guto Bebb), has already said that he thinks the Government should apologise to everyone in Wales who read the 2015 Conservative party manifesto, and I thank him for his apology to me and others. However, I would rather that the Government reversed their tax hike and scrapped the tax.

We all remember the Tories' 2012 "omnishambles" Budget—remember the one?—when the Government decided to declare war on caravanners, churches, stately homes and even the humble Cornish pasty. Well, that will seem like a picnic compared with the consequences for the country now. It is high time that the Government listened to the voice of the ordinary self-employed workers, strivers and entrepreneurs in our community. It is high time that the Government listened to those women who have worked so hard right through their life and have contributed so much to society. And it is time that this Government acted in the interest of fairness, listened to our communities—rural, suburban and urban—and recognised that they must now restore fairness by doing a U-turn on this ridiculous tax hike for self-employed people and by giving some decency to the people in this country.

5.14 pm

Graham Evans (Weaver Vale) (Con): It is a pleasure to speak in this important debate and to follow the hon. Member for Clwyd South (Susan Elan Jones). Hers is a fine constituency in north Wales, an area I know particularly well because it abuts my own county of Cheshire. She will know how closely Cheshire MPs work with her and her colleagues in north Wales to benefit the wider economic zone. MPs in Cheshire and north Wales should work together for the betterment of all our constituents. I would like to think that the Budget goes some way towards enabling us to raise tax to invest in infrastructure that benefits our cross-border constituents.

Against a backdrop of global uncertainty, and as we start our negotiations to exit the European Union, the Budget takes forward our plan to prepare Britain for a brighter future. Nine years ago, the UK was one of the economies worst prepared to face the financial crisis; today, it is one of the best prepared. The OBR forecasts that the UK economy will grow by 2% in 2017. That figure has been revised up from the 1.4% forecast in November. The economy will be growing faster than every major economy in Europe, except Germany's.

Any family could sit around the kitchen table and tell us that we cannot keep on spending more than we bring in; the same holds true for the Government. There is no magic money tree. Britain has debt of nearly £1.7 trillion —almost £62,000 for every household in the country—and we must never forget that, under Labour, £1 in every £4 that was spent by the Government was borrowed.

Mr Stewart Jackson (Peterborough) (Con): Does my hon. Friend agree that it ill behoves the Opposition to oppose every spending reduction over the past 10 years, including every reduction in welfare spending, yet also to make completely uncosted promises that amount to £63 billion?

Graham Evans: My hon. Friend is absolutely right. In the previous Parliament, the Opposition opposed every single reform made by the then Government, and they have also opposed all the reforms of the current Government. They call our approach austerity; I call it living within one's means. We have to take the difficult decisions. Judging by the £30 billion black hole in the Opposition's counter-proposals, however, they have forgotten the mistakes of the past.

Callum McCaig (Aberdeen South) (SNP): While talking about the need to balance the books, the hon. Gentleman made a bizarre analogy comparing the country with a family. When he is sitting at the dinner table, can he raise interest rates, print money and quantitatively ease? His analogy is completely and utterly defunct.

Graham Evans: I did not catch the hon. Gentleman's final word, but I use that analogy because when I was at school we used to have home economics, and we have to make difficult decisions at home. I was merely making the point that we all have difficult decisions to make. That analogy applies not only to families throughout the country, but to the Government. I am sorry that the hon. Gentleman does not feel it is a good analogy. Perhaps I shall wait to hear his speech and comment on it.

I welcome the Chancellor's steps to return balance to the country's finances and to continue the Government's commitment to take the lowest earners out of tax altogether by raising the personal allowance to £11,500. I sat on the Work and Pensions Committee in the previous Parliament, when the Government's mantra was helping to make work pay. That is the right course of action to take.

I come to a subject that is very close to my heart, and I declare an interest as the chairman of the all-party group on beer. I welcome the relief of £1,000 for pubs with a rateable value of less than £100,000, which will benefit 90% of pubs. I also welcome the discretionary fund, which enables local authorities to make awards to businesses in their areas on a case-by-case basis. However, I am somewhat disappointed about the inflationary rise in beer duty, which is now 43% higher than it was a decade ago, 13 times higher than the rate in Germany, and significantly higher than those of our major brewing neighbours in Europe. None the less, the Government do have a proud track record of three reductions in beer duty, a beer duty freeze and the removal of the hated beer duty escalator. Although I welcome the introduction of duty bands to target high alcohol-by-volume white ciders to encourage responsible drinking, it is important to remember that 70% of the drinks bought in pubs are beer.

The current bracket for reduced-rate beer sits at 1.2% to 2.8% ABV. However, current HMRC duty receipts demonstrate that, in the six years since the policy was introduced, such beer represents just 0.15% of the market. I know that the Minister will be aware of the cross-industry campaign to split general beer duty rate into two tiers—2.8% to 3.5%, and 3.5% to 7.5%—and to reduce the duty rate for 3.5% ABV beers, which have much less alcohol in them than the UK average and are highly drinkable for UK consumers. I hope that we can work together on this matter over the coming month to encourage a broader selection of lower strength beers to become part of the norm in UK drinking culture. I will be encouraging the industry to step up to the plate with lower strength beers that can be drunk and enjoyed in the great British pub.

This Government have a plan to build an economy that works for everyone, and the Budget continues with that plan by building on the foundation of our fundamental economic strength. It makes sure that our economy remains strong so that we can properly fund our public services, it helps ordinary working families to make ends meet, and it makes it clear that Britain is open for business.

5.21 pm

Nick Thomas-Symonds (Torfaen) (Lab): It is a pleasure to follow the hon. Member for Weaver Vale (Graham Evans), who highlighted the importance of our community pubs very well. It is also a pleasure to speak in the debate in which my hon. Friend the Member for Stoke-on-Trent Central (Gareth Snell) has made his quite superb maiden speech.

Aneurin Bevan once said of the then Prime Minister, Harold Macmillan—the late Lord Stockton—that he had an

"absolute genius for putting flamboyant labels on empty luggage."

I am afraid that, with this Budget, we have plenty of empty luggage and no flamboyant labels—even those have now gone.

There was certainly no vision in the Budget for what post-Brexit Britain should look like, and neither was there anything about tackling some of the very fundamental problems that our economy will face over the next few years. Nowhere is that better illustrated than in the approach that was taken to the self-employed in this country. There are 4.6 million self-employed people in the UK today. Of course I am completely opposed to those unscrupulous employers who push people into self-employed status to avoid the duties involved in employing them. However, the reality is that there are millions of people who are self-employed by choice. They have the flexibility that self-employment brings, but there has always been a trade-off. Self-employed people do not have the same access as employed people to pensions and our social security system. Having been self-employed for many years, I also know that they do not have absolute certainty over their income—they do not know how much money will come in from week to week.

The Tory answer to that, it appears, is to hammer the self-employed through national insurance contributions—I am talking about the rise in class 4 contributions. That is a breach of a manifesto pledge. I am not a regular visitor to conservatives.com, but I can tell Members that if they get the pdf version of the 2015 manifesto from that website, they will find on page 3, under the headline "While you grow older", a promise that the Conservatives

"will not raise VAT, National Insurance contributions or Income Tax".

This policy is a flagrant breach of that manifesto promise. It is also incredibly short-sighted, because we should be looking at long-term policy solutions to ensure that we

[Nick Thomas-Symonds]

can help these 4.6 million people, who take great risks and are great entrepreneurs, to access our social security system and appropriate pensions. How must the self-employed feel about their treatment under this Tory Government? We all know that the Prime Minister likes to read the brief first. She likes to consider her position and then come out with her opinion, as she duly did on the self-employed. And what did she say? That they are "eroding" our tax base. What kind of comment is that towards the millions of self-employed people in this country?

I certainly agreed with the Chancellor's words about parity of esteem between vocational and academic qualifications, and with the idea of T-levels. The problem was that as I listened to him speaking, I was reminded of somebody else—someone who promised new university technical colleges and vocational training right across the board. I was struck to go and look up who that person was. What did I discover? It was actually the former Chancellor, the right hon. Member for Tatton (Mr Osborne), speaking on "The Andrew Marr Show" in March 2011. I think we can be sceptical about the ability of Tory Chancellors to deliver on vocational training, given that almost the same thing was said six years ago.

We have to look at the overall impact of the Budget. I commend to Ministers a document produced by the Resolution Foundation, appropriately called "Back to the '80s". It is a study of what will happen to working age incomes over the next four years as a consequence of Conservative policies. It tells us that those whose incomes are in the lowest quartile will be 5% to 15% worse off in the next four years. But what happens to people in the top quartile? They will be 4% to 5% better off over the next four years.

Although we live in an age of great political uncertainty, some things are still absolutely certain: water still flows downhill by the easiest route; the sun will rise tomorrow; and Tory Governments always make the rich richer and the poor poorer. That is precisely what this Budget does.

5.26 pm

Maria Eagle (Garston and Halewood) (Lab): The Budget was more about what the Chancellor did not say than what he did. It is incredible that the consequences of us leaving the EU—the biggest cause of uncertainty and the biggest threat to our economic wellbeing in a generation—got no significant mention at all in the Budget. That fact alone is enough to render the Budget a failure, but it was not the only failure. Most Chancellors at least get to see good headlines the next morning, but not so "Spreadsheet Phil", as the right hon. Gentleman likes to be known. However, the way in which the Prime Minister, her Chancellor, their close allies, ministerial aides and senior sources have been denouncing each other over the weekend—in the most vituperative terms—show just what his own colleagues think of him breaching a manifesto promise in his Budget.

Apart from the considerable entertainment value of all this briefing and counter-briefing, which shows the dysfunction at the heart of this blundering, fractious and divided Government, I find it astonishing that no one in the entire Cabinet spotted the howling, broken election promise at the heart of the Budget when the Chancellor briefed them on his plans. They have all been whinging to the newspapers that the Chancellor did not flag it up, but they all stood on a manifesto that promised no increase in income tax, national insurance contributions or VAT for the entire five years of this Parliament. They all repeated that ad nauseam during the election campaign, yet none of them noticed. I would not have expected that they had all forgotten about it, but apparently they all managed to put it right out of their minds. It shows just how cynical this Tory Government really are that the entire Cabinet failed to remember their main election tax promise within two years of winning that election. Some 5,400 people in my constituency, some of whom earn less than £17,000, will now have to pay more, and not all of them are self-employed by choice.

I will say a little bit about education because there are real challenges in my constituency. Schools are facing a real squeeze. There are some figures that the Secretary of State did not give us in her opening remarks. According to the Institute for Fiscal Studies, thanks to the Lib Dem-Tory coalition Government and the current Tory Government, spending per pupil fell by 14% in real terms between 2010-11 and 2015-16, and is due to fall by a further 6.5% between 2015-16 and 2019-20. That is before the new schools funding formula hits many schools with more cuts. In the Liverpool part of my constituency, another £3.6 million will be lost as a result. According to the National Union of Teachers, there will, on average, be a further 10% funding cut by 2020 for schools in my constituency. That is threatening the future of many schools.

A letter I have received from the head and governing body of St Francis Xavier's College in my constituency spells out the reality of the financial pressures it is under. It cites increases in the salary bill because of unfunded public sector pay awards; higher pensions and higher national insurance contributions; the removal of the education support grant in September this year; the apprenticeship levy, which is payable from April; and losses in per capita sixth-form funding. As a consequence, the college has reduced its leadership team and their salaries and lost 13 staff to voluntary severance, and it has six teaching posts unfilled. It says:

> "We are extremely concerned about the potential impact of the forthcoming national funding formula. The impact of this is likely to make it impossible that the college can remain financially stable and this will have a detrimental effect upon the educational provision for pupils in a city which has amongst the highest levels of deprivation in the UK".

This is a popular, over-subscribed school. I have written to the Secretary of State about the issue, but I have yet to receive a reply. I can assure her that SFX is not the only school in my constituency with these problems.

This situation is a disaster for our schools, but the Budget has made it worse, when it could have made it better. In divisive and unfair measures, the Government have set aside £1 billion to fund new free schools and the Prime Minister's back-to-the-1950s grammar schools vanity project. They have also agreed to pay school transport costs for poorer pupils, but only those who attend selective schools. Young people who live in Halewood, in my constituency, who can no longer study for academic A-levels without leaving the borough are to get no such help, even though they are from some of the most deprived families in the country, and even though education could help to give them better life chances.

When I asked the Minister responsible for the school system, Lord Nash, what assistance the Government could offer to ensure that Halewood kids can get transport to study A-levels, he said in a recent letter:

"It would be unfair to offer free transport to young people in one area of the Country and not to others."

Quite, but that is precisely what the Chancellor has just done in his Budget—although only if pupils are attending a divisive selective grammar school. How typically Tory. The Chancellor has offered Halewood kids who want to study A-levels precisely nothing, because he is spending all the money on recreating the Prime Minister's 1950s grammar school myth.

That is why Labour, in office, banned grammars, put money into rebuilding all our schools, doubled funding per pupil, and employed 36,000 more teachers and 250,000 teaching assistants. After seven years of the Lib Dem-Tories and the Tories, our schools are in crisis again, with class sizes going up, GCSE pass rates going down and teachers fleeing the profession. This Budget has done nothing to stop the rot; instead, it has set about doing even more damage and causing even more division.

5.32 pm

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): I want to focus on the need to boost skills and jobs in our country, especially in manufacturing, following last week's Budget. That is especially pertinent as we begin the process of leaving the EU.

It is unsurprising that, in a constituency-wide Brexit listening exercise I conducted, Nissan, which is based in my constituency, dominated, especially in terms of trade, investment, jobs and skills. Last week's Budget was the perfect opportunity for the Chancellor to lay the foundations for strong economic growth that is resilient to any storms we may weather during the EU negotiations, but, sadly, we were left wanting. The announcements we did get on skills did not go far enough, and they must be placed in the context of the Government's wider approach to education and skills.

Since 2010, we have seen the further education budget cut by 14% in real terms. That is a cash reduction from £3.18 billion in 2010-11 to £2.94 billion in 2015-16. That is compounded by the fact that the non-apprenticeship adult skills budget has been depleted by 54%. However, that negligent approach by the Government has not scuppered the innovative work by great employers in my constituency. Only last Friday, I was honoured to open Unipres's new training academy, which will help to boost the skills of our local workforce by offering much-needed apprenticeship opportunities in engineering and manufacturing. It goes without saying that manufacturing is symbiotic with the north-east. We are the country's makers and builders—I am pleased that Stoke colleagues are not here to shout me down—due in part to the innate talents of the people in our region and the skills we inherently have within us to manufacture with high quality and high productivity.

I like to call my constituency the manufacturing hub of our region, perhaps the country, with the likes of Nissan, BAE Systems, Rolls-Royce, Unipres, Rayovac and Gestamp, to name but a few, all based there. The manufacturing presence in our region will only be strengthened with the creation of the IAMP—International Advanced Manufacturing Park—which will be based not only in my constituency but that of my neighbour, my hon. Friend the Member for Jarrow (Mr Hepburn). However, the success of the IAMP and manufacturers in my constituency—from the large, some of which I have mentioned, right down to small and medium-sized enterprises such as AdFab Ltd, Washington Components, and PFF Packaging—depend on the Government strengthening their approach to skills and jobs. This is especially important with Brexit on the horizon.

There is one way in which Ministers could easily help to bolster our manufacturing, not only in the north-east, but across the country—through catapults. I am not talking about the ancient war machines but instead

"a network of world-leading centres designed to transform the UK's capability for innovation in specific areas and help drive future economic growth."

A number of catapults have been started across the country, yet there seem to be none for materials. This means there is no support for the innovation and development of materials such as steel, ceramics, glass and plastics, all of which are crucial to the dominant industry in Sunderland—the automotive sector. If we were to see a catapult for materials like the industry-supported proposal by the Materials Processing Institute in Redcar that received cross-party endorsement in January from the all-party parliamentary group on steel, this could have a positive impact on the whole of the manufacturing industry. However, it would especially help the Nissan supply chain, which Nissan has said needs re-powering.

Anna Turley: I appreciate my hon. Friend mentioning the fantastic institute in my constituency. Does she share my concern at a story on *WalesOnline* last week saying that Swansea is predicted to receive £80 million for a steel science centre that would almost directly duplicate the work that is happening at the MPI in Redcar and could then impact on the Nissan supply chain that she mentions?

Mrs Hodgson: I do not want to take anything away from Wales, especially with colleagues from Wales in the Chamber, but duplication does not make any sense, especially when there is so little funding around, and we definitely do not want to take any support away from Nissan. I am pleased that my hon. Friend made that point.

Currently, only a minority of parts used to build a Nissan car are made here in the UK, through a 38,000-strong supply chain workforce across the UK, with 27,000 of those jobs based in the north-east.

Graham Evans: What an exciting constituency the hon. Lady represents! My understanding is that one of the reasons Nissan decided to stay in her constituency is the cluster of battery technology companies. Is that true?

Mrs Hodgson: Yes—I am pleased that the hon. Gentleman makes that point. Electric battery technology is going from strength to strength. I was very pleased to see that there was an announcement on electric vehicles and battery technology in the Budget.

However, we see a predicament looming on the horizon as we begin to leave the EU—WTO tariffs. Ministers have given countless reassurances that we will strike a deal with the EU that does not mean we have to fall back on the 10% WTO tariffs. Yet only this weekend

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this was blown out of the water when a leaked document showed the Prime Minister's willingness to fall back on those terms, regardless of the economic impact they may have. That was then reiterated by the Foreign Secretary on TV, also over the weekend. This would be catastrophic not only for the country but for my constituency and the businesses there. In the case of Nissan, falling back on to WTO tariffs and crashing out of the customs union would cause significant delays on products coming into the country that they rely on.

Another issue is that overseas parts currently used to build Nissan cars would have to be reduced significantly to meet the WTO rules of origin. The Society of Motor Manufacturers and Traders has said that cars need to have 50% local content to meet the rules of origin and be classed as British-made, and that could prove a major problem for Nissan. This is where the materials catapult comes into play. Not only would it reinvigorate the supply chain with innovation, especially in skills and jobs, but it could act as a way to mitigate the issues arising from the potential impact of WTO tariffs on manufacturing. I cannot make this point strongly enough the House: this catapult could also mean potential jobs growth. If we take the case of reducing overseas content in Nissan cars, it could significantly boost the UK supply chain and create tens of thousands of new UK jobs, which could seriously transform the manufacturing sector in the UK. Catapults could help in part to achieve the resilience I have talked about, and I hope the Government will listen and look again at the potential of a materials catapult.

5.40 pm

Julie Cooper (Burnley) (Lab): I want to put this Budget into context for my constituents. We have a Government who have borrowed more in seven years than the last Labour Government did in 13 years. The deficit that we were told would be gone is still there. The country is just about to embark on the most important negotiations since the end of the second world war, but the Chancellor barely mentioned Brexit. The disabled who are desperately trying to gain employment are to have their incomes cut by close to a third next month. Children who are unlucky enough to be the third child in a struggling family will suffer as the withdrawal of child tax credit pushes another 600,000 children into poverty. The truth is that many families are just not managing, and all they have to look forward to is years of austerity stretching far into the 2020s.

But it is all okay: we do not need to worry—because inheritance tax is to be reduced. I wonder whether the Chancellor knows how many people in my constituency are likely to benefit from a cut in inheritance tax. I have checked: last year it would have been six people, while this year it is eight—not even into double figures. It is obscene to take from the disabled and from those struggling to make ends meet to give to the richest households in the land.

I will turn to some of the announcements made on Budget day. The first concerns the increase in national insurance for the self-employed. The changes to national insurance contributions for the self-employed, taken alongside the cut in corporation tax, tell my constituents all they need to know about this Government: increased costs for small business, and reduced costs for big business. There are over 4,000 self-employed people in my constituency, and they will all be worse off despite the fact that the 2015 Conservative manifesto promised that national insurance contributions would not be increased. There can be no justification for any of this. If the Government are serious about tackling the deficit, why are they cutting taxes for the richest? By 2022, cuts to the banking levy, capital gains tax, inheritance tax and corporation tax will have cost the taxpayer another £70 billion. I repeat: it is obscene.

The second point relates to the whole issue of social care. In light of the cost of tax cuts, no wonder there is no money for adequate social care. Depriving old people of the care they need is causing widespread misery and placing additional pressure on an already overstretched NHS. The Chancellor could have announced measures to fully fund social care and help to restore funding for local government; instead, he offered only £2 billion over the next three years. The Government are giving the care sector only half of what it actually needs, and of course we must all remember that the Government have cut £4.2 billion from social care budgets since 2010. My constituents might not have been aware of the figures, but they know what they see with their own eyes. They understand that the Government take with two hands and give back with one, and quite frankly, they are not impressed.

My third and final point is in connection with the Government's proposal to spend millions of pounds creating new grammar schools to the detriment of the schools that already exist. Under the new school funding formula, funding is set to be cut in Burnley and Padiham by over £400 per pupil. So much for a Government who say they want all children to have a good education. In Burnley, we are already seeing increased class sizes, subjects being dropped from the curriculum, pupils with special educational needs and disabilities losing vital support and teacher and school staff vacancies being left unfilled or the posts cut altogether. The introduction of grammar schools will not help existing schools in Burnley, nor will it do anything for social mobility. In spite of the Prime Minister's grand promises, this Budget and this Government have once again failed to deliver for my constituents.

5.44 pm

Heidi Alexander (Lewisham East) (Lab): There is much that I could say about last week's Budget, but given the time constraints I will limit my remarks to the specific topic of today's debate, education and skills.

In recent weeks there have been protests in my constituency, as there have been across the country, against cuts to school budgets. Parents have taken to the streets, concerned about fewer teachers and support staff, reduced curriculums and fewer opportunities for their children. So what good news did last week's Budget contain for those concerned mums and dads? The answer is, very little. Ministers ramped up their grammar school rhetoric and made a lot of noise about being on the side of aspiration, and they hoped no one would notice that they have no real solutions for the schools that are struggling most.

The Government's education policy is nothing more than an aspirational mirage, with £320 million allocated for up to 140 new free schools, 30 of which will be open by September 2020, some of which could be grammars. That sum of £320 million may sound like a lot of money, but in the grand scheme of things it is not. In Lewisham, Building Schools for the Future, under which nine secondary schools and two special schools were rebuilt, was a £285 million programme. That was in just one borough in one city.

Richard Graham (Gloucester) (Con): Is the hon. Lady aware that there are possibilities for university technical colleges within the budget allocation for free schools? That will enable a constituency such as mine to go ahead with a proposed new health UTC, which will help a huge number of young people to work in the NHS in future. Does she think that is constructive?

Heidi Alexander: I am grateful to the hon. Gentleman, but I am not sure whether he was in the Chamber earlier for the speech by the former shadow Education Secretary, my hon. Friend the Member for Manchester Central (Lucy Powell). She pointed out that some of the evidence on UTCs is dubious at best.

As I pointed out, the Building Schools for the Future budget in Lewisham was £285 million to rebuild 11 schools. The budget for grammar schools for the whole country is £320 million. The revolution in education that the Government speak about is a chimera. They want to build the wrong schools in the wrong places, and they have the wrong priorities.

I do not think a penny of extra money should be spent on new grammar schools. I have read the research showing that there is no aggregate improvement in outcomes in areas that operate selection, and I have seen the impact of selection in my own family. My own mum, as bright and capable as anyone in this Chamber, was told when she was 11 that she was not good enough, that she was a slow learner and that she was not academic. She believes that to this day.

I strongly and fundamentally believe in our comprehensive system. We should teach children of different backgrounds and different faiths, with different abilities, in the same schools—we can stream in secondaries, yes, but we must ensure that young people get to mix with others who are not exactly the same as them. The truth is that the Government are not interested in that. They want to play politics instead of addressing real problems. It does not matter what they say about paying for transport to grammars or fiddling with entrance exams, their proposals will cream off the lucky few at the expense of the majority.

To rub salt into the wound, the Government are simply failing to address the problems in some of the country's worst schools, and they will exacerbate them with their new funding formula. They are still pursuing an academy strategy that is slowly falling apart. Lewisham has the worst-performing secondary schools of any borough in London, and the academies in my constituency are struggling. They have not delivered the soaring GCSE results that were promised, and they have a mixed record on discipline. That is not the worst of it, though. At Sedgehill school, staff and pupils have been left in a permanent state of limbo. An academy order has been issued following the imposition of an interim executive board, but no academy sponsor seems interested in taking the school on. This has been dragging on for more than two years.

What is the Government's answer for schools like Sedgehill? What is their answer to the parents who ask me whether their school is one of the many so-called orphaned or untouchable schools they read about in the papers, for which academy sponsors cannot be found? It is an absolute disgrace. If an academy sponsor cannot be identified, revoke the academy order and put in place a tailored package of support for the school. Focus on what is going on inside the classroom, not on the sign outside the school gate. Do not blame the local authorities, either. Councils have been emasculated by central Government in recent years and stripped of resources, leading to the loss of school improvement services. They have been stripped of the ability to open new schools of their choosing and stripped of any real power to sort things out when they go wrong.

I am fed up with listening to Ministers talk about grammar schools when they have no answer for schools like Sedgehill. I do not want teachers to be asking me why the parent teacher association is raising money for photocopier paper rather than for the luxuries it used to raise money for. I do not see how anything in the Budget, or anything that the Government are doing in education, will equip all children with the skills, knowledge and confidence that they need to succeed in the increasingly competitive, complex and fast-moving world we now live in.

5.51 pm

Martin Docherty-Hughes (West Dunbartonshire) (SNP): First, Mr Speaker, let me give you an apology for missing Business, Energy and Industrial Strategy questions earlier today. I was suitably admonished by you and by people at home.

I want to focus on a couple of issues: the Chancellor's assault on the Scottish whisky industry and the ill thought out increases in national insurance contributions for the self-employed. Let me declare an interest as the treasurer for the all-party group on Scotch whisky—a position that has offered me the opportunity to establish a close working relationship with this vital industry, which is very local to West Dunbartonshire.

As I am the Member for West Dunbartonshire—a constituency that is home to two well-known distilleries, Auchentoshan and Loch Lomond, and that has seen massive investment over recent months in a new bottling plant by Chivas Regal—the House will understand why I have strong reservations about the impact of the Government's decision to increase excise duty on spirits by 3.9%. That money grab has been described by Loch Lomond distillery as a

"spectacularly poor decision by the chancellor"

and by the Scotch Whisky Association as a "major blow" to the industry which will undermine the progress that the industry has made in recent years. I therefore urge the Chancellor to use the opportunity to carry out an urgent review of the UK's alcohol taxation system to give the industry—described by the Prime Minister only a week and a half ago as

"a truly great Scottish and British industry"

producing "the world's pre-eminent spirit"—the support it requires to remain competitive in this vital global market.

I turn from the ill thought out increase in excise duty to the potentially disastrous impact on the self-employed of the increase in class 4 national insurance contributions

[Martin Docherty-Hughes]

by nearly 11% over the next two years. In my constituency, the local community and economy are built on a strong foundation of small businesses, and I have serious concerns—similar concerns have been expressed by many Members in the House—about the long-term impact and pressure of these increases on small businesses.

In a briefing that it sent to my office, the Federation of Small Businesses Scotland voiced its concerns about the proposed policy and stated:

"The risk that the self-employed face makes them fundamentally different to employees. This is why the proposed National Insurance tax grab on this group is an absolute kick in the teeth, just at a time when we need to create more entrepreneurs, not fewer."

The fact that Members on the Chancellor of the Exchequer's own Benches do not support this policy—we hear them in the Lobby all the time—sends a strong message to the Chancellor and the Treasury that the business community must be understood and consulted before any drastic changes are made. There is still time for the Chancellor to see sense and give small businesses the respect and support they deserve. To fail to do so would be a dereliction of duty and a show of no confidence in those who ensure that the economy is built on a strong base.

Finally, the utter failure in the Budget to even mention the WASPI women shows that the Treasury has failed to grasp the reality facing women born in the 1950s: poverty, destitution and a political state unwilling—not unable, but unwilling—to offer them equality in the 21st century.

5.55 pm

Callum McCaig (Aberdeen South) (SNP): As the Scottish National party's spokesperson on business, energy and industrial strategy, may I too admonish my hon. Friend the Member for West Dunbartonshire (Martin Docherty-Hughes) for missing Business questions this morning? Nevertheless, I agree wholeheartedly with what he says on whisky duty, national insurance and WASPI women. I will come on to talk about national insurance contributions in a moment.

The Budget was dressed up as something a little bit different and a little bit bland. It really was bland, but parts of it did not ring true. The Chancellor seemed to think he could demonstrate that Tory austerity has not been felt most keenly by those who do not have the means to bear it. That may be true if we look at it in a very narrow sense—the top 10% of earners, when all things are taken into consideration, have borne a slightly greater share—but the lowest three deciles have borne a similar percentage decline in their income as a result of the Government's policies. It may be easy to say that those in the top decile have taken the greatest hit, but the reality is that a 1% or 2% fall in income will mean considerably more to those in the bottom three deciles than it will for those in the top 10%.

The Chancellor said in his Budget speech:

"As a result of the changes we have made since 2010, the top 1% of income tax payers now pay 27% of all income tax".—[*Official Report*, 8 March 2017; Vol. 622, c. 813.]

He wears that as a badge of pride, but that is not an indication of a fair society. It is the very opposite and it demonstrates that we live in an incredibly unfair society where 27% of income tax is being paid by 1% of the population. That is because they earn, unjustifiably, more than the rest of the population. That is not a badge of honour; that should be a badge of shame for this Government.

We have heard talk about how the Government want to use technical education and reforms in the Budget to put entrepreneurship and technical skills at the heart of the British economy, yet the single key announcement in the Budget was the change to national insurance contributions for the self-employed. They are the entrepreneurs. They are the folks with the technical skills we need in our economy. As we have heard from Member after Member today, those people do not enjoy the same benefits and protections enjoyed by those of us who are employed. That is why they deserve a differential in terms of their national insurance contributions. To dress this up as anything other than a naked tax grab is entirely disingenuous. This will not help our economy and it is coming at precisely the worst time. It must not just be stopped, but cancelled entirely.

The most disappointing aspect of the Budget for me was the utter silence on the energy challenges we as a country face. Next to nothing was said on renewables. There was nothing on how we decarbonise our economy. There was nothing on how we tap the massive potential in Scotland, particularly in our rural communities. There was nothing on how we can get contracts for difference for our island communities or how we tap the massive potential of our tidal streams. We heard nothing on the implementation of carbon capture and storage, which we will need if we are going to be able to afford, in both a financial and technical sense, to meet the carbon budgets we as a Parliament agreed.

Hannah Bardell *rose—*

Callum McCaig: I will not give way, as others still wish to speak.

The privatisation of the Green Investment Bank is pushing ahead at precisely the wrong time. As part of this, I hope that the Government will reflect on the challenges they face and cancel that sale.

Oil and gas has raised its head as an issue, given the changing dynamic in Scottish political debate. In 2014, the then Prime Minister promised Scotland a £200 billion oil bonanza if we voted no. He told us that the industry relied on the broad shoulders of this United Kingdom. Well, those shoulders have barely shrugged in defence of the 65,000 people, many of them in my constituency, who have lost their jobs while the Government have been asleep at the wheel.

I and my party will take no lectures from folks over there on the oil and gas industry. We have seen an absolute dereliction of duty; the Government have been asleep at the wheel. This Budget provided an opportunity to right that wrong, but what did the Government do? Did they come forward with the exploration incentives that the industry needs? No, they did not. They simply reheated a previous commitment from the last Budget and said that they would set up a discussion group. Frankly, that is not good enough. When people are losing their jobs, it is not enough to sit down and have a chat over a cup of tea. An independent Scotland would undoubtedly have acted; it would have acted swiftly and decisively to save these people's jobs.

6.1 pm

Vernon Coaker (Gedling) (Lab): At the heart of all the great Budgets and all the great policy statements is a vision backed by policy. The theme of today's Budget debate is education. We heard the Secretary of State speak at great length about one of the main problems that has beset every education system in our country for decades: the link between social background and educational attainment. It is one thing to talk about it, but another to address it with policies that will work. For most of us, seeing the Government return to the failed policies of the past to try to address that is a great mistake.

The idea that the issue of social background and educational attainment can be solved by the return of grammar schools—they might have benefited a few, but did so at the vast expense of the majority of young people in an area—is totally and utterly unacceptable. Indeed, the Government have had problems with their own Back Benchers in putting forward that policy. I say to the Government that, yes, we all agree with tackling the link between educational attainment and social background, but not by returning to selective education—essentially to the 11-plus.

It is clear that Education Ministers went to the Treasury—I see on the Government Front Bench the Chief Secretary to the Treasury—and said that the National Audit Office was predicting a £3 billion or 8% real-terms cut in the Department's budget by 2020. That is not defensible. Conservative Members will not have on their leaflets all the cuts that will be made to the schools in their constituencies; they will say, "Don't worry, I will write to the Minister about this", as though it somehow happens without the Government's decision. The Department for Education has failed in its attempt to get the Treasury to stump up more money to pay for our schools. As a consequence, there will be a reduction in funding for virtually every school in the country, and large numbers of teachers will be made redundant or not employed in future. That is the reality of the Government's policy on education.

My own Gedling constituency will see cuts of £5.6 million in real terms by 2020—the equivalent of 139 teachers. In Nottinghamshire, it amounts to nearly £40 million-worth of cuts. Local Conservative candidates at elections somehow pretend that it has nothing to do with them and object when we point out that it is their own Government who are doing it.

We face a crisis in teacher recruitment and retention, too. At the heart of any policy whose aim is to raise attainment in some of our most difficult schools are good teaching and good head teachers: they are absolutely fundamental. Over the last few years, until fairly recently, every policy has recognised the need for such provision and has tried to ensure that it happens. However, teacher recruitment and retention are now under threat. Some schools are unable to recruit staff to teach certain specialist subjects, and some are even reflecting on whether they have enough staff to enable them to deliver a full curriculum over a full number of school days.

Let me say something to the Minister about T-levels. Every Government for decades have called for parity of esteem between academic and vocational education. The question that the present Government need to answer is this: how will the T-level policy initiative differ from all the other policy initiatives that have gone before? There has been talk about quality work experience and parity of esteem, but there is a problem that the Government have not addressed and we all need to address. It is a cultural problem: vocational education is not seen as having parity with academic education. When the Government decide what constitutes a good school, they do not say, "This is a good school because of the number of people it gets into high-quality vocational education post-16." They judge that school on the basis of academic results. If we are judging our schools purely on the basis of academic achievement, is it any wonder that vocational education is sometimes regarded as second rate when it should not be?

I believe that there should be a national crusade. We need to make clear that there is a cultural problem with vocational education, and that we must change attitudes to it if we are ever to deliver the high quality that we need. There are skills shortages in various industries throughout the country—in Scotland, in Northern Ireland, in Wales and in England. The Government must explain how what they are proposing will differ from many of the sound and well-meaning policy objectives that we have seen before.

6.7 pm

Helen Whately (Faversham and Mid Kent) (Con): A few weeks ago I joined a Faversham care worker, Kim, on her rounds. When I joined her at 7.30 in the morning, she had already started washing her first client. That lovely lady needed Kim's help to get up, get washed and dressed, and have breakfast. So many of us take such things for granted, but there is a time in life when people need help, especially if they suffer from disabilities, as she did.

I spent that morning with Kim because I wanted to see for myself the challenges presented by social care. In my constituency, we have an acute shortage of domiciliary care. Care agencies tell me that they simply cannot recruit enough staff to meet the demand—at least, not at the rates that they can pay. Age UK Faversham tells me that people are going without care who desperately need it, and the local hospitals tell me that at any time about a third of their patients would be better cared for somewhere else.

Kent County Council has made huge efforts to protect frontline care while efficiencies have been achieved, but in my part of Kent it seems that the care system is only just managing, and there are similar stories across the country. That is why, before the Budget, I asked the Chancellor if he could find extra money for social care. I know that I was one of many, and I am grateful that we have been heard. The Budget will give social care £2 billion more over the next three years, of which £1 billion will be available in 2017-18. For Kent that means an extra £26 million this year, more than double what it is expecting to raise through the social care precept. That will make a real difference. Also welcome are the £100 million to fund more GPs at A&E departments—which, as we know, are a hospital pressure point—and the £300 million of extra capital funding for sustainability and transformation plans.

There is no escaping the fact—about which the OBR is very clear—that the need for health and social care will rise, and costs will rise with it. The number of over-85s is set to double in the next 15 years, and there are some worrying trends among much younger people—for

[Helen Whately]

instance, people in their 60s—who are living with complex life- limiting conditions. The money to care for those people has to come from somewhere, but it should not come from adding to the debt to be paid off by future generations, or from the tax changes that have been proposed by some Opposition Members, which have not been thought through and could result in reduced tax revenue to pay for the costs of care.

The best way to pay for the increasing costs of care is to have a strong and growing economy. I welcome the fact that, with its proposals for investment in infrastructure, skills and education, the Budget has boosting productivity at its core. However, we also need to adapt to changes in the nature of work that are already happening. As the Secretary of State said earlier, jobs are changing fast. About 60% of the jobs that today's schoolchildren will do have not even been invented yet. More people are choosing to be self-employed or finding work in the gig economy. More businesses are moving online. The tax system needs to respond.

I fully recognise the extra risks and insecurities for the self-employed and entrepreneurs—I am married to one—and I hope that the Taylor report that is due in the autumn will address some of the insecurities of modern work, but there is an enormous imbalance between the contributions made by people in employment and those made by the self-employed, particularly when one adds in national insurance contributions paid by employers. Many business models have developed simply to take advantage of that tax differential and, in the process, the rapid rise in self-employment is eroding the tax base. That simply has to be addressed. We will all get old and may need care one day, so we all need to contribute to paying for that.

I look forward to the planned Green Paper on future social care funding. We need a funding system that means providers of care will invest in facilities and especially in the workforce, because the people who provide care are at the heart of this. It was such a privilege to spend time with Kim in Faversham and to see what she did for the people she cares for. We must ensure that no one has to worry whether they will get the care that they need, when they need it.

6.12 pm

Hannah Bardell (Livingston) (SNP): Last week, the Chancellor delivered his Budget on International Women's Day, a day when women, and men, across the world celebrated women and their contribution to society, and highlighted how important it is to have an inclusive, gender-balanced workplace. I cannot think of a better day for the Chancellor to show how much we value the contribution that women make to the economy. Instead, he used his Budget to continue the hard Tory austerity policies that disproportionately affect women, men and their families across the country.

We know that women are affected twice as hard by this Government's dangerous obsession with austerity. It is clear that Tory austerity is gendered because cuts to public sector jobs and an increase in temporary and zero-hours contracts affect women the most. Women make up the majority of workers living in poverty, with many juggling two or three low-paid, part-time jobs as they try to make ends meet. Where is the help that they so desperately need to scramble from just about managing to being able to provide for their families without the fear and stress of ever-shrinking household budgets?

The Chancellor started his speech by talking about preparing for a "brighter future", but I have to ask him and his colleagues: in what parallel universe is the future bright for the 300,000 children who will be forced into poverty as a result of his refusal and that of his colleagues to stop the cuts to the work allowance? That is despite a report from the Resolution Foundation only this month warning that the Tory Government's tax and social security policies would

"drive the biggest rise in inequality"

since Thatcher. I grew up in a single-mother family under Thatcher and it strikes me that, sadly, not much has changed.

It is both sad and ironic that, on the same page of the Budget document, the Government give money to tackle domestic abuse—a welcome move—yet refuse to take action on the punitive two-child limit and to scrap the repugnant rape clause. As the Chancellor spoke about this "brighter future", hundreds of WASPI campaigners, including women from my Livingston constituency, protested outside Parliament—and still he failed resolutely to outline a single measure to tackle state pension inequality. Those women worked hard for their bright future, and this Tory Government are extinguishing it.

The cuts that have been announced will mean that Scotland's day-to-day budget will be a massive £1 billion worse off. By 2020, Scotland will be £2.5 billion worse off in real terms. The IFS forecasts that austerity could last until the middle of the next decade, meaning that Scottish households and public services could ultimately face 15 years of UK Government austerity.

A separate report from the IFS this month projected that child poverty would increase to 30% by 2021-22, and said that this is

"entirely explained by the direct impact of tax and benefit reforms".

Let us not forget that only a few months after the Tory Government came to power, they scrapped child poverty targets, and that came just before child tax credit cuts. What a shameful way to start their time in government. This Government and this Chancellor had a chance to reverse that, and he did nothing.

I ask the Government to tell us why they brought forward nothing to reverse the punitive cuts that will hit mid-low income families? Why has the Chancellor done literally nothing to protect millions of children from the prospect of poverty? The Resolution Foundation found that the poorest quarter of working-age households will be between about 5% and 15% worse off, and says that this

"is the worst period of household income growth for the poorest half of households since records began in the mid-1960s"—

and that is before the swingeing cuts that are due to hit, and before Brexit.

The Chancellor told us that his Budget

"continues the task of getting Britain back to living within its means."—[*Official Report*, 8 March 2017; Vol. 622, c. 809.]

I am sure that there are thousands of families across the country who would love to have the means within which to live, but they do not, and they are simply struggling, every day, because of the punitive measures of this Government.

What would the Chancellor tell lone parents on universal credit, who will on average lose £2,380 a year? The End Child Poverty coalition has said:

"The impact of the benefit freeze, in the context of rapid price rises, has a dramatic effect on family incomes. Families on a low income simply cannot afford to pay the increased prices"

that will result from this Government's policies.

A hard Tory Brexit remains the major threat to Scotland and our economy. Brexiteers will claim that revised figures on debt, GDP and borrowing show that the negative effect of Brexit has been exaggerated, but it has not happened yet. The Office for Budget Responsibility has said that there has been no structural improvement in the public finances and forecasts for the next five years remain virtually unchanged. The impact of a hard Brexit is yet to be felt.

Amidst the utter chaos of a hard Tory Brexit, the change for entrepreneurs and the self-employed is going to be devastating. The SNP wholeheartedly believes in flexible labour markets, but that flexibility must be guarded against vulnerability. Some self-employed workers in the UK, particularly those on low incomes, do not enjoy the same guarantees as other people, as we have heard.

This Budget was an opportunity to do the right thing to support women and low- income families, to boost business and to put an end to austerity, yet it is nothing more than an opportunity lost by this Government. This Government might see a "bright future", but it looks more to me like the dark clouds of a perfect storm for the rest of us. Winter is coming, and Scotland is headed in a different direction—it will, I think, be a new dawn for us.

6.18 pm

Margaret Greenwood (Wirral West) (Lab): Education has a key role to play in breaking cycles of poverty, but we know, too, that poverty has a profound impact on a child's ability to make the most of any educational opportunity available. Yet this Budget did nothing to tackle child poverty, which stands at about 4 million in this country—that is a shameful figure, and it is set to rise.

According to the Child Poverty Action Group, by the age of three, poorer children are estimated to be on average nine months behind children from wealthier backgrounds. Department for Education statistics show that by the end of primary school, pupils receiving free school meals are almost three terms behind children from more affluent families. By 14, the gap grows to over five terms, and by 16, children receiving free school meals achieve on average 1.7 grades lower at GCSE.

We know, too, that the early years are crucial for child development. Maintained nursery schools do an important job for children in their early years and many are struggling financially, yet the Chancellor chose to find £320 million for 140 new free schools. I strongly question his sense of priorities. Some 65% of maintained nursery schools are in the most deprived areas in the UK, and 97% of them are rated as good or outstanding by Ofsted. No other part of the education sector can match that, so their value cannot be in doubt.

Ganneys Meadow nursery school in my constituency has received outstanding judgments in its last three Ofsted reports, and it provides a vital service to families in the local community. Around 20% of the children there have special educational needs or a disability, including autism, epilepsy or mobility problems. The families of a number of the children are on low incomes, and some of the children might be quite vulnerable. The school gives those children the very best start in life, yet despite that service, based on the specialist expertise of highly qualified, trained teaching staff, it is funded at the same rate as all childcare providers. Local authorities can top up that funding, but we all know that they have had their budgets severely cut by central Government.

The Government have announced extra funding for nursery schools but, in practice, schools such as Ganneys Meadow will see their overall income rise by only a very small amount, and they will remain financially squeezed. If the Government are really serious about improving the life chances of the most disadvantaged children in our society, they should back the maintained nursery schools and ensure that they get the funding that they need to secure their future. At secondary school level, funding per pupil in my constituency is expected to fall by 10% between 2013 and 2019, which will mean a loss of £309 per pupil in cash terms between 2015 and 2019. That will inevitably be to the detriment of pupils' education and staff morale, and it is wholly unacceptable.

The arts in education are particularly at risk at the moment. Uptake of creative subjects at secondary level fell by 14% overall between 2010 and 2015, and the Government have so far failed to respond to the consultation on the future of the English baccalaureate, which included a consideration of the place of arts subjects in the core curriculum. A survey of teachers by *The Guardian* in January found that 9% of respondents reported that either art, music or drama was no longer offered at their school. About 20% said that one or more of those subjects had been given reduced timetable space. Yet studies here and in the United States have shown that students from low-income families who have the opportunity to engage in the arts at school are significantly more likely to go on to get a degree and are also more employable overall, so these cuts to school funding really are damaging the prospects of our young people.

There are also real issues around adult literacy and numeracy. The latest Government studies, published in 2011, found that nearly 15% of 16 to 65-year-olds were functionally illiterate and that 23% of the people surveyed lacked basic numeracy skills. This is a real crisis, and the Government should tackle it as a matter of urgency, for the sake of not only the individuals involved but their families. When we educate the mother or the father, we educate the child. We need real investment in adult education and lifelong learning. The Chancellor announced £40 million in funding for 2018-19 to test different approaches to helping people to retrain and upskill throughout their working lives, but there have been cuts of more than £1 billion in the sector since 2010. I also question the need for pilots. As a former teacher in adult education schools and someone who has close knowledge of the work of the British Education Research Association, I can assure the Government that there is plenty of expertise out there that they could tap into to put together a really robust programme of adult education and lifelong learning.

I also urge the Government to think beyond retraining and upskilling. Those are important in providing vital training opportunities to help people to move on in

[Margaret Greenwood]

their employment, but it is important to provide education for education's sake. On TV, we see the huge popularity of programmes such as "The Great British Bake Off", "The Great Pottery Throw Down" and "The Big Painting Challenge". It is clear that there is a real interest in discovering arts and skills areas that might have nothing to do with employability, but everything to do with creativity and learning. I join my right hon. Friend the Member for Tottenham (Mr Lammy) in his call for the reintroduction of night schools. They are inexpensive places where people can learn and socialise, and they can help people to grow in confidence and make friends. They also provide an effective way of tackling social isolation. They can be quite transforming for individuals and communities, and I believe that they have a particularly important offer in our ageing society.

In the Prime Minister's Lancaster House speech, when setting out the Government's negotiation objectives for exiting the European Union, she said that the Government would aim

"to build a stronger economy and a fairer society"

in which

"every child has the knowledge and the skills they need to thrive".

If the Government are sincere in that, they should make it a priority to fund early years education. They should also be ambitious in their plans for lifelong learning and make a real priority of tackling child poverty so that children are healthy and able to make the most of the educational opportunities on offer.

Several hon. Members *rose—*

Mr Speaker: Order. As I call the hon. Member for Sheffield, Brightside and Hillsborough (Gill Furniss), I am sure that Members on both sides of the House will join me in wishing her a happy birthday.

6.24 pm

Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab): Thank you, Mr Speaker. This Budget is, at its heart, deeply unfair. It is full of broken promises and missed opportunities. I am a Sheffield MP. I love Sheffield. I grew up in Sheffield. I am extremely proud to represent its people in this place and that means standing up for them. Sheffield City Council has faced cuts every year for seven years, now totalling £352 million, and it will have to find another £40 million next year to balance its budget. Sheffield is a fantastic city with a strong industrial base. It is where stainless steel was invented, and I must put it on the record that Sheffield definitely drove the industrial revolution, no matter what others have said today. However, wages have fallen dramatically. In fact, shamefully, it was recently found that Sheffield is the low-pay capital of the UK. There is little in this Budget to help that.

The self-employed are the engine drivers of entrepreneurship, with many working at the cutting edge of technology. Self-employment in Sheffield has increased by 10% in recent years, showing our city's entrepreneurial character. However, real wages among the self-employed have fallen faster than those of employees. For my constituents, the Chancellor's £2 billion broken promise on NICs will have a serious effect on their livelihood. As I said, unfairness is at the heart of the Budget, which hits low and middle earners hardest, hurting working people in Sheffield, Brightside and Hillsborough. While increasing taxes for the most vulnerable in our society, and simultaneously choosing to do nothing about working standards for the self-employed, the Chancellor decided to cut taxes for the richest. Policy measures introduced by this Government since 2010 will result in over £70 billion in tax giveaways to big businesses and the super-rich over the next five years. Much has already been said about the contentious business rates revaluation, and pubs in my constituency will feel the pain of increased rates despite the headline-grabbing one-year-only discount. The British Beer and Pub Association forecasts that increases on beer duty will result in 4,000 job losses and more pub closures.

We know what to expect from this Government by now—they kick the can down the road—so the Chancellor's speech naturally contained no mention of the industrial strategy, nothing for the struggling steel sector, and no mention of climate change. Social care is in a state of emergency due to cuts to local council budgets, with over 1 million vulnerable elderly people not receiving the care they need. The extra £2 billion for adult social care does not make up for the £4.6 billion in cuts over the last Parliament and, believe me, councils in the north are not getting the same Surrey sweetheart deal on social care. The Chancellor had the opportunity last Wednesday to properly address the funding crisis, but he did not take it. He announced no money to deal with hospitals despite the £5 billion black hole in NHS maintenance. There are not enough GPs in the NHS, and cuts to nurses' bursaries have led to a reduction in applications for nursing courses. A&Es are in crisis, and waiting lists are soaring. Mr Speaker, forgive me if I feel that this is all too little, too late.

Ensuring a decent education for our children should be an absolute priority, not an afterthought. This Government promised to protect pupil spending but it has fallen in real terms after inflation—another broken promise. According to the National Union of Teachers, Fox Hill primary school in my constituency will be £1,003 worse off per pupil than in 2013, and Wisewood Community primary school will be £1,586 worse off per pupil over the same period. By 2019, per pupil funding will have fallen by an average of 11% from 2013 levels.

There are 1.5 million fewer adult learners than there were under the previous Labour Government, and adult skills training has been cut by 54% since 2010. Furthermore, the beleaguered further education sector has fared little better. According to the IFS, by 2020 per student spending will be only just above the level seen 30 years ago at the end of the 1980s.

It is ironic that the Budget fell on International Women's Day. Tory cuts have disproportionately affected women and, sadly, the Budget does nothing to change that. The Budget hurts the self-employed, low earners and those on benefits while letting the richest off the hook. It is a divisive and unfair Budget, and the Conservatives are clearly not the party of the working people of Britain.

This Budget is, at its heart, deeply unfair. It is also a Budget full of broken promises and missed opportunities, and it will hurt my constituents of Sheffield, Brightside and Hillsborough.

Mr Speaker: The hon. Member for Wirral West (Margaret Greenwood) has subsequently advised me that it is her birthday, too. So again, on both sides of the House, we wish her a very happy birthday.

6.30 pm

Ian Blackford (Ross, Skye and Lochaber) (SNP): This Budget was a missed opportunity to help deliver confidence and growth. The OBR has stated that the future is uncertain and that any central forecast is most unlikely to be fulfilled, which is a damning statement as it is ultimately the Government's responsibility to create certainty.

Brexit approaches us like an enormous black cloud threatening stormy weather, which is perhaps not all the Chancellor's fault. After all, the Prime Minister sets the direction. As the storm approaches, in the modern parlance of giving names to impending storms, we should call it Storm Theresa. This Budget was another missed opportunity to deal with the unfairness of the steep rise in women's pensionable age over too short a timeframe. That from a Budget delivered on International Women's Day. The irony is not lost on the WASPI women.

As thousands of WASPI women demonstrated outside Parliament, making such a tremendous noise that we could hear them clearly in this building, the only man who apparently could not hear was the Chancellor—deaf to the legitimate demands of the WASPI women and desperately hoping that their calls for fairness and equality would go away. Well their calls will not go away. Like the message communicated last week, the volume is going to be turned up. The campaign is gathering momentum and the Government will have to listen.

Some 245 Members of Parliament have lodged petitions asking for action on the WASPI women. There was a debate in Westminster Hall on 9 February, and the Chair accepted the challenge that the House had not considered the effect of state pension changes on working class women after a woeful and disrespectful response from the Under-Secretary of State for Welfare Delivery, the hon. Member for Romsey and Southampton North (Caroline Nokes). The fact that, following the challenge to the determination of the motion, the matter has not come back to the Chamber for determination is disgraceful. We will continue to pursue the matter.

Of course, the debate followed a Division in this Chamber on 1 December 2016 in which the House divided by 106 votes to two against the motion that this House had considered the acceleration of the state pension age for women born in the 1950s. There has been no Government response to that vote. The Government are choosing to ignore the message that this House delivered.

In all our discussions on the Women Against State Pension Inequality Campaign, the focus has been on the 2.6 million women who are supposedly affected—the Government have continually referred to that number—but a freedom of information request that came to light last Friday now alleges that the actual number is not 2.6 million but 3.48 million women. If those reports are accurate, nearly 1 million more women than originally thought are set to miss out on their pension entitlement. It is absolutely outrageous if that is the case, and I ask the Minister to give us clarity on that matter in his summing up.

What is the figure, and why the discrepancy? Why at this stage do the Government not appear to know the exact number of women affected by the changes? We have had the farce of it taking successive Governments 14 years to communicate formally with any of the women affected, and this latest twist adds insult to injury. If the reports are true, how did the Government get the figures wrong? We need answers from them today.

The UK Government must recognise that pensions ought to be a contract, not a benefit. The Budget presented an opportunity for them to live up to that contract. It is clear that delivering fair pensions is not a high priority for the Government. With inflation spikes forecast, the Budget was completely devoid of any mitigating measures to future-proof pensioner incomes. We need a clear commitment that the triple lock will remain in place beyond 2020 and that mitigation will be put in place for the WASPI women. The SNP has already published a paper that explains how the Government can push back the timescales for increasing the pensionable age for women, at a cost of £8 billion in this Parliament. That is affordable, given the £30 billion surplus in the national insurance fund. Why did the Government not take that opportunity in the Budget? What is it going to take for them to act?

There is talk of another referendum on Scottish independence; I wish to make it clear that pensioners in Scotland would get justice and fair pensions from an SNP Government—things that are sadly lacking from the UK Tory Government. The OBR's economic and fiscal outlook is a damning indictment of Government policy over the past few years and demonstrates the lack of vision from the Government on our economic future.

6.36 pm

Sarah Olney (Richmond Park) (LD): Every school in my constituency is facing cuts to its funding and rising costs. I speak to headteachers, all the time, some of whom have been in teaching for many years, and they tell me that they are extremely concerned about the funding situation. In the past, they have cut non-essential activities and support services, but they now feel they have no choice but to cut classroom teachers and whole subjects out of the curriculum. For the first time, they think that funding cuts will actually affect the quality of the teaching they provide.

Last night, I went to an event in my constituency for the concerned parents of children in local schools, and well over 200 were present. There was real anger among the parents about the prospects of further cuts. They feel a real sense of betrayal that their children are not going to receive the quality of education that their parents feel they deserve. There are excellent, dedicated teachers in our schools who are ready and willing to do the very best they can for our children, but they will not be able to if the resources available to them are not increased.

There are many different causes of the current crisis, and not all are related to the proposed changes to the funding formula. Costs are increasing because of unavoidable increases in pension and national insurance contributions; the Government are stopping the education services grant, which will end in September; and, absurdly, many schools find themselves having to pay the apprenticeship levy. The funding formula will also decrease the money available to many schools in my constituency.

Parents and teachers in my constituency are not uninformed. They know that there is a squeeze on public spending, that belts have to be tightened and that

[Sarah Olney]

borrowing has to be cut. But they question some of the decisions that are being made. For example, a National Audit Office report in February this year found that the free schools programme, which was originally budgeted to cost £90 million, is now likely to cost in the region of £9 billion. The cost of procuring land for new school buildings is a large component of that cost, at around £2.5 billion, but the NAO estimates that the Education Funding Agency is paying, on average, almost 20% more than market value for land for new schools. The NAO also found that some sites are being purchased for schools in areas where there is no demand for extra school places.

Nobody is arguing that there is not an urgent need for new school places—not least in my constituency, which badly needs a new secondary school—but the free schools programme is not providing a cost-effective or efficient solution to that need. It urgently needs to be reviewed. Tougher negotiations on land purchases and the targeting of resources to areas of greatest need would provide better value for money for new schools and free up resources to direct towards existing schools.

The Budget statement included money put aside for a new generation of grammar schools, to be introduced as part of the free schools programme. I have searched the Conservative party manifesto from 2015 and can find no reference to this spending commitment. If the Prime Minister declines the necessity to seek a mandate of her own, she has a moral obligation to deliver the manifesto on which the Conservative party was elected. She has no mandate to introduce grammar schools; it was not a spending choice on which the public were asked to vote. There is no evidence that grammar schools deliver better educational outcomes for all children, which is surely the only goal of any Government's educational policy.

I visited a girls' comprehensive school in my constituency yesterday—a school that is rated outstanding in all areas. I was impressed by the quality of teaching on display as I watched a year 11 history lesson and a year 7 French lesson. The head told me that they had recently introduced a classical civilisation A-level, in response to demand from pupils, and that one of their alumni was now studying classics at Oxford. This headteacher is worried—as are all the headteachers in my constituency—that the cut in funding means that she will not be able to deliver all the subjects at A-level that she used to. There is nothing that the Prime Minister's beloved grammars can deliver that this excellent comprehensive school cannot already deliver to the children of my constituency, and deliver without divisive selection. I call on the Prime Minister to cancel her plans for these expensive, unnecessary grammars and make the most of the excellent educational provision that is already available and continue to ensure its excellence.

The Chancellor and the Prime Minister have both stated their commitment to increasing choice in education. Choice is no good to parents who already have children in schools that are facing funding cuts. Choice implies that there are places in a range of schools for each child, and that parents merely need to make a decision on which one they want. The reality is that this would be an extraordinarily wasteful way to fund school places and that most parents take the place in the school that they are offered. Rather than choice, all most parents want is to know that the school place they are offered is capable of offering their child the very best education possible.

I call on the Government to look again at their spending plans for education and to take heed of the rising chorus of protest against the cuts in school budgets—in my constituency and elsewhere. Investing in education is essential to securing a prosperous future for this country, and skills training—not grammar schools—should be the priority if we are to thrive outside the European Union. I welcome the announcement of further investment in skills training but ask what analysis has been done of how the proposed new T-levels will align with existing vocational qualifications such as NVQs. How much of the proposed new spending will be taken up with establishing new awarding bodies and structures that could have been spent directly on teaching existing qualifications?

Anna Soubry (Broxtowe) (Con): Will the hon. Lady agree to work with me and other colleagues in examining whether it is either right or lawful for local authorities to impose the apprenticeship levy on all the schools in our constituencies?

Sarah Olney: I quite agree that including schools in the apprenticeship levy is utterly absurd. The apprenticeship levy is supposed to raise money for training in employment. To levy it on schools, which are already providing excellent learning opportunities, is outrageous. I certainly agree to work with the right hon. Lady to investigate that further.

In conclusion, this Budget does not provide the best possible provision for education in this country and I urge the Prime Minister and the Chancellor to look again at their spending plans.

6.42 pm

Peter Dowd (Bootle) (Lab): I thank colleagues who have spoken in this debate today. They have torn this Budget apart. I am talking about my hon. Friends the Members for Washington and Sunderland West (Mrs Hodgson), for Lewisham East (Heidi Alexander), for Burnley (Julie Cooper), for Garston and Halewood (Maria Eagle), for Cardiff South and Penarth (Stephen Doughty), for Redcar (Anna Turley), for Gedling (Vernon Coaker), for Wirral West (Margaret Greenwood) and for Sheffield, Brightside and Hillsborough (Gill Furniss), my new hon. Friend, the hon. Member for Stoke-on-Trent Central (Gareth Snell) and many other people.

Last week, the Chancellor painted a rosy picture of the nation's finances. He claimed that the Conservative party's stewardship had been nothing short of miraculous. He was relaxed and attempted jokes throughout his speech. The Prime Minister's shoulders shook with amusement, and many Government Members chuckled away. Some of the more experienced Government Members were watching cautiously, as the nosedive gained velocity. The Chancellor had got it wrong—big time. Within hours, he was attacked by many of his own Back Benchers. He was left hung out to dry by the Prime Minister, and, unsurprisingly, he has faced universal criticism over his plans to raise national insurance to 11% for millions of self-employed people. As Sir Michael Caine in the iconic film "The Italian Job" said, "You were only supposed to blow the doors off." *[Interruption.]* It would have been unparliamentary to throw in that word. Well, the debris from the explosion is still descending. To put it purely and simply, the manifesto pledge was broken.

Since last Wednesday, Nos. 10 and 11 have been in a briefing war, with each trying to blame the other for the fine mess. Ostensibly, No.10 suggested that the Chancellor sneaked the national insurance rise into the Budget. Apparently, other shocked Cabinet colleagues have indicated that he failed to mention that it would break their manifesto pledge. As my hon. Friend the Member for Garston and Halewood said, it is worrying that Cabinet members do not know their own manifesto commitments. Perhaps they do not care. Then again, the Government have an insouciant attitude towards their manifesto commitment—[Hon. Members: "Give way!"]. I will come back to that in a minute. The insouciant attitude goes on. First the Government committed to getting rid of the deficit by 2015—a broken promise. Secondly, they said that it would be pushed back to 2019-20—another broken promise. Thirdly, they vowed that the debt would start to come down after 2015—another broken promise.

The Government will have virtually doubled the debt and doubled the time they have taken to get it down, and this is what they call success and fiscal credibility. They seem to think that they can simply press the reset button when it comes to meeting their own fiscal rules, and that no one will notice. It is the flipside of John Maynard Keynes' approach—namely, "When I change my mind, the facts change with it."

Sir Oliver Letwin (West Dorset) (Con): Now that the hon. Gentleman has had his bit of fun, would he possibly explain how he proposes that the Labour party would find the money required for social care?

Peter Dowd: By fiscal rectitude. When the Government miss a deadline, their modus operandi is to set a new one and brazenly move on. It is the immutable law of Tory economics—make it up as you go along. What happened to the long-term economic plan? Well, it did not last very long. The Prime Minister and the Chancellor have their fingerprints all over every single financial decision that has been made during the past seven years. It is no surprise that they have come under criticism from many in their own party, including the former Member for Witney, and the former Chancellor Lord Lamont who called the national insurance debacle a "rookie error"—otherwise known, in the real world, as gross incompetence. But, regrettably, other people will pay the price for that incompetence.

Turning to Brexit—I will mention it even if the Chancellor does not want to—it is the 10th anniversary of the production of "Freeing Britain to Compete: Equipping the UK for Globalisation". The publication was a wide-ranging policy document authored by the right hon. Member for Wokingham (John Redwood) and friends. It was endorsed by the then shadow Cabinet, which included the current incumbents of No. 10 and No. 11 Downing Street. The publication was hard to track down as it has been removed from the Conservative party website for good reason, but I found a copy. Its contents were toxic—all the more so in the wake of the subsequent global financial crisis—and remain so. But in the light of Brexit, and the resurgence of the right hon. Member for Wokingham's influence, it will soon get a second run out.

It is worth apprising the House of a few nuggets in the document's pages. It includes policies such as the abolition of inheritance tax; charging foreign lorries to use British roads; the potential abolition of the BBC licence fee, which it refers to as a "poll tax"; the watering down of money laundering regulations; and the deregulation of mortgage finance because

"it is the lending institutions rather than the client taking the risk."

Try telling that to someone whose home has been repossessed.

The publication goes on to say:

"We need to make it more difficult for ministers to regulate".

Remember that this document was dated August 2007, and was rubber-stamped by the current Prime Minister and the Chancellor at the time that Northern Rock was about to go under. The document continues—listen to this one—to say that the Labour Government

"claims that this regulation is all necessary. They seem to believe that without it banks could steal our money".

Well, that might not be the case, but, at the peak of the banking crisis, we had liabilities of £1.2 trillion. Many people did believe that the banks were stealing money and queued up outside banks accordingly. The document refers to wanting

"reliably low inflation, taking no risks by turning fiscal rules into flexible friends"—

not that the Chancellor has many of those nowadays. As for Europe, in search of jobs and prosperity the document says:

"An incoming Conservative government should go to Brussels with proposals to deregulate the whole EU".

No wonder they wanted to bury the evidence—it is the autobiography of the hard-line Brexiteers, and the Tory blueprint for a post-Brexit, deregulated Britain. It is a race to the bottom.

These policies are a telling narrative of the views of the fundamentalist wing of the Conservative party. The Prime Minister is hostage to that right wing, and she is on the hook. The stage directions are coming from Wokingham, Haltemprice and Howden, North Somerset, and Chingford and Woodford Green, with occasional guest appearances by the Foreign Secretary. The forlorn, melancholic Chancellor is briefed against—he is not laughing now—because he may just have a less hard-line approach to Brexit than his colleagues.

These are the dusted-off policies of hard Brexiteers, who will stop at nothing until Britain becomes a low-wage, low-tax, low-regulation economy. They want to turn our country—not their country—into the bargain basement of the western world, and they have the Prime Minister in tow. Parliamentary scrutiny is a hindrance.

Meanwhile, the Prime Minister has put kamikaze pilots in the cockpit. The Chancellor knows this too well, and that is why there is a reported £60 billion set aside as a trauma fund—a failure fund. It is not Brexit-proofing the economy, but proofing the economy from the toxic ideology of the hard Brexiteers.

The Government's proposal to increase insurance premium tax from 10% to 12% is a regressive measure and a charge on households, and we will not support it.

[Peter Dowd]

It was a surprise to see it in the autumn statement, coming as it did from a Government who use the high cost of insurance premiums as an excuse for curbs on victims' rights to claim compensation, and we will oppose that rise. While the Government drive up the price of insurance for millions of families, through other policies they will forgo £73 billion of revenue.

The Budget claims it is for lower and middle earners, the NHS, social care agencies, the self-employed, schools, businesses, pubs, the strivers and the entrepreneurs. It wants to give them the thumbs-up, but, in practice, it is not doing that; on the contrary, it is putting two fingers up to them, and that is something Labour will never do.

6.52 pm

The Chief Secretary to the Treasury (Mr David Gauke): This is a Budget that demonstrates the Government's determination to face up to our long-term challenges. This is a Budget that recognises that the only sustainable way to improve living standards is to improve our productivity. This is a Budget that recognises that sustainable public finances are not an impediment to prosperity but a necessary precondition.

I would like to thank my hon. Friends who participated in the debate: my hon. Friends the Members for Croydon South (Chris Philp), for Gainsborough (Sir Edward Leigh), for Telford (Lucy Allan), for Warwick and Leamington (Chris White), for South Dorset (Richard Drax), for Weaver Vale (Graham Evans) and for Faversham and Mid Kent (Helen Whately).

May I say a particular word of congratulation to the hon. Member for Stoke-on-Trent Central (Gareth Snell)? I apologise for having missed his speech, but I have heard from a number of people that it was excellent, and it proves that, in terms of his attributes as a Member of Parliament, it is not only because he is not Paul Nuttall that he will be welcome in this place.

I could probably summarise the other contributions from the Opposition Benches as saying that we are not spending enough, we are taxing too much and we are borrowing too much. Thankfully, it is not my job to reconcile all of that, and I wish the hon. Member for Bootle (Peter Dowd) the best of luck—he can say it is fiscal rectitude if he likes.

An important part of this Budget has been ensuring that this country has the skills we need to grow in the 21st century. We have to face up to the fact that tomorrow's labour market is going to look very different from today's. One study, for example, estimates that over a third of all jobs in the UK are at high risk of replacement in the next one to two decades, as technology and society advance. Economic, social and technological change can make certain jobs or institutions obsolete: lamplighters, handloom weavers and the Hansom Cab Company—I suppose we could add the Labour party to that list.

The job of the Government is not to stand in the way of those changes, preserving the old by stifling the new; instead, our role is to prepare the country and its people to adapt to the changes ahead, and that is what this Budget was all about: giving young people the skills they will need to get ahead in tomorrow's world. That includes expanding the programme of free schools, investing more in schools maintenance, reforming technical education, and increasing teaching hours for further education students.

Alongside that, we also took steps to help people with the opportunities to upskill and reskill throughout their working lives, as well as to help our top researchers to develop so that our brightest can become the world's best. We are taking forward an ambitious plan to improve education across the board for people of all backgrounds and of all ages, because that, alongside our investment in the country's underlying infrastructure, is what will count in turning the tide on Britain's long-standing productivity problem. Only by doing that can we increase living standards and fund world-class public services.

But as we prepare a bright future for the 21st century, we do so responsibly. This was a Budget that protected and improved our health and social services, and a Budget that invested in reform for the benefit of the next generation of workers and businesses alike, but a Budget that did so by funding all the new spending commitments it made, because, unlike Labour, we do not believe in spending and promising what we cannot deliver. That means having a tax base that is capable of funding the public services we provide, and doing so in a way that is fair.

We have heard a lot about the change we made to national insurance for the self-employed, and we are listening to hon. Members' concerns. I think we all have to recognise that the difference between the benefits received by the employed and the self-employed have narrowed but the gap in contributions has not. This means that the employed pay a lot more for the same benefits. As self-employment grows in our economy—a welcome trend—that should not place a pressure on funding public services and deficit reduction. A Government addressing long-term challenges have to address this point, not ignore it.

This is a Budget that keeps Britain working—one that invests in our people, infrastructure and public services but does so responsibly, continuing to steer the country's course away from Labour's "spend what you can borrow" approach to our "spend what you can afford". In doing so, we are once again demonstrating that we are the party that is delivering for this generation but not at the expense of the next generation. That is why the House should support the Budget in the Lobby tonight.

Question put and agreed to.

Resolved,

(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.

Mr Deputy Speaker (Mr Lindsay Hoyle): I am now required under Standing Order No. 51(3) to put successively, without further debate, the Question on each of the

Ways and Means motions numbered 2 to 46, and on the motions on procedure numbered 47 to 51, on all of which a Bill is to be brought in. These motions are set out in a separate paper distributed with today's Order Paper.

I must inform the House that for the purposes of Standing Order No. 83U and on the basis of material put before him, Mr Speaker has certified that in his opinion the following founding motions published on 8 March 2017 and to be moved by the Chancellor of the Exchequer relate exclusively to England, Wales and Northern Ireland and are within devolved legislative competence: 3, Income Tax (main rates); and 36, Landfill tax.

The Deputy Speaker put forthwith the Questions necessary to dispose of the motions made in the name of the Chancellor of the Exchequer (Standing Order No. 51(3)).

2. INCOME TAX (CHARGE)

Resolved,

That income tax is charged for the tax year 2017-18.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

3. INCOME TAX (MAIN RATES)

Resolved,

That for the tax year 2017-18 the main rates of income tax are as follows—

(a) the basic rate is 20%,

(b) the higher rate is 40%, and

(c) the additional rate is 45%.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

4. INCOME TAX (DEFAULT AND SAVINGS RATES)

Resolved,

That—

(1) For the tax year 2017-18 the default rates of income tax are as follows—

(a) the default basic rate is 20%,

(b) the default higher rate is 40%, and

(c) the default additional rate is 45%.

(2) For the tax year 2017-18 the savings rates of income tax are as follows—

(a) the savings basic rate is 20%,

(b) the savings higher rate is 40%, and

(c) the savings additional rate is 45%.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

5. INCOME TAX (SAVINGS RATE LIMIT)

Resolved,

That—

(1) For the amount specified in section 12(3) of the Income Tax Act 2007 (starting rate for savings) substitute "£5000".

(2) The amendment made by this Resolution has effect for the tax year 2017-18 and subsequent tax years. (3) Section 21 of the Income Tax Act 2007 (indexation), so far as relating to the starting rate limit for savings, does not apply in relation to the tax year 2017-18 (but this Resolution does not override that section for subsequent tax years).

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968

6. CORPORATION TAX (CHARGE FOR FINANCIAL YEAR 2018)

Resolved,

That corporation tax is charged for the financial year 2018.

7. PUBLIC SECTOR OFF-PAYROLL WORKERS

Resolved,

That—

(1) The Income Tax (Earnings and Pensions) Act 2003 is amended as follows.

(2) In section 7(5)(a) (amounts treated as earnings by Chapters 7 to 9 of Part 2 are "employment income" and "general earnings"), for "9" substitute "10".

(3) In section 48 (scope of Chapter 8 of Part 2: workers' services provided through intermediaries)—

(a) In subsection (1), after "through an intermediary" insert ", but not where the services are provided to a public authority", and

(b) after subsection (2) insert—

"(3) In this Chapter "public authority" has the same meaning as in Chapter 10 of this Part (see section 61L)."

(4) In section 49 (engagements to which Chapter 8 of Part 2 applies)—

(a) in subsection (1), after paragraph (a) insert—

"(aa) the client is not a public authority,", and

(b) after subsection (4) insert—

"(4A) Holding office as statutory auditor of the client does not count as holding office under the client for the purposes of subsection (1)(c), and here "statutory auditor" means a statutory auditor within the meaning of Part 42 of the Companies Act 2006 (see section 1210 of that Act)."

(5) In section 52(2)(b) and (c) (conditions of liability under Chapter 8 where intermediary is a partnership), for "this Chapter" substitute "one or other of this Chapter and Chapter 10".

(6) In section 61(1) (interpretation of Chapter 8), before the definition of "engagement to which this Chapter applies" insert—

""engagement to which Chapter 10 applies" has the meaning given by section 61M(5);".

(7) In section 61A (scope of Chapter 9 of Part 2: workers' services provided by managed service companies), after subsection (2) insert—

"(3) See also section 61D(4A) (disapplication of this Chapter if Chapter 10 applies)."

(8) In section 61D (deemed earnings where worker's services provided by managed service company), after subsection (4) insert—

"(4A) This section does not apply where the provision of the relevant services gives rise (directly or indirectly) to an engagement to which Chapter 10 applies, and for this purpose it does not matter whether the client is also "the client" for the purposes of section 61M(1)."

(9) In section 61J(1) (interpretation of Chapter 9), before the definition of "managed service company" insert—

""engagement to which Chapter 10 applies" has the meaning given by section 61M(5),".

(10) In Part 2 (employment income: charge to tax), after Chapter 9 insert—

"CHAPTER 10

WORKERS' SERVICES PROVIDED TO PUBLIC SECTOR THROUGH INTERMEDIARIES

61K Scope of this Chapter

(1) This Chapter has effect with respect to the provision of services to a public authority through an intermediary.

(2) Nothing in this Chapter—

(a) affects the operation of Chapter 7 of this Part (agency workers), or

(b) applies to payments or transfers to which section 966(3) or (4) of ITA 2007 applies (visiting performers: duty to deduct and account for sums representing income tax).

61L Meaning of "public authority"

(1) In this Chapter "public authority" means—.

(a) a public authority as defined by the Freedom of Information Act 2000,

(b) a Scottish public authority as defined by the Freedom of Information (Scotland) Act 2002 (asp 13),

(c) the Corporate Officer of the House of Commons,

(d) the Corporate Officer of the House of Lords,

(e) the National Assembly for Wales Commission, or

(f) the Northern Ireland Assembly Commission.

(2) An authority within paragraph (a) or (b) of subsection (1) is a public authority for the purposes of this Chapter in relation to all its activities even if provisions of the Act mentioned in that paragraph do not apply to all information held by the authority.

61M Engagements to which Chapter applies

(1) Sections 61N to 61R apply where—

(a) an individual ("the worker") personally performs, or is under an obligation personally to perform, services for another person ("the client"),

(b) the client is a public authority,

(c) the services are provided not under a contract directly between the client and the worker but under arrangements involving a third party ("the intermediary"), and

(d) the circumstances are such that—

(i) if the services were provided under a contract directly between the client and the worker, the worker would be regarded for income tax purposes as an employee of the client or the holder of an office under the client, or

(ii) the worker is an office-holder who holds that office under the client and the services relate to the office.

(2) The reference in subsection (1)(c) to a "third party" includes a partnership or unincorporated association of which the worker is a member.

(3) The circumstances referred to in subsection (1)(d) include the terms on which the services are provided, having regard to the terms of the contracts forming part of the arrangements under which the services are provided.

(4) Holding office as statutory auditor of the client does not count as holding office under the client for the purposes of subsection (1)(d), and here "statutory auditor" means a statutory auditor within the meaning of Part 42 of the Companies Act 2006 (see section 1210 of that Act).

(5) In this Chapter "engagement to which this Chapter applies" means any such provision of services as is mentioned in subsection (1).

61N Worker treated as receiving earnings from employment

(1) If one of Conditions A to C is met, identify the chain of two or more persons where—

(a) the highest person in the chain is the client,

(b) the lowest person in the chain is the intermediary, and

(c) each person in the chain above the lowest makes a chain payment to the person immediately below them in the chain.

(See section 61U for cases where one of Conditions A to C is treated as being met.).

(2) In this section and sections 61O to 61S—

"chain payment" means a payment, or money's worth or any other benefit, that can reasonably be taken to be for the worker's services to the client,

"make"—

(a) in relation to a chain payment that is money's worth, means transfer, and

(b) in relation to a chain payment that is a benefit other than a payment or money's worth, means provide, and"

"the fee-payer" means the person in the chain immediately above the lowest.

(3) The fee-payer is treated as making to the worker, and the worker is treated as receiving, a payment which is to be treated as earnings from an employment ("the deemed direct payment"), but this is subject to subsections (5) to (7) and sections 61T and 61V.

(4) The deemed direct payment is treated as made at the same time as the chain payment made by the fee-payer.

(5) Subsections (6) and (7) apply, subject to sections 61T and 61V, if the fee-payer—

(a) is not the client, and

(b) is not a qualifying person

(6) If there is no person in the chain below the highest and above the lowest who is a qualifying person, subsections (3) and (4) have effect as if for any reference to the fee-payer there were substituted a reference to the client.

(7) Otherwise, subsections (3) and (4) have effect as if for any reference to the fee-payer there were substituted a reference to the person in the chain who—

(a) is above the lowest,

(b) is a qualifying person, and

(c) is lower in the chain than any other person in the chain who—

(i) is above the lowest, and

(ii) is a qualifying person.

(8) In subsections (5) to (7) a "qualifying person" is a person who—

(a) is resident in the United Kingdom or has a place of business in the United Kingdom,

(b) is not a person who is controlled by—

(i) the worker, alone or with one or more associates of the worker, or

(ii) an associate of the worker, with or without other associates of the worker, and

(c) if a company, is not one in which—

(i) the worker, alone or with one or more associates of the worker, or

(ii) an associate of the worker, with or without other associates of the worker,

has a material interest (within the meaning given by section 51(4) and (5)).

(9) Condition A is that—

(a) the intermediary is a company, and

(b) the conditions in section 61O are met in relation to the intermediary.

(10) Condition B is that—

(a) the intermediary is a partnership,

(b) the worker is a member of the partnership,

(c) the provision of the services is by the worker as a member of the partnership, and

(d) the condition in section 61P is met in relation to the intermediary.

(11) Condition C is that the intermediary is an individual.

(12) Where a payment, money's worth or any other benefit can reasonably be taken to be for both—

(a) the worker's services to the client, and

(b) anything else,

then, for the purposes of this Chapter, so much of it as can, on a just and reasonable apportionment, be taken to be for the worker's services is to be treated as (and the rest is to be treated as not being) a payment, or money's worth or another benefit, that can reasonably be taken to be for the worker's services.

61O Conditions where intermediary is a company

(1) The conditions mentioned in section 61N(9)(b) are that—

(a) the intermediary is not an associated company of the client that falls within subsection (2), and

(b) the worker has a material interest in the intermediary.

(2) An associated company of the client falls within this subsection if it is such a company by reason of the intermediary and the client being under the control—

(a) of the worker, or

(b) of the worker and other persons.

(3) The worker is treated as having a material interest in the intermediary if—

(a) the worker, alone or with one or more associates of the worker, or

(b) an associate of the worker, with or without other associates of the worker,

has a material interest in the intermediary.

(4) For this purpose "material interest" has the meaning given by section 51(4) and (5).

(5) In this section "associated company" has the meaning given by section 449 of CTA 2010.

61P Conditions where intermediary is a partnership

(1) The condition mentioned in section 61N(10)(d) is—

(a) that the worker, alone or with one or more relatives, is entitled to 60% or more of the profits of the partnership, or

(b) that most of the profits of the partnership derive from the provision of services under engagements to which one or other of this Chapter and Chapter 8 applies—

(i) to a single client, or

(ii) to a single client together with associates of that client, or

(c) that under the profit sharing arrangements the income of any of the partners is based on the amount of income generated by that partner by the provision of services under engagements to which one or other of this Chapter and Chapter 8 applies.

(2) In subsection (1)(a) "relative" means spouse or civil partner, parent or child or remoter relation in the direct line, or brother or sister.

(3) Section 61(4) and (5) apply for the purposes of this section as they apply for the purposes of Chapter 8.

61Q Calculation of deemed direct payment

(1) The amount of the deemed direct payment is the amount resulting from the following steps—

Step 1

Identify the amount or value of the chain payment made by the person who is treated as making the deemed direct payment, and deduct from that amount so much of it (if any) as is in respect of value added tax.

Step 2

Deduct, from the amount resulting from Step 1, so much of that amount as represents the direct cost to the intermediary of materials used, or to be used, in the performance of the services.

Step 3

Deduct, at the option of the person treated as making the deemed direct payment, from the amount resulting from Step 2, so much of that amount as represents expenses met by the intermediary that would have been deductible from the taxable earnings from the employment if—

(a) the worker had been employed by the client, and

(b) the expenses had been met by the worker out of those earnings.

Step 4

If the amount resulting from the preceding Steps is nil or negative, there is no deemed direct payment. Otherwise, that amount is the amount of the deemed direct payment.

(2) For the purposes of Step 1 of subsection (1), any part of the amount or value of the chain payment which is employment income of the worker by virtue of section 863G(4) of ITTOIA 2005 (salaried members of limited liability partnerships: anti-avoidance) is to be ignored.

(3) In subsection (1), the reference to the amount or value of the chain payment means the amount or value of that payment before the deduction (if any) permitted under section 61S.

(4) If the actual amount or value of the chain payment mentioned in Step 1 of subsection (1) is such that its recipient bears the cost of amounts due under PAYE regulations or contributions regulations in respect of the deemed direct payment, that Step applies as if the amount or value of that chain payment were what it would be if the burden of that cost were not being passed on through the setting of the level of the payment.

(5) In Step 3 of subsection (1), the reference to expenses met by the intermediary includes—

(a) expenses met by the worker and reimbursed by the intermediary, and

(b) where the intermediary is a partnership and the worker is a member of the partnership, expenses met by the worker for and on behalf of the partnership.

(6) In subsection (4) "contributions regulations" means regulations under the Contributions and Benefits Act providing for primary Class 1 contributions to be paid in a similar manner to income tax in relation to which PAYE regulations have effect (see, in particular, paragraph 6(1) of Schedule 1 to the Act); and here "primary Class 1 contribution" means a primary Class 1 contribution within the meaning of Part 1 of the Contributions and Benefits Act.

61R Application of Income Tax Acts in relation to deemed employment

(1) The Income Tax Acts (in particular, Part 11 and PAYE regulations) apply in relation to the deemed direct payment as follows.

(2) They apply as if—

(a) the worker were employed by the person treated as making the deemed direct payment, and

(b) the services were performed, or to be performed, by the worker in the course of performing the duties of that employment.

(3) The deemed direct payment is treated in particular—

(a) as taxable earnings from the employment for the purpose of securing that any deductions under Chapters 2 to 6 of Part 5 do not exceed the deemed direct payment, and

(b) as taxable earnings from the employment for the purposes of section 232.

(4) The worker is not chargeable to tax in respect of the deemed direct payment if, or to the extent that, by reason of any combination of the factors mentioned in subsection (5), the worker would not be chargeable to tax if—

(a) the client employed the worker,

(b) the worker performed the services in the course of that employment, and

(c) the deemed direct payment were a payment by the client of earnings from that employment.

(5) The factors are—

(a) the worker being resident or domiciled outside the United Kingdom or meeting the requirement of section 26A,

(b) the client being resident outside, or not resident in, the United Kingdom, and

(c) the services being provided outside the United Kingdom.

(6) Where the intermediary is a partnership or unincorporated association, the deemed direct payment is treated as received by the worker in the worker's personal capacity and not as income of the partnership or association.

(7) Where—.

(a) the client is the person treated as making the deemed direct payment,

(b) the worker is resident in the United Kingdom,

(c) the services are provided in the United Kingdom,

(d) the client is not resident in the United Kingdom, and

(e) the client does not have a place of business in the United Kingdom,

the client is treated as resident in the United Kingdom.

61S Deductions from chain payments

(1) This section applies if, as a result of section 61R, a person who is treated as making a deemed direct payment is required under PAYE Regulations to pay an amount to the Commissioners for Her Majesty's Revenue and Customs (the Commissioners) in respect of the payment.

(But see subsection (4)).

(2) The person may deduct from the underlying chain payment an amount which is equal to the amount payable to the Commissioners, but where the amount or value of the underlying chain payment is treated by section 61Q(4) as increased by the cost of any amount due under PAYE Regulations, the amount that may be deducted is limited to the difference (if any) between the amount payable to the Commissioners and the amount of that increase.

(3) Where a person in the chain other than the intermediary receives a chain payment from which an amount has been deducted in reliance on subsection (2) or this subsection, that person may deduct the same amount from the chain payment made by them.

(4) This section does not apply in a case to which 61V(2) applies (services-provider treated as making deemed direct payment).

(5) In subsection (2) "the underlying chain payment" means the chain payment whose amount is used at Step 1 of section 61Q(1) as the starting point for calculating the amount of the deemed direct payment.

61T Information to be provided by clients and consequences of failure

(1) If the conditions in section 61M(1)(a) to (1)(c) are met in any case, and a person as part of the arrangements mentioned in section 61M(1)(c) enters into a contract with the client, the client must inform that person (in the contract or otherwise) of which one of the following is applicable—

(a) the client has concluded that the condition in section 61M(1)(d) is met in the case;

(b) the client has concluded that the condition in section 61M(1)(d) is not met in the case.

(2) If the contract is entered into on or after 6 April 2017, the duty under subsection (1) must be complied with—

(a) on or before the time of entry into the contract, or

(b) if the services begin to be performed at a later time, before that later time.

(3) If the contract is entered into before 6 April 2017, the duty under subsection (1) must be complied with on or before the date of the first payment made under the contract on or after 6 April 2017.

(4) If the information which subsection (1) requires the client to give to a person has been given (whether in the contract, as required by subsection (2) or (3) or otherwise), the client must, on a written request by the person, provide the person with a written response to any questions raised by the person about the client's reasons for reaching the conclusion identified in the information.

(5) A response required by subsection (4) must be provided before the end of 31 days beginning with the day the request for it is received by the client.

(6) If—

(a) the client fails to comply with the duty under subsection (1) within the time allowed by subsection (2) or (3),

(b) the client fails to provide a response required by subsection (4) within the time allowed by subsection (5), or

(c) the client complies with the duty under subsection (1) but fails to take reasonable care in coming to its conclusion as to whether the condition in section 61M(1)(d) is met in the case,

section 61N(3) and (4) have effect in the case as if for any reference to the fee-payer there were substituted a reference to the client, but this is subject to section 61V.

61U Information to be provided by worker and consequences of failure

(1) In the case of an engagement to which this Chapter applies, the worker must inform the potential deemed employer of which one of the following is applicable—

(a) that one of conditions A to C in section 61N is met in the case,

(b) that none of conditions A to C in section 61N is met in the case

(2) If the worker has not complied with subsection (1), then for the purposes of section 61N(1), one of conditions A to C in section 61N is to be treated as met.

(3) In this section, "the potential deemed employer" is the person who, if one of conditions A to C in section 61N were met, would be treated as making a deemed direct payment to the worker under section 61N(3).

61V Consequences of providing fraudulent information

(1) Subsection (2) applies if in any case—

(a) a person ("the deemed employer") would, but for this section, be treated by section 61N(3) as making a payment to another person ("the services-provider"), and

(b) the fraudulent documentation condition is met.

(2) Section 61N(3) has effect in the case as if the reference to the fee-payer were a reference to the services-provider, but—

(a) section 61N(4) continues to have effect as if the reference to the fee-payer were a reference to the deemed employer, and

(b) Step 1 of section 61Q(1) continues to have effect as referring to the chain payment made by the deemed employer.

(3) Subsection (2) has effect even though that involves the services-provider being treated as both employer and employee in relation to the deemed employment under section 61N(3).

(4) "The fraudulent documentation condition" is that a relevant person provided any person with a fraudulent document intended to constitute evidence—

(a) that the case is not an engagement to which this Chapter applies, or

(b) that none of conditions A to C in section 61N is met in the case.

(5) A "relevant person" is—

(a) the services-provider;

(b) a person connected with the services-provider;

(c) if the intermediary in the case is a company, an office-holder in that company.

61W Prevention of double charge to tax and allowance of certain deductions

(1) Subsection (2) applies where—

(a) a person ("the payee") receives a payment or benefit ("the end-of-line remuneration") from another person ("the paying intermediary"),

(b) the end-of-line remuneration can reasonably be taken to represent remuneration for services of the payee to a public authority,

(c) a payment ("the deemed payment") has been treated by section 61N(3) as made to the payee,

(d) the underlying chain payment can reasonably be taken to be for the same services of the payee to that public authority, and

(e) the recipient of the underlying chain payment has (whether by deduction from that payment or otherwise) borne the cost of any amounts due, under PAYE regulations and contributions regulations in respect of the deemed payment, from the person treated by section 61N(3) as making the deemed payment.

(2) For income tax purposes, the paying intermediary and the payee may treat the amount of the end-of-line remuneration as reduced (but not below nil) by any one or more of the following—

(a) the amount (see section 61Q) of the deemed payment;

(b) the amount of any capital allowances in respect of expenditure incurred by the paying intermediary that could have been deducted from employment income under section 262 of CAA 2001 if the payee had been employed by the public authority and had incurred the expenditure;

(c) the amount of any contributions made, in the same tax year as the end-of-line payment, for the benefit of the payee by the paying intermediary to a registered pension scheme that if made by an employer for the benefit of an employee would not be chargeable to income tax as income of the employee.

(3) Subsection (2)(c) does not apply to—

(a) excess contributions paid and later repaid,

(b) contributions set under subsection (2) against another payment by the paying intermediary, or

(c) contributions deductible at Step 5 of section 54(1) in calculating the amount of the payment (if any) treated by section 50 as made in the tax year concerned by the paying intermediary to the payee.

(4) For the purposes of subsection (3)(c), the contributions to which Step 5 of section 54(1) applies in the case of the particular calculation are "deductible" at that Step so far as their amount does not exceed the result after Step 4 in that calculation.

(5) In subsection (1)(d) "the underlying chain payment" means the chain payment whose amount is used at Step 1 of section 61Q(1) as the starting point for calculating the amount of the deemed payment.

(6) Subsection (2) applies whether the end-of-line remuneration—

(a) is earnings of the payee,

(b) is a distribution of the paying intermediary, or

(c) takes some other form.

61X Interpretation

In this Chapter—

"associate" has the meaning given by section 60;

"company" means a body corporate or unincorporated association, and does not include a partnership;

"engagement to which Chapter 8 applies" has the meaning given by section 49(5)."

(11) In section 339A (travel for employment involving intermediaries), after subsection (6) insert—

"(6A) Subsection (3) does not apply in relation to an engagement if—

(a) sections 61N to 61R in Chapter 10 of Part 2 apply in relation to the engagement,

(b) one of Conditions A to C in section 61N is met in relation to the employment intermediary, and

(c) the employment intermediary is not a managed service company.

(6B)This section does not apply in relation to an engagement if—

(a) sections 61N to 61R in Chapter 10 of Part 2 do not apply in relation to the engagement because the circumstances in section 61M(l)(d) are not met,

(b) assuming those circumstances were met, one of Conditions A to C in section 61N would be met in relation to the employment intermediary, and

(c) the employment intermediary is not a managed service company.

(6C) In determining for the purposes of subsection (6A) or (6B) whether one of Conditions A to C in section 61N is or would be met in relation to the employment intermediary, read references to the intermediary as references to the employment intermediary."

(12) The amendments made by paragraphs 2 to 9 and 11 of this Resolution have effect for the tax year 2017-18 and subsequent tax years.

(13) The amendment made by paragraph 10 of this Resolution has effect in relation to deemed direct payments treated as made on or after 6 April 2017, and does so even if relating to services provided before that date.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

8. OPTIONAL REMUNERATION ARRANGEMENTS

Resolved,

That—

(1) In Part 3 of the Income Tax (Earnings and Pensions) Act 2003 (employment income: earnings and benefits etc treated as earnings), in Chapter 2 (taxable benefits: the benefits code), after section 69 insert—

"69A Optional remuneration arrangements

(1) Subsections (2) to (7) have effect for the purposes of the benefits code.

(2) A benefit provided for an employee is provided under "optional remuneration arrangements" so far as it is provided under arrangements of type A or B (regardless of whether those arrangements are made before or after the beginning of the person's employment).

(3) "Type A arrangements" are arrangements under which, in return for the benefit, the employee gives up the right (or a future right) to receive an amount of earnings within Chapter 1 of Part 3.

(4) "Type B arrangements" are arrangements (other than type A arrangements) under which the employee agrees to be provided with the benefit rather than an amount of earnings within Chapter 1 of Part 3.

(5) A benefit provided for an employee is to be regarded as provided under optional remuneration arrangements (whether of type A or type B) so far as it is just and reasonable to attribute the provision of the benefit to the arrangements in question.

(6) Where a benefit is provided for an employee under any arrangements, the mere fact that under the arrangements the employee makes good, or is required to make good, any part of the cost of provision is not to be taken to show that the benefit is (to any extent) provided otherwise than under optional remuneration arrangements.

(7) Where a benefit is provided for an employee partly under optional remuneration arrangements and partly otherwise than under such arrangements, the benefits code is to apply with any modifications (including provision for just and reasonable apportionments) that may be required for ensuring that the benefit is treated—

(a) in accordance with the relevant provision in the column 2 of the table so far as it is provided under optional remuneration arrangements, and

(b) in accordance with the relevant provision in column 1 of the table so far as it is provided otherwise than under such arrangements.

Column 1	*Column 2*
Section	*Section*
81(1)	81(1A)(b)
87(1)	87A(1)(a)
94(1)	94A(1)(a)
102(1A)	102(1B)(b)
120(1)	120A(1)(a)
149(1)	149A(2)(a)
154(1)	154A(1)(a)
160(1)	160A(2)(a)
175(1)	175(1A)(b)
203(1)	203A(1)(a)

69B Optional remuneration arrangements: supplementary

(1) For the purposes of the benefits code "the amount foregone"—

(a) in relation to a benefit provided for an employee under type A arrangements means the amount of earnings mentioned in section 69A(3);

(b) in relation to a benefit provided for an employee under type B arrangements means the amount of earnings mentioned in section 69A(4);

(c) in relation to a benefit provided for an employee partly under type A arrangements and partly under type B arrangements, means the sum of the amounts foregone under the arrangements of each type.

(2) Subsection (3) applies where, in order to determine the amount foregone with respect to a particular benefit mentioned in section 69A(3) or (4), it is necessary to apportion an amount of earnings to the benefit.

(3) The apportionment is to be made on a just and reasonable basis.

(4) In this section and section 69A references to a benefit provided for an employee include a benefit provided for a member of an employee's family or household.

(5) In this section and section 69A—

"benefit" includes any benefit or facility, regardless of its form and the manner of providing it;

"earnings" means earnings within Chapter 1 of Part 3 (and includes a reference to amounts which would have been such earnings if the employee had received them)."

(2) Part 3 of the Income Tax (Earnings and Pensions) Act 2003 (employment income: earnings and benefits in kind etc treated as earnings) is amended as follows.

(3) Section 81 (benefit of cash voucher treated as earnings) is amended as follows.

(4) After subsection (1) insert—

"(1A) Where a cash voucher to which this Chapter applies is provided pursuant to optional remuneration arrangements—

(a) subsection (1) does not apply, and

(b) the relevant amount is to be treated as earnings from the employment for the tax year in which the voucher is received by the employee.

(1B) In this section "the relevant amount" means—

(a) the cash equivalent, or

(b) if greater, the amount foregone with respect to the benefit of the voucher (see section 69B)."

(5) At the end insert—

"(3) For the purposes of subsection (1B), assume that the cash equivalent is zero if the condition in subsection (4) is met.

(4) The condition is that the benefit of the voucher would be exempt from income tax but for section 228A (exclusion of certain exemptions)."

(6) After section 87 insert—

"87A Benefit of non-cash voucher treated as earnings: optional remuneration arrangements

(1) Where a non-cash voucher to which this Chapter applies is provided pursuant to optional remuneration arrangements—

(a) the relevant amount is to be treated as earnings from the employment for the tax year in which the voucher is received by the employee, and

(b) section 87(1) does not apply.

(2) To find the relevant amount, first determine which (if any) is the greater of—

(a) the cost of provision (see section 87(3)), and

(b) the amount foregone with respect to the benefit of the voucher (see section 69B).

(3) If the cost of provision is greater than or equal to the amount foregone, the "relevant amount"

is the cash equivalent of the benefit of the non-cash voucher (see section 87(2)).

(4) Otherwise, the "relevant amount" is the difference between—

(a) the amount foregone, and

(b) any part of the cost of provision that is made good by the employee, to the person incurring it, on or before 6 July following the relevant tax year.

(5) If the voucher is a non-cash voucher other than a cheque voucher, the relevant tax year is—

(a) the tax year in which the cost of provision is incurred, or

(b) if later, the tax year in which the employee receives the voucher.

(6) If the voucher is a cheque voucher, the relevant tax year is the tax year in which the voucher is handed over in exchange for money, goods or services.

(7) For the purposes of subsections (2) and (3), assume that the cost of provision is zero if the condition in subsection (8) is met.

(8) The condition is that the non-cash voucher would be exempt from income tax but for section 228A (exclusion of certain exemptions)."

(7) In section 88 (year in which earnings treated as received)—

(a) in subsection (1), after "87" insert "or 87A";

(b) in subsection (2), after "87" insert "or 87A."

(8) After section 94 insert—

"94A Benefit of credit-token treated as earnings: optional remuneration arrangements

(1) If the conditions in subsections (2) and (3) are met in relation to any occasions on which a credit-token to which this Chapter applies is used by the employee in a tax year to obtain money, goods or services—

(a) the relevant amount is to be treated as earnings from the employment for that year, and

(b) section 94(1) does not apply in relation to the use of the credit-token on those occasions.

(2) The condition in this subsection is that the credit-token is used pursuant to optional remuneration arrangements.

(3) The condition in this subsection is that AF is greater than the relevant cost of provision for the tax year.

In this section "AF" means so much of the amount foregone (see section 69B) as is attributable on a just and reasonable basis to the use of the credit-token by the employee in the tax year pursuant to the optional remuneration arrangements to obtain money, goods or services.

(4) The "relevant amount" is the difference between—

(a) AF, and

(b) any part of the relevant cost of provision for the tax year that is made good by the employee, to the person incurring it, on or before 6 July following the tax year which contains the occasion of use of the credit-token to which the making good relates.

(5) But the relevant amount is taken to be zero if the amount given by paragraph (b) of subsection (4) exceeds AF.

(6) For the purposes of this section the "relevant cost of provision for the tax year" is determined as follows—

Step 1

Find the cost of provision with respect to each occasion of use of the credit-token by the employee in the tax year pursuant to the optional remuneration arrangements to obtain money, goods or services.

Step 2

The total of those amounts is the relevant cost of provision for the tax year.

(7) But the relevant cost of provision for the tax year is to be taken to be zero if the condition in subsection (8) is met.

(8) The condition is that use of the credit token by the employee in the tax year pursuant to the optional remuneration arrangements to obtain money, goods or services would be exempt from income tax but for section 228A (exclusion of certain exemptions).

(9) In this section "cost of provision" has the same meaning as in section 94."

(9) In section 97 (living accommodation to which Chapter 5 applies), in subsection (1A)(b), for "the cash equivalent of" substitute "an amount in respect of".

(10) In section 98 (accommodation provided by local authority), in the words before paragraph (a), for "This Chapter" substitute "In section 102 (benefit of accommodation treated as earnings) subsection (1A) (accommodation provided otherwise than pursuant to optional remuneration arrangements)".

(11) Section 99 (accommodation provided for performance of duties) is amended as follows.

(12) In subsection (1), for "This Chapter" substitute "In section 102 (benefit of accommodation treated as earnings) subsection (1A) (accommodation provided otherwise than pursuant to optional remuneration arrangements)".

(13) In subsection (2), for "This Chapter" substitute "In section 102 (benefit of accommodation treated as earnings) subsection (1A)".

(14) In section 100 (accommodation provided as result of security threat), in the words before paragraph (a), for "This Chapter" substitute "In section 102 (benefit of accommodation treated as earnings) subsection (1A) (accommodation provided otherwise than pursuant to optional remuneration arrangements)".

(15) In section 100A (homes outside UK owned by company etc), in subsection (1), for "This Chapter" substitute "In section 102 (benefit of accommodation treated as earnings) subsection (1A) (accommodation provided otherwise than pursuant to optional remuneration arrangements)".

(16) In section 101 (Chevening House), in the words before paragraph (a), for "This Chapter" substitute "In section 102 (benefit of accommodation treated as earnings) subsection (1A) (accommodation provided otherwise than pursuant to optional remuneration arrangements)".

(17) Section 102 (benefit of living accommodation treated as earnings) is amended as follows.

(18) In subsection (1), for the words before paragraph (a) substitute "This section applies if living accommodation to which this Chapter applies is provided in any period ("the taxable period")—".

(19) The words in subsection (1) from "the cash equivalent" to the end become subsection (1A).

(20) After subsection (1A) insert—

"(1B) If the benefit of the accommodation is provided pursuant to optional remuneration arrangements—

(a) subsection (1A) does not apply, and

(b) the relevant amount is to be treated as earnings from the employment for that tax year."

(21) Omit subsection (2).

(22) At the end insert—

"(4) Section 103A indicates how the relevant amount is determined."

(23) In section 103 (method of calculating cash equivalent), in subsection (3), for "102(2)" substitute "102(1)".

(24) After section 103 insert—

"103A Accommodation provided pursuant to optional remuneration arrangements: relevant amount

(1) To find the relevant amount, first determine which (if any) is the greater of—

(a) the modified cash equivalent of the benefit of the accommodation (see sections 105(2A) and 106(2A)), and

(b) the amount foregone with respect to the benefit of the accommodation (see section 69B).

(2) If the amount mentioned in subsection (1)(a) is greater than or equal to the amount mentioned in subsection (1)(b), the "relevant amount" is the cash equivalent of the benefit of the accommodation (see section 103).

(3) Otherwise, the "relevant amount" is the difference between—

(a) the amount foregone with respect to the benefit of the accommodation, and

(b) the deductible amount (see subsections (7) and (8)).

(4) If the amount foregone with respect to the benefit of the accommodation does not exceed the deductible amount, the relevant amount is taken to be zero.

(5) For the purposes of subsections (1) and (2), assume that the modified cash equivalent of the benefit of the accommodation is zero if the condition in subsection (6) is met.

(6) The condition is that the benefit of the accommodation would be exempt from income tax but for section 228A (exclusion of certain exemptions).

(7) If the cost of providing the living accommodation does not exceed £75,000, the "deductible amount" means any sum made good, on or before 6 July following the tax year which contains the taxable period, by the employee to the person at whose cost the accommodation is provided that is properly attributable to its provision.

(8) If the cost of providing the living accommodation exceeds £75,000, the "deductible amount" means the total of amounts A and B where—

A is equal to so much of MG as does not exceed RV;

B is the amount of any excess rent paid by the employee in respect of the taxable period;

MG is the total of any sums made good, on or before 6 July following the tax year which contains the taxable period, by the employee to the person at whose cost the accommodation is provided that are properly attributable to its provision (in the taxable period);

RV is the rental value of the accommodation for the taxable period as set out in section 105(3) or (4A)(b) (as applicable).

(9) In subsection (8) "excess rent" means so much of the rent in respect of the taxable period paid—

(a) by the employee,

(b) in respect of the accommodation,

(c) to the person providing it, and

(d) on or before 6 July following the tax year which contains the taxable period, as exceeds the rental value of the accommodation.

(10) Where it is necessary for the purposes of subsection (1)(b) and (3)(a) to apportion an amount of earnings to the benefit of the accommodation in the taxable period, the apportionment is to be made on a just and reasonable basis.

In this subsection "earnings" is to be interpreted in accordance with section 69B(5)."

(25) Section 105 (cash equivalent: cost of accommodation not over £75,000) is amended as follows.

(26) In subsection (1), after "equivalent" insert "or modified cash equivalent".

(27) After subsection (2) insert—

"(2A) The modified cash equivalent is equal to the rental value of the accommodation for the taxable period."

(28) Section 106 (cash equivalent: cost of accommodation over £75,000) is amended as follows.

(29) In subsection (1), after "equivalent" insert "or modified cash equivalent".

(30) After subsection (2) insert—

"(2A) to calculate the modified cash equivalent—

(a) apply steps 1 to 3 in subsection (2), as if the words "cash equivalent" in step 1 were "modified cash equivalent (for the purposes of section 105)";

(b) calculate the modified cash equivalent by adding together the amounts calculated under steps 1 and 3 as applied by paragraph (a)."

(31) Section 109 (priority of Chapter 5 over Chapter 1 of Part 3 of the Act) is amended as follows.

(32) In subsection (1)(a), for "the cash equivalent of the benefit of living accommodation" substitute "an amount".

(33) In subsection (2), for "of the cash equivalent" substitute "mentioned in subsection (1)(a)".

(34) In subsection (4), in the words before paragraph (a), for "cash equivalent of the benefit of the living accommodation" substitute "amount mentioned in subsection (1)(a)".

(35) In section 114 (cars, vans and related benefits), in subsection (2)—

(a) in paragraph (a), for "the cash equivalent of" substitute "an amount in respect of";

(b) in paragraph (b), for "the cash equivalent of" substitute "an amount in respect of";

(c) in paragraph (c), for "the cash equivalent of" substitute "an amount in respect of";

(d) in paragraph (d), for "the cash equivalent of" substitute "an amount in respect of".

(36) Section 119 (where alternative to benefit of car or van offered) is amended as follows.

(37) For subsection (1) substitute—

"(1) This section applies where in a tax year—

(a) a car is made available as mentioned in section 114(1),

(b) the car's CO_2 emissions figure (see sections 133 to 138) does not exceed 75 grams per kilometre, and

(c) an alternative to the benefit of the car is offered."

(38) In the heading, before "car" insert "low emission".

(39) In section 120 (benefit of car treated as earnings), after subsection (3) insert—

"(4) This section is subject to section 120A."

(40) After section 120 insert—

"120A Benefit of car treated as earnings: optional remuneration arrangements

(1) Where this Chapter applies to a car in relation to a particular tax year and the conditions in subsection (3) are met—

(a) the relevant amount (see section 121A) is to be treated as earnings from the employment for that tax year, and

(b) section 120(1) does not apply.

(2) In such a case (including a case where the relevant amount is nil) the employee is referred to in this Chapter as being chargeable to tax in respect of the car in the tax year.

(3) The conditions are that—

(a) the car is made available to the employee or member of the employee's household pursuant to optional remuneration arrangements,

(b) the amount foregone (see section 69B) with respect to the benefit of the car for the tax year is greater than the modified cash equivalent of the benefit of the car for the tax year (see section 121B), and

(c) the car's CO_2 emissions figure (see sections 133 to 138) exceeds 75 grams per kilometre."

(41) After section 121 insert—

"121A Optional remuneration arrangements: method of calculating relevant amount

(1) To find the relevant amount for the purposes of section 120A, take the following steps—

Step 1

Take the amount foregone with respect to the benefit of the car for the tax year.

Step 2

Make any deduction under section 132A in respect of capital contributions made by the employee to the cost of the car or accessories.

The resulting amount is the provisional sum.

Step 3

Make any deduction from the provisional sum under section 144 in respect of payments by the employee for the private use of the car.

The result is the "relevant amount" for the purposes of section 120A.

(2) Where it is necessary, for the purpose of determining the "amount foregone" under step 1 of subsection (1), to apportion an amount of earnings to the benefit of the car for the tax year, the apportionment is to be made on a just and reasonable basis.

In this subsection "earnings" is to be interpreted in accordance with section 69B(5).

"121B Meaning of "modified cash equivalent"

(1) The "modified cash equivalent" of the benefit of a car for a tax year is calculated in accordance with the following steps (which must be read with subsections (2) to (4))—

Step 1

Find the price of the car in accordance with sections 122 to 124A.

Step 2

Add the price of any accessories which fall to be taken into account in accordance with sections 125 to 131.

The resulting amount is the interim sum.

Step 3

Find the appropriate percentage for the car for the year in accordance with sections 133 to 142.

Step 4

Multiply the interim sum by the appropriate percentage for the car for the year.

The resulting amount is the interim sum.

Step 5

Make any deduction under section 143 for any periods when the car was unavailable.

The resulting amount is the modified cash equivalent of the benefit of the car for the year.

(2) Where the car is shared the modified cash equivalent is calculated under this section in accordance with section 148.

(3) The modified cash equivalent of the benefit of a car for a tax year is to be taken to be zero if the condition in subsection (4) is met.

(4) The condition is that the benefit of car for the tax year would be exempt from income tax but for section 228A (exclusion of certain exemptions).

(5) The method of calculation set out in subsection (1) is modified in the special cases dealt with in—

(a) section 146 (cars that run on road fuel gas), and

(b) section 147A (classic cars: optional remuneration arrangements)."

(42) In section 126 (amounts taken into account in respect of accessories), in subsection (1), in the words before paragraph (a), after "121(1)" insert "and step 2 of section 121B(1)".

(43) Section 131 (replacement accessories) is amended as follows.

(44) In subsection (1), in the words before paragraph (a), after "applies" insert "for the purposes of sections 121(1) and 121B(1)".

(45) After subsection (1) insert—

"(1A) In the application of this section for the purposes of section 121B(1)—

(a) references to the cash equivalent of the benefit of the car for the tax year are to be read as references to the modified cash equivalent of the benefit of the car for the tax year, and

(b) references to step 2 of section 121(1) are to be read as references to step 2 of section 121B(1)."

(46) In section 132 (capital contributions by employee), in subsection (1), in the words before paragraph (a), after "applies" insert "for the purposes of section 121(1)".

(47) After section 132 insert—

"132A Capital contributions by employee: optional remuneration arrangements

(1) This section applies for the purposes of section 121A(1) if the employee contributes a capital sum to expenditure on the provision of—

(a) the car, or

(b) any qualifying accessory which is taken into account in calculating under section 121B the modified cash equivalent of the benefit of the car.

(2) A deduction is to be made from the amount carried forward from step 1 of section 121A(1)—

(a) for the tax year in which the contribution is made, and

(b) for all subsequent tax years in which the employee is chargeable to tax in respect of the car by virtue of section 120A.

(3) The amount of the deduction allowed in any tax year is found by multiplying the capped amount by the appropriate percentage.

(4) In subsection (3) the reference to "the appropriate percentage" is to the appropriate percentage for the car for the tax year (determined in accordance with sections 133 to 142).

(5) In this section "the capped amount" means the lesser of—

(a) the total of the capital sums contributed by the employee in that year and any earlier years to expenditure on the provision of—

(i) the car, or

(ii) any qualifying accessory which is taken into account in calculating under section 121B the modified cash equivalent of the benefit of the car for the tax year in question, and

(b) £5,000.

(6) This section is modified by section 147A (optional remuneration arrangements: classic cars)."

(48) Section 143 (deduction for periods when car unavailable) is amended as follows.

(49) Before subsection (1) insert—

"(A1) This section has effect for the purposes of—

(a) section 121(1) (method of calculating the cash equivalent of the benefit of a car), and

(b) section 121B(1) (optional remuneration arrangements: meaning of "modified cash equivalent")."

(50) In subsection (1), after "121(1)" insert "or (as the case may be) step 4 of section 121B(1)".

(51) In subsection (3), in the definition of "A", at the end insert "of section 121(1) or (as the case may be) step 4 of section 121B(1)".

(52) Section 144 (deduction for payments for private use) is amended as follows.

(53) In subsection (1), for "calculated under step 7 of section 121(1)" substitute "(see subsection (1A))".

(54) After subsection (1) insert

"(1A) In this section "the provisional sum" means the provisional sum calculated under—

(a) step 7 of section 121(1) (method of calculating the cash equivalent of the benefit of a car), or

(b) step 2 of section 121A(1) (optional remuneration arrangements: method of calculating relevant amount")."

(55) In subsection (2), for the words from "so that" to the end substitute "so that—

(a) in a case within subsection (1A)(a), the cash equivalent of the benefit of the car for the year is nil, or

(b) in a case within subsection (1A)(b), the relevant amount for the purposes of section 120A is nil."

(56) In subsection (3)—

(a) for "In any other case" substitute "Where subsection (2) does not apply," and

(b) for the words from "give" to the end substitute "give—

(a) in a case within subsection (1A)(a), the cash equivalent of the benefit of the car for the year, or

(b) in a case within subsection (1A)(b), the relevant amount for the purposes of section 120A."

(57) Section 145 (modification of provisions where car temporarily replaced) is amended as follows.

(58) In subsection (1), for paragraph (c) substitute—

"(c) the employee is chargeable to tax—

(i) in respect of both the normal car and the replacement car by virtue of section 120, or

(ii) in respect of both the normal car and the replacement car by virtue of section 120A, and".

(59) After subsection (5) insert—

"(6) Where this section applies by virtue of subsection (1)(c)(ii), the condition in subsection (5)(b) is to be taken to be met if it would be met on the assumption that the cash equivalent of the benefit of the cars in question is to be calculated under section 121 (1)."

(60) Section 146 (cars that run on road fuel gas) is amended as follows.

(61) In subsection (1), in the words before paragraph (a), after "applies" insert "for the purposes of sections 121 and 121B".

(62) In subsection (2), after "121(1)" insert "or (as the case may be) step 1 of section 121B(1)".

(63) After subsection 147 insert—

"147A Classic cars: optional remuneration arrangements

(1) This section applies in calculating the relevant amount in respect of a car for a tax year for the purposes of section 120A (benefit of car treated as earnings: optional remuneration arrangements) if—

(a) the age of the car at the end of the year is 15 years or more,

(b) the market value of the car for the year is £15,000 or more, and

(c) that market value exceeds the specified amount (see subsection (4)).

(2) In calculating the modified cash equivalent of the benefit of the car, for the interim sum calculated under step 2 of section 121B(1) substitute the market value of the car for the tax year in question.

(3) Section 132A (capital contributions by employee: optional remuneration arrangements) has effect as if—

(a) in subsection (1)(b) the reference to calculating under section 121B the modified cash equivalent of the benefit of the car were to determining the market value of the car, and

(b) in subsection (5)(a)(ii) the reference to calculating under section 121B the modified cash equivalent of the benefit of the car for the tax year in question were to determining the market value of the car for the tax year in question.

(4) The "specified amount" is found as follows.

Step 1

Find what would be the interim sum under step 2 of section 121B(1) (if subsection (2) of this section did not have effect).

Step 2

(Assuming for this purpose that the reference in section 132(2) to step 2 of section 121(1) includes a reference to step 1 of this subsection) make any deduction under section 132 for capital contributions made by the employee to the cost of the car or accessories.

The resulting amount is the specified amount.

(5) The market value of a car for a tax year is to be determined in accordance with section 147(3) and (4)."

(64) Section 148 (reduction of cash equivalent where car is shared) is amended as follows.

(65) In subsection (1)—

(a) in the words before paragraph (a), after "applies" insert "for the purposes of sections 121 and 121B";

(b) in the words after paragraph (c), for "section 120" substitute "sections 120 and 120A".

(66) For subsection (2) substitute—

"(2) The amount to be treated as earnings in respect of the benefit of the car is to be calculated separately for each of those employees for that tax year (whether under section 120 or section 120A)."

(67) In subsection (2A), at the beginning insert "In the case of an employee chargeable to tax in respect of the car by virtue of section 120".

(68) After subsection (2A) insert—

"(2B) In the case of an employee chargeable to tax in respect of the car by virtue of section 120A, the modified cash equivalent (as determined under section 121B(1)) is to be reduced on a just and reasonable basis."

(69) In section 149 (benefit of car fuel treated as earnings), in subsection (1)(b), at the end insert "or 120A".

(70) After section 149 insert—

"149A Benefit of car fuel treated as earnings: optional remuneration arrangements

(1) This section applies if—

(a) fuel is provided for a car in a tax year by reason of an employee's employment,

(b) the employee is chargeable to tax in respect of the car in the tax year by virtue of section 120 or 120A, and

(c) the fuel is provided pursuant to optional remuneration arrangements.

(2) If the condition in subsection (3) is met—

(a) the amount foregone with respect to the benefit of the fuel (see section 69B) is to be treated as earnings from the employment for the tax year, and

(b) section 149(1) does not apply.

(3) The condition mentioned in subsection (2) is that the amount foregone with respect to the benefit of the fuel is greater than the cash equivalent of the benefit of the fuel.

(4) For the purposes of subsection (3), assume that the cash equivalent of the benefit of the fuel is zero if the condition in subsection (5) is met.

(5) The condition mentioned in subsection (4) is that the benefit of the fuel would be exempt from income tax but for section 228A (exclusion of certain exemptions).

(6) References in this section to fuel do not include any facility or means for supplying electrical energy or any energy for a car which cannot in any circumstances emit CO_2 by being driven.

(7) Where it is necessary for the purposes of subsections (2)(a) and (3) to apportion an amount of earnings to the benefit of the fuel in the tax year, the apportionment is to be made on a just and reasonable basis. In this subsection "earnings" is to be interpreted in accordance with section 69B(5)."

(71) In section 154 (benefit of van treated as earnings), after subsection (3) insert—

"(4) This section is subject to section 154A."

(72) After section 154 insert—

"154A Benefit of van treated as earnings: optional remuneration arrangements

(1) Where this Chapter applies to a van in relation to a particular tax year and the conditions in subsection (2) are met—

(a) the relevant amount is to be treated as earnings from the employment for that tax year, and

(b) section 154(1) does not apply.

In such a case (including a case where the relevant amount is nil) the employee is referred to in this Chapter as being chargeable to tax in respect of the van in the tax year.

(2) The conditions are that—

(a) the van is made available to the employee or member of the employee's household pursuant to optional remuneration arrangements, and

(b) the amount foregone with respect to the benefit of the van (see section 69B) is greater than the modified cash equivalent of the benefit of the van.

(3) To find the relevant amount for the purposes of this section take the following steps—

Step 1

Take the amount foregone with respect to the benefit of the van for the tax year.

Step 2

Make any deduction under section 158A in respect of payments by the employee for the private use of the van.

The result is "relevant amount".

(4) In subsection (2) the reference to the "modified cash equivalent" is to the amount which would be the cash equivalent of the benefit of the van (after any reductions under section 156 or 157) if this Chapter had effect the following modifications—

(a) omit paragraph (c) of section 155(8);

(b) omit section 158;

(c) in section 159(2)(b), for "155, 157 and 158" substitute "155 and 157".

(5) For the purposes of subsection (2) assume that the modified cash equivalent of the benefit of the van is zero if the condition in subsection (6) is met.

(6) The condition is that the benefit of the van would be exempt from income tax but for section 228A (exclusion of certain exemptions).

(7) Where it is necessary for the purposes of subsection (2)(b) and step 1 of subsection (3) to apportion an amount of earnings to the benefit of the van in the tax year, the apportionment is to be made on a just and reasonable basis.

In this subsection "earnings" is to be interpreted in accordance with section 69B(5)."

(73) After section 158 insert—

"158A Van provided pursuant to optional remuneration arrangements: private use

(1) In calculating the relevant amount under section 154A in relation to a van and a tax year, a deduction is to be made under step 2 of subsection (3) of that section if, as a condition of the van being available for the employee's private use, the employee—

(a) is required in that year to pay (whether by way of deduction from earnings or otherwise) an amount of money for that use, and

(b) pays that amount on or before 6 July following that year.

(2) The amount of the deduction is—

(a) the amount paid as mentioned in subsection (1)(b) by the employee in respect of the year, or

(b) if less, the amount that would reduce the relevant amount to nil.

(3) In this section the reference to the van being available for the employee's private use includes a reference to the van being available for the private use of a member of the employee's family or household."

(74) Section 160 (benefit of van fuel treated as earnings) is amended as follows.

(75) In subsection (1)(b), after "154" insert "or 154A".

(76) At the end insert—

"(5) This section is subject to section 160A."

(77) After section 160 insert—

"160A Benefit of van fuel treated as earnings: optional remuneration arrangements

(1) This section applies if—

(a) fuel is provided for a van in a tax year by reason of an employee's employment,

(b) the benefit of the fuel is provided pursuant to optional remuneration arrangements, and

(c) the employee is chargeable to tax in respect of the van in the tax year by virtue of section 154 or 154A.

(2) If the condition in subsection (3) is met—

(a) the amount foregone with respect to the benefit of the fuel (see section 69B) is to be treated as earnings from the employment for that year, and

(b) section 160(1) does not apply.

(3) The condition mentioned in subsection (2) is that the amount foregone with respect to the benefit of the fuel is greater than the cash equivalent of the benefit of the fuel.

(4) For the purposes of subsection (3), assume that the cash equivalent of the benefit of the fuel is zero if the condition mentioned in subsection (5) is met.

(5) The condition mentioned in subsection (4) is that the benefit of the fuel would be exempt from income tax but for section 228A (exclusion of certain exemptions).

(6) Where it is necessary for the purposes of subsections (2)(a) and (3) to apportion an amount of earnings to the benefit of the fuel in the tax year, the apportionment is to be made on a just and reasonable basis. In this subsection "earnings" is to be interpreted in accordance with section 69B(5)."

(78) In section 170 (orders etc relating to Chapter 6 of Part 3), in subsection (1)—

(a) after paragraph (c) insert—

"(ca) section 132A(5)(b) (corresponding provision with respect to optional remuneration arrangements),";

(b) omit "or" at the end of paragraph (d);

(c) after paragraph (e) insert—

"(f) section 147A(1)(b) (classic car: minimum value: optional remuneration arrangements)."

(79) In section 173 (loans to which Chapter 7 applies), in subsection (1A)(b), for the words from "provide" to the end substitute "make provision about amounts which, in the case of a taxable cheap loan, are to be treated as earnings in certain circumstances".

(80) In section 175 (benefit of taxable cheap loan treated as earnings), for subsection (1) substitute—

"(A1) This section applies where an employment-related loan is a taxable cheap loan in relation to a tax year.

(1) The cash equivalent of the benefit of the loan is to be treated as earnings from the employee's employment for the tax year.

(1A) If the benefit of the loan is provided pursuant to optional remuneration arrangements and the condition in subsection (1B) is met—

(a) subsection (1) does not apply, and

(b) the relevant amount (see section 175A) is to be treated as earnings from the employee's employment for the tax year.

(1B) The condition is that the amount foregone with respect to the benefit of the loan for the tax year (see section 69B) is greater than the modified cash equivalent of the benefit of the loan for the tax year (see section 175A)."

(81) After section 175 insert—

"175A Optional remuneration arrangements: "relevant amount" and "modified cash equivalent"

(1) In section 175(1A) "the relevant amount", in relation to a loan the benefit of which is provided pursuant to optional remuneration arrangements, means the difference between—

(a) the amount foregone (see section 69B) with respect to the benefit of the loan, and

(b) the amount of interest (if any) actually paid on the loan for the tax year.

(2) For the purposes of section 175 the "modified cash equivalent" of the benefit of an employment-related loan for a tax year is the amount which would be the cash equivalent if section 175(3) had effect with the following modifications—

(a) in the opening words, omit "the difference between";

(b) omit paragraph (b) and the "and" before it."

(3) But the modified cash equivalent of the benefit of the loan is to be taken to be zero if the condition in subsection (4) is met.

(4) The condition is that the benefit of the loan for the tax year would be exempt from income tax but for section 228A (exclusion of certain exemptions).

(5) For the purpose of calculating the modified cash equivalent of the benefit of an employment-related loan, assume that section 186(2) (replacement loans: aggregation) and section 187(3) (aggregation of loans by close company to a director) do not have effect.

(6) Where it is necessary for the purposes of section 175(1B) and subsection (1) of this section to apportion an amount of earnings to the benefit of the loan for the tax year, the apportionment is to be made on a just and reasonable basis.

In this subsection "earnings" is to be interpreted in accordance with section 69B(5)."

(82) In section 180 (threshold for benefit of loan to be treated as earnings), in subsection (1), for the words before paragraph (a) substitute "Section 175 does not have effect in relation to an employee and a tax year—".

(83) In section 184 (interest treated as paid), in subsection (1), for the words from "the cash equivalent" to the end substitute "—

(a) the cash equivalent of the benefit of a taxable cheap loan is treated as earnings from an employee's employment for a tax year under section 175(1), or

(b) the relevant amount in respect of the benefit of a taxable cheap loan is treated as earnings from an employee's employment for a tax year under section 175(1A)."

(84) In section 202 (excluded benefits), after subsection (1) insert—

"(1A) But a benefit provided to an employee or member of an employee's family or household is to be taken not to be an excluded benefit by virtue of subsection (1)(c) so far as it is provided under optional remuneration arrangements."

(85) After section 203 insert—

"203A Employment-related benefit provided under optional remuneration arrangements

(1) Where an employment-related benefit is provided pursuant to optional remuneration arrangements—

(a) the relevant amount is to be treated as earnings from the employment for the tax year in which the benefit is provided, and

(b) section 203(1) does not apply.

(2) To find the relevant amount, first determine which (if any) is the greater of—

(a) the cost of the employment-related benefit, and

(b) the amount foregone with respect to the benefit (see section 69B).

(3) If the cost of the employment-related benefit is greater than or equal to the amount foregone, the "relevant amount" is the cash equivalent (see section 203(2)).

(4) Otherwise, the "relevant amount" is—

(a) the amount foregone with respect to the employment-related benefit, less

(b) any part of the cost of the benefit made good by the employee, to the persons providing the benefit, on or before 6 July following the tax year in which it is provided.

(5) For the purposes of subsections (2) and (3), assume that the cost of the employment-related benefit is zero if the condition in subsection (6) is met.

(6) The condition is that the employment-related benefit would be exempt from income tax but for section 228A (exclusion of certain exemptions).

(7) Where it is necessary for the purposes of subsections (2)(b) and (4) to apportion an amount of earnings to the benefit provided in the tax year, the apportionment is to be made on a just and reasonable basis.

In this subsection "earnings" is to be interpreted in accordance with section 69B(5)."

(86) In Part 4 of the Income Tax (Earnings and Pensions) Act 2003 (employment income: exemptions), after section 228 insert—

"228A General exclusion from exemptions: optional remuneration arrangements

(1) A relevant exemption does not apply (whether to prevent liability to income tax from arising or to reduce liability to income tax) in respect of a benefit or facility so far as the benefit or facility is provided pursuant to optional remuneration arrangements.

(2) For the purposes of subsection (1) it does not matter whether the relevant exemption would (apart from that subsection) have effect as an employment income exemption or an earnings-only exemption.

(3) For the purposes of this section an exemption conferred by this Part is a "relevant exemption" unless it is—

(a) a special case exemption (see subsection (4)), or

(b) an excluded exemption (see subsection (5)).

(4) "Special case exemption" means an exemption conferred by any of the following provisions—

(a) section 289A (exemption for paid or reimbursed expenses);

(b) section 289D (exemption for other benefits);

(c) section 308B (independent advice in respect of conversions and transfers of pension scheme benefits);

(d) section 312A (limited exemption for qualifying bonus payments);

(e) section 317 (subsidised meals);

(f) section 320C (recommended medical treatment);

(g) section 323A (trivial benefits provided by employers).

(5) "Excluded exemption" means an exemption conferred by any of the following provisions—

(a) section 239 (payments and benefits connected with taxable cars and vans and exempt heavy goods vehicles);

(b) section 244 (cycles and cyclist's safety equipment);

(c) section 266(2)(c) (non-cash voucher regarding entitlement to exemption within section 244);

(d) section 270A (limited exemption for qualifying childcare vouchers);

(e) section 308 (exemption of contribution to registered pension scheme);

(f) section 308A (exemption of contributions to overseas pension scheme);

(g) section 308C (provision of pensions advice);

(h) section 309 (limited exemptions for statutory redundancy payments);

(i) section 310 (counselling and other outplacement services);

(j) section 311 (retraining courses);

(k) section 318 (childcare: exemption for employer-provided care);

(l) section 318A (childcare: limited exemption for other care).

(6) In this section "benefit or facility" includes anything which constitutes employment income or in respect of which employment income is treated as arising to the employee (regardless of its form and the manner of providing it).

(7) In this section "optional remuneration arrangements" has the same meaning as in the benefits code (see section 69A).

(8) The Treasury may by order amend subsections (4) and (5) by adding or removing an exemption conferred by Part 4."

(87) Section 19 of the Income Tax (Earnings and Pensions) Act 2003 (receipt of non-money earnings) is amended as follows.

(88) In subsection (2), after "94" insert "or 94A".

(89) In subsection (3), after "87" insert "or 87A".

(90) In section 95 of the Income Tax (Earnings and Pensions) Act 2003 (disregard for money, goods or services obtained), in subsection (1), in the words before paragraph (a), after "credit-token" insert "or the relevant amount in respect of a cash voucher, a non-cash voucher or a credit-token".

(91) In section 236 of the Income Tax (Earnings and Pensions) Act 2003 (interpretation of Chapter 2 of Part 4: exemptions for mileage allowance relief etc), in subsection (2)(b)—

(a) in the words before sub-paragraph (i), for "the cash equivalent of" substitute "an amount in respect of";

(b) in sub-paragraph (i), after "120" insert "or 120A";

(c) in sub-paragraph (ii), after "154" insert "or 154A";

(d) in sub-paragraph (iii), after "203" insert "or 203A".

(92) In section 236 of the Income Tax (Earnings and Pensions) Act 2003 (interpretation of Chapter 2 of Part 4), in subsection (2)(c), for "the cash equivalent of" substitute "an amount in respect of".

(93) Section 239 of the Income Tax (Earnings and Pensions) Act 2003 (payments and benefits connected with taxable cars and vans etc) is amended as follows.

(94) In subsection (3)—

(a) after "149" insert "or 149A";

(b) after "160" insert "or 160A".

(95) In subsection (6), for "the cash equivalent of" substitute "an amount (whether the cash equivalent or the relevant amount) in respect of".

(96) In section 362 of the Income Tax (Earnings and Pensions) Act 2003 (deductions where non-cash voucher provided), in subsection (1)(a), for "87(1) (cash equivalent" substitute "87(1) or 87A(1) (amount in respect".

(97) In section 318A of the Income Tax (Earnings and Pensions) Act 2003 (childcare: limited exemption for other care), in subsection (1)(b), for "cash equivalent of the benefit" substitute "amount treated as earnings in respect of the benefit by virtue of section 203(1) or 203A(1) (as the case may be)".

(98) In section 363 of the Income Tax (Earnings and Pensions) Act 2003 (deductions where credit-token provided), in subsection (1)(a), for "94(1) (cash equivalent" substitute "94(1) or 94A(1) (amount in respect".

(99) In section 693 of the Income Tax (Earnings and Pensions) Act 2003 (cash vouchers), in subsection (1), for "section 81(2)" substitute "subsection (2) of, or (as the case may be) referred to in subsection (1A)(b) of, section 81".

(100) In section 694 of the Income Tax (Earnings and Pensions) Act 2003 (non-cash vouchers), in subsection (1), after "87(2)" insert "or 87A(4)".

(101) In section 695 of the Income Tax (Earnings and Pensions) Act 2003 (benefit of credit-token treated as earnings), after subsection (1) insert—

"(1A) If the credit-token is provided pursuant to optional remuneration arrangements, the reference in subsection (1) to the amount ascertained under section 94(2) is to be read as a reference to what that amount would be were the credit-token provided otherwise than pursuant to optional remuneration arrangements.

In this subsection "optional remuneration arrangements" is to be interpreted in accordance with section 69A."

(102) In Part 2 of Schedule 1 to the Income Tax (Earnings and Pensions) Act 2003 (index of defined expressions), at the appropriate places insert—

"amount foregone (in relation to a benefit) (in the benefits code)	Section 69B"
"optional remuneration arrangements (in the benefits code)	Section 69A"

(103) In Part 2 of Schedule 1 to the Income Tax (Earnings and Pensions) Act 2003 (index of defined expressions), in the entry relating to "the taxable period", for "102(2)" substitute "102(1)".

(104) The amendments made by paragraphs (1), (91)(a), (92) and (102) of this Resolution have effect for the tax year 2017-18 and subsequent tax years.

(105) The amendments made by paragraphs (2) to (90), (91)(b) to (d), (93) to (101) and (103) of this Resolution have effect for the tax year 2017-18 and subsequent tax years.

(106) But paragraph (105) does not apply in relation to benefits provided pursuant to pre-6 April 2017 arrangements.

(107) In relation to a benefit provided pursuant to pre-6 April 2017 arrangements, the amendment made by paragraph (86) has effect for the tax year 2018-19 and subsequent tax years.

(108) In relation to a benefit provided pursuant to pre-6 April 2017 arrangements, the amendments made by paragraphs (9) to (78), (91)(b) and (c), (93) to (95) and (103) (and paragraph (2), so far as relating to those paragraphs) have effect for the tax year 2021-22 and subsequent tax years.

(109) In relation to a benefit provided pursuant to pre-6 April 2017 arrangements, the amendments made by paragraphs (3) to (8), (79) to (85), (87) to (90), (91)(d) and (96) to (101) (and paragraph (2), so far as relating to those paragraphs) have effect for the tax year 2018-19 and subsequent tax years (but see paragraph (115)).

(110) If any terms of a pre-6 April 2017 arrangement which relate to the provision of a particular benefit are varied on or after 6 April 2017, that benefit is treated, with effect from the beginning of the day on which the variation takes effect, as not being provided pursuant to pre-6 April 2017 arrangements for the purposes of this Resolution.

(111) If pre-6 April 2017 arrangements are renewed on or after 6 April 2017, this Resolution has effect as if those arrangements were entered into at the beginning of the day on which the renewal takes effect (and are distinct from the arrangements existing immediately before that day).

(112) In paragraph (111) the reference to renewal includes a renewal which takes effect automatically.

(113) In paragraph (110) the reference to variation does not include any variation which is required in connection with accidental damage to a benefit provided under the arrangements, or otherwise for reasons beyond the control of the parties to the arrangements.

(114) In paragraph (110) the reference to variation does not include any variation which occurs in connection with a person's entitlement to statutory sick pay, statutory maternity pay, statutory adoption pay, statutory paternity pay or statutory shared parental pay.

(115) In relation to relevant school fee arrangements which were entered into before 6 April 2017—

(a) paragraph (109) is to be read as if it did not include a reference to paragraph (85);

(b) the amendment made by paragraph (85) has effect for the tax year 2021-22 and subsequent tax years.

(116) Relevant school fee arrangements to which an employee is a party ("the continuing arrangements") are to be regarded for the purposes of this Resolution as the same arrangements as any relevant school fee arrangements to which the employee was previously a party ("the previous arrangements") if the continuing arrangements and the previous arrangements relate—

(a) to employment with the same employer,

(b) to the same school, and

(c) to school fees in respect of the same child.

(117) Paragraphs (110) and (111) do not have effect in relation to relevant school fee arrangements.

(118) If a non-cash voucher is provided under pre-6 April 2017 arrangements and is used to obtain anything (whether money, goods or services) that is provided on or after 6 April 2018 ("delayed benefits"), so much of the benefit of the voucher as it is reasonable to regard as being applied to obtain the delayed benefits is to be treated for the purposes of this Resolution as not having been provided pursuant to pre-6 April 2017 arrangements.

(119) For the purposes of this Resolution arrangements are "relevant school fee arrangements" if the benefit mentioned in section 69A(1) of the Income Tax (Earnings and Pensions) Act 2003 consists in the payment or reimbursement (in whole or in part) of, or a waiver or reduction of, school fees.

(120) In this Resolution—

(a) "arrangements" means optional remuneration arrangements (as defined in section 69A of the Income Tax (Earnings and Pensions) Act 2003);

(b) "benefit" includes any benefit or facility, regardless of the manner of providing it;

(c) "non-cash voucher" has the same meaning as in Chapter 4 of Part 3 of the Income Tax (Earnings and Pensions) Act 2003;

(d) "pre-6 April 2017 arrangements" means arrangements which are entered into before 6 April 2017.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

9. TAXABLE BENEFITS (MAKING GOOD)

Resolved,

That provision may be made about making good the cost of taxable benefits.

10. TAXABLE BENEFITS (ASSETS MADE AVAILABLE WITHOUT TRANSFER)

Resolved,

That—

(1) The Income Tax (Earnings and Pensions) Act 2003 is amended as follows.

(2) In section 205 (cost of taxable benefit subject to the residual charge: asset made available without transfer)—

(a) in subsection (1), for paragraph (a) substitute—

"(a) the benefit consists in an asset being made available for private use, and",

(b) after subsection (1) insert—

"(1A) In this section and section 205A, "private use" means private use by the employee or a member of the employee's family or household.

(1B)) For the purposes of subsection (1) and sections 205A and 205B, an asset made available in a tax year for use by the employee or a member of the employee's family or household is to be treated as made available throughout the year for private use unless—

(a) at all times in the year when it is available for use by the employee or a member of the employee's family or household, the terms under which it is made available prohibit private use, and

(b) no private use is made of it in the year.

(1C) The cost of the taxable benefit is—

(a) the annual cost of the benefit determined in accordance with subsection (2), less

(b) any amount required to be deducted by section 205A (deduction for periods when asset unavailable for private use).

(1D) In certain cases, the cost of the taxable benefit is calculated under this section in accordance with section 205B (reduction of cost of taxable benefit where asset is shared).", and

(c) in subsection (2), in the words before paragraph (a), for "cost of the taxable" substitute "annual cost of the".

(3) After section 205 insert—

"Deduction for periods when asset unavailable for private use

(1) A deduction is to be made under section 205(1C)(b) if the asset mentioned in section 205(1) has been unavailable for private use on any day during the tax year concerned.

(2) For the purposes of this section an asset is "unavailable" for private use on any day if—

(a) that day falls before the day on which the asset is first available to the employee,

(b) that day falls after the day on which the asset is last available to the employee,

(c) for more than 12 hours during that day the asset—

(i) is not in a condition fit for use,

(ii) is undergoing repair or maintenance,

(iii) could not lawfully be used,

(iv) is in the possession of a person who has a lien over it and who is not the employer, not a person connected with the employer, not the employee, not a member of the employee's family and not a member of the employee's household, or

(v) is used in a way that is neither use by, nor use at the direction of, the employee or a member of the employee's family or household, or

(d) on that day the employee—

(i) uses the asset in the performance of the duties of the employment, and

(ii) does not use the asset otherwise than in the performance of the duties of the employment.

(3) The amount of the deduction is given by—

$$\frac{U}{Y} \text{ x } A$$

Where—

U is the number of days, in the tax year concerned, on which the asset is unavailable for private use,

Y is the number of days in that year, and

A is the annual cost of the benefit of the asset determined under section 205(2).

(4) The reference in subsection (2)(a) to the time when the asset is first available to the employee is to the earliest time when the asset is made available, by reason of the employment and without any transfer of the property in it, for private use.

(5) The reference in subsection (2)(b) to the time when the asset is last available to the employee is to the last time when the asset is made available, by reason of the employment and without any transfer of the property in it, for private use.

205B Reduction of cost of taxable benefit where asset is shared

(1) This section applies where the cost of an employment-related benefit ("the taxable benefit") is to be determined under section 205.

(2) If, for the whole or part of the tax year concerned, the same asset is available for more than one employee's private use at the same time, the total of the amounts which are the cost of the taxable benefit for each of those employees is to be limited to the annual cost of the benefit of the asset determined in accordance with section 205(2).

(3) The cost of the taxable benefit for each employee is determined by taking the amount given by section 205(1C) and then reducing that amount on a just and reasonable basis.

(4) For the purposes of this section, an asset is available for an employee's private use if it is available for private use by the employee or a member of the employee's family or household."

(4) In section 365 (deductions where employment-related benefit provided)—

(a) in subsection (1)—

(i) omit the "and" at the end of paragraph (a), and

(ii) after that paragraph insert—

"(aa) the cost of the benefit was determined under section 204 or 206, and",

(b) in subsection (3), for "sections 204 to 206" substitute "section 204 or 206", and

(c) in the heading, for "employment-related benefit" substitute "certain employment-related benefits".

(5) The amendments made by this Resolution have effect for the tax year 2017-18 and subsequent tax years.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

11. PENSIONS

Resolved,

That provision may be made about the taxation of pensions.

12. PENSIONS (OFFSHORE TRANSFERS)

Resolved,

That—

(1) Schedule 34 to the Finance Act 2004 (non-UK pension schemes: application of certain charges) is amended as follows.

(2) Paragraph 1 (application of member payment charges to relevant non-UK schemes) is amended as follows.

(3) After sub-paragraph (6) insert—

"(6A) There are three types of relevant transfer—

(a) an original relevant transfer,

(b) a subsequent relevant transfer, and

(c) any other (including, in particular, all relevant transfers before 9 March 2017).

(6B) "An original relevant transfer" is—

(a) a relevant transfer within sub-paragraph (6)(a) made on or after 9 March 2017,

(b) a relevant transfer within sub-paragraph (6)(b), made on or after 9 March 2017, of the whole or part of the UK tax-relieved fund of a relieved member of a qualifying recognised overseas pension scheme, or

(c) a relevant transfer within sub-paragraph (6)(b), made on or after 6 April 2017, of the whole or part of the UK tax-relieved fund of a relieved member of a relevant non-UK scheme that is not a qualifying recognised overseas pension scheme.

(6C) The sums or assets transferred as a result of an original relevant transfer constitute a ring-fenced transfer fund, and the key date for that fund is the date of the transfer.

(6D) Where in the case of a ring-fenced transfer fund ("the source fund") there is a relevant transfer of the whole or part of the fund—

(a) the sums or assets transferred as a result of the transfer constitute a ring-fenced transfer fund,

(b) that fund has the same key date as the source fund, and

(c) the transfer is "a subsequent relevant transfer", and is not an original relevant transfer.

(6E) Sub-paragraph (6D) applies whether the source fund is a ring-fenced transfer fund as a result of sub-paragraph (6C) or as a result of sub-paragraph (6D).

(6F) The Commissioners for Her Majesty's Revenue and Customs may by regulations provide that sums or assets identified in accordance with the regulations are not included in a ring-fenced transfer fund as a result of sub-paragraph (6D)(a)."

(4) Paragraph 2 (member payment provisions apply to payments out of non-UK schemes if member is UK resident or has been UK resident in any of the preceding 5 tax years) is amended as follows.

(5) The existing text becomes sub-paragraph (1).

(6) In that sub-paragraph, after "scheme" insert "so far as it is referable to 5-year-rule funds".

(7) After that sub-paragraph insert—

"(2) The member payment provisions do not apply in relation to a payment made (or treated by this Part as made) to or in respect of a relieved member of a relevant non-UK scheme so far as it is referable to 10-year rule funds unless the member—

(a) is resident in the United Kingdom when the payment is made (or treated as made), or

(b) although not resident in the United Kingdom at that time, has been resident in the United Kingdom earlier in the tax year in which the payment is made (or treated as made) or in any of the 10 tax years immediately preceding that year.

(3) The member payment provisions do not apply in relation to a payment made (or treated by this Part as made) to or in respect of a transfer member of a relevant non-UK scheme, so far as it is referable to any particular ring-fenced transfer fund of the member's under the scheme which has a key date of 6 April 2017 or later, unless—

(a) the member is resident in the United Kingdom when the payment is made (or treated as made), or

(b) although the member is not resident in the United Kingdom at that time—

(i) the member has been resident in the United Kingdom earlier in the tax year containing that time, or

(ii) the member has been resident in the United Kingdom in any of the 10 tax years immediately preceding the tax year containing that time, or

(iii) that time is no later than the end of 5 years beginning with the key date for the particular fund.

(4) In this paragraph—

"5-year rule funds", in relation to a payment to or in respect of a relieved member of a relevant non-UK scheme, means so much of the member's UK tax-relieved fund under the scheme as represents tax-relieved contributions, or tax-exempt provision, made under the scheme before 6 April 2017;

"5-year rule funds", in relation to a payment to or in respect of a transfer member of a relevant non-UK scheme, means—

(a) the member's relevant transfer fund under the scheme, and

(b) any of the member's ring-fenced transfer funds under the scheme that has a key date earlier than 6 April 2017;

"10-year rule funds", in relation to a payment to or in respect of a relieved member of a relevant non-UK scheme, means so much of the member's UK tax-relieved fund under the scheme as represents tax-relieved contributions, or tax-exempt provision, made under the scheme on or after 6 April 2017.

(5) See also—

paragraph 1(6C), (6D) and (6F) (meaning of "ring-fenced transfer fund"),

paragraph 3 (meaning of "UK tax-relieved fund", "tax-relieved contributions" and "tax-exempt provision" etc), and

paragraph 4 (meaning of "relevant transfer fund" etc)."

(8) Paragraph 3 (payments to or in respect of relieved members of schemes) is amended as follows.

(9) After sub-paragraph (5) insert—

"(5A) The Commissioners for Her Majesty's Revenue and Customs may by regulations provide that, in circumstances specified in the regulations, something specified in the regulations is to be treated as done by, to in respect of or in the case of a relieved member of a relevant non-UK scheme."

(10) In sub-paragraph (6) (power to specify whether payments by scheme are referable to UK tax-relieved fund) after "payments made (or treated as made) by" insert ", or other things done by or to or under or in respect of or in the case of,".

(11) After sub-paragraph (7) insert—

"(8) Where regulations under sub-paragraph (6) make provision for a payment or something else to be treated as referable to a member's UK tax-relieved fund under a scheme, regulations under that sub-paragraph may make provision for the payment or thing, or any part or aspect of the payment or thing, also to be treated as referable to a particular part of that fund."

(12) Paragraph 4 (payments to or in respect of transfer members of schemes) is amended as follows.

(13) In sub-paragraph (1), after "relevant transfer fund" insert ", or ring-fenced transfer funds,".

(14) In sub-paragraph (2) (meaning of "relevant transfer fund"), before "so much of" insert ", subject to sub-paragraph (3A),".

(15) After sub-paragraph (3) insert—

"(3A) The member's relevant transfer fund under the scheme does not include sums or assets that are in any of the member's ring-fenced transfer funds under the scheme."

(16) After sub-paragraph (4) insert—

"(5) The Commissioners for Her Majesty's Revenue and Customs may by regulations provide that, in circumstances specified in the regulations, something specified in the regulations is to be treated as done by, to, in respect of or in the case of a transfer member of a relevant non-UK scheme.

(6) Regulations made by the Commissioners for Her Majesty's Revenue and Customs may make provision for determining whether payments or transfers made (or treated as made) by, or other things done by or to or under or in respect of or in the case of, a relevant non-UK scheme are to be treated as referable to a member's ring-fenced transfer funds under the scheme (and so whether or not they reduce the funds or any of them).

(7) Where regulations under sub-paragraph (6) make provision for a payment or transfer or something else to be treated as referable to a member's ring-fenced transfer funds under a scheme, regulations under that sub-paragraph may make provision for the payment or transfer or other thing, or any part or aspect of the payment or transfer or thing, also to be treated as referable to a particular one of those funds.

(17) In paragraph 7(2)(c) (regulations about application of member payment provisions), after "relevant transfer fund" insert "or ring-fenced transfer funds".

(18) Paragraph 9ZB (application of section 227G) is amended as follows.

(19) In sub-paragraph (2), after "relevant transfer fund" insert "or ring-fenced transfer funds".

(20) After sub-paragraph (3) insert—

"(4) The reference in sub-paragraph (2) to the individual's ring-fenced transfer funds under the relevant non-UK scheme is to be read in accordance with paragraph 1."

(21) The amendments made by paragraphs (4) to (7) of this Resolution apply in relation to payments made (or treated as made) on or after 6 April 2017, and the amendments made by paragraphs (3) and (8) to (20) of this Resolution come into force on 9 March 2017.

(22) Section 576A of the Income Tax (Earnings and Pensions) Act 2003 (as it applies where the year of departure is the tax year 2013-14 or a later tax year) is amended as follows.

(23) In subsection (6)(b) (pension income: temporary non-residents: non-application where payment not referable to relevant transfer fund)—

(c) for "not referable" substitute "referable neither", and

(d) after "relevant transfer fund" insert ", nor to the member's ring-fenced transfer funds,".

(24) In subsection (10) (interpretation), at the end insert—

""member's ring-fenced transfer fund" (see paragraph 1(6C) and (6D)."

(25) Section 576A of the Income Tax (Earnings and Pensions) Act 2003, as it applies where the year of departure is the tax year 2012-13 or an earlier tax year, is amended as follows.

(26) In subsection (6) (pension income: temporary non-residents: non-application unless payment referable to relevant transfer fund), after "member's relevant transfer fund" insert ", or the member's ring-fenced transfer funds,".

(27) In subsection (8) (interpretation), before the definition of "scheme pension" insert—

""member's ring-fenced transfer funds" has the same meaning as in that Schedule (see paragraph 1(6C) and (6D));".

(28) The amendments made by paragraphs (22) to (27) of this Resolution apply in relation to relevant withdrawals on or after 6 April 2017.

(29) In Part 4 of the Finance Act 2004 (pension schemes etc), after section 244 insert—

"Non-UK schemes: the overseas transfer charge

244A Overseas transfer charge

(1) A charge to income tax, to be known as the overseas transfer charge, arises where—

(a) a recognised transfer is made to a QROPS, or

(b) an onward transfer is made during the relevant period for the original transfer, and

and the transfer is not excluded from the charge by or under any of sections 244B to 244H.

(2) Sections 244B to 244H are subject to section 244I (circumstances in which exclusions do not apply).

(3) In this group of sections, an "onward transfer" is a transfer of sums or assets held for the purposes of, or representing accrued rights under, an arrangement under a QROPS or former QROPS in relation to a member so as to become held for the purposes of, or to represent rights under, an arrangement under another QROPS in relation to that person as a member of that other QROPS.

(4) In this group of sections "relevant period" means—

(a) in the case of a recognised transfer made on 6 April in any year, the 5 years beginning with the date of the transfer,

(b) in the case of any other recognised transfer, the period consisting of the combination of—

(i) the period beginning with the date of the transfer and ending with the next 5 April, and

(ii) the 5 years beginning at the end of that initial period,

(c) in the case of an onward transfer, the period—

(i) beginning with the date of the transfer, and

(ii) ending at the end of the relevant period for the original transfer (see paragraphs (a) and (b) or, as the case may be, paragraphs (d) and (e)),

(d) in the case of a relevant transfer that—

(i) is made on 6 April in any year, and

(ii) is the original transfer for an onward transfer,

the 5 years beginning with the date of the relevant transfer, and

(e) in the case of a relevant transfer that—

(i) is made otherwise than on 6 April in any year, and

(ii) is the original transfer for an onward transfer,

the period consisting of the combination of: the period beginning with the date of the relevant transfer and ending with the next 5 April; and the 5 years beginning at the end of that initial period.

(5) In this group of sections "the original transfer", in relation to an onward transfer, means (subject to subsection (6))—

(a) the recognised transfer in respect of which the following conditions are met—

(i) it is from a registered pension scheme to a QROPS,

(ii) the sums and assets transferred by the onward transfer directly or indirectly derive from those transferred by it, and

(iii) it is more recent than any other recognised transfer in respect of which the conditions in sub-paragraphs (i) and (ii) are met, or

(b) where there is no such recognised transfer, the relevant transfer (see paragraph 1(6) of Schedule 34) in respect of which the following conditions are met—

(i) it is from a relevant non-UK scheme (see paragraph 1(5) of Schedule 34),

(ii) it is a transfer of the whole or part of the UK-tax relieved fund (see paragraph 3 of Schedule 34) of a member of the scheme,

(iii) it is to a QROPS, and

(iv) the sums and assets transferred by the onward transfer directly or indirectly derive from those transferred by it.

(6) Where apart from this subsection there would be different original transfers for different parts of an onward transfer, each such part of the onward transfer is to be treated as a separate onward transfer for the purposes of this group of sections.

(7) In this section and sections 244B to 244N—

"QROPS" means a qualifying recognised overseas pension scheme, and "former QROPS" means a scheme that has at any time been a QROPS;

"ring-fenced transfer fund", in relation to a QROPS or former QROPS, has the meaning given by paragraph 1 of Schedule 34;

"this group of sections" means this section and sections 244B to 244N.

244B Exclusion: member and receiving scheme in same country

(1) A recognised transfer to a QROPS is excluded from the overseas transfer charge if during the relevant period—

(a) the member is resident in the country or territory in which the QROPS is established, and

(b) there is no onward transfer—

(i) for which the recognised transfer is the original transfer, and

(ii) which is not excluded from the charge.

(2) If the member is resident in that country or territory at the time of the transfer mentioned in subsection (1), it is to be assumed for the purposes of subsection (1) that the member will be resident in that country or territory during the relevant period; but if, at a time before the end of the relevant period, the transfer ceases to be excluded by subsection (1) otherwise than by reason of the member's death—

(a) that assumption is from that time no longer to be made, and

(b) the charge on the transfer is treated for the purposes of sections 244L and 254 as charged at that time.

(3) An onward transfer to a QROPS ("transfer A") is excluded from the overseas transfer charge if during so much of the relevant period as is after the time of the transfer A—

(a) the member is resident in the country or territory in which the QROPS is established, and

(b) there is no subsequent onward transfer that—

(i) is of sums and assets which, in whole or part, directly or indirectly derive from those transferred by transfer A, and

(ii) is not excluded from the charge.

(4) If the member is resident in that country or territory at the time of transfer A, it is to be assumed for the purposes of subsection (3) that the member will be resident in that country or territory during so much of the relevant period as is after the time of transfer A; but if, at a time before the end of the relevant period, the transfer ceases to be excluded by subsection (3) otherwise than by reason of the member's death—

(a) that assumption is from that time no longer to be made, and

(b) the charge on transfer A is treated for the purposes of sections 244L and 254 as charged at that time.

244C Exclusion: member and receiving scheme in EEA states

(1) This section applies to a transfer to a QROPS established in an EEA state.

(2) If the transfer is a recognised transfer, the transfer is excluded from the overseas transfer charge if during the relevant period—

(a) the member is resident in an EEA state (whether or not the same EEA state throughout that period), and

(b) there is no onward transfer—

(i) for which the recognised transfer is the original transfer, and

(ii) which is not excluded from the charge.

(3) If the member is resident in an EEA state at the time of the recognised transfer mentioned in subsection (2), it is to be assumed for the purposes of this section that the member will be resident in an EEA state during the relevant period; but if, at a time before the end of the relevant period, the transfer ceases be excluded by subsection (2) otherwise than by reason of the member's death—

(a) that assumption is from that time no longer to be made, and

(b) the charge on the transfer is treated for the purposes of sections 244L and 254 as charged at that time.

(4) If the transfer is an onward transfer ("transfer B"), the transfer is excluded from the overseas transfer charge if during so much of the relevant period as is after the time of the onward transfer—

(a) the member is resident in an EEA state (whether or not the same EEA state at all of those times), and

(b) there is no subsequent onward transfer that—

(i) is of sums and assets which, in whole or part, directly or indirectly derive from those transferred by transfer B, and

(ii) is not excluded from the charge.

(5) If the member is resident in an EEA state at the time of transfer B, it is to be assumed for the purposes of subsection (4) that the member will be resident in an EEA state during so much of the relevant period as is after the time of transfer B; but if, at a time before the end of the relevant period, the transfer ceases to be excluded by subsection (4) otherwise than by reason of the member's death—

(a) that assumption is from that time no longer to be made, and

(b) the charge on transfer B is treated for the purposes of sections 244L and 254 as charged at that time.

244D Exclusion: receiving scheme is an occupational pension scheme

A transfer to a QROPS is excluded from the overseas transfer charge if—

(a) the QROPS is an occupational pension scheme, and

(b) when the transfer is made, the member is an employee of a sponsoring employer of the QROPS.

244E Exclusion: receiving scheme set up by international organisation

(1) A transfer to a QROPS is excluded from the overseas transfer charge if—

(a) the QROPS is established by an international organisation and has effect so as to provide benefits for, or in respect of, past service as an employee of the organisation, and

(b) when the transfer is made, the member is an employee of the organisation.

(2) In this section "international organisation" means an organisation to which section 1 of the International Organisations Act 1968 applies by virtue of an Order in Council under subsection (1) of that section.

244F Exclusion: receiving scheme is an overseas public service scheme

(1) A transfer to a QROPS is excluded from the overseas transfer charge if—

(a) the QROPS is an overseas public service pension scheme, and

(b) when the transfer is made, the member is an employee of an employer that participates in the scheme.

(2) A QROPS is an "overseas public service pension scheme" for the purposes of this section if—

(a) either—

(i) it is established by or under the law of the country or territory in which it is established, or

(ii) it is approved by the government of that country or territory, and

(b) it is established solely for the purpose of providing benefits to individuals for or in respect of services rendered to—

(i) that country or territory, or

(ii) any political subdivision or local authority of that country or territory.

(3) For the purposes of this section, an employer participates in a QROPS that is an overseas public service pension scheme if the scheme has effect so as to provide benefits to or in respect of any or all of the employees of the employer in respect of their employment by the employer.

244G Exclusions: avoidance of double charge, and transitional protections

(1) A recognised transfer to a QROPS is excluded from the overseas transfer charge if it is made in execution of a request made before 9 March 2017.

(2) An onward transfer ("the current onward transfer") is excluded from the overseas transfer charge if—

(a) the charge was paid on the original transfer and the amount paid is not repayable, or

(b) the charge was paid on an onward transfer ("the earlier onward transfer") in respect of which the conditions in subsection (4) are met and the amount paid is not repayable, or

(c) the original transfer was made before 9 March 2017, or

(d) the original transfer was made on or after 9 March 2017 in execution of a request made before 9 March 2017.

(3) An onward transfer is excluded from the overseas transfer charge so far as the transfer is made otherwise than out of the member's ring-fenced transfer funds under the scheme from which the onward transfer is made.

(4) The conditions mentioned in subsection (2)(b) are—

(a) that the earlier onward transfer was made before the current onward transfer,

(b) that the earlier onward transfer was made after the original transfer, and

(c) that all the sums and assets transferred by the current onward transfer directly or indirectly derive from those transferred by the earlier onward transfer.

244H Power to provide for further exclusions

The Commissioners for Her Majesty's Revenue and Customs may by regulations make provision for a recognised transfer to a QROPS, or an onward transfer, to be excluded from the overseas transfer charge if the transfer is of a description specified in the regulations.

244I Circumstances in which exclusions do not apply

(1) Subsection (2) applies if a recognised transfer to a QROPS, or an onward transfer, would (but for this section) be excluded from the overseas transfer charge by any of sections 244B to 244F.

(2) The transfer is not excluded from the charge if the member has, in connection with the transfer, failed to comply with the relevant information regulation.

(3) In subsection (2) "the relevant information regulation" means whichever of the following is applicable—

(a) regulation 11BA of the Registered Pension Schemes (Provision of Information) Regulations 2006 (S.I. 2006/567), or any regulation having effect in place of any of that regulation, as (in either case) from time to time amended, and

(b) regulation 3AE of the Pension Schemes (Information Requirements for Qualifying Overseas Pension Schemes, Qualifying Recognised Overseas Pension Schemes and Corresponding Relief) Regulations 2006 (S.I. 2006/208), or any regulation having effect in place of any of that regulation, as (in either case) from time to time amended.

244J Persons liable to charge

(1) In the case of a recognised transfer to a QROPS, the persons liable to the overseas transfer charge are—

(a) the scheme administrator of the registered pension scheme from which the transfer is made, and

(b) the member

and their liability is joint and several.

(2) In the case of an onward transfer, the persons liable to the overseas transfer charge are—

(a) the scheme manager of the QROPS, or former QROPS, from which the transfer is made, and

(b) the member

and their liability is joint and several.

(3) Subsections (1) and (2) are subject to subsection (4), and subsections (2) and (4) are subject to subsection (5).

(4) If a transfer is one required by section 244B or 244C to be initially assumed to be excluded by that section but an event occurring before the end of the relevant period means that the transfer is not so excluded, the persons liable to the overseas transfer charge in the case of the transfer are—

(a) the scheme manager of any QROPS, or former QROPS, under which the member has, at the time of the event, ring-fenced transfer funds in which any of the sums and assets referred to in section 244K(6) in the case of the transfer are represented, and

(b) the member,

and their liability is joint and several.

(5) The scheme manager of a former QROPS is liable to the overseas transfer charge in the case of a transfer ("the transfer concerned") only if the former QROPS—

(a) was a QROPS when a relevant inward transfer was made, and

(b) where a relevant inward transfer was made before 9 March 2017, was a QROPS at the start of 9 March 2017;

and here "relevant inward transfer" means a recognised or onwards transfer to the former QROPS (at a time when it was a QROPS) of sums and assets which, to any extent, are represented by sums or assets transferred by the transfer concerned.

(6) A person is liable to the overseas transfer charge whether or not—

(a) that person, and

(b) any other person who is liable to the charge,

are resident or domiciled in the United Kingdom.

244K Amount of charge

(1) Where the overseas transfer charge arises in the case of a transfer, the charge is 25% of the transferred value.

(2) If the transfer is from a registered pension scheme established in the United Kingdom, the transferred value is the total of—

(a) the amount of any sums transferred, and

(b) the value of any assets transferred,

but this is subject to subsections (5) to (9).

(3) If the transfer is from a registered pension scheme established in a country or territory outside the United Kingdom, the transferred value is the total of—

(a) the amount of any sums transferred that are attributable to UK-relieved funds of the scheme, and

(b) the value of any assets transferred that are attributable to UK-relieved funds of the scheme,

but this is subject to subsections (5) to (9).

(4) If the transfer is from a QROPS or former QROPS, the transferred value is the total of—

(a) the amount of any sums transferred that are attributable to the member's ring-fenced transfer funds under the scheme, and

(b) the value of any assets transferred that are attributable to the member's ring-fenced transfer funds under the scheme,

but this is subject to subsections (5) to (9).

(5) If the lifetime allowance charge arises in the case of the transfer and is to be deducted from the transfer, paragraphs (a) and (b) of subsections (2) to (4) are to be read as referring to what is to be transferred after deduction of the lifetime allowance charge.

(6) If the transfer is one initially assumed to be excluded by section 244B or 244C but an event occurring before the end of the relevant period means that the transfer is not so excluded, the sums and assets mentioned in whichever of subsections (2) to (4) is applicable include only those that at the time of the event are represented in any of the member's ring-fenced transfer funds under any QROPS or former QROPS.

(7) If the operator pays the charge on the transfer and does so—

(a) otherwise than by deduction from the transfer, and

(b) out of sums and assets held for the purposes of, or representing accrued rights under, the scheme from which the transfer is made,

the transferred value is the amount given by subsections (2) to (6) grossed up by reference to the rate specified in subsection (1).

(8) If the operator pays the charge on the transfer and does so by deduction from the transfer, the transferred value is the amount given by subsections (2) to (6) before the deduction.

(9) If the member pays the charge on the transfer, the transferred value is the amount given by subsections (2) to (6) without any deduction for the charge.

(10) If the lifetime allowance charge arises in the case of the transfer, the provisions of this Part relating to the lifetime allowance charge apply (whether or not in relation to the transfer) as if the overseas transfer charge did not arise in the case of the transfer.

(11) In this section—

"the operator" means—

(a) the scheme administrator of the scheme from which the transfer is to be made if that scheme is a registered pension scheme, or

(b) the scheme manager of the scheme from which the transfer is to be made if that scheme is a QROPS or former QROPS;

"UK-relieved funds", in relation to a registered pension scheme established in a country or territory outside the United Kingdom, has the meaning given by section 242B.

244L Accounting for overseas transfer charge by scheme managers

(1) In this section "charge" means overseas transfer charge for which the scheme manager of a QROPS or former QROPS is liable.

(2) The Commissioners for Her Majesty's Revenue and Customs may by regulations make provision for or in connection with—

(a) the payment of charge, including due dates for payment,

(b) the charging of interest on charge not paid on or before its due date,

(c) notification by the scheme manager of errors in information provided by the scheme manager to the Commissioners in connection with charge or the scheme manager's liability for overseas transfer charge,

(d) repayments to scheme managers under section 244M of amounts paid by way of charge, and

(e) the making of assessments, repayments or adjustments in cases where the correct amount of charge has not been paid by the due date for payment of the charge.

(3) The regulations may, in particular—

(a) modify the operation of any provision of the Tax Acts, or

(b) provide for the application of any provision of the Tax Acts (with or without modification).

244M Repayments of charge on subsequent excluding events

(1) This section applies if—

(a) overseas transfer charge arose on a transfer at the time the transfer was made, and

(b) at a time during the relevant period for the transfer, circumstances arise such that, had those circumstances existed at the time the transfer was made, the transfer would at the time it was made have been excluded from the charge by sections 244B to 244F or under section 244H.

(2) Any amount paid in respect of charge on the transfer is to be repaid by the Commissioners for Her Majesty's Revenue and Customs so far as not already repaid.

(3) Subsection (2) does not give rise to entitlement to repayment of, or cancellation of liabilities to, interest or penalties in respect of late payment of charge on the transfer.

(4) Repayment under this section to the scheme administrator of a registered pension scheme, or the scheme manager of a QROPS or former QROPS, is conditional on prior compliance with any requirements to give information to the Commissioners, about the circumstances in which the right to the repayment arises, that are imposed on the prospective recipient under section 169 or 251 (but repayment is not conditional on compliance with any time limits so imposed for compliance with any such requirements).

(5) Repayment under this section is not a relievable pension contribution.

(6) Where—

(a) an amount is repaid under this section to the scheme administrator of a registered pension scheme, and

(b) there is a recognised transfer from that scheme to a QROPS of some or all of that amount,

that transfer is not benefit crystallisation event 8 in relation to the member (but this does not affect the amount crystallised by the benefit crystallisation event consisting of the making of the transfer mentioned in subsection (1)).

(7) Repayment under this section to the member is conditional on making a claim, and such a claim must be made no later than one year after the end of the relevant period for the transfer concerned.

(8) The Commissioners for Her Majesty's Revenue and Customs may by regulations make provision for or in connection with claims or repayments under this section, including provision—

(a) requiring claims,

(b) about who may claim,

(c) imposing conditions for making claims, including conditions about time limits,

(d) as to additional circumstances in which repayments may be made,

(e) modifying the operation of any provision of the Tax Acts, or

(f) applying any provision of the Tax Acts (with or without modifications).

244N Discharge of liability of scheme administrator or manager

(1) In this section "operator" means—

(a) the scheme administrator of a registered pension scheme, or

(b) the scheme manager of a QROPS or former QROPS.

(2) If an operator is liable under section 244J, the operator may apply to an officer of Revenue and Customs for the discharge of the operator's liability on the following ground.

(3) The ground is that—

(a) the operator reasonably believed that there was no liability to the offshore transfer charge on the transfer concerned, and

(b) in all the circumstances of the case, it would not be just and reasonable for the operator to the charge on the transfer.

(4) On receiving an application under subsection (2), an officer of Revenue and Customs must decide whether to discharge the operator's liability.

(5) An officer of Revenue and Customs must notify the operator of the decision on the application.

(6) The discharge of the operator's liability does not affect the liability of any other person to overseas transfer charge on the transfer concerned.

(7) The Commissioners for Her Majesty's Revenue and Customs may by regulations make provision supplementing this section, including provision for time limits for making an application under this section."

(30) Part 4 of the Finance Act 2004 is further amended as follows.

(31) Section 169 (recognised transfers, and definition and obligations of a QROPS) is amended as follows.

(32) In subsection (2) (what makes a recognised overseas pension scheme a QROPS), after paragraph (b) insert—

"(ba) the scheme manager has confirmed to an officer of Revenue and Customs that the scheme manager understands the scheme manager's potential liability to overseas transfer charge and has undertaken to such an officer to operate the charge including by meeting the scheme manager's liabilities to the charge,".

(33) After subsection (2) insert—

"(2A) Regulations may make provision as to—

(a) information that is to be included in, or is to accompany, a notification under subsection (2)(a);

(b) the way and form in which such a notification, or any required information or evidence, is to be given or provided."

(34) After subsection (4) insert—

"(4ZA) Regulations may require a member, or former member, of a QROPS or former QROPS to give information of a prescribed description to the scheme manager of a QROPS or former QROPS."

(35) In subsection (4A) (inclusion of supplementary provision in regulations under subsection (4)), after "(4)" insert "or (4ZA)".

(36) After subsection (4B) insert—

"(4C) Provision under subsection (2A)(b) or (4A)(a) may, in particular, provide for use of a way or form specified by the Commissioners."

(37) After subsection (7) insert—

"(7A) Regulations may, in a case where—

(a) any of the sums and assets transferred by a relevant overseas transfer represent rights in respect of a pension to which a person has become entitled under the transferring scheme ("the original pension"), and

(b) those sums and assets are, after the transfer, applied towards the provision of a pension under the other scheme ("the new pension"),

provide that the new pension is to be treated, to such extent as is prescribed and for such of the purposes of this Part as are prescribed, as if it were the original pension.

(7B) For the purposes of subsection (7A), a "relevant overseas transfer" is a transfer of sums or assets held for the purposes of, or representing accrued rights under, a relevant overseas scheme ("the transferring scheme") so as to become held for the purposes of, or to represent rights under—

(a) another relevant overseas scheme, or

(b) a registered pension scheme,

in connection with a member of that pension scheme.

(7C) In subsection (7B) "relevant overseas scheme" means—

(a) a QROPS, or

(b) a relevant non-UK scheme (see paragraph 1(5) of Schedule 34).

(7D) Regulations under subsection (7A) may—

(a) apply generally or only in specified cases, and

(b) make different provision for different cases."

(38) In subsection (8) (interpretation)—

(e) in the opening words, after "subsections (4) to (6)" insert ", (7A) to (7D)", and

(f) in the definition of "relevant requirement", at the end insert ", or

(c) a requirement to pay overseas transfer charge, or interest on overseas transfer charge, imposed by regulations under section 244L(2) or by an assessment under such regulations."

(39) After Chapter 5 insert—

"CHAPTER 5A

REGISTERED PENSION SCHEMES ESTABLISHED OUTSIDE THE UNITED KINGDOM

242A Meaning of "non-UK registered scheme"

In this Chapter "non-UK registered scheme" means a registered pension scheme established in a country or territory outside the United Kingdom.

242B Meaning of "UK-relieved funds"

(1) For the purposes of this Chapter, the "UK-relieved funds" of a non-UK registered scheme are sums or assets held for the purposes of, or representing accrued rights under, the scheme—

(a) that (directly or indirectly) represent sums or assets that at any time were held for the purposes of, or represented accrued rights under, a registered pension scheme established in the United Kingdom,

(b) that (directly or indirectly) represent sums or assets that at any time formed the UK tax-relieved fund under a relevant non-UK scheme of a relieved member of that scheme, or

(c) that—

(i) are held for the purposes of, or represent accrued rights under, an arrangement under the scheme relating to a member of the scheme who on any day has been an accruing member of the scheme, and

(ii) in accordance with regulations made by the Commissioners for Her Majesty's Revenue and Customs, are to be taken to have benefited from relief from tax.

(2) In section 242B "relevant contribution" has the meaning given by regulation 14ZB(8) of the Information Regulations.

(3) Paragraphs (7) and (8) of regulation 14ZB of the Information Regulations (meaning of "accruing member") apply for the purposes of this section as for those of that regulation.

(4) "The Information Regulations" means the Registered Pension Schemes (Provision of Information) Regulations 2006 (S.I. 2006/567)."

(40) In section 254(6) (regulations about accounting for tax by scheme administrators), after paragraph (b) insert—

"(ba) repayments under section 244M to scheme administrators,".

(41) In section 255(1) (power to make provision for assessments), after paragraph (d) insert—

"(da) liability of the scheme administrator of a registered pension scheme, or the scheme manager of a qualifying recognised overseas pension scheme or of a former such scheme, to the overseas transfer charge,".

(42) In section 269(1)(a) (appeal against decision on discharge of liability), before "section 267(2)" insert "section 244N (discharge of liability to overseas transfer charge),".

(43) In section 9(1A) of the Taxes Management Act 1970 (tax not within the scope of self-assessment), after paragraph (a) insert—

"(aa) is chargeable, on the scheme manager of a qualifying recognised overseas pension scheme or a former such scheme, under Part 4 of the Finance Act 2004,".

(44) In Schedule 56 to the Finance Act 2009 (penalty for failure to make payments on time), in the Table in paragraph 1, after the entry for item 3 insert—

"3A	Income tax	Amount payable under regulations under section 244L(2)(a) of FA 2004	The date falling 30 days after the due date determined by or under the regulations"

(45) In regulation 3(1) of the Registered Pension Schemes (Accounting and Assessment) Regulations 2005 (S.I. 2005/3454), in Table 1, at the end insert—

"Charge under section 244A (overseas transfer charge).	1. The name, date of birth and national insurance number of each individual in whose case a transfer results in the scheme administrator becoming liable to the overseas transfer charge. 2. The date, and transferred value, of each transfer. 3. The reference number of the qualifying recognised overseas pension scheme to which each transfer is made. 4. The amount of tax due in respect of each transfer."

(46) The amendment made by paragraph (45) of this Resolution is to be treated as having been made by the Commissioners for Her Majesty's Revenue and Customs under the applicable powers to make regulations conferred by section 254 of the Finance Act 2004.

(47) The Pension Schemes (Information Requirements for Qualifying Overseas Pension Schemes, Qualifying Recognised Overseas Pension Schemes and Corresponding Relief) Regulations 2006 (S.I. 2006/208) are amended as follows.

(48) In regulation 1(2) (interpretation), after the definition of "HMRC" insert—

"onward transfer" has the meaning given by section 244A;".

(49) In regulation 3(2) (duty to provide information to HMRC)—

(a) in sub-paragraph (c), after "no relevant transfer fund remains" insert "and no ring-fenced transfer funds remain", and

(b) after sub-paragraph (d) insert—

"(da) if the payment is made to a QROPS—

(i) whether the overseas transfer charge arises on the payment,

(ii) if the charge does arise, the transferred value and the amount of charge the scheme manager deducted from the payment before making it,

(iii) if the charge does not arise, why it does not, and

(iv) the total amount or value of the member's relevant transfer fund, and ring-fenced transfer funds, remaining immediately after the payment;".

(50) In regulation 3, after paragraph (2) insert—

"(2A) Paragraphs (2B) and (2C) apply where—

(a) a recognised transfer is made to a QROPS, or

(b) an onward transfer is made by a QROPS or former QROPS.

"(2B) Where an event occurring before the end of the relevant period for the transfer (see section 244A(4)) means that the transfer no longer counts as excluded from the overseas transfer charge or that entitlement to repayment under section 244M arises, the scheme manager of the QROPS or former QROPS must, within 90 days after the date the scheme manager is notified of the event, provide to HMRC notification of—

(a) the occurrence, nature and date of the event,

(b) the transferred value of the transfer,

(c) the amount of overseas transfer charge on the transfer,

(d) whether, and to what extent, the scheme manager has accounted, or intends to account, for the charge, and

(e) the total amount or value of the member's relevant transfer fund, and ring-fenced transfer funds, remaining immediately after the event.

This paragraph is subject to the qualification in paragraph (3A).

(2C) Where the scheme manager of the QROPS or former QROPS becomes aware that the member has at any time in the relevant period for the transfer acquired a new residential address that is neither—

(a) in the country or territory in which the QROPS or former QROPS is established, nor

(b) in an EEA state,

the scheme manager is to notify that address to HMRC within 3 months after the date on which the scheme manager becomes aware of it."

(51) In regulation 3, after paragraph (3) insert—

"(3A) No obligation arises under paragraph (2B) in relation to a transfer if the following conditions are met—

(a) at the date of the transfer more than 10 years has elapsed since the key date for the ring-fenced transfer fund arising from the transfer (see paragraph 1 of Schedule 34); and

(b) the relevant member to whom the transfer is made is a person to whom the member payment provisions do not apply."

(52) In regulation 3(6), in the definition of "relevant member", after "relevant transfer fund" insert "or any ring-fenced transfer fund".

(53) In regulation 3AB(4), for the words from "as a result" to the end substitute "as a result of—

(a) a transfer of the member's relevant transfer fund,

(b) a transfer of any of the member's ring-fenced transfer funds, or

(c) a recognised transfer,

after the date of the relevant event concerned."

(54) In regulation 3AC—

(a) in paragraph (1)(a), before the "or" at the end of paragraph (i) insert—

"(ia) any of the member's ring-fenced transfer funds;", and

(b) in the title omit "relevant".

(55) In regulation 3AD—

(a) in paragraph (1)(a), before the "or" at the end of paragraph (i) insert—

"(ia) any of the member's ring-fenced transfer funds;",

(b) in paragraph (2), after sub-paragraph (a) insert—

"(aa) where any of the transferred sums or assets are referable to the member's UK-tax relieved fund, the value of so many of them as are referable to tax-relieved contributions, or tax-exempt provision, made under the scheme before 9 March 2017;

(ab) the value of so many of the transferred sums or assets as are referable to any of the member's ring-fenced transfer funds (if any);",

(c) in paragraph (2)(b) omit the "and" at the end,

(d) in paragraph (2)(c)(i), after "fund" insert "or any of the member's ring-fenced transfer funds",

(e) in paragraph (2)(c), in the words after paragraph (ii)—

(i) omit "it is", and

(ii) after "the date of that transfer" insert "and the date it was requested",

(f) in paragraph (2), after sub-paragraph (c) insert—

"(d) whether the overseas transfer charge arises on the transfer;

(e) if the charge does arise on the transfer—

(i) the transferred value of the transfer, and

(ii) the amount in respect of the charge deducted by the scheme manager from the transfer;

(f) if the transfer is excluded from the charge—

(i) the reason for its exclusion, and

(ii) where section 244G(2)(a) or (b) (charge paid on earlier transfer) is the reason for its exclusion, the date of the earlier transfer on which the charge was paid and the amount of charge paid on that earlier transfer; and.", and

(g) the relevant period for the transfer (see section 244A(4)).", and

(g) in the title omit "relevant".

(56) After regulation 3AD insert—

"3AE Information provided by member to QROPS: onward transfers

(1) Paragraph (4) applies where a member of a QROPS or former QROPS makes a request to the scheme manager to make an onward transfer to a QROPS.

(2) But paragraph (4) does not apply if—

(a) the transfer will be excluded from the overseas transfer charge by section 244G, or

(b) the transfer will take after the end of the relevant period (see section 244A(4)) for what would be the original transfer in relation to the requested onward transfer.

(3) In this regulation "original transfer", in relation to an onward transfer, has the meaning given by section 244A(5).

(4) The member must provide to the scheme manager—

(a) the member's name, date of birth and principal residential address,

(b) if the member is not UK resident for income tax purposes, the date when the member last ceased to be UK resident for those purposes,

(c) the member's national insurance number or, where applicable, confirmation that the member does not qualify for a national insurance number,

(d) the name and address of the QROPS to which the transfer is to be made,

(e) the country or territory under the law of which that QROPS is established and regulated,

(f) the reference number, if any, given by the Commissioners for that QROPS,

(g) whether the member knows for certain that the transfer would be excluded from the overseas transfer charge by one of sections 244D, 244E and 244F, and if the member does know that for certain—

(i) the section concerned (if known),

(ii) the name and address of the member's employer whose connection with the QROPS gives rise to exclusion of the transfer from the charge,

(iii) the member's job title as an employee of that employer,

(iv) the date the member's employment with that employer began, and

(v) if known, that employer's tax reference for that employment, and

(h) the member's acknowledgement in writing that the member—

(i) is aware that an onward transfer to a qualifying recognised overseas pension scheme may give rise to a liability to overseas transfer charge, and

(ii) is aware of the circumstances in which liability arises, in which liability is excluded from the outset and in which liability is excluded only if conditions continue to be met over a period of time.

(5) The information specified in paragraph (4) must be provided within 60 days beginning with the day the transfer request is made.

(6) The scheme manager must send the member notification of the requirements specified in this regulation within 30 days beginning with that day.

3AF Provision of information about liability for overseas transfer charge

(1) If an onward transfer is made from a QROPS or former QROPS and the overseas transfer charge arises on the transfer, the scheme manager of the QROPS or former QROPS must within 90 days after the date of the transfer provide the member with a notice stating—

(a) the date of the transfer,

(b) that overseas transfer charge arises on the transfer,

(c) the transferred value of the transfer,

(d) amount of the charge on the transfer,

(e) whether, and to what extent, the scheme manager has accounted, or intends to account, for the charge, and

(f) where the scheme manager has accounted for the charge, the date the scheme manager did so.

(2) If an onward transfer is made from a QROPS or former QROPS and the transfer is excluded from the overseas transfer charge by or under sections 244B to 244H, the scheme manager of the QROPS or former QROPS must within 90 days after the date of the transfer provide the member with a notice stating—

(a) the date of the transfer,

(b) that the transfer is excluded from the overseas transfer charge,

(c) the provision by reason of which the transfer is excluded, and

(d) where that provision is section 244B or 244C—

(i) when the relevant period for the transfer ends, and

(ii) how the transfer may turn out not to be excluded as a result of the member changing country or territory of residence within the relevant period for the transfer.

(3) Paragraph (4) applies if—

(a) a recognised transfer is made to a QROPS, or

(b) an onward transfer is made by a QROPS or former QROPS.

(4) Where an event occurring before the end of the relevant period for the transfer (see section 244A(4)) means that the transfer no longer counts as excluded from the overseas transfer charge or that entitlement to repayment under section 244M arises, the scheme manager of the QROPS or former QROPS must, within 90 days after the date the scheme manager is notified of the event, provide the member with a notice stating—

(a) the amount of overseas transfer charge on the transfer,

(b) whether, and to what extent, the scheme manager has accounted, or intends to account, for the charge, and

(c) where the scheme manager has accounted for the charge, the date the scheme manager did so.

3AG Accounting for overseas transfer charge on onward transfers

(1) Paragraph (2) applies where—

(a) overseas transfer charge arises on an onward transfer from a QROPS or former QROPS,

(b) the scheme manager has notified HMRC of the transfer or, where applicable, of the event triggering payability of the charge on the transfer, and

(c) HMRC have provided the scheme manager with an accounting reference for paying the charge on the transfer.

(2) The scheme manager must pay the charge to HMRC using the accounting reference.

(3) Payment of the charge is due at the end of the 91 days beginning with the date of issue of the accounting reference.

3AH Assessments of unpaid overseas transfer charge on onward transfers

(1) Where the correct amount of overseas transfer charge due from a scheme manager under regulation 3AG on an onward transfer has not been paid by the time it is due, an officer of Revenue and Customs must issue an assessment to tax to the scheme manager.

(2) Tax assessed under this regulation is payable within 30 days after the issue of the notice of assessment.

3AI Interest on overdue overseas transfer charge

(1) Tax which—

(a) becomes due and payable in accordance with regulation 3AG, or

(b) is assessed under regulation 3AH,

carries interest at the prescribed rate from the due date under regulation 3AG until payment ("the interest period").

(2) Paragraph (1) applies even if the due date is a non-business day as defined by section 92 of the Bills of Exchange Act 1882.

(3) The "prescribed rate" means the rate applicable under section 178 of the Finance Act 1989 for the purposes of section 86 of TMA.

(4) Any change made to the prescribed rate during the interest period applies to the unpaid amount from the date of the change.

3AJ Adjustments, repayments and interest on overpaid charge

(1) If the correct tax due under regulation 3AG has not been paid on or before the due date, an officer of Revenue and Customs may make such adjustments or repayments as may be required for securing that the resulting liabilities to tax (including interest on unpaid or overpaid tax) whether of the scheme manager or of any other person are the same as they would have been if the correct tax had been paid.

(2)Tax overpaid which is repaid to the scheme manager or any other person carries interest at the prescribed rate from the later of the due date and the date on which the tax was paid until the date of repayment ("the interest period").

(3) The "prescribed rate" means the rate applicable under section 178 of the Finance Act 1989 for the purposes of section 824 of the Income and Corporation Taxes Act 1988.

(4) Any change to the prescribed rate during the interest period applies to the overpaid amount from the date of the change."

(57) In regulation 3B (information on cessation of a QROPS), after "relevant transfer fund", in both places, insert ", or ring-fenced transfer fund,".

(58) In regulation 3C (correction of information)—

(a) in paragraph (3)(a)(i), after "existence" insert "or, where the information relates to a ring-fenced transfer fund in respect of the relevant member, more than 10 years has elapsed beginning with the date on which that ring-fenced transfer fund came into existence", and

(b) in paragraph (3)(b), at the end insert "and there are no ring-fenced transfer funds".

(59) In regulation 5(1) (application of provisions providing for penalties)—

(a) after "3(2)," insert "(2B) or (2C),", and

(b) before "or 3C(1)" insert ", 3AE(6), 3AF".

(60) The amendments made by paragraphs (47) to (59) of this Resolution—

(a) are, so far as they insert new regulation 3AE(1) to (5), to be treated as having been made by the Commissioners for Her Majesty's Revenue and Customs under the powers to make regulations conferred by section 169(4ZA) of the Finance Act 2004,

(b) are, so far as they insert new regulations 3AE(6) and 3AF and amend regulations 3 to 3AD and 3B to 5, to be treated as having been made by the Commissioners under the powers to make regulations under section 169(4) of the Finance Act 2004 (see section 169(4), (4A), (4B) and (4C) of that Act), and

(c) are, so far as they insert new regulations 3AG to 3AJ, to be treated as having been made by the Commissioners under the applicable powers to make regulations conferred by section 244L of the Finance Act 2004.

(61) The Registered Pension Schemes (Transfers of Sums and Assets) Regulations 2006 (S.I. 2006/499) are amended as follows.

(62) In regulation 5, the existing text becomes paragraph (1), and after that paragraph insert—

"(2)In paragraph (1)(a) "administration costs" includes, in particular, payments of overseas transfer charge."

(63) The amendments made by paragraph (62) of this Resolution are to be treated as made by the Commissioners for Her Majesty's Customs and Revenue under the powers to make regulations conferred by paragraph 2(4)(h) of Schedule 28 to the Finance Act 2004.

(64) The Registered Pension Schemes (Provision of Information) Regulations 2006 (S.I. 2006/567) are amended as follows

(65) In regulation 3(1) (provision of information by scheme administrators to HMRC), in column 2 of the entry in the Table for reportable event 9—

(a) after paragraph (g) insert—

"(ga) whether or not overseas transfer charge arises on the transfer;

(gb) if the transfer is excluded from the charge, the reason why it is excluded;

(gc) if the charge arises on the transfer—

(i) the transferred value, and

(ii) the amount in respect of the charge deducted from the transfer;", and

(b) after paragraph (h) insert—

"(ha) the reference number, if any, given by the Commissioners for the QROPS;".

(66) In regulation 3(7) (deadline for event report for reportable event 9), at the end insert "but, if the scheme administrator applies before the end of those 60 days for a repayment of overseas transfer charge on the transfer, the report must be delivered before the administrator applies for the repayment."

(67) In regulation 11BA(2) (information about transfer to be provided by member to scheme administrator)—

(a) in sub-paragraph (a), omit paragraphs (vi) and (vii), including the "and" at the end,

(b) after sub-paragraph (a) insert—

"(aa) the name and address of, and (if known) the reference number given by the Commissioners for, the qualifying recognised overseas pension scheme ("the QROPS");

(ab) the country or territory under the law of which the QROPS is established and regulated;

(ac) whether the member knows for certain that the transfer would be excluded from the overseas transfer charge by one of sections 244D, 244E and 244F, and if the member does know that for certain—

(i) the section concerned (if known),

(ii) the name and address of the member's employer whose connection with the QROPS gives rise to exclusion of the transfer from the charge,

(iii) the member's job title as an employee of that employer,

(iv) the date the member's employment with that employer began, and

(v) if known, that employer's tax reference for that employment;", and

(c) after sub-paragraph (b) insert "; and

(c) the member's acknowledgement in writing that the member—

(i) is aware that a recognised transfer to a qualifying recognised overseas pension scheme may give rise to a liability to overseas transfer charge, and

(ii) is aware of the circumstances in which liability arises, in which liability is excluded from the outset and in which liability is excluded only if conditions continue to be met over a period of time."

(68) After regulation 11BA insert—

"11BB Information provided by members to scheme administrators: potentially excluded transfers

(1) Paragraph (2) applies where—

(a) a recognised transfer is made by a registered pension scheme to a qualifying recognised overseas pension scheme, and

(b) the transfer is required by section 244B or 244C to be initially assumed to be excluded from the overseas transfer charge by that section

(2) Each time during the relevant period for the transfer that the member—

(a) becomes resident in a country or territory, or

(b) ceases to be resident in a country or territory,

the member must, within 60 days after the date that happens, inform the scheme administrator of the registered pension scheme that it has happened."

(69) After regulation 12 insert—

"12A Provision of information about liability for overseas transfer charge

(1) If a recognised transfer is made by a registered pension scheme to a qualifying recognised overseas pension scheme and the overseas transfer charge arises on the transfer, the scheme administrator of the registered pension scheme must within 90 days after the date of the transfer provide the member with a notice stating—

(a) the date of the transfer,

(b) that overseas transfer charge arises on the transfer,

(c) the transferred value of the transfer,

(d) the amount of the charge on the transfer,

(e) whether, and to what extent, the scheme administrator has accounted, or intends to account, for the charge, and

(f) where the scheme administrator has accounted for the charge, the date the scheme administrator did so.

(2) If a recognised transfer is made by a registered pension scheme to a qualifying recognised overseas pension scheme and the transfer is excluded from the overseas transfer charge by or under sections 244B to 244H, the scheme administrator of the registered pension scheme must within 90 days after the date of the transfer provide the member with a notice stating—

(a) the date of the transfer,

(b) that the transfer is excluded from the overseas transfer charge,

(c) the provision by reason of which the transfer is excluded, and

(d) where that provision is section 244B or 244C, how the transfer may turn out not to be excluded as a result of the member changing country or territory of residence within the relevant period for the transfer.

(3) If overseas transfer charge on a transfer is repaid to the scheme administrator of a registered pension scheme, the scheme administrator must within 90 days after the date of the repayment provide the member with a notice stating—

(a) the date of the repayment,

(b) the amount of the repayment, and

(c) the reason for the repayment."

(70) After regulation 14ZC insert—

"14ZCA Further information provided by scheme administrators on recognised transfers to overseas schemes

(1) This regulation applies if there is a recognised transfer from a registered pension scheme to a qualifying recognised overseas pensions scheme.

(2)The scheme administrator of the registered pension scheme must provide the scheme manager of the qualifying recognised overseas pension scheme with a statement—

(a) stating whether or not the overseas transfer charge arose on the transfer, and

(b) stating—

(i) if the charge arose, the amount of the charge, and

(ii) if the transfer is excluded from the charge, the reason why it is excluded.

(3) The requirement under paragraph (2) is to be complied with before the end of the 31 days beginning with the date of the transfer.

(4) Paragraph (5) applies if overseas transfer charge on the transfer is repaid to the scheme administrator of the registered pension scheme.

(5) The scheme administrator of the registered pension scheme must provide the scheme manager of the qualifying recognised overseas pension scheme with—

(a) a copy of the statement under paragraph (2),

(b) a statement that the original statement is inaccurate and that the overseas transfer charge on the transfer has been repaid to the scheme administrator, and

(c) the reason why the transfer is excluded from the charge.

(6) The requirement under paragraph (5) is to be complied with before the end of the 31 days beginning with the date of the repayment."

(71) The amendments made by paragraphs (64) to (70) of this Resolution are to be treated as made by the Commissioners for Her Majesty's Revenue and Customs under the applicable powers to make regulations conferred by section 251 of the Finance Act 2004.

(72) Subject to paragraphs (73) to (75) of this Resolution, the amendments made by paragraphs (29) to (70) of this Resolution have effect in relation to transfers made on or after 9 March 2017.

(73) The new section 169(2)(ba) of the Finance Act 2004—

(a) has effect on and after 9 March 2017 in the case of a recognised overseas pension scheme where—

(i) the notification mentioned in section 169(2)(a) of the Finance Act 2004 (notification that scheme is a recognised overseas pension scheme) is given on or after 9 March 2017, or

(ii) although that notification is given before 9 March 2017, the letter from the Commissioners for Her Majesty's Revenue and Customs advising the scheme of the reference number allocated to the scheme is dated on or after 9 March 2017, and

(b) has effect on and after 14 April 2017 in the case of a recognised overseas pension scheme where that letter is dated before 9 March 2017.

(74) The other amendments in section 169 of the Finance Act 2004, and the amendment in section 255 of that Act, come into force on 9 March 2017.

(75) The amendments in regulation 3(2) of the Pension Schemes (Information Requirements for Qualifying Overseas Pension Schemes, Qualifying Recognised Overseas Pension Schemes and Corresponding Relief) Regulations 2006 have effect in relation to payments made on or after 9 March 2017; and the new regulation 3AE inserted into those Regulations, and the reference to the new regulation 3AE(6) inserted into regulation 5(1) of those Regulations, have effect in relation to requests made on or after 9 March 2017.

(76) Overseas transfer charge on transfers made in the period beginning with 9 March 2017 and ending with 30 June 2017 is, for the purposes of section 254 of the Finance Act 2004, to be treated as charged in the 3 months ending with 30 September 2017.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

13. TRADE AND PROPERTY BUSINESS PROFITS

Resolved,

That provision may be made about the calculation of profits of trades, professions, vocations and property businesses for the purposes of income tax.

14. DEDUCTION OF INCOME TAX AT SOURCE

Resolved,

That—

(1) In Chapter 3 of Part 15 of the Income Tax Act 2007 (deduction of tax from certain payments of yearly interest), after section 888A insert—

"888B Designated dividends of investment trusts

The duty to deduct a sum representing income tax under section 874 does not apply to a dividend so far as it is treated as a payment of yearly interest by regulations under section 45 of FA 2009 (dividends designated by investment trust or prospective investment trust).

888C Interest distributions of certain open-ended investment companies

The duty to deduct a sum representing income tax under section 874 does not apply to a payment of yearly interest under section 373 of ITTOIA 2005 (in the case of certain open-ended investment companies, payments of yearly interest treated as made where distributable amount shown in accounts as yearly interest).

888D Interest distribution of certain authorised unit trusts

The duty to deduct a sum representing income tax under section 874 does not apply to a payment of yearly interest under section 376 of ITTOIA 2005 (in the case of certain authorised unit trusts, payments of yearly interest treated as made where distributable amount shown in accounts as yearly interest)."

(2) In section 45(2) of the Finance Act 2009 (provision that regulations may make about dividends of investment trusts) omit paragraph (c) (power to disapply duty to deduct tax under section 874 of the Income Tax Act 2007).

(3) In Chapter 3 of Part 15 of the Income Tax Act 2007 (deduction of tax from certain payments of yearly interest), after section 888D (inserted by this Resolution) insert—

"888E Interest on certain peer-to-peer lending

(1) The duty to deduct a sum representing income tax under section 874 does not apply to a payment of interest on an amount of peer-to-peer lending.

(2) In subsection (1) "peer-to-peer lending" means credit in relation to which the condition in subsection (4) is met.

(3) In this section—

"original borrower", in relation to any credit, means the person to whom the credit is originally provided,

"credit" includes a cash loan and any other form of financial accommodation, and

"original lender", in relation to any credit, means the person who originally provides the credit.

(4) The condition is that—

(a) the original borrower and the original lender enter the agreement under which the credit is provided at the invitation of a person ("the operator"),

(b) the operator makes the invitation in the course of, or in connection with, operating an electronic system,

(c) the operator's operation of the electronic system is an activity specified in article 36H(1) or (2D) of the Order (operating an electronic system in relation to lending), and

(d) the operator has permission under Part 4A of FISMA 2000 to carry on that activity.

(5) For the purposes of subsection (4), it does not matter if the agreement mentioned in subsection (4)(a) is not an article 36H agreement (as defined in article 36H of the Order).

(6) The Commissioners for Her Majesty's Revenue and Customs may by regulations make such amendments of the preceding provisions of this section as they consider appropriate in consequence of—

(a) the Order, or any part of it, being replaced (or further replaced) by provision in another instrument, or

(b) any amendment of the Order or any such other instrument.

(7) In this section "the Order" means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544)."

(4) The new sections 888B to 888D of the Income Tax Act 2007, and the repeal of section 45(2)(c) of the Finance Act 2009, have effect in relation to amounts treated as payments of yearly interest made on or after 6 April 2017.

(5) The new section 888E of the Income Tax Act 2007 has effect in relation to payments of interest made on or after 6 April 2017.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

15. GAINS FROM CONTRACTS FOR LIFE INSURANCE ETC

Resolved,

That provision may be made amending Chapter 9 of Part 4 of the Income Tax (Trading and Other Income) Act 2005.

16. VENTURE CAPITAL TRUSTS (EXCHANGE OF NON-QUALIFYING SHARES AND SECURITIES)

Resolved,

That provision may be made amending section 330 of the Income Tax Act 2007.

17. SOCIAL INVESTMENT TAX RELIEF

Resolved,

That provision may be made about social investment tax relief.

18. THE "NO DISQUALIFYING ARRANGEMENTS REQUIREMENT"

Resolved,

That provision may be made about the "no disqualifying arrangements requirement" for the purposes of the enterprise investment scheme, the seed enterprise investment scheme and venture capital trusts.

19. BUSINESS INVESTMENT RELIEF

Question put.

That provision may be made about business investment relief in Chapter A1 of Part 14 of the Income Tax Act 2007.

The House divided: Ayes 319, Noes 275.

Division No. 180] [6.59 pm

AYES

Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Benyon, rh Richard
Beresford, Sir Paul
Berry, Jake
Berry, James
Bingham, Andrew
Blackman, Bob
Blackwood, Nicola
Blunt, Crispin
Bone, Mr Peter
Borwick, Victoria
Bottomley, Sir Peter
Bradley, rh Karen
Brady, Mr Graham
Brazier, Sir Julian
Bridgen, Andrew
Buckland, Robert
Burns, Conor
Burns, rh Sir Simon
Burrowes, Mr David
Burt, rh Alistair
Cairns, rh Alun
Campbell, Mr Gregory
Carmichael, Neil
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Costa, Alberto
Courts, Robert
Cox, Mr Geoffrey
Crabb, rh Stephen
Crouch, Tracey
Davies, Byron
Davies, Chris
Davies, David T. C.
Davies, Glyn
Davies, Dr James
Davies, Mims
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donaldson, rh Sir Jeffrey M.
Donelan, Michelle
Double, Steve
Dowden, Oliver
Doyle-Price, Jackie
Drax, Richard
Drummond, Mrs Flick
Duddridge, James
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Elliott, Tom
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Mr Nigel
Evennett, rh David
Fabricant, Michael
Fallon, rh Sir Michael
Fernandes, Suella
Field, rh Mark
Foster, Kevin
Fox, rh Dr Liam
Francois, rh Mr Mark
Frazer, Lucy
Freeman, George
Freer, Mike
Fuller, Richard
Fysh, Marcus
Gale, Sir Roger
Garnier, rh Sir Edward
Garnier, Mark
Gauke, rh Mr David
Ghani, Nusrat
Gibb, rh Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, James
Grayling, rh Chris
Green, Chris

Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gummer, rh Ben
Gyimah, Mr Sam
Halfon, rh Robert
Hall, Luke
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, rh Matt
Hands, rh Greg
Harper, rh Mr Mark
Harrington, Richard
Harris, Rebecca
Harrison, Trudy
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, rh Mr John
Heald, rh Sir Oliver
Heappey, James
Heaton-Harris, Chris
Heaton-Jones, Peter
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoare, Simon
Hollingbery, George
Hollinrake, Kevin
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howarth, Sir Gerald
Howell, John
Howlett, Ben
Huddleston, Nigel
Hunt, rh Mr Jeremy
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, rh Sajid
Jenkin, Mr Bernard
Jenkyns, Andrea
Jenrick, Robert
Johnson, Dr Caroline
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kennedy, Seema
Kinahan, Danny
Kirby, Simon
Knight, Julian
Kwarteng, Kwasi
Lancaster, Mark
Latham, Pauline
Leadsom, rh Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward
Leslie, Charlotte
Letwin, rh Sir Oliver
Lewis, rh Brandon
Lewis, rh Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Mackinlay, Craig
Mackintosh, David
Main, Mrs Anne
Mak, Mr Alan
Malthouse, Kit
Mann, Scott
Mathias, Dr Tania
Maynard, Paul
McCartney, Jason
McCartney, Karl
McLoughlin, rh Sir Patrick
McPartland, Stephen
Menzies, Mark
Mercer, Johnny
Merriman, Huw
Metcalfe, Stephen
Miller, rh Mrs Maria
Milling, Amanda
Mills, Nigel
Milton, rh Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, rh Nicky
Morris, Anne Marie
Morris, David
Morris, James
Morton, Wendy
Mowat, David
Mundell, rh David
Murray, Mrs Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Dr Matthew
Opperman, Guy
Osborne, rh Mr George
Parish, Neil
Patel, rh Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, rh Mike
Penrose, John
Percy, Andrew
Perry, Claire
Philp, Chris
Pickles, rh Sir Eric
Pincher, Christopher
Poulter, Dr Daniel
Pow, Rebecca
Prentis, Victoria
Prisk, Mr Mark
Pursglove, Tom
Quin, Jeremy
Quince, Will
Raab, Mr Dominic
Redwood, rh John
Rees-Mogg, Mr Jacob
Robinson, Gavin
Robinson, Mary
Rosindell, Andrew
Rudd, rh Amber
Rutley, David
Sandbach, Antoinette
Scully, Paul
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simpson, David
Simpson, rh Mr Keith
Skidmore, Chris
Smith, Henry
Smith, Julian
Smith, Royston
Soames, rh Sir Nicholas
Solloway, Amanda
Soubry, rh Anna
Spelman, rh Dame Caroline
Spencer, Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Graham
Sturdy, Julian
Sunak, Rishi
Swayne, rh Sir Desmond
Swire, rh Sir Hugo
Syms, Mr Robert
Thomas, Derek
Throup, Maggie
Timpson, Edward
Tolhurst, Kelly
Tomlinson, Justin
Tomlinson, Michael
Tracey, Craig
Tredinnick, David
Trevelyan, Mrs Anne-Marie
Truss, rh Elizabeth
Tugendhat, Tom
Turner, Mr Andrew
Tyrie, rh Mr Andrew
Vaizey, rh Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Warburton, David
Warman, Matt
Watkinson, Dame Angela
Wharton, James
Whately, Helen
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, rh Mr John
Wiggin, Bill
Williams, Craig
Williamson, rh Gavin
Wilson, Mr Rob
Wilson, Sammy
Wollaston, Dr Sarah
Wragg, William
Wright, rh Jeremy
Zahawi, Nadhim

Tellers for the Ayes:
Steve Brine and
Andrew Griffiths

NOES

Abbott, rh Ms Diane
Abrahams, Debbie
Ahmed-Sheikh, Ms Tasmina
Alexander, Heidi
Ali, Rushanara
Allin-Khan, Dr Rosena
Arkless, Richard
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bardell, Hannah
Barron, rh Sir Kevin
Beckett, rh Margaret
Benn, rh Hilary
Betts, Mr Clive
Black, Mhairi
Blackford, Ian
Blackman, Kirsty
Blenkinsop, Tom
Blomfield, Paul
Boswell, Philip
Brabin, Tracy
Bradshaw, rh Mr Ben
Brake, rh Tom
Brock, Deidre
Brown, Alan
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Richard
Butler, Dawn
Byrne, rh Liam
Cadbury, Ruth
Cameron, Dr Lisa
Campbell, rh Mr Alan
Carmichael, rh Mr Alistair
Champion, Sarah
Chapman, Douglas
Chapman, Jenny
Cherry, Joanna
Clegg, rh Mr Nick
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Julie
Cooper, Rosie
Cooper, rh Yvette
Corbyn, rh Jeremy
Cowan, Ronnie
Coyle, Neil
Crausby, Sir David
Crawley, Angela
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cummins, Judith
Cunningham, Alex
Cunningham, Mr Jim
Dakin, Nic
Danczuk, Simon
David, Wayne
Davies, Geraint
Day, Martyn
De Piero, Gloria
Docherty-Hughes, Martin
Donaldson, Stuart Blair
Doughty, Stephen
Dowd, Jim
Dowd, Peter
Dromey, Jack
Dugher, Michael

Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Elmore, Chris
Esterson, Bill
Evans, Chris
Farrelly, Paul
Farron, Tim
Fellows, Marion
Ferrier, Margaret
Field, rh Frank
Fitzpatrick, Jim
Flello, Robert
Fletcher, Colleen
Flint, rh Caroline
Flynn, Paul
Foxcroft, Vicky
Furniss, Gill
Gapes, Mike
Gardiner, Barry
Gethins, Stephen
Gibson, Patricia
Glass, Pat
Glindon, Mary
Godsiff, Mr Roger
Goodman, Helen
Grady, Patrick
Grant, Peter
Gray, Neil
Green, Kate
Greenwood, Lilian
Greenwood, Margaret
Griffith, Nia
Gwynne, Andrew
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Carolyn
Hayes, Helen
Hayman, Sue
Healey, rh John
Hendrick, Mr Mark
Hendry, Drew
Hermon, Lady
Hillier, Meg
Hodgson, Mrs Sharon
Hoey, Kate
Hollern, Kate
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Huq, Dr Rupa
Hussain, Imran
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Gerald
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Kane, Mike
Keeley, Barbara
Kendall, Liz
Kerevan, George
Kerr, Calum
Kinnock, Stephen
Kyle, Peter
Lamb, rh Norman
Lammy, rh Mr David
Lavery, Ian
Law, Chris
Lewell-Buck, Mrs Emma
Lewis, Clive
Lewis, Mr Ivan
Long Bailey, Rebecca
Lucas, Caroline
Lucas, Ian C.
Lynch, Holly
MacNeil, Mr Angus Brendan
Mactaggart, rh Fiona
Madders, Justin
Mahmood, Mr Khalid
Malhotra, Seema
Mann, John
Marris, Rob
Marsden, Gordon
Maskell, Rachael
Matheson, Christian
Mc Nally, John
McCabe, Steve
McCaig, Callum
McCarthy, Kerry
McDonagh, Siobhain
McDonald, Andy
McDonald, Stewart Malcolm
McDonald, Stuart C.
McDonnell, Dr Alasdair
McDonnell, rh John
McFadden, rh Mr Pat
McGarry, Natalie
McGinn, Conor
McGovern, Alison
McInnes, Liz
McKinnell, Catherine
McLaughlin, Anne
McMahon, Jim
Meale, Sir Alan
Mearns, Ian
Miliband, rh Edward
Monaghan, Carol
Monaghan, Dr Paul
Moon, Mrs Madeleine
Morden, Jessica
Mulholland, Greg
Mullin, Roger
Murray, Ian
Nandy, Lisa
Newlands, Gavin
Nicolson, John
O'Hara, Brendan
Olney, Sarah
Onn, Melanie
Osamor, Kate
Oswald, Kirsten
Owen, Albert
Paterson, Steven
Pearce, Teresa
Pennycook, Matthew
Phillips, Jess
Phillipson, Bridget
Pound, Stephen
Powell, Lucy
Pugh, John
Qureshi, Yasmin
Rayner, Angela
Reed, Mr Steve
Rees, Christina
Reynolds, Jonathan
Rimmer, Marie
Ritchie, Ms Margaret
Robertson, rh Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Ryan, rh Joan
Salmond, rh Alex
Saville Roberts, Liz
Shah, Naz
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheppard, Tommy
Sherriff, Paula
Shuker, Mr Gavin
Siddiq, Tulip
Skinner, Mr Dennis
Slaughter, Andy
Smeeth, Ruth
Smith, rh Mr Andrew
Smith, Angela
Smith, Cat
Smith, Jeff
Smith, Owen
Smyth, Karin
Snell, Gareth
Spellar, rh Mr John
Stephens, Chris
Streeting, Wes
Stringer, Graham
Stuart, rh Ms Gisela
Tami, Mark
Thewliss, Alison
Thomas-Symonds, Nick
Thompson, Owen
Thomson, Michelle
Thornberry, rh Emily
Timms, rh Stephen
Trickett, Jon
Turley, Anna
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Weir, Mike
West, Catherine
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Whitford, Dr Philippa
Williams, Hywel
Williams, Mr Mark
Wilson, Corri
Wilson, Phil
Winnick, Mr David
Winterton, rh Dame Rosie
Wishart, Pete
Wright, Mr Iain
Zeichner, Daniel

Tellers for the Noes:
Thangam Debbonaire and Nick Smith

Question accordingly agreed to.

20. CORPORATION TAX RELIEF FOR LOSSES ETC

Resolved,

That provision may be made about corporation tax relief for losses, deficits, expenses and other amounts.

21. CORPORATE INTEREST RESTRICTION

Resolved,

That provision may be made about the amounts that may be brought into account for the purposes of corporation tax in respect of interest and other financing costs.

22. PROFITS ARISING FROM THE EXPLOITATION OF PATENTS

Resolved,

That provision may be made amending Part 8A of the Corporation Tax Act 2010.

23.TRADING PROFITS TAXABLE AT THE NORTHERN IRELAND RATE

Resolved,

That provision may be made about the charge to corporation tax at the Northern Ireland rate on trading profits.

24. CHARGEABLE GAINS

Resolved,

That provision may be made amending the Taxation of Chargeable Gains Act 1992.

25. DOMICILE

Resolved,

That provision may be made for tax purposes—

(a) deeming individuals to be domiciled in the United Kingdom, and

(b) in relation to settlements with a settlor domiciled outside the United Kingdom at any time.

26. VALUE OF CERTAIN BENEFITS

Resolved,

That provision may be made about the value of benefits for the purposes of Chapter 2 of Part 13 of the Income Tax Act 2007 or Chapter 5 of Part 5 of the Income Tax (Trading and Other Income) Act 2005.

27. INHERITANCE TAX (OVERSEAS PROPERTY)

Resolved,

That provision may be made for inheritance tax purposes about overseas assets with value attributable to residential property in the United Kingdom.

28. EMPLOYEE SHAREHOLDER SHARES

Resolved,

That provision (including provision having retrospective effect) may be made about the treatment for tax purposes of employee shareholder shares.

29. EMPLOYMENT INCOME PROVIDED THROUGH THIRD PARTIES

Resolved,

That—

(1) Part 7A of the Income Tax (Earnings and Pensions) Act 2003 is amended as follows.

(2) In section 554A(2) (meaning of "relevant step"), at the end insert "(including such a step where the taking of the step, or some aspect of the taking of the step, constitutes a breach of trust or is a constituent part of a breach of trust, and even if the step or aspect is void as a result of breach of trust)."

(3) Section 554C (relevant steps: payment of sum, transfer of asset etc.) is amended as follows.

(4) In subsection (1), after paragraph (a) insert—

"(aa) acquires a right to a payment of a sum of money, or to a transfer of assets, where there is a connection (direct or indirect) between the acquisition of the right and—

(i) a payment made, by way of a loan or otherwise, to a relevant person, or

(ii) a transfer of assets to a relevant person,

(ab) releases or writes off the whole or a part of—

(i) a loan made to a relevant person, or

(ii) an acquired right of the kind mentioned in paragraph (aa),".

(5) After subsection (3) insert—

"(3A) For the purposes of subsection (1) "loan" includes—

(a) any form of credit, and

(b) a payment that is purported to be made by way of a loan.

(3b) Subsection (3C) applies where a person ("T") acquires from another person ("L") (whether or not for consideration)—

(a) a right to payment of the whole or part of a loan where T is the person liable (at the time of the acquisition of the right) to repay the loan, or

(b) a right to payment of a sum of money, or to a transfer of assets, where T is the person liable (at the time of the acquisition of the right) to pay the sum, or transfer the assets.

(3c) L is to be treated for the purposes of subsection (1)(ab) as releasing—

(a) in a case within subsection (3B)(a), the loan or the relevant part of it;

(b) a case within subsection (3B)(b), the right or the relevant part of it."

(6) In section 554A(4) (non-application of Chapter 2 where relevant step taken on or after A's death)—

(g) omit "within section 554B", and

(h) at the end insert "if—

(a) the relevant step is within section 554B, or

(b) the relevant step is within section 554C by virtue of subsection (1)(ab) of that section."

(7) After section 554O insert—

"554OA Exclusions: transfer of employment-related loans

(1) Chapter 2 does not apply by reason of a relevant step taken by a person ("P") if—

(a) the step is acquiring a right to payment of an amount equal to the whole or part of a payment made by way of a loan to a relevant person (the "borrower"),

(b) the loan, at the time it was made, was an employment-related loan,

(c) at the time the relevant step is taken, the section 180 threshold is not exceeded in relation to the loan,

(d) at the time the relevant step is taken, the borrower is an employee, or a prospective employee, of P, and

(e) there is no connection (direct or indirect) between the relevant step and a tax avoidance arrangement.

(2) For the purposes of this section, the section 180 threshold is not exceeded in relation to a loan if, at all times in the relevant tax year—

(a) the amount outstanding on the loan, or

(b) if two or more employment-related loans are made by the same employer, the aggregate of the amount outstanding on them,

does not exceed the amount specified at the end of section 180(2)(normal threshold for benefit of a loan to be treated as earnings).

(3) Subsection (4) applies if—

(a) two or more employment-related loans are made by the same employer, and

(b) during the relevant tax year, a person acquires a right to payment of an amount (the "transfer amount") equal to the whole or part of the payment made by way of any of the loans.

(4) The transfer amount is to be treated as an "amount outstanding" on that loan for the purposes of subsection (2)(b).

(5) In this section—

(a) "employment-related loan" has the same meaning as it has for the purposes of Chapter 7 of Part 3;

(b) "relevant tax year" means the tax year in which the relevant step is taken."

(8) In section 554Z(10)(b) (interpretation: relevant step which involves a sum of money), after "section 554C(1)(a)" insert "to (ab)".

(9) In section 554Z12(1) (relevant step taken after A's death etc.), after "554C" insert ", by virtue of subsection (1)(a) or (b) to (e) of that section,".

(10) For section 554Z5 (overlap with earlier relevant step) substitute—

"554Z5 Overlap with money or asset subject to earlier tax liability

(1) This section applies if there is overlap between—

(a) the sum of money or asset ("sum or asset P") which is the subject of the relevant step, and

(b) a sum of money or asset ("sum or asset Q") by reference to which, on an occasion that occurred before the relevant step is taken, A became subject to a liability for income tax ("the earlier tax liability").

(2) But this section does not apply where—

(a) the earlier tax liability arose by reason of a step within section 554B taken in a tax year before 6 April 2011, and

(b) the value of the relevant step is (or if large enough would be) reduced under paragraph 59 of Schedule 2 to FA 2011.

(3) Where either the payment condition or the liability condition is met, the value of the relevant step is reduced (but not below nil) by an amount equal to so much of the sum of money, or (as the case may be) the value of so much of the asset, as is within the overlap.

(4) The payment condition is that, at the time the relevant step is taken—

(a) the earlier tax liability has become due and payable, and

(b) either—

(i) it has been paid in full, or

(ii) the person liable for the earlier tax liability has agreed terms with an officer of Revenue and Customs for the discharge of that liability.

(5) The liability condition is that, at the time the relevant step is taken, the earlier tax liability is not yet due and payable.

(6) For the purposes of this section there is overlap between sum or asset P and sum or asset Q so far as it is just and reasonable to conclude that—

(a) they are the same sum of money or asset, or

(b) sum or asset P directly, or indirectly, represents sum or asset Q.

(7) Subsection (8) applies where—

(a) the earlier tax liability arose by virtue of the application of this Chapter by reason of an earlier relevant step (the "earlier relevant step"), and

(b) reductions were made under this section to the value of the earlier relevant step.

(8) Where this subsection applies, sum or asset P is treated as overlapping with any other sum of money or asset so far as the other sum of money or asset was treated as overlapping with sum or asset Q for the purposes of this section.

(9) In subsection (1)(b)—

(a) the reference to A includes a reference to any person linked with A, and

(b) the reference to a liability for income tax does not include a reference to a liability for income tax arising by reason of section 175 (benefit of taxable cheap loan treated as earnings).

(10) In subsection (3) the reference to the value of the relevant step is a reference to that value—

(a) after any reductions made to it under section 554Z4, this section or 554Z7, but

(b) before any reductions made to it under section 554Z6 or 554Z8.

(11) For the purposes of subsection (4)(b)(i) a person is not to be regarded as having paid any tax by reason only of making—

(a) a payment on account of income tax,

(b) a payment that is treated as a payment on account under section 223(3) of FA 2014 (accelerated payments), or

(c) a payment pending determination of an appeal made in accordance with section 55 of TMA 1970."

(11) Paragraph 59 of Schedule 2 to the Finance Act 2011 (transitional provision relating to Part 7A of the Income Tax (Earnings and Pensions) Act 2003) is amended in accordance with paragraphs (12) and (13).

(12) In sub-paragraph (1)(f), after "554Z4" insert "and 554Z6".

(13) In the opening words of sub-paragraph (2), after "554Z4" insert "and 554Z6".

(14) The amendments made by paragraphs (1) to (10) of this Resolution have effect in relation to relevant steps taken on or after 6 April 2017.

(15) The amendments made by paragraphs (11) to (13) of this Resolution have effect in relation to chargeable steps (as defined in paragraph 59 of Schedule 2 to the Finance Act 2011) taken on or after 6 April 2017.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

30. DISGUISED REMUNERATION SCHEMES

Resolved,

That—

(a) provision may be made amending—

(i) sections 38 and 866 of the Income Tax (Trading and Other Income) Act 2005, and

(ii) section 1290 of the Corporation Tax Act 2009;

(b) provision may be made about the income tax treatment of benefits arising in pursuance of an arrangement in connection with a trade.

31. TRANSACTIONS IN LAND IN THE UNITED KINGDOM

Resolved,

That provision may be made in relation to the amendments made by sections 76 to 80 of the Finance Act 2016.

32. CO-OWNERSHIP AUTHORISED CONTRACTUAL SCHEMES

Resolved,

That provision may be made about co-ownership authorised contractual schemes.

33. VAT (ZERO-RATING OF ADAPTED MOTOR VEHICLES ETC)

Resolved,

That—

(1) In Schedule 8 to the Value Added Tax Act 1994 (zero-rating), Group 12 (drugs, medicines, aids for the handicapped etc) is amended as follows.

(2) For item 2A substitute—

"2A (1) The supply of a motor vehicle (other than a motor vehicle capable of carrying more than 12 persons including the driver) to a person ("P") if—

(a) the motor vehicle is a qualifying motor vehicle by virtue of paragraph (2) or (3),

(b) P is a disabled person to whom paragraph (4) applies, and

(c) the vehicle is supplied for domestic or P's personal use.

(2) A motor vehicle is a "qualifying motor vehicle" by virtue of this paragraph if it is designed to enable a person to whom paragraph (4) applies to travel in it.

(3) A motor vehicle is a "qualifying motor vehicle" by virtue of this paragraph if—

(a) it has been substantially and permanently adapted to enable a person to whom paragraph (4) applies to travel in it, and

(b) the adaptation is necessary to enable P to travel in it.

(4) This paragraph applies to a disabled person—

(a) who usually uses a wheelchair, or

(b) who is usually carried on a stretcher.

2B (1) The supply of a qualifying motor vehicle (other than a motor vehicle capable of carrying more than 12 persons including the driver) to a charity for making available, by sale or otherwise to a person to whom paragraph (3) applies, for domestic or the person's personal use.

(2) A motor vehicle is a "qualifying motor vehicle" for the purposes of this item if it is designed or substantially and permanently adapted to enable a disabled person to whom paragraph (3) applies to travel in it.

(3) This paragraph applies to a disabled person—

(a) who usually uses a wheelchair, or

(b) who is usually carried on a stretcher."

(3) In Schedule 8 to the Value Added Tax Act 1994, in Group 12—

(a) omit Note (5L), and

(b) before Note (6) insert—

"(5M) For the purposes of Notes (5N) to (5S), the supply of a motor vehicle is a "relevant supply" if it is a supply of goods (which is made in the United Kingdom).

(5N) In the case of a relevant supply of a motor vehicle to a disabled person ("the new supply"), items 2(f) and 2A do not apply if, in the period of 3 years ending with the day on which the motor vehicle is made available to the disabled person—

(a) a reckonable zero-rated supply of another motor vehicle has been made to that person, or

(b) that person has made a reckonable zero-rated acquisition, or reckonable zero-rated importation, of another motor vehicle.

(5O) If a relevant supply of a motor vehicle is made to a disabled person and—

(a) any reckonable zero-rated supply of another motor vehicle has previously been made to the person, or

(b) any reckonable zero-rated acquisition or importation of another motor vehicle has previously been made by the person,

the reckonable zero-rated supply or (as the case may be) reckonable zero-rated importation or acquisition is treated for the purposes of Note (5N) as not having been made if either of the conditions in Note (5P) is met.

(5P) The conditions mentioned in Note (5O) are that—

(a) at the time of the new supply (see Note (5N)) the motor vehicle mentioned in Note (5O)(a) or (b) is unavailable for the disabled person's use because—

(i) it has been stolen, or

(ii) it has been destroyed, or damaged beyond repair (accidentally, or otherwise in circumstances beyond the disabled person's control), or

(b) the Commissioners are satisfied that (at the time of the new supply) the motor vehicle mentioned in Note (5O)(a) or (b) has ceased to be suitable for the disabled person's use because of changes in the person's condition.

(5Q) In the case of a relevant supply of a motor vehicle to a disabled person, items 2(f) and 2A cannot apply unless the supplier—

(a) gives to the Commissioners, before the end of the period of 12 months beginning with the day on which the supply is made, any information and supporting documentary evidence that may be specified in a notice published by them, and

(b) in doing so complies with any requirements as to method set out in the notice.

(5R) In the case of a relevant supply of a motor vehicle to a disabled person, items 2(f) and 2A cannot apply unless, before the supply is made, the person making the supply has been given a certificate in the required form which—

(a) states that the supply will not fall within Note (5N), and

(b) sets out any other matters, and is accompanied by any supporting documentary evidence, that may be required under a notice published by the Commissioners for the purposes of this Note.

(5S) The information that may be required under Note (5Q)(a) includes—

(a) the name and address of the disabled person and details of the person's disability, and

(b) any other information that may be relevant for the purposes of that Note,

(and the matters that may be required under Note (5R)(b) include any information that may be required for the purposes of Note (5Q)).

(5T) In Notes (5N) to (5S)—

"in the required form" means complying with any requirements as to form that may be specified in a notice published by the Commissioners;

"reckonable zero-rated acquisition", in relation to a motor vehicle, means an acquisition of the vehicle from another member State in a case where—

(a) VAT is not chargeable on the acquisition as a result of item 2(f) or 2A, and

(b) the acquisition takes place on or after 1 April 2017;

"reckonable zero-rated importation", in relation to a motor vehicle, means an importation of the vehicle from a place outside the member States in a case where—

(a) VAT is not chargeable on the importation as a result of item 2(f) or 2A, and

(b) the importation takes place on or after 1 April 2017;

"reckonable zero-rated supply", in relation to a motor vehicle, means a supply of the vehicle which—

(a) is a supply of goods,

(b) is zero-rated as a result of item 2(f) or 2A, and

(c) is made on or after 1 April 2017

(5U) In items 2A and 2B references to design, or adaptation, of a motor vehicle to enable a person (or a person of any description) to travel in it are to be read as including a reference to design or, as the case may be, adaptation of the motor vehicle to enable the person (or persons of that description) to drive it."

(4) Section 62 of the Value Added Tax Act 1994 (incorrect certificates as to zero-rating etc) is amended as follows.

(5) After subsection (1A) insert—

"(1B) Where—

(a) a person gives a certificate for the purposes of Note (5R) to Group 12 of Schedule 8 with respect to a supply of a motor vehicle, and

(b) the certificate is incorrect,

the person giving the certificate is to be liable to a penalty."

(6) In subsection (2), at the end insert—

"(c) in a case where it is imposed by virtue of subsection (1B), the difference between—

(i) the amount of the VAT which would have been chargeable on the supply if the certificate had been correct, and

(ii) the amount of VAT actually chargeable."

(7) Schedule 8 to the Value Added Tax Act 1994 is amended as follows.

(8) In Part 1 (index to zero-rated supplies of goods and services)—

(a) in the entry relating to Group 12, for "handicapped" substitute "disabled";

(b) in the entry relating to Group 4, for "handicapped" substitute "disabled".

(9) In Group 4 (talking books for the blind and handicapped and wireless sets for the blind)—

(a) in item 1, for each occurrence of "handicapped" substitute "disabled";

(b) in the heading, for “handicapped” substitute “disabled”.

(10) In Group 12 (drugs, medicines, aids for the handicapped etc)—

(a) in items 2 to 19 and Notes (1) and (5B) to (9), for each occurrence of “handicapped” substitute “disabled”;

(b) for Note (3) substitute—

“(3) Any person who is chronically sick or disabled is “disabled” for the purposes of this Group.”;

(c) in the heading, for “handicapped” substitute “disabled”.

(11) In Group 15 (charities etc)—

(a) in item 5 and Notes (1C) to (4A), (5A) and (5B), for “handicapped” substitute “disabled”;

(b) for Note (5) substitute—

“(5) Any person who is chronically sick or disabled is “disabled” for the purposes of this Group.”

(12) The amendments made by this Resolution have effect in relation to supplies made, and acquisitions and importations taking place, on or after 1 April 2017.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

34. INSURANCE PREMIUM TAX (STANDARD RATE)

Question put,

That—

(1) In section 51(2)(b) of the Finance Act 1994 (standard rate of insurance premium tax), for “10 per cent” substitute “12 per cent”.

(2) Subject to paragraph (3), the amendment made by paragraph (1) has effect in relation to a premium falling to be regarded for the purposes of Part 3 of the Finance Act 1994 as received under a taxable insurance contract by an insurer on or after 1 June 2017.

(3) That amendment does not have effect in relation to a premium falling within paragraph (4), unless the premium falls to be regarded for the purposes of Part 3 of the Finance Act 1994 as received under a taxable insurance contract by an insurer on or after 1 June 2018.

(4) A premium falls within this paragraph if it is in respect of a risk for which the period of cover begins before 1 June 2017.

(5) In the application of sections 66A and 66B of the Finance Act 1994 (anti-forestalling provision) in relation to the increase in insurance premium tax made by this Resolution, the announcement relating to that increase is to be taken to have been made on 8 March 2017 (and “the change date” is to be taken to be 1 June 2017).

(6) This Resolution is to be read with section 66C of the Finance Act 1994 (premiums relating to more than one period of cover).

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

The House divided: Ayes 309, Noes 286.

Division No. 181] [7.14 pm

AYES

Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Benyon, rh Richard
Beresford, Sir Paul
Berry, Jake
Berry, James
Bingham, Andrew
Blackman, Bob
Blackwood, Nicola
Blunt, Crispin
Bone, Mr Peter
Borwick, Victoria
Bottomley, Sir Peter
Bradley, rh Karen
Brazier, Sir Julian
Bridgen, Andrew
Buckland, Robert
Burns, Conor
Burns, rh Sir Simon
Burrowes, Mr David
Burt, rh Alistair
Cairns, rh Alun
Carmichael, Neil
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Costa, Alberto
Courts, Robert
Cox, Mr Geoffrey
Crabb, rh Stephen
Crouch, Tracey
Davies, Byron
Davies, Chris
Davies, David T. C.
Davies, Glyn
Davies, Dr James
Davies, Mims
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Donelan, Michelle
Double, Steve
Dowden, Oliver
Doyle-Price, Jackie
Drax, Richard
Drummond, Mrs Flick
Duddridge, James
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Mr Nigel
Evennett, rh David
Fabricant, Michael
Fallon, rh Sir Michael
Fernandes, Suella
Field, rh Mark
Foster, Kevin
Fox, rh Dr Liam
Francois, rh Mr Mark
Frazer, Lucy
Freeman, George
Freer, Mike
Fuller, Richard
Fysh, Marcus
Gale, Sir Roger
Garnier, rh Sir Edward
Garnier, Mark
Gauke, rh Mr David
Ghani, Nusrat
Gibb, rh Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, James
Grayling, rh Chris
Green, Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gummer, rh Ben
Gyimah, Mr Sam
Halfon, rh Robert
Hall, Luke
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, rh Matt
Hands, rh Greg
Harper, rh Mr Mark
Harrington, Richard
Harris, Rebecca
Harrison, Trudy
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, rh Mr John
Heald, rh Sir Oliver
Heappey, James
Heaton-Harris, Chris
Heaton-Jones, Peter
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoare, Simon
Hollingbery, George
Hollinrake, Kevin
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howarth, Sir Gerald
Howell, John
Howlett, Ben
Huddleston, Nigel
Hunt, rh Mr Jeremy
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, rh Sajid
Jenkin, Mr Bernard
Jenkyns, Andrea
Jenrick, Robert
Johnson, Dr Caroline
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kennedy, Seema
Kirby, Simon
Knight, Julian

Kwarteng, Kwasi
Lancaster, Mark
Latham, Pauline
Leadsom, rh Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward
Leslie, Charlotte
Letwin, rh Sir Oliver
Lewis, rh Brandon
Lewis, rh Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Mackinlay, Craig
Mackintosh, David
Main, Mrs Anne
Mak, Mr Alan
Malthouse, Kit
Mann, Scott
Mathias, Dr Tania
Maynard, Paul
McCartney, Jason
McCartney, Karl
McLoughlin, rh Sir Patrick
McPartland, Stephen
Menzies, Mark
Mercer, Johnny
Merriman, Huw
Metcalfe, Stephen
Miller, rh Mrs Maria
Milling, Amanda
Mills, Nigel
Milton, rh Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, rh Nicky
Morris, Anne Marie
Morris, David
Morris, James
Morton, Wendy
Mowat, David
Mundell, rh David
Murray, Mrs Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Dr Matthew
Opperman, Guy
Osborne, rh Mr George
Parish, Neil
Patel, rh Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, rh Mike
Penrose, John
Percy, Andrew
Perry, Claire
Philp, Chris
Pickles, rh Sir Eric
Pincher, Christopher
Poulter, Dr Daniel
Pow, Rebecca
Prentis, Victoria
Prisk, Mr Mark
Pursglove, Tom
Quin, Jeremy
Quince, Will
Raab, Mr Dominic
Redwood, rh John
Rees-Mogg, Mr Jacob
Robinson, Mary
Rosindell, Andrew
Rudd, rh Amber
Rutley, David
Sandbach, Antoinette
Scully, Paul
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simpson, rh Mr Keith
Skidmore, Chris
Smith, Henry
Smith, Julian
Smith, Royston
Soames, rh Sir Nicholas
Solloway, Amanda
Soubry, rh Anna
Spelman, rh Dame Caroline
Spencer, Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Graham
Sturdy, Julian
Sunak, Rishi
Swayne, rh Sir Desmond
Swire, rh Sir Hugo
Syms, Mr Robert
Thomas, Derek
Throup, Maggie
Timpson, Edward
Tolhurst, Kelly
Tomlinson, Justin
Tomlinson, Michael
Tracey, Craig
Tredinnick, David
Trevelyan, Mrs Anne-Marie
Truss, rh Elizabeth
Tugendhat, Tom
Turner, Mr Andrew
Tyrie, rh Mr Andrew
Vaizey, rh Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Warburton, David
Warman, Matt
Watkinson, Dame Angela
Wharton, James
Whately, Helen
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, rh Mr John
Wiggin, Bill
Williams, Craig
Williamson, rh Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wragg, William
Zahawi, Nadhim

Tellers for the Ayes:
Steve Brine and
Andrew Griffiths

NOES

Abbott, rh Ms Diane
Abrahams, Debbie
Ahmed-Sheikh, Ms Tasmina
Alexander, Heidi
Ali, Rushanara
Allin-Khan, Dr Rosena
Arkless, Richard
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bardell, Hannah
Barron, rh Sir Kevin
Beckett, rh Margaret
Benn, rh Hilary
Betts, Mr Clive
Black, Mhairi
Blackford, Ian
Blackman, Kirsty
Blenkinsop, Tom
Blomfield, Paul
Boswell, Philip
Brabin, Tracy
Bradshaw, rh Mr Ben
Brake, rh Tom
Brock, Deidre
Brown, Alan
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Richard
Butler, Dawn
Byrne, rh Liam
Cadbury, Ruth
Cameron, Dr Lisa
Campbell, rh Mr Alan
Campbell, Mr Gregory
Carmichael, rh Mr Alistair
Champion, Sarah
Chapman, Douglas
Chapman, Jenny
Cherry, Joanna
Clegg, rh Mr Nick
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Julie
Cooper, Rosie
Cooper, rh Yvette
Corbyn, rh Jeremy
Cowan, Ronnie
Coyle, Neil
Crausby, Sir David
Crawley, Angela
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cummins, Judith
Cunningham, Alex
Cunningham, Mr Jim
Dakin, Nic
Danczuk, Simon
David, Wayne
Davies, Geraint
Day, Martyn
De Piero, Gloria
Docherty-Hughes, Martin
Dodds, rh Mr Nigel
Donaldson, rh Sir Jeffrey M.
Donaldson, Stuart Blair
Doughty, Stephen
Dowd, Jim
Dowd, Peter
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Elliott, Tom
Ellman, Mrs Louise
Elmore, Chris
Esterson, Bill
Evans, Chris
Farrelly, Paul
Farron, Tim
Fellows, Marion
Ferrier, Margaret
Field, rh Frank
Fitzpatrick, Jim
Flello, Robert
Fletcher, Colleen
Flint, rh Caroline
Flynn, Paul
Foxcroft, Vicky
Furniss, Gill
Gapes, Mike
Gardiner, Barry
Gethins, Stephen
Gibson, Patricia
Glass, Pat
Glindon, Mary
Godsiff, Mr Roger
Goodman, Helen
Grady, Patrick
Grant, Peter
Gray, Neil
Green, Kate
Greenwood, Lilian
Greenwood, Margaret
Griffith, Nia
Gwynne, Andrew
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Carolyn
Hayes, Helen
Hayman, Sue
Healey, rh John
Hendrick, Mr Mark
Hendry, Drew
Hermon, Lady
Hillier, Meg
Hodgson, Mrs Sharon
Hoey, Kate
Hollern, Kate
Hopkins, Kelvin
Hosie, Stewart

Howarth, rh Mr George
Huq, Dr Rupa
Hussain, Imran
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Gerald
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Kane, Mike
Keeley, Barbara
Kendall, Liz
Kerevan, George
Kerr, Calum
Kinahan, Danny
Kinnock, Stephen
Kyle, Peter
Lamb, rh Norman
Lammy, rh Mr David
Lavery, Ian
Law, Chris
Leslie, Chris
Lewell-Buck, Mrs Emma
Lewis, Clive
Lewis, Mr Ivan
Long Bailey, Rebecca
Lucas, Caroline
Lucas, Ian C.
Lynch, Holly
MacNeil, Mr Angus Brendan
Mactaggart, rh Fiona
Madders, Justin
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marris, Rob
Marsden, Gordon
Maskell, Rachael
Matheson, Christian
Mc Nally, John
McCabe, Steve
McCaig, Callum
McCarthy, Kerry
McDonagh, Siobhain
McDonald, Andy
McDonald, Stewart Malcolm
McDonald, Stuart C.
McDonnell, Dr Alasdair
McDonnell, rh John
McFadden, rh Mr Pat
McGarry, Natalie
McGinn, Conor
McGovern, Alison
McInnes, Liz
McKinnell, Catherine
McLaughlin, Anne
McMahon, Jim
Meale, Sir Alan
Mearns, Ian
Miliband, rh Edward
Monaghan, Carol
Monaghan, Dr Paul
Moon, Mrs Madeleine
Morden, Jessica
Mulholland, Greg
Mullin, Roger
Murray, Ian
Nandy, Lisa
Newlands, Gavin
Nicolson, John
O'Hara, Brendan
Olney, Sarah
Onn, Melanie
Osamor, Kate
Oswald, Kirsten
Owen, Albert
Paterson, Steven
Pearce, Teresa
Pennycook, Matthew
Phillips, Jess
Phillipson, Bridget
Pound, Stephen
Powell, Lucy
Pugh, John
Qureshi, Yasmin
Rayner, Angela
Reed, Mr Steve
Rees, Christina
Reynolds, Jonathan
Rimmer, Marie
Ritchie, Ms Margaret
Robertson, rh Angus
Robinson, Gavin
Robinson, Mr Geoffrey
Rotheram, Steve
Ryan, rh Joan
Salmond, rh Alex
Saville Roberts, Liz
Shah, Naz
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheppard, Tommy
Sherriff, Paula
Shuker, Mr Gavin
Siddiq, Tulip
Simpson, David
Skinner, Mr Dennis
Slaughter, Andy
Smeeth, Ruth
Smith, rh Mr Andrew
Smith, Angela
Smith, Cat
Smith, Jeff
Smith, Owen
Smyth, Karin
Snell, Gareth
Spellar, rh Mr John
Stephens, Chris
Streeting, Wes
Stringer, Graham
Stuart, rh Ms Gisela
Tami, Mark
Thewliss, Alison
Thomas-Symonds, Nick
Thompson, Owen
Thomson, Michelle
Thornberry, rh Emily
Timms, rh Stephen
Trickett, Jon
Turley, Anna
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Weir, Mike
West, Catherine
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Whitford, Dr Philippa
Williams, Hywel
Williams, Mr Mark
Wilson, Corri
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Dame Rosie
Wishart, Pete
Wright, Mr Iain
Zeichner, Daniel

Tellers for the Noes:
Thangam Debbonaire and
Nick Smith

Question accordingly agreed to.

35. INSURANCE PREMIUM TAX (ANTI-FORESTALLING PROVISION)

Resolved,

That—

(1) The Finance Act 1994 is amended as follows

(2) After section 66 insert—

"66A Rate increases: deemed date of receipt of certain premiums

(1) This section applies where a Minister of the Crown announces a proposed increase in the rate at which tax is to be charged on a premium if it is received by the insurer on or after a date specified in the announcement ("the change date").

(2) This section applies whether or not the announcement includes an announcement of a proposed exception from the increase (for example, for premiums in respect of risks for which the period of cover begins before the change date).

(3) Subsection (4) applies where—

(a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement and before the change date, and

(b) the period of cover for the risk begins on or after the change date.

(4) For the purposes of this Part the premium is to be taken to be received on the change date.

(5) Subsection (6) applies where—

(a) a premium under a contract of insurance is received by the insurer on or after the date of the announcement and before the change date,

(b) the period of cover for the risk—

(i) begins before the change date, and

(ii) ends on or after the first anniversary of the change date ("the first anniversary"), and

(c) the premium, or any part of it, is attributable to such of the period of cover as falls on or after the first anniversary.

(6) For the purposes of this Part—

(a) so much of the premium as is attributable to such of the period of cover as falls on or after the first anniversary is to be taken to be received on the change date, and

(b) so much as is so attributable is to be taken to be a separate premium.

(7) In determining whether the condition in subsection (3)(a) or (5)(a) is met, regulations under section 68(3) or (7) apply as they would apart from this section.

(8) But where subsection (4) or (6) applies—

(a) that subsection has effect despite anything in section 68 or regulations under that section, and

(b) any regulations under section 68 have effect as if the entry made in the accounts of the insurer showing the premium as due to the insurer had been made as at the change date.

(9) A premium treated by subsection (6) as received on the change date is not to be taken to fall within any exception, from an increase announced by the announcement, for premiums in respect of risks for which the period of cover begins before the change date.

(10) Any attribution under this section is to be made on such basis as is just and reasonable.

(11) In this section—

"increase", in relation to the rate of tax, includes the imposition of a charge to tax by adding to the descriptions of contract which are taxable insurance contracts;

"Minister of the Crown" has the same meaning as in the Ministers of the Crown Act 1975.

"66B Section 66A: exceptions and apportionments

(1) Section 66A(3) and (4) do not apply in relation to a premium if the risk to which that premium relates belongs to a class of risk as regards which the normal practice is for a premium to be received by or on behalf of the insurer before the date when cover begins

(2) Section 66A(5) and (6) do not apply in relation to a premium if the risk to which that premium relates belongs to a class of risk as regards which the normal practice is for cover to be provided for a period of more than twelve months.

(3) If a contract relates to more than one risk, then in the application of section 66A(3) and (4) or 66A(5) and (6)—

(a) the reference in section 66A(3)(b) or (5)(b) to the risk is to be read as a reference to any given risk,

(b) so much of the premium as is attributable to any given risk is to be taken for the purposes of section 66A(3) and (4) or 66A(5) and (6) to be a separate premium relating to that risk,

(c) those provisions then apply separately in the case of each given risk and the separate premium relating to it, and

(d) any further attribution required by section 66A(5) and (6) is to be made accordingly,

and subsections (1)(2) and section 66A(9) apply accordingly.

(4) Any attribution under this section is to be made on such basis as is just and reasonable.

"66C Rate changes: premiums relating to more than one period of cover

(1) This section applies if any Act—

(a) makes an amendment of section 51(2)(a) or (b) which alters the higher rate or standard rate ("the relevant rate"),

(b) provides for the amendment to have effect in relation to a premium falling to be regarded for the purposes of this Part as received under a taxable insurance contract by an insurer on or after a particular date ("the change date"), and

(c) makes provision that excepts from that amendment a premium which is in respect of a risk for which the period of cover begins before the change date.

(2) Subsection (3) applies if a premium which is liable to tax at the relevant rate, and which falls to be regarded for the purposes of this Part as received under a taxable insurance contract by an insurer on or after the change date, is—

(a) partly in respect of a risk for which the period of cover begins before the change date, and

(b) partly in respect of a risk for which the period of cover begins on or after that date.

(3) So much of the premium as is attributable to the risk for which the period of cover begins on or after the change date is to be treated for the purposes of this Part and the provision mentioned in subsection (1)(c) as a separate premium.

(4) Where a premium is in respect of a relevant rate matter and also a matter that is not a relevant rate matter—

(a) for the purposes of the provision mentioned in subsection (1)(c), the premium is to be treated as in respect of a risk for which the period of cover begins before the change date if the part of it attributable to the relevant rate matter is in respect of such a risk, and

(b) the reference in subsection (2) to a premium which is liable to tax at the relevant rate is to be read as a reference to so much of the premium as is attributable to the relevant rate matter (and subsection (3) is to be read accordingly).

(5) If premiums of any description are excluded from the exception mentioned in subsection (1)(c), nothing in subsections (2) to (4) applies to a premium of that description.

(6) Nothing in subsection (4) applies to an excepted premium (within the meaning given by section 69A).

(7) Any attribution under this section is to be made on such basis as is just and reasonable.

(8) In this section a "relevant rate matter" means—

(a) where the relevant rate is the standard rate, a standard rate matter as defined by section 69(12)(c);

(b) where the relevant rate is the higher rate, a higher rate matter as defined by section 69(12)(d).

(9) In subsection (1) the reference to any Act includes a resolution which has statutory effect under the Provisional Collection of Taxes Act 1968."

(3) Omit—

(a) section 67 (spent transitional provision), and

(b) sections 67A to 67C (which are superseded by sections 66A and 66B inserted by paragraph (2)).

(4) The amendments made by paragraphs (2) and (3)(b) have effect on and after 8 March 2017.

(5) Despite the repeal by paragraph (3) of sections 67A and 67C of the Finance Act 1994, those sections continue to have effect so far as they apply to premiums received on or after 23 November 2016 and before 8 March 2017.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

36. LANDFILL TAX

Resolved,

That provision may be made about landfill tax.

37. AIR PASSENGER DUTY (RATES FOR 2017)

Resolved,

That—

(1) In section 30 of the Finance Act 1994 (air passenger duty: rates of duty), in subsection (4A) (long haul rates of duty)—

(a) in paragraph (a), for "£73" substitute "£75";

(b) in paragraph (b), for "£146" substitute "£150".

(2) The amendments made by this Resolution have effect in relation to the carriage of passengers beginning on or after 1 April 2017.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

38. AIR PASSENGER DUTY (RATES FOR LATER YEARS)

Resolved,

That provision may be made about the rates of air passenger duty.

39. VEHICLE EXCISE DUTY (RATES FOR LIGHT PASSENGER VEHICLES ETC)

Resolved,

That—

(1) Schedule 1 to the Vehicle Excise and Registration Act 1994 (annual rates of duty) is amended as follows.

(2) In paragraph 1 (general rate of duty)—

(a) in sub-paragraph (2) (vehicle not covered elsewhere in Schedule with engine cylinder capacity exceeding 1,549cc), for "£235" substitute "£245", and

(b) in sub-paragraph (2A) (vehicle not covered elsewhere in Schedule with engine cylinder capacity not exceeding 1,549cc), for "£145" substitute "£150".

(3) In paragraph 1B (graduated rates of duty for light passenger vehicles)—

(a) in the words before paragraph (a), for "tables" substitute "table",

(b) in paragraph (a), at the end insert "and",

(c) in paragraph (b), at the end omit ", and",

(d) omit paragraph (c),

(e) for Tables 1 and 2 substitute—

CO_2 emissions figure		*Rate*	
(1)	*(2)*	*(3)*	*(4)*
Exceeding g/km	*Not Exceeding g/km*	*Reduced Rate £*	*Standard Rate £*
100	110	10	20
110	120	20	30
120	130	105	115
130	140	125	135
140	150	140	150
150	165	180	190
165	175	210	220
175	185	230	240
185	200	270	280
200	225	295	305
225	255	510	520
255	—	525	515" , and

(f) in the sentence immediately following Table 2—

(i) at the beginning, for "Table 2" substitute "The table", and

(ii) for paragraphs (a) and (b) substitute—

"(a) in column (3), in the last two rows, "295" were substituted for "510" and "525", and

(b) in column (4), in the last two rows, "305" were substituted for "520" and "535"."

(4) In paragraph 1J (VED rates for light goods vehicles), in paragraph (a), for "£230" substitute "£240".

(5) In paragraph 2(1) (VED rates for motorcycles)—

(a) in paragraph (a), for "£17" substitute "£18",

(b) in paragraph (b), for "£39" substitute "£41",

(c) in paragraph (c), for "£60" substitute "£62", and

(d) in paragraph (d), for "£82" substitute "£85".

(6) The amendments made by this Resolution have effect in relation to licences taken out on or after 1 April 2017.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

40. ALCOHOLIC LIQUOR DUTIES (RATES)

Question put,

That—

(1) The Alcoholic Liquor Duties Act 1979 is amended as follows.

(2) In section 5 (rate of duty on spirits), for "£27.66" substitute "£28.74".

(3) In section 36(1AA) (rates of general beer duty)—

(a) in paragraph (za) (rate of duty on lower strength beer), for "£8.10" substitute "£8.42", and

(b) in paragraph (a) (standard rate of duty on beer), for "£18.37" substitute "£19.08".

(4) In section 37(4) (rate of high strength beer duty), for "£5.48" substitute "£5.69".

(5) In section 62(1A) (rates of duty on cider)—

(a) in paragraph (a) (rate of duty per hectolitre on sparkling cider of a strength exceeding 5.5%), for "£268.99" substitute "£279.46",

(b) in paragraph (b) (rate of duty per hectolitre on cider of a strength exceeding 7.5% which is not sparkling cider), for "£58.75" substitute "£61.04", and

(c) in paragraph (c) (rate of duty per hectolitre in any other case), for "£38.87" substitute "£40.38".

(6) For the table in Schedule 1 substitute—

"TABLE OF RATES OF DUTY ON WINE AND MADE-WINE

PART 1

WINE OR MADE-WINE OF A STRENGTH NOT EXCEEDING 22%

Description of wine or made-wine	*Rates of duty per hectolitre £*
Wine or made-wine of a strength not exceeding 4%	88.93
Wine or made-wine of a strength exceeding 4% but not exceeding 5.5%	122.30
Wine or made-wine of a strength exceeding 5.5% but not exceeding 15% and not being sparkling	288.65
Sparkling wine or sparkling made-wine of a strength exceeding 5.5% but less than 8.5%	279.46
Sparkling wine or sparkling made-wine of a strength of 8.5% but not exceeding 15%	369.72
Wine or made-wine of a strength exceeding 15% but not exceeding 22%	384.82

PART 2

WINE OR MADE-WINE OF A STRENGTH EXCEEDING 22%

Description of wine or made-wine	*Rates of duty per hectolitre £*
Wine or made-wine of a strength exceeding 22%	28.74".

(7) The amendments made by this Resolution come into force on 13 March 2017.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

The House divided: Ayes 313, Noes 276.

Division No. 182] [7.29 pm

AYES

Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Benyon, rh Richard
Beresford, Sir Paul
Berry, Jake
Berry, James
Bingham, Andrew
Blackman, Bob
Blackwood, Nicola
Blunt, Crispin
Bone, Mr Peter
Borwick, Victoria
Bottomley, Sir Peter
Bradley, rh Karen
Brazier, Sir Julian

Bridgen, Andrew
Buckland, Robert
Burns, Conor
Burns, rh Sir Simon
Burrowes, Mr David
Burt, rh Alistair
Cairns, rh Alun
Campbell, Mr Gregory
Carmichael, Neil
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Costa, Alberto
Courts, Robert
Cox, Mr Geoffrey
Crabb, rh Stephen
Crouch, Tracey
Davies, Byron
Davies, Chris
Davies, David T. C.
Davies, Glyn
Davies, Dr James
Davies, Mims
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donaldson, rh Sir Jeffrey M.
Donelan, Michelle
Double, Steve
Dowden, Oliver
Doyle-Price, Jackie
Drax, Richard
Drummond, Mrs Flick
Duddridge, James
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Mr Nigel
Evennett, rh David
Fabricant, Michael
Fallon, rh Sir Michael
Fernandes, Suella
Field, rh Mark
Foster, Kevin
Fox, rh Dr Liam
Francois, rh Mr Mark
Frazer, Lucy
Freeman, George
Freer, Mike
Fuller, Richard
Fysh, Marcus
Gale, Sir Roger
Garnier, rh Sir Edward
Garnier, Mark
Gauke, rh Mr David
Ghani, Nusrat
Gibb, rh Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, James
Grayling, rh Chris
Green, Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gummer, rh Ben
Gyimah, Mr Sam
Halfon, rh Robert
Hall, Luke
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, rh Matt
Hands, rh Greg
Harper, rh Mr Mark
Harrington, Richard
Harris, Rebecca
Harrison, Trudy
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, rh Mr John
Heald, rh Sir Oliver
Heappey, James
Heaton-Harris, Chris
Heaton-Jones, Peter
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoare, Simon
Hollingbery, George
Hollinrake, Kevin
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howarth, Sir Gerald
Howell, John
Howlett, Ben
Huddleston, Nigel
Hunt, rh Mr Jeremy
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, rh Sajid
Jenkin, Mr Bernard
Jenkyns, Andrea
Jenrick, Robert
Johnson, Dr Caroline
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kennedy, Seema
Kirby, Simon
Knight, Julian
Kwarteng, Kwasi
Lancaster, Mark
Latham, Pauline
Leadsom, rh Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward
Leslie, Charlotte
Letwin, rh Sir Oliver
Lewis, rh Brandon
Lewis, rh Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Mackinlay, Craig
Mackintosh, David
Main, Mrs Anne
Mak, Mr Alan
Malthouse, Kit
Mann, Scott
Mathias, Dr Tania
Maynard, Paul
McCartney, Jason
McCartney, Karl
McLoughlin, rh Sir Patrick
McPartland, Stephen
Menzies, Mark
Mercer, Johnny
Merriman, Huw
Metcalfe, Stephen
Miller, rh Mrs Maria
Milling, Amanda
Mills, Nigel
Milton, rh Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, rh Nicky
Morris, Anne Marie
Morris, David
Morris, James
Morton, Wendy
Mowat, David
Mundell, rh David
Murray, Mrs Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Dr Matthew
Opperman, Guy
Osborne, rh Mr George
Parish, Neil
Patel, rh Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, rh Mike
Penrose, John
Percy, Andrew
Perry, Claire
Philp, Chris
Pickles, rh Sir Eric
Pincher, Christopher
Poulter, Dr Daniel
Pow, Rebecca
Prentis, Victoria
Prisk, Mr Mark
Pursglove, Tom
Quin, Jeremy
Quince, Will
Raab, Mr Dominic
Redwood, rh John
Rees-Mogg, Mr Jacob
Robinson, Mary
Rosindell, Andrew
Rudd, rh Amber
Rutley, David
Sandbach, Antoinette
Scully, Paul
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simpson, David
Simpson, rh Mr Keith
Skidmore, Chris
Smith, Henry
Smith, Julian
Smith, Royston
Soames, rh Sir Nicholas
Solloway, Amanda
Soubry, rh Anna
Spelman, rh Dame Caroline
Spencer, Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Graham
Sturdy, Julian
Sunak, Rishi
Swayne, rh Sir Desmond
Swire, rh Sir Hugo
Syms, Mr Robert
Thomas, Derek
Throup, Maggie
Timpson, Edward
Tolhurst, Kelly
Tomlinson, Justin
Tomlinson, Michael
Tracey, Craig
Tredinnick, David
Trevelyan, Mrs Anne-Marie
Truss, rh Elizabeth
Tugendhat, Tom
Turner, Mr Andrew
Tyrie, rh Mr Andrew
Vaizey, rh Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Warburton, David
Warman, Matt
Watkinson, Dame Angela
Wharton, James
Whately, Helen
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, rh Mr John
Wiggin, Bill
Williams, Craig
Williamson, rh Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wragg, William
Wright, rh Jeremy
Zahawi, Nadhim

Tellers for the Ayes:
Steve Brine and
Andrew Griffiths

NOES

Abbott, rh Ms Diane
Abrahams, Debbie
Ahmed-Sheikh, Ms Tasmina
Alexander, Heidi
Allin-Khan, Dr Rosena
Arkless, Richard
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bardell, Hannah
Barron, rh Sir Kevin
Beckett, rh Margaret
Benn, rh Hilary
Betts, Mr Clive
Black, Mhairi
Blackford, Ian
Blackman, Kirsty
Blenkinsop, Tom
Blomfield, Paul
Boswell, Philip
Brabin, Tracy
Bradshaw, rh Mr Ben
Brake, rh Tom
Brock, Deidre
Brown, Alan
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Richard
Butler, Dawn
Byrne, rh Liam
Cadbury, Ruth
Cameron, Dr Lisa
Campbell, rh Mr Alan
Carmichael, rh Mr Alistair
Champion, Sarah
Chapman, Douglas
Chapman, Jenny
Cherry, Joanna
Clegg, rh Mr Nick
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Julie
Cooper, Rosie
Cooper, rh Yvette
Corbyn, rh Jeremy
Cowan, Ronnie
Coyle, Neil
Crausby, Sir David
Crawley, Angela
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cummins, Judith
Cunningham, Alex
Cunningham, Mr Jim
Dakin, Nic
Danczuk, Simon
David, Wayne
Davies, Geraint
Day, Martyn
De Piero, Gloria
Debbonaire, Thangam
Docherty-Hughes, Martin
Donaldson, Stuart Blair
Doughty, Stephen
Dowd, Jim
Dowd, Peter
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Elliott, Tom
Ellman, Mrs Louise
Elmore, Chris
Esterson, Bill
Evans, Chris
Farrelly, Paul
Farron, Tim
Ferrier, Margaret
Field, rh Frank
Fitzpatrick, Jim
Flello, Robert
Fletcher, Colleen
Flint, rh Caroline
Flynn, Paul
Foxcroft, Vicky
Furniss, Gill
Gapes, Mike
Gardiner, Barry
Gethins, Stephen
Gibson, Patricia
Glass, Pat
Glindon, Mary
Godsiff, Mr Roger
Goodman, Helen
Grady, Patrick
Grant, Peter
Gray, Neil
Green, Kate
Greenwood, Lilian
Greenwood, Margaret
Griffith, Nia
Gwynne, Andrew
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Carolyn
Hayes, Helen
Hayman, Sue
Healey, rh John
Hendrick, Mr Mark
Hendry, Drew
Hermon, Lady
Hillier, Meg
Hodgson, Mrs Sharon
Hoey, Kate
Hollern, Kate
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Huq, Dr Rupa
Hussain, Imran
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Gerald
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Kane, Mike
Keeley, Barbara
Kendall, Liz
Kerevan, George
Kerr, Calum
Kinahan, Danny
Kinnock, Stephen
Kyle, Peter
Lamb, rh Norman
Lammy, rh Mr David
Lavery, Ian
Law, Chris
Lewell-Buck, Mrs Emma
Lewis, Clive
Lewis, Mr Ivan
Long Bailey, Rebecca
Lucas, Ian C.
Lynch, Holly
MacNeil, Mr Angus Brendan
Mactaggart, rh Fiona
Madders, Justin
Mahmood, Mr Khalid
Malhotra, Seema
Mann, John
Marris, Rob
Marsden, Gordon
Maskell, Rachael
Matheson, Christian
Mc Nally, John
McCabe, Steve
McCaig, Callum
McCarthy, Kerry
McDonagh, Siobhain
McDonald, Andy
McDonald, Stewart Malcolm
McDonald, Stuart C.
McDonnell, Dr Alasdair
McDonnell, rh John
McFadden, rh Mr Pat
McGarry, Natalie
McGinn, Conor
McGovern, Alison
McInnes, Liz
McKinnell, Catherine
McLaughlin, Anne
McMahon, Jim
Meale, Sir Alan
Mearns, Ian
Miliband, rh Edward
Monaghan, Carol
Monaghan, Dr Paul
Moon, Mrs Madeleine
Morden, Jessica
Mulholland, Greg
Mullin, Roger
Murray, Ian
Nandy, Lisa
Newlands, Gavin
Nicolson, John
O'Hara, Brendan
Olney, Sarah
Onn, Melanie
Osamor, Kate
Oswald, Kirsten
Owen, Albert
Paterson, Steven
Pearce, Teresa
Pennycook, Matthew
Phillips, Jess
Phillipson, Bridget
Pound, Stephen
Powell, Lucy
Pugh, John
Qureshi, Yasmin
Rayner, Angela
Reed, Mr Steve
Rees, Christina
Reynolds, Jonathan
Rimmer, Marie
Ritchie, Ms Margaret
Robertson, rh Angus
Robinson, Gavin
Robinson, Mr Geoffrey
Rotheram, Steve
Ryan, rh Joan
Salmond, rh Alex
Saville Roberts, Liz
Shah, Naz
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheppard, Tommy
Sherriff, Paula
Shuker, Mr Gavin
Siddiq, Tulip
Skinner, Mr Dennis
Slaughter, Andy
Smeeth, Ruth
Smith, rh Mr Andrew
Smith, Angela
Smith, Cat
Smith, Jeff
Smith, Nick
Smyth, Karin
Snell, Gareth
Spellar, rh Mr John
Stephens, Chris
Streeting, Wes
Stringer, Graham
Stuart, rh Ms Gisela
Tami, Mark
Thewliss, Alison
Thomas-Symonds, Nick
Thomson, Michelle
Thornberry, rh Emily
Timms, rh Stephen
Trickett, Jon
Turley, Anna
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Weir, Mike
West, Catherine
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Whitford, Dr Philippa
Williams, Hywel
Williams, Mr Mark
Wilson, Corri
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Dame Rosie
Wright, Mr Iain
Zeichner, Daniel

Tellers for the Noes:
Owen Thompson and
Marion Fellows

Question accordingly agreed to.

41. REMOTE GAMING DUTY

Resolved,

That provision may be made about remote gaming duty.

42. TOBACCO PRODUCTS DUTY (RATES)

Resolved,

That—

(1) The Tobacco Products Duty Act 1979 is amended as follows.

(2) For the table in Schedule 1 substitute—

"TABLE

1. Cigarettes	An amount equal to 16.5 per cent of the retail price plus £207.99 per thousand cigarettes
2. Cigars	£259.44 per kilogram
3. Hand-rolling tobacco	£209.77 per kilogram
4. Other smoking tobacco and chewing tobacco	£114.06 per kilogram".

(3) The amendment made by this Resolution is treated as having come into force at 6pm on 8 March 2017.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

43. TOBACCO PRODUCTS DUTY (MINIMUM EXCISE DUTY)

Resolved,

That—

(1) The Tobacco Products Duty Act 1979 is amended as follows.

(2) In section 6(5)(a) (alteration of rates of duty), for "the amount" substitute "each amount".

(3) For the first row in the table in Schedule 1 (as that table has effect under Resolution 42) substitute—

"1. Cigarettes	An amount equal to the higher of— (a) 16.5% of the retail price plus £207.99 per thousand cigarettes, or (b) £268.63 per thousand cigarettes."

(4) The amendments made by this Resolution come into force on 20 May 2017.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

44. SOFT DRINKS INDUSTRY LEVY

Resolved,

That provision may be made for a new tax to be charged in respect of soft drinks containing added sugar.

45. PROMOTERS OF TAX AVOIDANCE SCHEMES (THRESHOLD CONDITIONS ETC)

Resolved,

That—

(1) In Part 2 of Schedule 34 to the Finance Act 2014 (meeting the threshold conditions: bodies corporate and partnerships), in paragraph 13A (interpretation), for sub-paragraphs (6) to (8) substitute—

"(6) Two or more persons together control a body corporate if together they have the power to secure that the affairs of the body corporate are conducted in accordance with their wishes in any way specified in sub-paragraph (5)(a) to (c).

(7) A person controls a partnership if the person is a member of the partnership and—

(a) has the right to a share of more than half the assets, or more than half the income, of the partnership, or

(b) directs, or is on a day-to-day level in control of, the management of the business of the partnership.

(8) Two or more persons together control a partnership if they are members of the partnership and together they—

(a) have the right to a share of more than half the assets, or of more than half the income, of the partnership, or

(b) direct, or are on a day-to-day level in control of, the management of the business of the partnership

(9) Paragraph 19(2) to (5) of Schedule 36 (connected persons etc) applies to a person referred to in sub-paragraph (7) or (8) as if references to "P" were to that person.

(10) A person has significant influence over a body corporate or partnership if the person—

(a) does not control the body corporate or partnership, but

(b) is able to, or actually does, exercise significant influence over it (whether or not as the result of a legal entitlement).

(11) Two or more persons together have significant influence over a body corporate or partnership if together those persons—

(a) do not control the body corporate or partnership, but

(b) are able to, or actually do, exercise significant influence over it (whether or not as the result of a legal entitlement).

(12) References to a person being a promoter are to the person carrying on business as a promoter."

(2) In Part 2 of Schedule 34 to the Finance Act 2014, for paragraphs 13B to 13D substitute—

"Relevant bodies controlled etc by other persons treated as meeting a threshold condition

13B (1) A relevant body is treated as meeting a threshold condition at the relevant time if any of Conditions A to C are met.

(2) Condition A is that—

(a) a person met the threshold condition at a time when the person was a promoter, and

(b) the person controls or has significant influence over the relevant body at the relevant time.

(3) Condition B is that—

(a) a person met the threshold condition at a time when the person controlled or had significant influence over the relevant body,

(b) the relevant body was a promoter at that time, and

(c) the person controls or has significant influence over the relevant body at the relevant time.

(4) Condition C is that—

(a) two or more persons together controlled or had significant influence over the relevant body at a time when one of those persons met the threshold condition,

(b) the relevant body was a promoter at that time, and

(c) those persons together control or have significant influence over the relevant body at the relevant time.

(5) Where the person referred to in sub-paragraph (2)(a) or (3)(a) or (4)(a) as meeting a threshold condition is an individual, sub-paragraph (1) only applies if the threshold condition is a relevant threshold condition.

(6) For the purposes of sub-paragraph (2) it does not matter whether the relevant body existed at the time referred to in sub-paragraph (2)(a).

Persons who control etc a relevant body treated as meeting a threshold condition

13C (1)If at a time when a person controlled or had significant influence over a relevant body—

(a) the relevant body met a threshold condition, and

(b) the relevant body, or another relevant body which the person controlled or had significant influence over, was a promoter,

the person is treated as meeting the threshold condition at the relevant time.

(2) It does not matter whether any relevant body referred to sub-paragraph (1) exists at the relevant time.

Relevant bodies controlled etc by the same person treated as meeting a threshold condition

13D (1)If—

(a) a person controlled or had significant influence over a relevant body at a time when it met a threshold condition, and

(b) at that time that body, or another relevant body which the person controlled or had significant influence over, was a promoter,

any relevant body which the person controls or has significant influence over at the relevant time is treated as meeting the threshold condition at the relevant time.

(2) If—

(a) two or more persons together controlled or had significant influence over a relevant body at a time when it met a threshold condition, and

(b) at that time that body, or another relevant body which those persons together controlled or had significant influence over, was a promoter,

any relevant body which those persons together control or have significant influence over at the relevant time is treated as meeting the threshold condition at the relevant time.

(3) It does not matter whether—

(a) a relevant body referred to in sub-paragraph (1)(a) or (b) or (2)(a) or (b) exists at the relevant time, or

(b) the relevant body existing at the relevant time existed at the time referred to in sub-paragraph (1) (a) or (2) (a)."

(3) In Part 4 of Schedule 34A to the Finance Act 2014 (meeting section 237A conditions: bodies corporate and partnerships), for paragraphs 20 to 22 substitute—

"Relevant bodies controlled etc by other persons treated as meeting section 237A condition

20 (1)A relevant body is treated as meeting a section 237A condition at the section 237A(2) relevant time if any of Conditions A to C are met.

(2) Condition A is that—

(a) a person met the section 237A condition at a time when the person was a promoter, and

(b) the person controls or has significant influence over the relevant body at the section 237A(2) relevant time.

(3) Condition B is that—

(a) a person met the section 237A condition at a time when the person controlled or had significant influence over the relevant body,

(b) the relevant body was a promoter at that time, and

(c) the person controls or has significant influence over the relevant body at the section 237A(2) relevant time

(4) Condition C is that—

(a) two or more persons together controlled or had significant influence over the relevant body at a time when one of those persons met the section 237A condition,

(b) the relevant body was a promoter at that time, and

(c) those persons together control or have significant influence over the relevant body at the section 237A(2) relevant time.

(5) Sub-paragraph (1) does not apply where the person referred to in sub-paragraph (2)(a), (3)(a), or (4)(a) as meeting a section 237A condition is an individual.

(6) For the purposes of sub-paragraph (2) it does not matter whether the relevant body existed at the time referred to in sub-paragraph (2)(a).

"Persons who control etc a relevant body treated as meeting a section 237A condition

21 (1) If at a time when a person controlled or had significant influence over a relevant body—

(a) the relevant body met a section 237A condition, and

(b) the relevant body, or another relevant body which the person controlled or had significant influence over, was a promoter,

the person is treated as meeting the section 237A condition at the section 237A(2) relevant time.

(2) It does not matter whether any relevant body referred to sub-paragraph (1) exists at the section 237A(2) relevant time.

"Relevant bodies controlled etc by the same person treated as meeting a section 237A condition

22 (1) If—

(a) a person controlled or had significant influence over a relevant body at a time when it met a section 237A condition, and

(b) at that time that body, or another relevant body which the person controlled or had significant influence over, was a promoter,

any relevant body which the person controls or has significant influence over at the section 237A(2) relevant time is treated as meeting the section 237A condition at the section 237A(2) relevant time.

(2) If—

(a) two or more persons together controlled or had significant influence over a relevant body at a time when it met a section 237A condition, and

(b) at that time that body, or another relevant body which those persons together controlled or had significant influence over, was a promoter,

any relevant body which those persons together control or have significant influence over at the section 237A(2) relevant time is treated as meeting the section 237A condition at the section 237A(2) relevant time.

(3) It does not matter whether—

(a) a relevant body referred to in sub-paragraph (1)(a) or (b) or (2)(a) or (b) exists at the section 237A(2) relevant time, or

(b) a relevant body existing at the section 237A(2) relevant time existed at the time referred to in sub-paragraph (1)(a) or (2)(a)."

(4) In Part 4 of Schedule 34A to the Finance Act 2014, in paragraph 23 (interpretation)—

(a) in sub-paragraph (1), for the definition of "control" substitute—

""control" and "significant influence" have the same meanings as in Part 4 of Schedule 34 (see paragraph 13A(5) to (11));

""references to a person being a promoter are to the person carrying on business as a promoter;";

(b) in sub-paragraph (2), for "20(1)(a), 21(1)(a) and 22(1)(a)" substitute "20 to 22".

(5) The amendments made by paragraphs (1) and (2) have effect for the purposes of determining whether a person meets a threshold condition in a period of three years ending on or after 8 March 2017.

(6) The amendments made by paragraphs (3) and (4) have effect for the purposes of determining whether a person meets a section 237A condition in a period of three years ending on or after 8 March 2017.

(7) Section 283(1) of the Finance Act 2014 has effect for the purposes of this Resolution as if, in the definition of "tax", paragraph (e) (inheritance tax) were omitted.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.

46. INCIDENTAL PROVISION ETC

Resolved,

That it is expedient to authorise—

(a) any incidental or consequential charges to any duty or tax (including charges having retrospective effect) that may arise from provisions designed in general to afford relief from taxation, and

(b) any incidental, consequential or supplementary provision (including provision having retrospective effect) relating to provision authorised by the preceding resolutions.

47. FUTURE TAXATION

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain the following provisions taking effect in a future year—

(a) provision about the dividend nil rate of income tax,

(b) provision for corporation tax to be charged for the financial year 2018,

(c) provision amending Chapter 6 of Part 3 of the Income Tax (Earnings and Pensions) Act 2003 (taxable benefits: cars etc),

(d) provision about the tax treatment of payments or benefits received in connection with the termination of an employment or a change in the duties in, or earnings from, an employment,

(e) provision amending sections 703 and 704 of the Income Tax (Earnings and Pensions) Act 2003 (PAYE agreements),

(f) provision about the application of Chapter 2 of Part 7A of the Income Tax (Earning and Pensions) Act 2003 in cases where loans are made and rights acquired,

(g) provision about the income tax treatment of loans, or acquired rights, in cases where there is an arrangement in connection with a trade,

(h) provision about the rates of air passenger duty,

(i) provision for and in connection with a new tax to be charged in respect of soft drinks containing added sugar, and

(j) provision for and in connection with digital reporting and record-keeping for businesses within the charge to income tax and for partnerships.

48. MUSEUMS AND GALLERIES EXHIBITION TAX CREDITS

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain provision for tax credits to be paid to museums and galleries exhibition production companies in respect of expenditure on the production of exhibitions.

49. TOBACCO PRODUCTS MANUFACTURING MACHINERY (LICENSING SCHEMES)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may confer powers on the Commissioners for Her Majesty's Revenue and Customs to make provision for, or in connection with, a licensing scheme for persons carrying out certain activities in relation to tobacco products manufacturing machinery.

50. THIRD COUNTRY GOODS FULFILMENT BUSINESSES

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may make provision for the approval and registration of persons carrying on a third country goods fulfilment business.

51. PENALTIES FOR ENABLERS OF DEFEATED AVOIDANCE (NATIONAL INSURANCE CONTRIBUTIONS)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain provision for the purpose of protecting public revenues against losses in connection with the use of arrangements relating to national insurance contributions.

Ordered,

That a Bill be brought in upon the foregoing Resolutions;

That the Chairman of Ways and Means, the Prime Minister, the Chancellor of the Exchequer, Secretary Boris Johnson, Secretary Sajid Javid, Secretary Justine Greening, Mr David Gauke, Simon Kirby and Jane Ellison bring in the Bill.

Finance (No. 2) Bill

Presentation and First Reading

Jane Ellison accordingly presented a Bill to grant certain duties, to alter other duties and to amend the law relating to the national debt and the public revenue, and to make further provisions in connection with finance.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 156).

7.44 pm

Debbie Abrahams (Oldham East and Saddleworth) (Lab): On a point of order, Mr Deputy Speaker. Early this afternoon, the Government published a letter from the Social Security Advisory Committee regarding the Government's emergency legislation to cut personal independence payment support for more than 160,000 chronically ill and disabled people. You will recall that the Government did not consult the Social Security Advisory Committee before introducing these regulations on 23 February, and they are due to come into force in just two days' time. The Committee subsequently examined the regulations, and in its damning finding, it highlights the need for the Government to consult more widely on these PIP changes and to test the proposed changes. Crucially, it also warns that they could have an impact on existing PIP awards, in direct contradiction to Ministers, who have repeatedly claimed that no current recipient of PIP would lose out.

Mr Deputy Speaker, could you tell me whether you have received any indication from Ministers as to when they plan to make a statement on this issue and on how, in two days' time, they intend to action the Committee's recommendations? I also seek guidance on how I can ensure that this policy is effectively scrutinised and that the Government are properly held to account on this issue.

Mr Deputy Speaker (Mr Lindsay Hoyle): Two things: I thank the hon. Lady for giving me notice of her point of order; and we actually have the relevant Minister, who wants to respond now, which may be helpful.

The Minister for Disabled People, Health and Work (Penny Mordaunt): The Social Security Advisory Committee decided not to take the regulations on formal reference or to consult further. It made two recommendations, which we are considering and will respond to in due course. As the Secretary of State for Work and Pensions has said from the Dispatch Box, there is no change to our policy, our budget or the award amounts. We can be confident that no one's award will be altered, all things being equal, if and when they are reassessed, because prior to the relevant case, the case law was conflated and confused, and therefore no assessment providers changed their scoring and no DWP decision makers altered or increased the award amounts. It is very important that we reassure people on that benefit that there is no change to the policy, to the budget or to the award amounts, and that if their condition is the same, they will continue to receive the award.

Debbie Abrahams: Further to that point of order, Mr Deputy Speaker. The Minister's statement is in direct contradiction to the letter that she has received, and I seek further—*[Interruption.]*

Mr Deputy Speaker: Order. We cannot have the debate now, but if the hon. Lady is unsatisfied with that response, she knows how to use the usual channels and that would be the best way forward.

Business Without Debate

Mr Deputy Speaker (Mr Lindsay Hoyle): With the leave of the House, we shall take motions 3 to 19 together.

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

LOCAL GOVERNMENT

That the draft Barnsley, Doncaster, Rotherham and Sheffield Combined Authority (Election of Mayor) (Amendment) Order 2017, which was laid before this House on 6 February, be approved.

That the draft Tees Valley Combined Authority (Functions and Amendment) Order 2017, which was laid before this House on 6 February, be approved.

That the draft Liverpool City Region Combined Authority (Functions and Amendment) Order 2017, which was laid before this House on 6 February, be approved.

NORTHERN IRELAND

That the draft Collection of Fines etc. (Northern Ireland Consequential Amendments) Order 2017, which was laid before this House on 6 February, be approved.

LOCAL GOVERNMENT

That the draft Greater Manchester Combined Authority (Fire and Rescue Functions) Order 2017, which was laid before this House on 6 February, be approved.

That the draft Greater Manchester Combined Authority (Transfer of Police and Crime Commissioner Functions to the Mayor) Order 2017, which was laid before this House on 20 February, be approved.

CONSTITUTIONAL LAW

That the draft Air Weapons and Licensing (Scotland) Act 2015 (Consequential Provisions) Order 2017, which was laid before this House on 6 February, be approved.

WATER INDUSTRY

That the draft Water Industry Designated Codes (Appeals to the Competition and Markets Authority) Regulations 2017, which were laid before this House on 3 February, be approved.

That the draft Water Supply Licence and Sewerage Licence (Modification of Standard Conditions) Order 2017, which was laid before this House on 30 January, be approved.

ENVIRONMENTAL PROTECTION

That the draft Water Act 2014 (Consequential Amendments etc.) Order 2017, which was laid before this House on 30 January, be approved.

SOCIAL SECURITY

That the draft Mesothelioma Lump Sum Payments (Conditions and Amounts) (Amendment) Regulations 2017, which were laid before this House on 25 January, be approved.

That the draft Pneumoconiosis etc. (Workers' Compensation) (Payment of Claims) (Amendment) Regulations 2017, which were laid before this House on 25 January, be approved.

REGULATORY REFORM

That the draft Economic Growth (Regulatory Functions) Order 2017, which was laid before this House on 6 December 2016, be approved.

DEREGULATION

That the draft Growth Duty Statutory Guidance, a copy of which was laid before this House on 12 December 2016, be approved.

SOCIAL SECURITY

That the draft Social Security (Contributions) (Rates, Limits and Thresholds Amendments and National Insurance Funds Payments) Regulations 2017, which were laid before this House on 16 January, be approved.

That the draft Tax Credits and Guardian's Allowance Up-rating etc. Regulations 2017, which were laid before this House on 6 February, be approved.

INSOLVENCY

That the draft Deregulation Act 2015, the Small Business, Enterprise and Employment Act 2015 and the Insolvency (Amendment) Act (Northern Ireland) 2016 (Consequential Amendments and Transitional Provisions) Regulations 2017, which were laid before this House on 18 January, be approved.—*(Mark Spencer.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

CROWN

That the draft Sovereign Grant Act 2011 (Change of Percentage) Order 2017, which was laid before this House on 26 January, be approved.—*(Mark Spencer.)*

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 15 March (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

FINANCIAL SERVICES AND MARKETS

That the draft Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2017, which was laid before this House on 9 February, be approved.—*(Mark Spencer.)*

Question agreed to.

Fuel Poverty

Motion made, and Question proposed, That this House do now adjourn.—*(Mark Spencer.)*

7.48 pm

Paul Scully (Sutton and Cheam) (Con): The UK has one of the largest economies in the world, growing quicker than many of its neighbours. We have record levels of employment and a welfare system that, despite differences of opinions across the political divide, provides an effective safety net in most cases and stacks up well in comparison with several countries around the world. However, we still have a number of vulnerable people, including children and the elderly, who make incredibly difficult choices about whether to eat or heat each day.

It is estimated that around 2.4 million households in England are in fuel poverty, the definition of which varies somewhat. In the past, the Government considered a household that needs to spend more than 10% of its income to maintain an adequate heating regime to be in fuel poverty. That is still the case in Scotland and Northern Ireland. However, I can see the Government's concern that that definition is too loose, with "income" and "adequate heating regime" meaning different things to different organisations. That is why fuel poverty in England is now measured using the low income, high costs indicator, whereby a household is considered to be fuel-poor if its required fuel costs are above the national median level and it would be left with a residual income below the official poverty line were it to spend that amount. Admittedly it is more technical and less snappy, but LIHC allows for a more focused approach to identify those in most immediate need.

The different methodologies make it more complicated to compare numbers across the UK, but the best estimate is that a total of 4 million households are in fuel poverty.

Jim Shannon (Strangford) (DUP): Fuel poverty is an important issue for us in Northern Ireland. The hon. Gentleman will know that 17% of people across the UK are in fuel poverty, but in Northern Ireland the figure is 42%, which is massive. Does he agree that any fuel poverty strategy and funding allocation must take a co-ordinated, UK-wide approach to address that shocking statistic, which speaks more of fuel poverty levels in a developing country than in the United Kingdom of Great Britain and Northern Ireland?

Paul Scully: I am glad that the hon. Gentleman has had a chance to air that important point, because I understand the situation in Northern Ireland.

Governments have recognised fuel poverty as a problem and have put strategies in place. The numbers affected by fuel poverty have reduced over the past decade overall, but slowly, by around 1%. Cavity walls now insulated have doubled over that period, and Government figures clearly show that houses with solid walls and in which portable heaters are used, rather than central heating, are far more likely to be in fuel poverty. There are still some 600,000 houses without central heating. People who are privately renting are twice as likely to be in fuel poverty than those in local authority or housing authority properties. However, all the numbers are still too high.

There is regional variation, as we have heard, with the north-east of England having the highest proportion of households in fuel poverty despite also seeing the largest percentage decrease, some 5% over the past 11 years. However, there are also many hidden cases. The London Borough of Sutton is a relatively prosperous borough, but it has pockets of deprivation that can easily be overlooked when considering London on a macro level. Within those pockets live people who get stuck between the cracks when it comes to low pay, welfare support, high energy prices and homes that are not energy efficient. That is likely to include older people on a small fixed income who are living in a large house that may be difficult to heat. Downsizing may or may not be an option, but it is one part of the solution.

Age UK has calculated that there have been 2.5 million avoidable deaths among older people in England and Wales due to winter cold over the past 60 years. Cold weather causes a massive spike in associated health problems, such as heart attacks and strokes, and there is a strong relationship between poor insulation and inadequate heating of houses, low indoor temperatures and excess winter deaths among older people. Age UK goes on to estimate that, each winter, one older person dies every seven minutes from the cold weather. Age UK has a number of advice guides that I strongly recommend colleagues share with constituents, particularly the elderly.

Beyond the impact on the frail and elderly, we all know from our casework that children living in damp and mouldy homes are particularly at risk. They are almost three times as likely to suffer from coughing, wheezing and respiratory illness. Evidence also highlights that infants living in cold conditions are at greater risk of admission to hospital or primary care facilities. In turn, living in such conditions also affects educational achievement, either through increased school absence due to illness or because children are unable to find a quiet, warm place to study at home.

Financial stress about energy bills causes huge anxiety that can exacerbate mental health problems, leading to depression and, unfortunately, potentially suicide. Currently, more than one in four adolescents living in a cold house is at risk of multiple mental health problems. There are three particular variables that affect the figures: income levels, energy prices and the energy efficiency of people's homes.

The Government have sought to tackle low incomes by addressing the underlying causes of poverty, rather than by using cash transfers that just lift people over an arbitrary threshold in the short term. Rising tax thresholds have taken 1.3 million of the lowest paid out of income tax entirely since the start of this Parliament and have allowed others to keep more of what they earn. The introduction of the national living wage, which is due to reach £9 by 2020, is delivering a pay rise for millions of low-paid workers. The lowest-paid workers saw their pay go up by more than 6% in 2015-16, well above inflation, through those and other measures. Working parents are also benefiting from increased support with childcare costs.

There are a number of reasons why energy prices remain stubbornly high, including the fact that oil prices have doubled from their low point since early last year. SSE has become the last of the big six energy companies to review its current prices, with 2.8 million of its standard tariff customers facing a 6.9% increase. On Thursday, my hon. Friend the Member for Weston-super-Mare (John Penrose) will lead a debate in the Chamber in which he will call on the Government to introduce a relative price cap that brings the worst-value standard variable tariffs within a margin of the best-value fixed deals. His premise is to maintain competition by not introducing a strict cap, while seeking to end the exploitation of loyal customers—the set of people who, in a properly functioning market, would be the first to be rewarded.

Price-wise, it is important to address prepayment meters, which are used by many people in or around the fuel poverty category. The best way to keep prices low is to switch more—through competition—but that is often easier said than done. Although the number of people who switched rose by 30% last year, around two thirds of bill payers are still on the worst-value standard tariffs, despite Energy UK data that suggest that energy switching rates in Britain are the highest of any large energy market in the world.

Together, the big six energy companies have a commanding share of the market, in spite of their losing market share in both domestic and non-domestic supply. Between April 2015 and March 2016, 14 new licensed suppliers became active in the domestic market. The new entrants have a variety of business models, such as not-for-profit, renewable and local supply schemes. The increase in competition is to be welcomed, with small and medium-sized suppliers growing to account for 14% of the domestic market in March 2016.

If I may be parochial for a moment, I should point out that not every alternative small supplier adds to the liberalisation of the market. The London Borough of Sutton, my home borough, has launched an initiative called SDEN—the Sutton decentralised energy network—which takes the energy generated by a new, unpopular incinerator in Beddington on the Croydon border and pipes it to a new estate of houses that is currently under construction in nearby Hackbridge. Although few residents in Beddington wanted an incinerator as their new neighbour, the concept of using recovered energy in new homes seemed reasonable at first glance. However, last year our local paper, the *Sutton Guardian*, reported a proposed tariff that was some 21% more expensive than Sainsbury's Energy was charging at the time. Such a decentralised network, piping energy in this way, prohibits residents from buying their energy from any other source, thus forcing them to take it up and locking them into a contract without the possibility of switching—the very opposite of liberalisation, and from a Liberal Democrat-run council.

Smart meters have been touted as a way to reduce energy use and fixed costs and to allow easier switching. They allow energy companies to harvest a lot of data and remove the costs of meter readings from their bottom line, but will they serve the customer well? The first generation of smart meters, SMETS1—smart meter equipment technical specification 1—worked while the customer was with the particular supplier that installed the meter, but they were not flexible enough in their interoperability. The next generation, the SMETS2 meters, are meant to solve that problem, but unfortunately the roll-out date has been delayed.

An open system will allow for the greatest flexibility. Apps that can nudge customers into energy reduction and more efficient use of their appliances and heating

[Paul Scully]

can be of huge benefit. Time and again we see how open source means better, faster and more flexible innovation. A few years ago, Windsor and Maidenhead Council put its money where its mouth is and fitted very visible meters on council buildings to show its energy use, leading to considerable reductions in energy consumption. That is nudge theory working really well. That could and should happen in domestic settings, too, with technology used to highlight high usage and so change behaviour, rather than people getting a shock from a high bill sometime later down the line.

The Government are working to improve the energy efficiency of homes throughout the country. Households that struggle with their bills are eligible for insulation measures, including solid wall insulation, through the energy company obligation scheme. Homeowners and those in privately rented homes who are on specific benefits may also be eligible for support through heating improvements, including oil-fired boiler replacements, through the ECO affordable warmth scheme. I welcome the fact that more than 2 million energy efficiency measures have been installed in more than 1.6 million homes since 2013, and the Government have made a commitment to insulate a further million homes by 2020.

I further welcome the fact that a greater focus of this support for low-income households will be on working families, and that the Government will continue to ring-fence a proportion of delivery for rural areas. The warm home discount scheme continues to help ensure that households at risk of fuel poverty can afford to heat their homes. This helps more than 2 million households a year with £140 going towards their energy bills. Pensioners also get further help through the winter fuel allowance.

The Government retain the goal of insulating 1 million more homes by 2020. However, I remain concerned that the Committee on Fuel Poverty, which advises the Government on this matter, raised serious doubts in September 2016 that the 2020 and 2025 fuel poverty energy efficiency milestones can be achieved. It believes that, over time, the £2.1 billion per year spent on fuel poverty programmes such as the warm home discount and winter fuel payments needs to be better targeted at those most in need of assistance.

The WHD will be reviewed in this Parliament and, currently, only 15% of it is targeted towards those in fuel poverty. The winter fuel payment is universal and so clearly not targeted, but it is also committed until 2020. The Committee also believes that the Government should seek to attract new sources of funding to assist in meeting the fuel poverty strategy milestones. Examples it cites include modifying existing legislation to require private landlords to upgrade the energy efficiency levels of their properties; giving the same priority to improving household energy efficiency as to generating new renewable energy; and modifying existing legislation to attract more third-party capital. I would be grateful to the Minister if he commented on those thoughts in his response.

I was motivated to raise this matter after hearing about an initiative by the local Sutton business, MaximEyes. This energy consultancy has succeeded in winning a number of awards by working with its clients on energy management and efficiency as well as utility infrastructure and procurement. Its core business is about the best use of energy, so it is well placed to examine and help tackle fuel poverty as part of its corporate social responsibility. It approached me to help identify households in need that it could help to turn around as part of its Fuel the Change initiative.

The company aims to take 1,000 homes out of fuel poverty by 2020 as its business develops. It has created a solid partnership with the Foundations Independent Living Trust, which has the expertise and infrastructure to ensure that the funding is used in the most efficient way and that it reaches those who are most in need.

Businesses that address issues to which they can relate directly tend to have more effect. Writing a cheque gives bosses a warm, short-term glow, but using a company's resources to tackle something connected to its core business, market or interests can have a far bigger effect on the beneficiaries.

I am delighted that a Sutton business is taking a lead, encouraging other businesses to join it and to put something back, especially in an area that can really save lives. I hope that Members will join me in the Macmillan Room next Tuesday at 1 pm to speak about this further with the MaximEyes team and with representatives of related businesses. Businesses can, and should, be a force for good. I know that the Minister and my Government colleagues take this matter seriously. There is much to commend them for in the way that they are tackling low pay. We need to continue to improve competition in the energy market and look at how we can grow our investment in our housing stock to ensure that homes are energy efficient. We must also use emerging technology, such as apps, to influence behaviour; battery storage, such as Tesla's Powerwall; and of course renewables. We must also work with the construction industry and allied businesses to ensure that they play their part. I look forward to my hon. Friend informing this House about what more can be done in the future by Government, energy providers, businesses such as MaximEyes, charities and individuals in this really important area of fuel poverty.

8.3 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Jesse Norman): What a delight it is, Mr Deputy Speaker, to see you in the Chair. I thank my hon. Friend the Member for Sutton and Cheam (Paul Scully) for selecting such an important issue for debate this evening. I am very grateful to him not just for his interest in fuel poverty, but for his leadership in hosting a discussion in the Palace of Westminster next week. You may have detected, Mr Deputy Speaker, the subtle way in which he wove in the details of the time and place into his speech on how we can support efforts to tackle fuel poverty in the UK.

The Government recognise that fuel poverty is a significant issue, affecting households throughout the United Kingdom, as the Committee on Fuel Poverty rightly highlighted in its 2016 report. I massively welcome the insight and challenge to Government that the committee brings. I also welcome the fact that it can help us, by those means, to deliver a suite of solutions for those who need help that is as effective as possible. Only this morning, I spoke to David Blakemore, the chair of the committee since November last year, and I look forward to working with him and the committee over the coming years.

As my hon. Friend has said, fuel poverty is measured in England by the low income, high costs indicator. According to that indicator, a household is fuel poor if it has an income below the poverty line and, at the same time, higher than typical energy costs. It is a relative indicator that is essentially a balance of two averages. It is fair to say that the total number of households living in fuel poverty has been relatively static over the past few years. However, there has been a fall over time between 2010, when there were just under 2.5 million households in fuel poverty in England—as my hon. Friend will know, this is a devolved matter—and 2014, when the latest official statistics record 2.38 million households. Those households face an average fuel poverty gap of some £371, which is itself a measure of the severity of the problem.

Perhaps I can assure my hon. Friend that, as he has rightly acknowledged, the Government are committed to helping households in fuel poverty, or on lower incomes and living in homes that are expensive to heat. I congratulate him on rightly highlighting the broader measures that the Government have taken in recent years by raising income tax thresholds and introducing the national living wage. Both those things are, at the broadest level, important contributions to solving the problem. He also rightly focused on the significant public concerns about recent announcements of price increases by the energy suppliers. I am glad that, as a result of action by the Competition and Markets Authority, in February this year Ofgem announced details of a cap on the amount that suppliers can charge prepayment meter customers. This will take effect from April and will help to protect those customers from high energy costs.

Energy suppliers have delivered nearly 700,000 measures in 500,000 low-income and vulnerable households since the energy company obligation began in 2013. That is part of a total of some 1.6 million homes that have been improved over that period, but this Government are going further to take action to tackle the root cause of fuel poverty, recognising that improving household energy efficiency is the most sustainable long-term solution to tackling the problem. Next week, the Electricity and Gas (Energy Company Obligation) (Amendment) Order 2017 will be debated in both houses to extend the scheme from 1 April 2017 to 30 September 2018. The measure will seek to reform ECO so that 70% of the support under the scheme will now be directed at low-income homes. That represents an increase from £310 million to £450 million a year that will be invested in improving the energy efficiency of homes that most need support. We expect that the reformed ECO will improve about 500,000 homes over the coming 18 months, and the Government have made a commitment to insulate 1 million homes over the life of this Parliament.

Recognising the fact that people also need immediate support with energy bills, we also have in place the warm home discount, which my hon. Friend recognised. The scheme provides more than 2 million low-income and vulnerable households with a £140 rebate off their energy bill each winter, when temperatures are lowest and bills highest. Together, the schemes mean that there will be at least £770 million of support for low-income and vulnerable consumers over the period 2017-18.

Jim Shannon: In my intervention on the hon. Member for Sutton and Cheam (Paul Scully), who introduced the debate, I mentioned having a co-ordinated plan across the whole of the United Kingdom of Great Britain and Northern Ireland so that we can collectively—in all the regions—take on the energy companies and work together. Has the Minister given any thought to how we could progress that?

Jesse Norman: As I have said, this is a devolved matter, so that does not specifically bear on it. However, on the wider question of whether there is scope for more joined-up thinking, I would absolutely welcome the hon. Gentleman's suggestions, or indeed suggestions from the Northern Ireland Executive, as to how those things could be done, and we would give them a very warm interrogation. I am not sure what would come out—we would have to see the suggestions—but the warmth and the interest from our side are certainly there.

I should add that the role of regulation will also be important as we take action to ensure that tenants can live in a home that keeps them comfortably warm. The private rented sector regulations will target the least efficient, F and G-rated properties from 2018 by requiring landlords to improve those properties to at least a band E, unless a valid exemption applies. My Department is considering options for the implementation of the regulations, with a view to ensuring they can be implemented effectively by April 2018.

Of course, there is more work to be done. One important area will be to improve targeting on the households most in need—a topic my hon. Friend rightly raised. The Digital Economy Bill, which is going through Parliament, will be important in that regard, as it will make available better data on householders and properties. That, in turn, will reduce the costs obligated suppliers face in identifying households that are most in need, and it will allow more measures to be installed for the same cost.

I hope my hon. Friend will agree that the Government are taking this matter with the appropriate level of seriousness, but what I have described are all Government-led actions, whereas fuel poverty is a problem for all of society, and the Government cannot tackle it alone, as he rightly said. That is why partnership is a key theme of the fuel poverty strategy. It is important for the Government to play a leadership role, but it is also important for them to work alongside initiatives from local government, businesses, individuals and the charitable sector. Only by making the most of the varied skills and resources of each of these partners—the collective resources of society as a whole—can we collaboratively tackle the long-term social problems of fuel poverty.

In that context, I welcome the Fuel the Change initiative, which is due to be launched next week, and which my hon. Friend mentioned. I am looking forward to hearing the outcomes from the discussion led by my hon. Friend and Baroness Verma of how businesses can support the fight to tackle fuel poverty in the UK. This debate, and my colleague's excellent speech this evening, are important contributions to that further conversation.

Question put and agreed to.

8.12 pm

House adjourned.

Westminster Hall

Tuesday 14 March 2017

[MR ADRIAN BAILEY *in the Chair*]

Health and Social Care Budgets

9.30 am

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): I beg to move,

That this House has considered budgets for health and social care.

It is a pleasure, as ever, to serve under your chairmanship, Mr Bailey. I thank the Backbench Business Committee for granting this important debate about the funding of health and social care. I pay tribute to my fellow Committee Chairs—the hon. Member for Totnes (Dr Wollaston), Chair of the Select Committee on Health, and my hon. Friend the Member for Sheffield South East (Mr Betts), Chair of the Select Committee on Communities and Local Government—for their work, including with my Committee, to shine a light on the challenges of funding our health and social care system for the next generations. I also pay tribute to the Select Committee on Public Administration and Constitutional Affairs for its work in this area. The fact that four Select Committees, and three in particular, are focusing their attention on the issue demonstrates its importance to the nation and to the long-term health of our citizens.

The Public Accounts Committee's view and concern, which is well documented in a dozen reports produced by us in this Parliament alone, is that there is a challenge with the funding settlement for the national health service. I will not repeat all the arguments that I made in the Chamber during the debate on the estimates the other week, but we are also in the grip of a crisis in social care. The NHS accounts are showing the strain again as we approach the year end.

Last year, as I am well documented as saying, the Comptroller and Auditor General put an extraordinary commentary on the Department of Health accounts, which were laid on the last day of Parliament's sitting. Extraordinary measures were taken to get them into balance—again, I will not mention them all, but it was a difficult adjustment. The permanent secretary at the Department of Health has acknowledged that that was not good enough, and that such one-off measures should not be repeated. We are now hearing concerns that NHS trusts are delaying paying their suppliers in order to ensure that their budgets balance. We know that, once again, capital funds will be raided and converted into resource funding to keep the NHS on track.

My Committee has discovered that funding in every area of the NHS is facing increasing demand, including specialist services, diabetes and discharge from hospital, which we have considered. The increasing age of the population and advances in medicine mean greater demand on our national health service. When the Government tell us that they are putting more money into the NHS, we must treat that with caution: more money without consideration for the number of people using the service and those who will need it in future is not always enough. Not only is the money not meeting current need, but it will not meet the growing demand.

I will speak briefly, as I am aware that 15 or so Members are scheduled to speak in this debate. The Budget came up with some solutions, as the Chancellor sees them, for funding the NHS. Our concern is that, once again, piecemeal funding is being offered rather than long-term solutions. The Chancellor talked about putting £2 billion into social care, £1 billion of it in the next financial year, starting in April. However, the Local Government Association estimates that more than £1 billion every year is needed to fund the gap in social care. The 2% council tax, often vaunted as a great solution, is a challenge in some areas, particularly where the council tax base is low. My own local authority has increased council tax to cover it, which of course means that local taxpayers are helping fund the system.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I congratulate my hon. Friend on securing this important debate. Dementia Care, a charity based in my constituency, has deep concerns about the current and future funding plans for social care. Dementia Care believes, and I agree, that funding should be based on need, not on a local area's ability to raise council tax, which clearly disadvantages people in areas such as Newcastle. I know that my hon. Friend shares this view, but I wanted to reiterate on the record that charities providing vital services up and down the country share her concerns.

Meg Hillier: I know that my hon. Friend the Member for Sheffield South East will discuss the funding of social care in more detail.

Caroline Lucas (Brighton, Pavilion) (Green): I, too, congratulate the hon. Lady. Does she agree that Ministers are engaged in wishful thinking? The ability to reduce the number of hospital beds relies on the availability of better and more social care, yet in Brighton our sustainability and transformation plan footprint means that we are being forced to find another £112 million in efficiencies specifically in social care. It just does not add up, and it is not sustainable.

Meg Hillier: One concern that our Committee has uncovered is the pressure to make 4% efficiency savings. That figure was used in the last Parliament, but has now been acknowledged to be too stiff a target. However, we are also seeing a move to 4% efficiency savings in STPs. That is challenging to achieve while going through transformation. One would expect the Public Accounts Committee to be no slouch in considering where efficiencies can be found, but even with efficiencies there is just not enough money in the system. It is being squeezed.

One welcome aspect of the Budget—I hope that the Minister can give us more detail—is that there will be a Green Paper later in the year on the future funding of social care; again, I know that my hon. Friend the Member for Sheffield South East will want to talk more about that. There are also other bits of money: £100 million to support 100 new on-site GP triage projects at accident and emergency departments in hospitals in time for next winter; £325 million in capital funding to support the implementation of sustainability and transformation plans that are ready to proceed; and a multi-year capital programme for health. That all sounds like a lot of money, but relative to the total NHS budget, it is a very small amount, and the concern is that it is not long-term and sustainable. That is what our Committee said. A long-term plan is necessary for funding the NHS.

[Meg Hillier]

After looking at this year's accounts, we are concerned about the number of trusts in deficit; perhaps the Minister can update us on that. As of month 9 of this financial year, 74 of 238 trusts were in deficit, to the tune of £886 million total. Granted, that is less than the £2.5 billion last year, but it is still not a healthy situation. Raiding capital funds to pay for resource and other such measures is just not acceptable in the long term.

Jason McCartney (Colne Valley) (Con): I commend the hon. Lady on working cross-party to find long-term solutions for the huge issues facing social care and the NHS. She highlighted the fact that capital money has been transferred to revenue. Does she agree that in places such as Huddersfield, in my area, that makes the prospect of looking for another disastrous private finance initiative deal to fund capital improvements more likely? The disastrous PFI at Halifax is now dictating disastrous changes at Huddersfield; services are being moved to fund that PFI deal.

Meg Hillier: The hon. Gentleman rightly highlights that the NHS is not new to challenges in dealing with capital projects. One of our concerns about taking out capital is that NHS buildings and equipment will deteriorate, costing more in the end. That is not good value for money, which is what my Committee considers. We should all be watching the situation. The consequences might not be apparent today, but they will become so as time goes on, and we as parliamentarians need to keep a close eye on what is happening in our local area. I am glad that the hon. Gentleman is doing so.

I will finish, as I am aware that an awful lot of Members want to speak. We must not forget that the situation has an impact on patients. For instance, the target for accident and emergency waiting times is 95%, but actual performance is just under 87%. Diagnostic waiting times have risen from 1% to 1.68%, and referral to treatment within 18 weeks has not reached its 92% target; it is just under 90%, at 89.41%. The number of people waiting more than 52 weeks for referral to treatment is 1,220. Those are just some of the figures demonstrating the impact of how NHS and social care finances are being managed and what is happening to patient outcomes.

Ms Margaret Ritchie (South Down) (SDLP): I congratulate the hon. Lady on securing this much needed debate. Does she agree with me and other stakeholders that a comprehensive review is needed in which everybody—stakeholders, the Government and the Opposition—works together to find a way forward for a comprehensive funding solution?

Meg Hillier: The hon. Lady neatly brings me to my conclusion. That is what we need: a long-term, sustainable future for our national health service. The present situation will not last from Parliament to Parliament and from one governing party to another. We need to agree a way forward and have a national conversation. We did that with pensions. It was difficult, but we got there—I know that there are still issues, but we reached cross-party agreement. We cannot chop and change, and we cannot have Governments pretending that throwing a little bit of money at the problem in a Budget is a solution. We need a long-term, sustainable solution and a national conversation about what the NHS will deliver and what outcomes we want to achieve.

Several hon. Members *rose—*

Mr Adrian Bailey (in the Chair): Order. Before I call the next speaker, I will just make it clear that I am trying to shoehorn a three-hour debate into one and a half hours. I need to call the Chairs of the relevant Select Committees, and I am looking for five minutes each from them. There will be a hard and fast three-minute time limit for subsequent Back-Bench contributions. If anyone wishes to intervene, they are perfectly free to do so, but I might take it into consideration when I consider the order of speakers.

9.40 am

Dr Sarah Wollaston (Totnes) (Con): It is a pleasure to follow the hon. Member for Hackney South and Shoreditch (Meg Hillier). I pay tribute to all the Select Committees and their members for the work that they done and to all those outside this House who made the compelling case that led to the announcements in the Budget. I say to the Minister that I unequivocally welcome those announcements, and I thank the Government for listening to the case that was made, not only about social care but about capital.

However, I would nuance some of that, because the point about social care is that we must not consider it "job done". The £2 billion over the next three years is very welcome—it is also welcome that it has been profiled to address the back-loading of the previous settlement. However, I would like the Minister to say how we will ensure that it gets to the frontline and is distributed fairly according to need, and also that that reflects the different abilities of councils to raise their own money through the social care precept, because that is important for public confidence about how the money is spent.

I also welcome the announcements on capital—the £325 million for the sustainability and transformation plans that are ahead of time is very welcome. I look forward to the announcements in the autumn Budget about further money, although the Minister will know that £1.2 billion has been transferred to revenue from capital. That is an ongoing issue that is hampering the ability of areas to put effective plans in place. Will he touch on that and say how quickly he thinks we will get to a position where we do not see these capital-to-revenue transfers as being necessary?

Another welcome announcement was about the capital improvements available to accident and emergency departments, although I would caution that this is being linked to putting general practitioners alongside casualty departments through co-location. This is not only about funding; it is about having a general practice workforce that can fund these co-located departments alongside out-of-hours departments and providing routine surgeries on Sundays. I am afraid that we simply do not have the workforce to sustain that activity. I know that there is a commitment to increase the workforce in primary care, but that is alongside a significant retirement bulge in primary care. Something will have to give. As things stand, I simply do not feel that we have the workforce to do that work.

Finally on the Budget, there was a very welcome announcement of a review and a Green Paper in the autumn, which we all look forward to. However, I call on the Government to stop and take stock, because next year will be the 70th birthday of the NHS, and it will come at a time when it is under unprecedented financial pressure. Over the last Parliament we saw a 1.1% annual uplift, against the background of uplifts of around 3.8% traditionally since the late '70s. This is a sustained financial squeeze, at the same time as an extraordinary demographic change and an increase in demand across the whole service. As welcome as the announcements were last week, I am afraid that they do not go far enough to address the scale of the generational challenge that we face. It is of course very welcome that more people are living longer, but that is happening alongside a shrinking base of our working population who are able to fund that demand.

We simply cannot carry on as we are. If the review focuses simply on social care, we will miss an extraordinary opportunity to address the issue in time for the 70th anniversary of the NHS. I would therefore ask the Minister to go back to colleagues and say, "Can we widen this Green Paper to take in health and social care, and can we try to do that on a consensual, cross-party basis?", as has been said by many across the House. Notwithstanding the issues about that in the past, the scale of the challenge is so great that we owe it to all our constituents to put that aside and to take nothing off the table in considering the scale of the challenge and the solutions ahead.

We have an opportunity to explain that to the public, because whenever I address public meetings and I ask people whether they would be prepared to pay more to fund our health and social care adequately, I find that the response is almost unanimous. People are ready for this. They understand the pressures, and they value health and social care immensely. That would be my big ask of the Minister: think again, widen the review, make it consensual and explain it to the public. Let us get the consent and move forward.

9.45 am

Mr Clive Betts (Sheffield South East) (Lab): It is a pleasure to follow the two Select Committee Chairs, my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier) and the hon. Member for Totnes (Dr Wollaston); we have worked very closely on these issues. It is also a great pleasure to see so many other colleagues in the Chamber today. It is obvious that social care and health issues are now coming very high up the agenda, which is absolutely right.

I will refer to the report that the Communities and Local Government Committee has just produced, "Adult social care: a pre-Budget report". In the next few weeks, we will produce a longer report about longer-term issues in social care. To begin in the here and now, the Committee welcomed the fact that the Government have allowed local authorities to increase the precept in the next two years and have encouraged local authorities to take up that offer, while still recognising that there are challenges around the fact that the precept raises very different amounts of money in different local authority areas. We asked for an immediate further injection of £1.5 billion, so it is welcome that the Chancellor announced an increase of £1 billion, even though £1.5 billion would have been more welcome—I think that is how the Committee will look at that.

Recognising that that would not be a permanent solution for this Parliament, however, we asked for the National Audit Office to be given the responsibility to look at what is required for the rest of this Parliament—the further two years of the spending rounds—to address the issues in social care. Those issues are very real, with an increase by a third in the number of people in their 80s or 90s over a 10-year period, with local authority spending on social care down by 7% since 2010 in real terms, with the increase in the minimum wage, with the Care Act 2014 and with all these other pressures.

Paul Blomfield (Sheffield Central) (Lab): Does my hon. Friend recognise that there are two groups of victims of the crisis in social care? They are not only those who depend on the services, but those who work in the sector and who face, for example, widespread non-compliance with national minimum wage legislation, which the Government are aware of but not acting on. Does he agree that needs to be recognised in a future settlement? We need a paradigm shift in how we view care work.

Mr Betts: We will return to the proper training, long-term commitment and pay of staff in the care sector in our Committee's further report, but we certainly had evidence to that effect.

We need another way of dealing with the funding gap for the rest of this Parliament. For the longer term, I very much welcome the announcement of the Green Paper, but I echo the comments of the two previous speakers. We need to get cross-party agreement on a sustainable, long-term settlement that will last not merely for the next Parliament, but for several Parliaments after that. There are major challenges. I agree that we should look at health and social care together, but there are fundamental differences in governance and accountability between the two systems, so how do we resolve that?

We should certainly look closely at what is happening in Manchester, to learn about the devolution deal there and how the two can work together within the same governance structure. Personally, I feel that losing the local accountability that the social care system currently has and simply centralising the whole system would be a mistake. That would take us in the wrong direction, so it is important to look at what is happening in Manchester. We have two very different funding systems. We have the health system, which is free at the point of use, but I do not think that anyone suggested in evidence that we could fund social care on exactly the same basis. We will have to consider something slightly different to fund social care, but how the two systems fit together will be a challenge.

If we are considering the future for social care funding, we should bear in mind that currently we have a mixture of funding. We have some central Government funding, local authority funding and the personal contributions that come through people paying for their care, particularly in residential homes, and what happens to their estate when they die. Will that mean a bit extra from those different elements—a bit more from central Government, local Government and personal contributions—so that

[Mr Betts]

the total whole grows? However, the Government have said that they will introduce the Dilnot proposals in the next Parliament—that is what the Minister said to us—which will cap and reduce the contributions that may come in from people's private estates when they die, so does that mean more money from somewhere else?

I am sorry that the Chancellor did this, because everything should be on the table, but he ruled out a different way of taxing or receiving contributions from people's personal estates when they die: taking a percentage of everyone's estate. Currently, people contribute their estate if they end up with dementia and go into a care home, but if they have a heart attack, they tend to contribute nothing. Is that system fair? Is that a challenge we must look at? Even with Dilnot, the £72,000 limit would take most of the estate from a small house sold when someone in my constituency dies, but it would be only a fraction of the value of a property sold in the more expensive parts of London. Is that fair either? Do we simply scrap the whole thing and go on to a German system of social insurance?

The Communities and Local Government Committee went to Germany to have a look at its model. There are pros and cons to it, but we really need to put everything on the table and not rule out any possibilities. We need something that we can, in the end, reach cross-party agreement on, recognising that the social care system will probably be different in its funding from the health system. How they can fit together and be governed together will be absolutely crucial to the success of a long-term settlement, when we eventually reach one.

Mr Adrian Bailey (in the Chair): I remind Back-Bench contributors that there is a three-minute time limit. I call Anne Marie Morris.

9.51 am

Anne Marie Morris (Newton Abbot) (Con): I shall be brief, Mr Bailey.

Our NHS is the envy of the world; our social care system, frankly, is not. Much has changed since the war years, and that has not yet been reflected or accepted. The health budget of £120 billion sounds a lot, but it is inadequate. It assumes that demand is falling; it is not, it is rising. Even NHS England has admitted that it is not enough. It is not sustainable—that is what the Public Accounts Committee report has set out. Trusts are still in deficit. Clinical commissioning groups have a very varied outcome, financially. The GP triaging offer is welcome, but it is a drop in a proverbial ocean.

The move to sustainability and transformation plans is absolutely right; the problem is that it is not properly funded and we are considering implementing models of care that are untried, untested and uncosted. That cannot be right. There is no transition funding and, although I welcome the capital funding for the project, £325 million is, I am afraid, not enough, Minister. Social care represents a third of local authority spending. We currently spend £14.4 billion. Unlike with the NHS, it is means-tested. Again, demand is going up but the funding is going down.

The funding to local government is inadequate. The 3% precept is helpful, but those of us in rural areas clearly have to pay more because we pay more council tax overall, compared with input from the state. The £2 billion is very welcome, but as my neighbour, my hon. Friend the Member for Totnes (Dr Wollaston), explained, it is a little bit but not enough and we need a proper review. We must also ensure that that money does not get stuck with our local authorities. That has happened before and I would not be happy with its happening again.

On the big picture, we do not really measure the system. We do not look at, or measure, need. We do not look at the people who do not even ask for help. Until we start measuring input, output and outcomes across the whole of health and social care, we will not solve the problem. The Green Paper is extremely welcome, and I agree with my hon. Friend the Member for Totnes that it must cover both health and social care. It would be better than a commission, but it must look at the whole system. It must look at the free/means-tested issue. It must look at integration, joint commissioning and a joint budget and accept some structural changes. We have had Sutherland, Wanless, Dilnot and Barker; the issue really is not that simple.

The Government must face up to the problem, but the public also must play their part. We have to accept change, and that is not easy. We must, as others have said, look at general tax, hypothecated tax, insurance, compulsory saving and much more, but the issue is not about just money, but models of care. While we are at it, Minister, please could we have some fair funding for rural areas? We have a disproportionate number of over-85s and rural sparsity that is not properly dealt with. Please Minister, can we have honest acceptance of the problem and the will to face up to it?

9.54 am

Karin Smyth (Bristol South) (Lab): It is a pleasure to serve under your chairmanship, Mr Bailey, and also to serve on the Public Accounts Committee.

Whatever the right level of funding is, there must be agreement on what that is and, crucially, on what it can provide. In our Select Committee sittings over the past year, we have come to the conclusion that the promised programme cannot be delivered with the money available. Via the NHS mandate, which sets out each year what is expected, we know what the NHS is set to provide and what money is available. However, today is 14 March and we have not really had sight of what is mandated for next year.

The mandate is a requirement of the Health and Social Care Act 2012; it sets the direction for the NHS, helps to ensure accountability to Parliament and, crucially, sets objectives. We know from this year's mandate that the indicative budget from April is £109,853,000 and the capital is £310 million, but it would be useful to hear from the Minister today when we can expect to see next year's mandate.

The second crucial document in this debate is the NHS constitution, which we do not talk about enough. The constitution sets out the rights to which patients, the public and staff are entitled, including consultant-led care within 18 weeks of a referral from a GP and a specialist referral from a GP for urgent cases when it comes to suspected cancer. It sets out pledges and people's responsibilities.

I agree that we need to involve the public much more in this debate. Waiting times will, I think, quickly start to increase. We have already seen today information from the King's Fund on what is happening with hip operations. We will, invariably, go back to the days of the 1990s, with longer lists. Access to GPs and other professionals will continue to decrease and, largely, we will start to depend more on families and local care—not just for social care, but because of the consequences of not having well-accessed healthcare. Staff will become more demoralised and we know that morale is crucial for patient safety.

What I want to hear from the Government today, therefore, is how we are going to include the public in the trade-offs that are now necessary with the sustainability and transformation plans in local communities. How will that be done? Will Parliament start to debate the erosion of the NHS constitution and the rights that people have come to expect? Crucially, will the Minister say when—within the next two and a half weeks—we will see the mandate, so that we will know what funds are available and what they are set out to do?

9.56 am

David Mackintosh (Northampton South) (Con): Like many colleagues from across the House, I recognise that the issue of adult social care is not easy to fix. It will affect many of our constituents at some point in their lifetimes, and some of the barriers to care can be heart-breaking for families.

In May this year, I will stand down as a county councillor in Northamptonshire after eight years' service; I was also leader of Northampton Borough Council for four years, so I have witnessed at first hand how the system works. Also, as a member of the Communities and Local Government Committee, I have been part of a four-month inquiry into adult social care. We published an interim report ahead of the Budget. I have also had discussions with professionals in the system, from the chief executive of Northampton general hospital down to care workers.

It is clear that the recently announced additional £2 billion of new money in social care is welcome. I recognise that it shows that the Government have listened to representations made by many Members of the House and the social care sector, and to the Select Committee recommendations. But no one on either side of the House is under any illusion that that will fix everything or, indeed, that money is the only issue. It is vital that we find a more sustainable way of paying for the increasing cost of social care over the long term, but we must also fix the systemic problems.

I welcome the Government's statement that they will shortly set out proposals in a Green Paper. Although short-term action is vital, the social care sector faces medium and long-term funding, structural and other problems that need to be addressed, and it is important that we have a full review of the service for the long term. We must move the debate away from the idea that the entire sector can be saved with increased funding, because the issues go much deeper.

The idea of joined-up care must be exactly that. I have lost track of the number of cases I have worked on with families who are trying to resolve issues between the care provider and the local authority—in some cases, local authorities—and deal with the multiple pressures of finding solutions while dealing with the emotions and trauma of an ill relative, sometimes with many complex or difficult medical conditions.

The systemic problems in some cases can lead to financial pressures, which will only get greater as we have an ageing population, demographic growth and enhanced medical treatment. Often, too many organisations are involved: the poor family can get overwhelmed and unsure about which organisation is dealing with which part of the care package and who they should be chasing to make something happen.

The carers and staff involved are usually equally frustrated, and concerned for the patient and their family. The Green Paper needs to focus both on the structural barriers that prevent care packages from being put in place or patients from being discharged from hospital, and on a serious examination of how the different organisations involved work together. In my opinion, the review must take a wide-ranging look at whether the organisations currently involved are fit for purpose, whether the current splits between health and adult social care can be justified, and the possibilities for reform.

9.59 am

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I congratulate my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier) on securing this important debate. I want to draw attention to the crisis in social care in Liverpool. The background is the severe cuts put on a city with a very low council tax base. Some 80% of Liverpool's properties are in council bands A and B. Cuts to Government funding will reach 68% by 2020, resulting in a £90 million cut in funding for adult social care. The consequences up to now have been a reduction in social care packages from 14,000 to 9,000.

There are two aspects to social care: domiciliary care that enables people to live independently in their own homes, and social care that enables people to be discharged from hospital. Both are equally important. I certainly welcome the announcement of an additional £27 million for Liverpool over the next three years from the £2 billion additional allocation. That money is very important and has staved off an immediate crisis, but it will be eaten up by demographic changes.

For example, the increase in the number of people aged 65 and over will lead to an £8 million increase in cost next year. The increase in funding required to implement the living wage means that an additional £25 million is required by 2019-20. Welcome as that £27 million is, it will be eaten up by those increases. The situation is compounded by an error by the Department for Communities and Local Government in assessing how much funding could be raised from Liverpool's council tax. I gather that that error has now been rectified, but it confused the situation.

What do we need? Additional funding now is welcome, but we need long-term consistent funding related to need and more integration between the national health

[Mrs Louise Ellman]

service and social care. I recognise the problems that the Chair of the Select Committee, the hon. Member for Totnes (Dr Wollaston), identified, but a move towards integration is essential. Liverpool is innovative and is already trying to do that, but it needs funding and general support from the Government to enable it to work constructively with the NHS.

10.2 am

Kevin Hollinrake (Thirsk and Malton) (Con): I congratulate the hon. Member for Hackney South and Shoreditch (Meg Hillier) on securing this important debate. I would like to touch on three different elements of adult social care: the short, medium and long-term aspects of funding. In the short term, the Government have allowed revenue raising of nearly £14 billion since 2010; most recently, there was the £2 billion in the Budget. That was very welcome and has had an immediate impact on my constituency. North Yorkshire will see an extra £18 million over three years. While I very much appreciate that response to the various different submissions that have been made, I think that most people, including the Chancellor, accept that it does not provide a long-term solution.

The medium-term solution would be to look at business rates retention, which is coming down the line for 2020. A lot more money will be coming into the system, with £12.5 billion to local authorities. What bang for their buck the Government want for that, we do not quite know. The reality is that more money will be coming in, but the point has been made that the current distribution of local authority funding is not fit for purpose. There is no correlation between the need in local authorities and the amount of funding that goes in. It is based on an old formula—regression—and we need it to be based on cost drivers, which are around such things as age and deprivation.

We often fight the battle here between rural authorities and metropolitan authorities, but the battle we should be fighting is about the fact that the lion's share of funding goes to London authorities. If we add up all the different elements, including the revenue support grant, business rates and council tax, total spending power in London is on average 40% higher than any other authority. Often those London authorities have lower need, younger populations and wealthier populations. There is no correlation, and I think we all want to see a fair system. I have nothing against London—it is a fantastic place—but I want a fair deal for North Yorkshire.

The other issue with business rates retention is the quantum. Will it grow to meet the need as need grows? The need is growing exponentially, and we need a longer-term solution. We have hugely increasing demand, and there needs to be correlation between need and the money coming in. In business, we always used to say when we came to such problems, "Ideas are ten a penny. We need a proven solution that is sustainable and scalable." On our Select Committee visit to Germany, we saw that sustainable, scalable solution, which was delivered with cross-party agreement. I absolutely agree with the calls for us to tackle the issue on a cross-party basis.

10.5 am

Mr Ben Bradshaw (Exeter) (Lab): I think there is a consensus in Westminster Hall, informed by multiple Select Committee reports that have highlighted the crisis in our health and social care system. My clinical commissioning group is facing a £40 million deficit. My local hospital, which is one of the best run in the country, is facing a £20 million deficit. It is obvious that that simply is not sustainable.

As other colleagues have pointed out, accident and emergency figures are deteriorating, waiting times are lengthening and there are increasing difficulties in seeing a GP. In Devon, we face controversial plans to close community hospital beds and to close a number of community hospitals completely. That is not an accident; it is the result of seven years of the most stringent restraint on NHS investment in its history, combined with 40% cuts to social care when we have a growing elderly population and increasing demand. The issue was exacerbated by the disastrous Lansley reforms in the Health and Social Care Act 2012—the biggest structural upheaval in the NHS's history— implemented at the same time as maximum spending restraint.

As well as that organisational upheaval, we face a workforce crisis in health and social care, as the Chair of the Select Committee, the hon. Member for Totnes (Dr Wollaston), pointed out. That has been exacerbated by the uncertainty over Brexit. Until recently, the Government have appeared pretty oblivious to all that. The £2 billion extra in the Budget was welcome, but it is a drop in the ocean compared with the amount of money that is needed.

I welcome the commitment in the Green Paper to look root and branch at a sustainable funding solution for health and social care. I worry, however, that a Green Paper is often a euphemism for kicking an issue into the green grass. I would like to see a policy announcement or a White Paper. As colleagues have pointed out, we have had much cross-party support. One proposal was scuppered in the run-up to the last general election. I worry that to grapple with the issue in the second half of a Parliament is not sensible timing. Governments need to get a grip on the issue at the beginning of a Parliament so that there is maximum time for cross-party working to get something in place. I am not optimistic that the Green Paper will come to a conclusion.

We also need to have an honest conversation with the British public about how we fund health and social care. I share Members' regret that the Chancellor seems to have ruled out any sort of posthumous levy on people's estates. We need to look at all options, including the excellent sugar tax that was recommended by our Select Committee. It is already having a dramatic effect in getting drinks manufacturers to reduce the sugar in their products and therefore improve public health.

Finally, we would like the Government to end the uncertainty over EU nationals working here in our health and social care system. They could do that today when the Prime Minister stands up in the House and gives her statement on article 50. That would give a huge boost to morale and end the uncertainty. People are already leaving, and the system is not able to recruit. That workforce crisis will do more damage in the short term than anything else.

10.8 am

Peter Heaton-Jones (North Devon) (Con): It is a pleasure to serve under your chairmanship, Mr Bailey. I congratulate the hon. Member for Hackney South and Shoreditch (Meg Hillier) on securing this important debate. It will not surprise colleagues to hear that I am unashamedly here to speak up for Devon, and North Devon in particular. We are part of the south-west, and it is significant, looking around the Chamber, to see so many Members from the south-west from all sides. It is because we are concerned that rural areas in the south-west are not getting our fair share in the distribution of available funds.

I join my hon. Friend the Member for Totnes (Dr Wollaston) in unequivocally welcoming the extra money that the Government have put into health and social care. The £10 billion extra for the NHS over this Parliament and the £2 billion for social care announced in the Budget are extremely welcome, as are the extra revenue-raising powers that have been given to local authorities for social care, and I thank the Minister and his team for those.

However, we need our fair share in areas such as Devon and the south-west. As has been mentioned by the right hon. Member for Exeter (Mr Bradshaw), we face a sustainability and transformation plan that is causing huge concern among my residents in North Devon and among those of other colleagues here from Devon constituencies. There are particular concerns about the future of some acute services at North Devon district hospital. I have said before and I will say again that any cuts to services at that hospital would be absolutely unacceptable. That is because of what I describe as the three Ds: distances, demographics and deprivation. I will not rehearse the arguments here; the Minister knows them well. He has been kind enough to hear me out on many occasions, as have the Secretary of State and many others. Those three factors in Devon and in North Devon in particular mean that we have to look at a fairer way of funding our health service so that we get the services we need. I repeat that any cuts to services at North Devon District Hospital would be absolutely unacceptable.

The holy grail of social care is the integration of the health and social care systems, which many colleagues have mentioned. I want to pay tribute to the Northern Devon Healthcare NHS Trust, which does better than most in working with its social care partners to ensure that packages of care are in place when people are able to move out of hospital. I welcome the hard work of all the people who work in the North Devon services to achieve that.

Mims Davies (Eastleigh) (Con): Will my hon. Friend give way?

Peter Heaton-Jones: I will not. The Chair was clear about the time limits; I apologise to my hon. Friend.

I will end by saying we must remember the three Ds. Let us work together across parties to find a long-term solution for the fairer funding of health and social care.

10.11 am

Norman Lamb (North Norfolk) (LD): The consensus in this room on the scale of the challenge that we face strikes me as remarkable. The £1 billion for social care this coming year is welcome, but against the £2 billion gap identified by the Health Foundation, the real risk is that this will result in more older people ending up unnecessarily in hospital because care fails at home, which puts more pressure on the NHS. In the following financial year, 2018-19, real-terms spending per head on the NHS will start to fall. That is a remarkable statistic. At a time when demand is rising rapidly, that makes no sense to anyone, wherever they are on the political spectrum. I want to touch on the human consequences of that.

Across the country families with children who have significant mental health problems routinely wait months for treatment. They suffer enormous anxiety. A man in my constituency was told he had a two-year wait for the adult ADHD clinic. Routinely across the country we are breaching the referral to treatment standard on cancer care. There is now an awful insidious trend whereby anyone who has money—we cannot blame people for this—is minded to opt out and fast-track treatment privately. Families faced with long delays do what they can for their loved ones, but do any of us really want to live in a country where timely access to treatment and potentially survival depend on whether we can pay? That is where we are heading.

No party has come up with a full solution to the crisis facing our NHS and care system. We have to be honest about that. Collectively, we are letting down the people of this country. It is remarkable how many speakers today have called for the Government to embrace a cross-party process. A load of MPs—senior MPs, Select Committee Chairs and former Ministers—have come together to call on the Prime Minister to establish an NHS and care convention to engage with the public in the mature discussion that we know we need to have but keep putting off. So I call on the Minister to support us within government, be audacious and recognise that this is a once-in-a-lifetime challenge. The Government will get credit for working with others to achieve the solution that this country badly needs.

10.14 am

Kevin Foster (Torbay) (Con): It is a pleasure to serve under your chairmanship, Mr Bailey. I congratulate my friend from the Public Accounts Committee, the hon. Member for Hackney South and Shoreditch (Meg Hillier), on securing this debate, which is welcome. To start on a positive note, we are having this debate because the NHS has been a great success. Life expectancy in England is now approaching 81, which would have been unimaginable when the service first started. Treatments in today's hospitals would have been seen only in "Star Trek" in the late 1980s. So, to be positive, the story is about how we deal with a challenge created by the greatest success.

I remember my time in local government. Other former councillors in the room may have seen the same graph showing that emptying bins and disposing of rubbish and social care would be the only thing left that councils would be able to afford to provide owing to the predicted rise in the cost of social care as demand increased. We have heard a lot today about the possibility of integrating services. I can certainly reflect on the challenges that my hon. Friend the Member for Northampton South (David Mackintosh) faced in terms of different budgets and different organisations.

[Kevin Foster]

In Torbay we have an integrated care organisation that is fairly successful in removing barriers. It has certainly helped contribute to one of the lowest levels, if not the lowest level, of delayed discharges over winter, yet now we are having to discuss how the risk-share agreement is structured, because the NHS organisations still need to comply with budgetary rules for them as individual organisations. It is not about the amount of money in the system overall; it is not about the spending of taxpayer pounds; it is about how that is divvied up in terms of a risk-share agreement. That is the exact opposite of what we want to see when we look at integrated care.

The issue is also the pace of some of the changes. Paignton Hospital will stop taking inpatients on 3 April after a consultation that many of us felt was a bit of a done deal and a waste of time. I was shut out of the first meeting because a small venue had been booked for a large meeting. There was a feeling that the measure was going to happen anyway. On top of that, we have 32 beds being closed at Torbay hospital in the same period. For me the issue is how the pace of change is being forced.

There is a long-term debate. We have touched on pensions and—let us be blunt—there was an element of cross-party agreement when the pension age for my generation was increased to 68. It can be tempting to talk about the amnesia of opposition. We need to discuss long-term solutions. The Budget was welcome, but it has to be seen as a short-term measure. We need a long-term schedule that will last for more than one Parliament and more than one Government.

10.17 am

Rachael Maskell (York Central) (Lab/Co-op): I congratulate my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier) on securing today's debate. There must be honesty in the room. The trajectory of the funding crisis started with the Health and Social Care Act 2012, which introduced a funding formula that has failed. It also put the wrong financial drivers into the system, which has pushed us into this crisis.

I need only look to my own clinical commissioning group, which is seeking £1,150 per patient in an area of ageing demographics and increasing social deprivation. From the primary care group to the primary care trust right through to the CCG, my area has been seriously underfunded, and it is now having to pay heavily when a CCG down the road is getting over 50% more per head. That does not suggest equality across our NHS. Our CCG is now being pushed into special measures and is having to make a £50 million saving because of a governmental failure instead of trying to meet the real needs of our community. Of course, we see that reflected across the country. In addition, the STP includes a £420 million cut, and that will really affect patient outcomes.

Of course we need to agree a way forward on funding for health and social care, but public health also has to be included, because we are seeing public health funding severely cut. Public health measures and prevention are the drivers of better healthcare in future. We have seen the end of the smoking cessation programme, NHS health checks, and the ability to drive better health for future generations. The local authority will see a further £250,000 cut in that budget over the next three years and a £400,000 cut to sexual health services.

Rationing is coming into the service. Just two weeks ago, the Minister and I debated the rationing of surgery. Putting the wrong, perverse financial drivers in yet again is going to escalate costs in the medium term. We need to examine the way CCGs and trusts are handling the current financial crisis to make sure that we are not just kicking the can down the road and therefore escalating costs as we move forward.

Ensuring that we have early diagnosis in the system is also important. We have heard about waiting times for diagnoses of mental health conditions and emotional and psychological difficulties. In York, I heard from a parent who had spent four to seven years waiting for a diagnosis; support did not come forward until the diagnosis had been made. We should really be looking at functional care and supporting the family as a whole—we know that not supporting the family brings an additional cost. In any review, we need to make sure that we focus on prevention and early intervention, and its financial impact, and put the right financial drivers in the system now.

10.20 am

Dr Andrew Murrison (South West Wiltshire) (Con): I congratulate the hon. Member for Hackney South and Shoreditch (Meg Hillier), the Chair of the Public Accounts Committee, on securing this debate. First, I would point out that a strong NHS requires a strong economy, and on that front the Budget brought good news.

In the short term, we need to think about how to deal with some of the problems we now face. To that extent, I very much welcome the £2 billion for social care, the £300 million to underpin sustainability and transformation plans and the £100 million for A&E. I also welcome the rumours of more medical school places, which, as my hon. Friend the Member for Totnes (Dr Wollaston), the Chairman of the Health Committee, said, are very important indeed.

We need to look at intergenerational fairness. Sadly, most healthcare cost is generated in our declining years. It is reasonable, after 2020, to look at instruments such as the triple lock to see whether those substantial sums of money should be handed to our national health service. Most elderly people I know would welcome such a thing.

We need to look fundamentally at what to do with healthcare funding going forward. It is very good to hear of the injection of money in the Budget, but it will not do in the long term, for reasons that have been explained. A Green Paper will not do either. Although that is welcome for social care, health care is much more complex.

A conversation with the public means looking fundamentally at what underpins our health service and trying to work out why outcomes in this country fall significantly short of those in countries such as Germany, which has been mentioned, France and Holland. That means examining Beveridge versus Bismarck, something in between or something completely different, which requires a commission or a convention—perhaps an Adair Turner-type commission. It needs to have that conversation with the public. On the NHS's 70th birthday, that is appropriate, because we need to carry the public with us if what we are ultimately suggesting is quite substantial sums of money injected into healthcare to bring our healthcare outcomes to where they should be.

As an optimistic sort of person, I rather suspect that the reason why a Green Paper has not been suggested for healthcare—notwithstanding the "Five Year Forward View", which is only halfway through its evolution—is that the Government are considering such a conversation as a proposition. I very much hope that the support I think the Prime Minister gave to the concept when a number of our colleagues met a short while ago is translated into concrete proposals in the near future, so that—on a cross-party basis—we can have the convention, commission or conversation that we need with the public to establish, in the NHS's 70th year, a long-term funding arrangement for this national institution that we all hold so dear.

10.23 am

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Hackney South and Shoreditch (Meg Hillier) on securing this debate and thank you, Mr Bailey, for making sure that we all get a chance to participate. As my party's health spokesperson, this is an issue that I long considered in the run-up to the Budget, hoping and praying that there would be funding for drugs such as Orkambi for cystic fibrosis sufferers, money available for the training of additional GPs and more cancer drug funding. The list is exhaustive—we all have a long list of things—but I want to mention three issues in the short time that I have.

Together for Short Lives provided me with a briefing full of information for this debate. It is clear that local authority funding for children's palliative care charities does not reflect the level of social care provided by such organisations. In the spring Budget, the Government announced a further £2 billion for adult social care funding over the next three years.

Given the vital role that these charities play in delivering children's social care, including short breaks, what guidance will the Government give local authorities to make sure that they provide financial support to those organisations? Will the Government use the forthcoming Green Paper on social care funding to consider evidence and proposals for increasing funding for children's social care? The care costs for children's palliative care rose by 10% in the last year, due to an increase in the number of children with life-limiting and life-threatening conditions and the increasing complexity of their needs and the care that they require.

As a member of the all-party parliamentary group on blood cancer, I am aware of the inquiry into blood cancer care that is being launched on Wednesday. Blood cancer, as the Minister knows, is the fifth most common cancer in the UK and the third biggest cancer killer, yet awareness among the general public and policy audiences is very low. I trust that the Minister will look at that report. It is important that we consider reports, because we want the willingness to act on them. I respectfully ask the Minister to consider that.

My third point is about multiple sclerosis. Some 100,000 people in the UK have MS—4,500 of those in Northern Ireland. Great research has been done by Queen's University Belfast to revolutionise life for people with MS. They are trying to find a way forward, looking at how the damaged brain repairs itself. The research is good stuff. I remind Members of the importance of ensuring that funding is available for research into diseases. I believe the Department must step up and make sure that that happens.

I know that there is not an unending supply of funding, but I believe that it is necessary that the money is used in the most productive way. I am subsequently asking that consideration be given to the issues that I and others have raised this morning. My mother often said, "Your health is your wealth," and that is very much the truth. We must do all we can to protect the real wealth of this nation, and make sure that help is available to those who need it most at the time they need it.

10.26 am

Margaret Greenwood (Wirral West) (Lab): I congratulate my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier) on securing this important debate.

On 4 March, just over a week ago, a quarter of a million people marched through central London to call on the Government to stop the cuts and the privatisation of the national health service. I pay tribute to each and every one of those people who came to London to make that protest to the Government. When a quarter of a million people assemble directly outside this Parliament, the Government should think about what they are asking for. People value the NHS highly and are prepared to fight for it.

Many of the problems that we are facing in the health service have their roots in the Health and Social Care Act 2012. I hope that in any cross-party discussion, where we say that everything will be on the table, repeal of the 2012 Act will be on the table for consideration. One of the very many changes it introduced was the removal of the requirement to provide a comprehensive health service in England. As a result, we are seeing increasing rationing, and patients are suffering.

My hon. Friend the Member for York Central (Rachael Maskell) made an excellent speech in the Adjournment debate she recently secured on the rationing of surgery. As a former physiotherapist, she is very well-placed to make those points. Earlier this year, three clinical commissioning groups in the west midlands produced proposals to reduce the number of people qualifying for hip replacements by 12% and for knee replacements by 19%. Clearly, that has nothing to do with addressing patient need; it is all about balancing the books on the part of a Government with an austerity agenda that they are wedded to. Thousands of elderly people in our country are losing their sight, due to the rationing of cataract operations. That kind of rationing has a real and painful cost to many people in our society.

We are seeing the emergence of a postcode lottery. People are being told that we cannot afford a comprehensive service any more, but that needs to be challenged. Ministers will cite the ageing population and the costs of technology. Well, technology can reduce the costs of care; treating somebody sooner for a cataract operation—a relatively cheap operation—is a much more efficient way of using money than letting somebody become blind and hence terribly dependent on social care.

[Margaret Greenwood]

The coalition cut £4.6 billion from social care. The £2 billion over three years that the Government are providing is nowhere near enough. We want an injection of £2 billion now to stabilise the social care system. The public will not stand for it, and they will not forgive or forget a Tory Government who take the national health service off them. Ministers might think that they can erode it by trimming a little bit here and a little bit there—*[Interruption.]* But the public know what is going on. Those who have hospitals that are going to close understand what I am talking about. People will not stand for it: they will march again, and it will not be—*[Interruption.]*

Mr Adrian Bailey (in the Chair): Order. I ask Back Benchers in sedentary positions to allow the speaker to speak. She did not interrupt their contributions, and I wish they would offer the same courtesy to her.

Margaret Greenwood: When 250,000 people are so unhappy about what the Government are doing and we are seeing the closure of A&Es, hospitals and all sorts of services, and the rationing of services that people really need, the Government should listen, as should Conservative Members.

Mr Adrian Bailey (in the Chair): We now come to the Opposition spokespersons' contributions. I wish the Minister to have a minimum of 10 minutes to respond to the debate, because many points have been made. I can allow the Opposition spokespersons 10 minutes each, but it would be helpful if they kept their speeches a little shorter so that Meg Hillier may respond to the Minister's comments.

10.30 am

Neil Gray (Airdrie and Shotts) (SNP): It is a pleasure to take part in this debate, Mr Bailey, once again with you in the Chair. I will keep my remarks brief to allow the required summing up to take place.

I pay tribute to the hon. Member for Hackney South and Shoreditch (Meg Hillier) for securing the debate, and I congratulate her on her speech. She highlighted the issues very well and was right to focus on the shift from capital to resource: £940 million this year, the third year in a row of such a shift in NHS England.

This has been another good debate on the subject. Only three weeks ago, I summed up for the Scottish National party in a social care debate. The right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) said in that debate—I agreed with him—that social care was the greatest domestic policy challenge facing the UK Government. Some revisions to what was said in that debate are required, however, as a result of the Chancellor's Budget statement. It was welcome that he chose to spend £2 billion on health and social care in England, but it was a mistake for him to stagger it over three years. That is simply not enough.

We welcome the Barnett consequentials that go to the Scottish Government as a result of the social care enhancement—£99 million in 2017-18, £66 million in 2018-19 and £33 million in 2019-20. I am sure that those funds will be used by the Scottish Government to continue investing in the new health and social care joint boards which have been legislated for and recently established. The joint boards are local authorities and health boards working together to overcome the challenges of bed blocking, delayed discharge, domestic adaptations and care packages.

One of the most frustrating cases that we all deal with as MPs is delay to domestic adaptations, which is frustrating for the family, the recovery time and the flow through the healthcare system. I used to deal with dozens of those as an MP and previously as a parliamentary assistant. Thankfully, they are now becoming fewer and further apart. I am not saying that there are no challenges in Scotland—of course there are—but north of the border we are in a very different place from what we see in England.

Over the past two years, as we have started to integrate health and social care and invested record levels in our NHS in Scotland, Scotland's core A&Es have been the best performing in the UK. On 5 February this year, in a report comparing UK health services, the BBC stated:

> "Out of all the four nations, hospitals in Scotland seem to have fared the best...Much of the credit has been given to the way councils and the health service are working together."

According to the most recent figures, the four-hour A&E waiting time target is being hit in 92% of cases in Scotland, 79% in England, 76% in Northern Ireland and 65% in Wales. Taken with other initiatives and investments, standard delayed discharge of more than two weeks has dropped by 43% in Scotland.

In the Scottish Government's 2016-17 draft budget, we have allocated a further £250 million to health and social care partnerships to protect and grow social care services and to deliver our shared priorities, including paying the real living wage to adult care workers. In spite of the cuts to Scotland's budget, the SNP has increased funding for adult social care. As a result, the average time received for home care is 11.3 hours a week, compared with 5.6 hours a week in 2000. Again, I am by no means saying that things are perfect in Scotland, but we faced up to the social care challenge long before it became the crisis we see south of the border. I hope that the UK Government can look to the Government up the road for inspiration as they face up to their own serious domestic policy challenges in England.

10.34 am

Barbara Keeley (Worsley and Eccles South) (Lab): It is a pleasure to serve with you in the Chair, Mr Bailey. I congratulate my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier) on securing the debate and the excellent way in which she opened it.

Last week, in the spring Budget statement, the Chancellor announced that the Government would provide £2 billion in funding for social care over the next three years. We have heard a variety of comments about that in the debate. It is welcome that Ministers have finally heard the warnings from the Opposition, a wide range of health and care leaders and the three Select Committees represented in the Chamber today about the fragile and underfunded state of social care, but the extra funding has to be seen against the cuts to local council budgets, leading to the loss of about £5 billion from adult social care budgets since 2010. Clearly, the announced funding is not enough.

The cuts have already had an impact on the lives of many people. Older, vulnerable and disabled people have had support that they relied on taken away. Others have been turned away by local authorities and left to rely on friends and family for help. Last week, in this Chamber, we debated social care in Liverpool, when we heard that the cuts there meant that care could be funded for only 9,000 people, not the 14,000 people who had previously received care packages, as my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman) reminded us today. In one city alone, that is 5,000 care packages lost and, nationally, 400,000 fewer older people than in 2010 receive publicly funded care.

We should remember that, as Age UK tells us, 1.2 million older people have to live with unmet needs for care—older people who do not have help they need to feed themselves, wash or get dressed. Apart from coping with future demographic change, we have to look at that unacceptable level of unmet need, because that is part of the serious state of social care and it is having a knock-on effect on the NHS. As Mark Porter from the British Medical Association said:

> "When social care is on its knees, patients suffer delayed transfers, and the personal and financial cost is vast."

In January we saw a record high in the number of delayed discharges from the NHS. The King's Fund recently described social care as

> "little more than a threadbare safety net for the poorest and most needy older and disabled people"—

it is a threadbare safety net that many people are now falling through, with the NHS left to pick up the pieces.

Given the damage done over the past seven years and the crisis that the Government have caused in social care, the £1 billion announced in the Budget for this year is simply not enough. As we have heard in the debate, the King's Fund, the Nuffield Trust and the Health Foundation warned the Government about a £1.9 billion funding gap in social care, which means that the Government are funding only half of what is needed now. As for comments outside this place, the Care and Support Alliance has said that the extra funding

> "keeps the wolf from the door",

but no more, while the Academy of Medical Royal Colleges said that

> "we've now got to get real and recognise that short term measures of the kind we've seen today won't help in the longer term."

Is it not time to examine the true gap in social funding? Will the Minister acknowledge that £2 billion in funding is needed now, rather than spread over the next three years?

We also heard about the intention to produce a Green Paper on the long-term funding options for social care. The Chancellor said that those options do not include what he described as "Labour's hated death tax". As my hon. Friend the Member for Sheffield South East (Mr Betts), the Chair of the Communities and Local Government Committee, said, the Government should not reject options proposed in the past by other parties, and the Chancellor should not label one such option as a "death tax", because to describe it in that pejorative way is not helpful in securing cross-party support for a sustainable solution to funding social care. That was done back in 2010 for political reasons, and it is being done now for political reasons. Inheritance tax is not called a "death tax", although it is a tax levied after death. It has been known in the past as probate duty, estate duty and capital transfer tax. The Labour party has not played such political games with the Government's highly unpopular increase in probate fees, which will affect people in the coming months.

I also challenge what Ministers have said about previous work on a sustainable and long-term funding option for social care. We need to deal with the issue now. In the Budget debate, the Financial Secretary to the Treasury denied that the Government might kick it into the long grass, instead talking about previous reviews. Let us be clear about that, however. In 2010, the Labour Government produced a White Paper called "Building the National Care Service", a copy of which I have with me. Before that, in 2009, we had a Green Paper and the "Big Care Debate", involving 68,000 people. Members are right that we need that big conversation with the public, but we have already had it once—we held it in 2009. We had firm plans to build a national care service. In seven years, this Government abandoned those proposals, established the Dilnot commission on the future funding of adult social care, adapted Dilnot's proposals for their 2015 manifesto and then abandoned them. I call those seven wasted years. We appear to be back where we were in 2009.

As we have heard, it is clear that the demographic pressures in social care have a real impact on the NHS. In a typical hospital at any one time, two thirds of in-patients are over 65 and more than a quarter have a diagnosis of dementia. On top of rising demand, the Government have simultaneously sought to pass on what I see as unachievable savings. As we have heard, hospitals already have record deficits. NHS providers ended last year with a £2.5 billion deficit, although the Nuffield Trust suggests that the real underlying deficit was closer to £3.7 billion. The Public Accounts Committee identified that the NHS is resorting to

> "repeated raids on investment funds in order to meet day-to-day spending".

We have heard those issues covered in this debate.

The decision to provide just £100 million in the Budget for capital investment looks odd, given that the NHS had to resort to raiding £1.2 billion from capital funding this year just for day-to-day running costs and faces a £5 billion repairs backlog. It has become increasingly clear that a £22 billion savings target for the NHS is simply not realistic. The Public Accounts Committee said:

> "we remain concerned about whether plans are really achievable".

Not one independent expert I have seen believes that such savings can be achieved with services maintained at current levels, and I am worried that efficiency savings on that scale will increasingly affect the quality of care that patients receive. We know that the number of trolley waits rose by 58% last year and the four-hour target has not been met since July 2015, and we have now heard about the rationing of hip replacements.

Importantly, the King's Fund told us this week that the financial pressures on mental health services have been

> "a major factor driving large-scale changes to services, which may have had a detrimental impact on patient care".

Its report states that patients who are able to access treatment get fewer contacts with adult secondary mental health services. That suggests that there is rationing of

[Barbara Keeley]

support in England. It is also clear that the shortage of specialist mental health beds is resulting in a significant increase in the number of patients being sent for treatment away from their home area. In the four months to January this year alone, more than 2,000 vulnerable people in England with serious conditions such as schizophrenia, psychosis and anorexia were sent for out-of-area treatment. Almost half those placements were more than 60 miles from the patient's home, and one in five of those patients were admitted to a psychiatric intensive care unit.

The Public Accounts Committee said that

"the financial performance of NHS bodies has worsened considerably and this trend is not sustainable."

In social care, mental health and the NHS, it is evident that the most vulnerable people in our society are bearing the brunt of financial pressures. We have heard a strong consensus in this debate that that has to change.

10.43 am

The Minister of State, Department of Health (Mr Philip Dunne): I congratulate you on chairing this substantial debate so efficiently, Mr Bailey. Some 31 colleagues were present—that is a very high turnout for Westminster Hall—of whom 18 spoke, including three distinguished Select Committee Chairs and two Opposition spokesmen. Certainly I have not attended such a significant debate in Westminster Hall, and it reflects our common interest in ensuring that the NHS and social care services in this country provide as high-quality a service to the public as possible.

Virtually all speakers welcomed the developments in last week's Budget, and I welcome that broad consensus across the Chamber. Only one discordant note was struck—reference was made to a march in the streets of London led by the shadow Chancellor, the right hon. Member for Hayes and Harlington (John McDonnell). That march obviously demonstrated a degree of concern, but it happened before the Budget, which, as I shall touch on, responded to many of the concerns that have been raised.

We all recognise that the NHS faces a significant challenge, given the increasing demand for health services as a consequence of our ageing and growing population, new drugs and treatments, and safer staffing requirements, and that in turn is increasing the pressure on social care services. We know that finances are challenging for both areas, which is why we have ensured that spending on the NHS has increased as a proportion of total Government spending each year since 2010.

We backed the "Five Year Forward View" as part of the spending review in late 2015. That ensured that real-terms NHS funding will increase by £10 billion by 2020-21 compared with the year before the spending review. Some hon. Members said that they wanted to see a plan. We have supported the NHS's own plan—the "Five Year Forward View"—and announced that we will publish a Green Paper this summer looking at how social care is funded in the long term, which hon. Members have welcomed, so it is churlish to deny that this Government are providing long-term strategic thinking about the way we fund both those services. I remind colleagues that the NHS budget was £98 billion in 2014-15 and will be £119.9 billion in 2020-21. That is a £21.8 billion increase in cash terms, which seems to get lost from time to time in these discussions.

We are almost at the end of the financial year. The NHS received a cash increase of more than £5 billion in 2016-17. That was front-loaded, as NHS chief executive Simon Stevens requested. For the year that starts on 1 April, there will be another significant increase in funding once the mandate is settled. The hon. Member for Bristol South (Karin Smyth), who is a member of the Public Accounts Committee, asked when we will see that document. It has to be published by the end of this month, and I assure her that it will be.

The measures announced last week, which many hon. Members referred to, have three features. I will not go into them in detail, because they have all been covered. Much of the focus has been on the additional £2 billion that we will provide for social care over the next three years, half of which will start to come in next month, when the new financial year begins.

Some hon. Members are aware of the numbers for their areas and some are not, and one colleague came up with a slightly incorrect figure. I will not go through every area, but I applaud the presence of Devon MPs in particular, given the manner in which they have massed themselves with colleagues from across the House. Devon will get a £30.3 million increase in its social care budget over the next three years and will receive half of that in the year that is about to start. My hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) referred to an £18 million increase for North Yorkshire. I can give him a bit of good news: it will actually be £19.6 million over the next three years. I am grateful to the Chair of the Public Accounts Committee, the hon. Member for Hackney South and Shoreditch (Meg Hillier), for her support for the Budget measures. Hackney will receive £12.8 million, as she acknowledged. Like many colleagues, she sought a long-term funding settlement.

Norman Lamb *rose—*

Mr Dunne: I am afraid I cannot take interventions, as we have very little time.

The spending review provided a settlement for the NHS. The Chancellor indicated that there will be a social care Green Paper this summer. Several colleagues called for a cross-party consensus. The Green Paper will provide an opportunity for debate and consultation, and such discussions should focus on that.

The second Budget measure was a £100 million increase in funding for A&E services, so that people who present at A&E who do not need intense or urgent care can be diverted to GPs or clinics run by nurse practitioners. That best practice has been proven to work in A&Es that have such a streaming service, so we are looking to provide facilities for basic capital spend to ensure that every A&E hospital across the country has streaming in place by next winter. I am pleased that that has been welcomed by hon. Members from across the House.

The third measure—this was touched on in the debate, albeit not in such detail—is the £325 million capital investment in the first set of sustainability and transformation plans. Those who make the strongest case for investment and can deliver better, more joined-up services, which can bring real improvements to patient care, will benefit from the funding. We look to that to be an exemplar for other areas whose plans are less well developed, to encourage them to develop a better, more integrated approach to patient care for the future, including closer working with local authorities for the provision of social care. That should encourage areas to bring forward more comprehensive plans for the next wave of STPs, which will be supported. As hon. Members have said, we look forward to explaining more about that at the time of the next Budget.

Mrs Flick Drummond (Portsmouth South) (Con): Will the Minister give way?

Mr Dunne: I am afraid I had better—

Mrs Drummond: It will be very quick.

Mr Dunne: Okay, a very quick question.

Mrs Drummond: Something that has been missing from the debate is the 6.5 million carers in the UK—17,000 of them are in Portsmouth—who save costs of £132 billion a year. Will the Minister recognise that in the Green Paper and, in particular, respite care for them?

Mr Dunne: In the sustainability and transformation plans there is the opportunity for commissioners of care and health services to look holistically at the demands of the residents in their area, which to a degree includes palliative care and respite care. As we move towards an STP, there is a greater opportunity for those things to be considered as well.

Barbara Keeley: I agree with the hon. Member for Portsmouth South (Mrs Drummond). There is a real dearth now and respite care for carers has got lost. With £120 million, 40,000 carers could be helped with a respite care break. The Minister should look at that.

Mr Dunne: As I just said, the STPs provide an opportunity for areas to place greater focus on respite care if they consider that to be required.

I would like to touch on the adequacy of the social care funding package. The announcement means that in the next three years councils will have access to some £9.25 billion of more dedicated funding. That includes extra money going to local authorities through the combination of the improved better care fund and the social care precept, which, for those councils introducing it with effect from next month, will raise some £1 billion extra. The £1 billion provided in the Budget and the £1 billion from the precept amount to the £2 billion called for by external sources for the coming year. That funding will allow councils to expand the numbers of people they are able to support and, in turn, address issues at the interface with the NHS such as delayed discharges from hospital, which as we know cause problems with patient flow through the system.

Questions were raised about how the social care funding is to be allocated. I inform colleagues that 90% will be allocated using the improved better care fund formula to local authorities that have responsibility for adult social care. That distribution takes account of the ability to raise money through the council tax precept for social care and means that it is well targeted at areas of greater need and market fragility. However, in recognition of the social care pressures faced by all councils, 10% of the funding will be allocated using the relative needs formula.

The response to the measures from external audiences reflects comments made by hon. Members today: they have been broadly welcomed. Of course, several hon. Members said that it is not enough, but that is a traditional response to any increase in money—it is always easier to say that it is not enough. Hon. Members have generally recognised that the Government have listened to concerns about social funding. Those of us with responsibility for the health service recognise that there has been a particular problem in dealing with delayed discharges from hospital. Through closer working in the sustainability and transformation plans as they are rolled out across the country, with local authorities working more closely with health service providers, we think that the money will provide a lifeline to help to remove some of those pressures and to improve patient flow through our hospitals.

I would like to touch on the medium-term challenge and how in the coming months we can try to use the development of a social care Green Paper to address the longer-term concerns. The Government are committed to establishing a fair and more sustainable basis for funding adult social care in the light of the future demographic challenges that the country faces. We will therefore bring forward proposals to put the state-funded system on a more secure and sustainable long-term footing, setting out plans in a Green Paper. Some hon. Members asked when the Green Paper will be published. If I was in charge of Government timetabling, I would be in a better position to answer. They will not be surprised to hear that I cannot give a definitive answer, but, to use traditional parliamentary language, it would be fair to say that it is expected to be published in the summer.

Mr Bradshaw: Will the Minister clarify the Government's position on the idea of a posthumous levy on estates? The Chancellor ruled that out, yet we read in the newspapers that the Prime Minister slapped him down over that. Are the Government ruling it out or not?

Mr Dunne: I will not pre-empt anything in the Green Paper, and it is not for me to give the right hon. Gentleman any comfort on discussions that might or might not have happened around the Budget.

We recognise that the NHS and social care face huge pressures and that there is more for us as a Government to do. However, we can be confident that we have plans in place both to cope with the pressures that we currently face—winter, A&E pressures and delayed discharges—and to sustain the system for the future. We have a long-term plan in place through the "Five Year Forward View" and the efficiency work being undertaken and rolled out progressively this year. We have given extra funding to both the NHS and social care to support those plans, and we have plans to bring forward a Green Paper on social care. I am pleased that that was broadly welcomed and recognised by hon. Members and distinguished parliamentarians in the debate, and I am grateful for that support.

10.57 am

Meg Hillier: I thank all hon. Members for their contributions to this thoughtful and reasoned debate. I do however need to challenge the Minister on his suggestion that there was strong support for the Budget measures. Let us not overplay it: there were "buts" in the speeches of nearly all hon. Members. Therefore, while those measures are a help, I think everyone agreed that they are not sufficient, because that is not long-term funding.

Let us be clear. We have had short-term funding though the better care fund, a recent announcement on money for GPs at A&E, the cash injection of £2 billion for social care front-loaded for the next financial year, and a precept increase of 2%. None of that is long-term sustainable funding. Let us also nail the issue of the £10 billion with which the NHS plan has been resourced. That has now been stretched by the Government over a six-year period, not five years—both my Committee and the Health Committee have highlighted that—while they continue to seek a 4% efficiency saving. It is not just the Select Committees saying that; the Comptroller and Auditor General said of the NHS accounts that there is not yet

"a coherent plan to close the gap between resources and patients' needs."

Ministers really need to get a grip on that.

Will the Minister write to the Select Committee Chairs, outlining in more detail not just the timescale for the Green Paper's publication but the proposed plans for discussions around that and when it will be taken further forward? Will he also write to us about the Care Act, phase 2, which has come up in the debate, albeit not mentioned directly? The permanent secretary at the Department of Health could not give an answer to our Committee. He talked about it being postponed, possibly to 2020. It would be helpful if the Minister would write to say what is happening with that element of the Care Act.

There is a strong view that there is a need for a long-term solution, and the Budget measures are not yet that. Health and social care are interconnected, and hospitals are not a great place for older people to be in. We need to ensure that we have a long-term sustainable solution to keep people out of hospital, keep them well as long as possible and keep them independent. That requires long-term thinking, not the sticking-plaster measures that we keep seeing unveiled by all Governments at the time of elections, especially in the light of cuts.

Motion lapsed (Standing Order No.10(6)).

Food Labelling

11 am

Julian Sturdy (York Outer) (Con): I beg to move,

That this House has considered the future of food labelling.

I draw hon. Members' attention to my declaration in the Register of Members' Financial Interests.

Accurate food labelling is vital to UK food producers and consumers. It is important in ensuring that there is a fair, functioning market in the sector. It enables products to compete on a fair basis—especially given that imports are often made to lower quality, with poorer animal welfare standards. It allows consumers to make informed choices about how they want to buy, without being misled. As the 2013 horsemeat scandal demonstrated, our labelling regime has an impact on consumers and businesses in every community in the country. Of course it also has a particular impact on farming and food manufacturing businesses and the wider rural economy.

The Minister's Department calculates that the value of food and farming to the economy is about £108 billion, and the sector employs one in eight members of the total workforce. The strength of British agriculture is essential to maintaining food security and to the conservation, through its vital role in land management, of the countryside and landscapes. A strong farming sector also sustains rural communities, especially in more remote areas where there may be fewer alternative sources of employment. I know that the Government are committed to supporting the agriculture sector, and that support is all the more important as we face the challenges and opportunities of leaving the European Union.

Neil Parish (Tiverton and Honiton) (Con) *rose—*

Julian Sturdy: I give way to the Chairman of the Select Committee on Environment, Food and Rural Affairs.

Neil Parish: I thank my hon. Friend for obtaining this excellent debate. It is great that we have high standards of animal welfare, but they cost the industry money; does he agree that, as we get new trade deals and leave the European Union, we must be certain to label products securely so that we can stop imports coming in if they do not meet our standards? We should properly label our products; otherwise our farming community and food industry will be seriously disadvantaged.

Julian Sturdy: I entirely agree, and that is exactly why I wanted to have the debate now. I do not know whether my hon. Friend has seen a copy of my speech; but he is right. There will be opportunities and challenges for the food and farming sector in leaving the European Union. Developing a comprehensive and accurate food labelling regime is an indispensable element of that.

Rebecca Pow (Taunton Deane) (Con): I applaud my hon. Friend for obtaining the debate, at just the right moment. Often when we shop online we do not know whether the food is British. Could consideration be given to a button to press when doing an online shop to enable people to choose from just British produce? Surely that would really help us as we leave the EU.

Julian Sturdy: As always, my hon. Friend brings a new dimension to the debate. If I am honest, that is something I had not thought about, but I applaud the idea, which is excellent. I hope that the Minister will take the point on board.

As hon. Members will be aware, the relevant law has mainly been decided by the European Union, so our withdrawal gives us the opportunity to tailor the rules to the needs of the United Kingdom. I firmly believe that withdrawal must not mean going back on the progress made during our EU membership.

David Simpson (Upper Bann) (DUP): I too refer hon. Members to my entry in the Register of Members' Financial Interests. I do not disagree with anything that the hon. Gentleman has put forward, but how are we to motivate consumers, who are driven by price and not always by concerns about the country of origin?

Julian Sturdy: I have some sympathy with what the hon. Gentleman says, but I will remind him about a supermarket founded in Yorkshire that has put a levy on its milk and gives that money back to the farmer. The consumers pay slightly more for their milk but know that the extra goes directly back to farmers. I will not name the supermarket, but that item has been its fastest growing product. That shows that when consumers have knowledge, because of proper labelling, they are prepared to buy British.

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con): I commend my hon. Friend on bringing the debate today. I am sure that he will be aware, as I am from the experiences of Suffolk farmers, that far too often some current EU regulations—I say this having voted remain—prohibit the proper marketing of local produce. They make it much more difficult for consumers to know that they are buying genuinely British beef from farms in Great Britain. At the moment, some of the beef they buy could be from overseas.

Julian Sturdy: I entirely agree. My hon. Friend is right that it is crucial to have accurate labelling. That should not only mean country of origin labelling; it should go right down to local and regional labelling.

Justin Tomlinson (North Swindon) (Con): My hon. Friend is making a typically powerful and timely speech on an important subject. On the same point, does he share my frustration when some supermarkets try to take advantage of consumers' good will and support for local manufacturers by making up fictitious brands such as "Nightingale Farms"? We consumers make purchases, thinking we are supporting the UK industry, only to discover that it is a fictitious brand.

Julian Sturdy: That is another excellent point in what is indeed an important debate. I entirely agree: this is about making sure that labelling is accurate and fair to the producer and the consumer—so that the latter can make a properly informed choice. As my hon. Friend pointed out, that is not always the case.

I firmly believe that withdrawal from the EU must not mean going back on the progress that we have made.

Neil Parish: Will my hon. Friend indulge me again?

Julian Sturdy: I am not making much headway, but I am happy to give way.

Neil Parish: On the point about mislabelling, there is a big chain in this city and others that sells Angus beef, which I suspect is not Aberdeen Angus, from either Scotland or the rest of the United Kingdom, but mostly south American. I suspect that because it is labelled Angus beef, a lot of people eating it think that it is home-grown Angus beef.

Julian Sturdy: My hon. Friend makes a good point. I know exactly the places that he is talking about; I cannot say I have frequented them, but I know where they are and they stand out very well in the capital. What he says is right, and it goes back to the point made earlier. It is a question of consumer choice, but consumers want accurate information—whether online or in restaurants—so that they can make an informed choice about the products they buy.

The three main types of origin label are country of origin, method of production and method of slaughter. In this short debate—I am already running out of time—I intend to concentrate mainly on country of origin labelling, because I feel it is both the category for which accurate labelling is most important and because a British product is already guaranteed to be made to some of the highest standards of quality and animal welfare in the world. While accurate labelling is obviously important for producers, we also know that it matters deeply to consumers. It is therefore only right that labelling is clear and accurate.

Department for Environment, Food and Rural Affairs figures from 2016 show that just under 40% of shoppers check food labels for national origin, while separate research suggests that figure rises to 47% for meat products—double the percentage who look at nutritional information. Under EU rules, country of origin labelling is currently mandatory for unprocessed pork, sheep, beef, goat's meat, shellfish, poultry, most fruit and vegetables, wine, honey and olive oil. That is a fairly recent development for sheep, pigs, goats and poultry, applying only since April 2015.

The bottom line is that the substance of these regulations must be preserved as the bare minimum when we cease to be an EU member state; promoting "brand Britain" through our exports will become all the more important as we move towards the exit door. I also believe that the Government must act to remedy existing problems with these regulations once they have the power to do so independently. As the Environment, Food and Rural Affairs Committee was told last year during its "Farmgate prices" inquiry, EU rules allow for the national origin of meat to be given as the country where the last significant change in production took place and not where the animal spent all of its life. For me, that does not amount to a fair, common-sense definition of national origin.

Published in May last year, the Government's response to the Committee's report said that they were

"continuing to press at EU level for mandatory country of origin labelling for staple food products."

The wide scope of action that that suggests is very welcome.

Alison Thewliss (Glasgow Central) (SNP): I thank the hon. Gentleman for initiating this useful and informative debate, and I welcome the case he is making. Should infant formulas be added to the products that he suggests

[Alison Thewliss]

should have country of origin labelling? The ten-minute rule Bill that I presented on marketing of formula said that country of origin labelling might be useful in helping consumers to make an informed choice if it were put on the tins and made clear exactly where the formula came from.

Julian Sturdy: I entirely support that; it is another sensible suggestion of where we should consider country of origin labelling. Parents would look at that in great detail and want to make an informed choice for their children. It goes back to the point that consumers need information so that they can make a detailed, informed choice. On the point I was making, I hope that the efforts Ministers were planning to expend on the EU in that regard will now be channelled into examining the opportunities for the UK on this issue on a similar broad basis. I am sure that the Minister will look at this in detail.

I will focus the rest of my remarks on the difference between fresh meat, which, as I have said, is subject to mandatory country of origin labelling, and the wider range of processed meat products, which are not. That is the most striking example of the regulation needing urgent improvement. It should not always fall to a Yorkshireman to plead for plain-speaking and straightforwardness in this place; I know that the Minister will probably argue that the south-west does an equally good job of speaking straightforwardly—calling a spade a spade. However, the current divergence between country of origin rules for meat and processed meat products is a significant source of unfairness and confusion within the UK meat market.

The lack of mandatory labelling for processed meat products and our own Food Standards Agency guidelines mean that those products can legally be labelled as British or "made in Britain" if they are only processed in this country, even if they are made from non-British meat. It is important to bear it in mind that products not currently covered by mandatory country of origin labelling make up a huge share of total meat consumption, including pies, ready meals, ham, bacon and sausages. Crucially, those products are displayed side by side on supermarket shelves with fresh meat that is subject to mandatory country of origin labelling requirements. A national origin label on two very similar products sitting next to each other can in fact mean very different things, potentially misleading the consumer and disadvantaging both them and British agriculture.

There is a significant number of welcome voluntary schemes that encourage country of origin labelling of processed meat products, such as the Red Tractor label and the voluntary standards agreement agreed by the industry and DEFRA in November 2010, but the fact that they are voluntary obviously limits their effectiveness. The number of different labelling schemes, each with their own standards and applying to some producers but not others, risks confusing consumers and prevents a level playing field on which products can be judged according to one ultimate standard.

Current food standards guidelines suggest that the country of origin of principal meat ingredients should be declared, and that any information provided cannot be misleading. Sadly, that is not sufficient to prevent unclear or inaccurate labelling of processed meat products. For instance, a packet of two gammon steaks from one of our leading supermarkets can be labelled

"produced using pork from the UK"

on the front, while the back of the packet reveals the more complete information in small print—that it was

"produced in the UK using pork from the EU".

Similarly, a spaghetti bolognese ready meal from another leading supermarket can bear the Scottish flag on the front to indicate that it contains Scottish beef, clearly implying that the meat in the product is 100% of UK origin. However, in small print on the back is the information,

"produced in the UK using Scottish beef and Italian, German and French pork".

That is all hugely unfair to our producers, who have gone to great efforts to ensure that their produce is of the highest standard, which is rightly demanded in this country, and should not have to see their products labelled as being no different from imports from countries where standards are much lower. For instance, research has suggested that an estimated 70% of pork imports fall below UK standards. The classic example of that is sow stalls, which have been banned in the UK for 10 years but remain common practice in many other countries.

Rebecca Pow: My hon. Friend is making a good point. We are not self-sufficient in food in this country. If we get the labelling aligned correctly, does he think that it would give farmers, like those in my constituency of Taunton Deane in the south-west, more opportunities to produce and sell more?

Julian Sturdy: I think it will allow farmers to compete against imports on a fair pitch, as it were. That is very important, because at the moment I feel it is very skewed by the labelling. Whether in my hon. Friend's patch, up in Yorkshire or anywhere within the UK, including Scotland, Northern Ireland or Wales, British agriculture produces products to some of the highest standards and the highest welfare standards in the world. That is not reflected fairly within food labelling at the moment, and we have to ensure that it is.

It seriously inhibits consumers' choice if we do not get this right. We know that many consumers wish to buy British meat, in many cases because of the high quality and high animal welfare standards to which it is produced. Research suggests that 74% of people believe it is important that the meat they buy is of UK origin. That strengthens the point made by my hon. Friend the Member for Taunton Deane about what such labelling can do for UK agriculture. However, under the current regime, consumers are restricted in their ability to do so.

For meat and processed meat products more broadly, I urge the Minister seriously to consider establishing a clear single UK country of origin standard, with a single country of origin label on the packet meaning that the animal was born, raised and slaughtered in the country and making it clear that the location of the last substantial change to the product is not an adequate description of its origin.

I also believe that the Government should use their new freedom of action outside the EU to proceed with introducing mandatory country of origin labelling for dairy products wherever possible. The Minister has made clear his disagreement with the unwillingness of the European Commission to act on that issue, and I therefore hope that in making this call I am pushing at an open door.

The future prosperity of the food and farming sector and its ability to maintain and enhance its export performance will also depend on the promotion of traditional regional and speciality foods, which is another issue within food labelling. Given the time, I will not go into that, but it is worth putting it on record that that is an important sector within food labelling that we need to focus on.

Finally, I urge the Minister to ensure that the labelling standards I have described are preserved in future trade agreements with the EU and other countries, so that British agriculture is able to thrive in conditions of fair competition, with accurate disclosure of origin information to the consumer. Accurate, honest country of origin labelling in food is of great importance to the success of UK agriculture, the prosperity of rural communities, the rights of consumers and the competitiveness of our products in the world market. I look forward to seeing what measures the Minister can bring forward in this area as the Government develop the first independent UK farming policy for more than 40 years.

11.22 am

The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice): I begin by congratulating my hon. Friend the Member for York Outer (Julian Sturdy) on securing this very important debate. He is known for campaigning on these issues and, as he said, as a straight-talking Yorkshireman. In fact, I shall be visiting Yorkshire this Thursday and look forward to lots of straight talking about the future of agriculture policy.

This is a very important issue. UK consumers spend £200 billion on food, drink and catering services each year. Consumer confidence is key to the integrity of the supply chain, and that is more important in food than in anything else. As my hon. Friend pointed out, existing regulations are largely set out in the food information for consumers regulation, which dates from December 2014. It sets out in quite a bit of detail mandatory labelling requirements for the name of the food, the list of ingredients, ingredients causing potential allergy or intolerance, the quantity of specific ingredients or groups of ingredients, net quantity of the product, the use-by date, any special storage conditions, the name and address of the food business operator, the country of origin, instructions for use where required, alcoholic strength and nutrition declarations. That is a fairly comprehensive set of regulations. The UK helped to shape those regulations at UK level, but when we leave the EU we will take our position again on Codex, which is the UN body that tries to set standards internationally and is increasingly influential in this area.

On leaving the EU, there will be an opportunity to do things differently, to improve things and to introduce clearer labelling in some areas. However, it is also important that we have continuity; we do not want to throw the baby out with the bathwater. That is why in the first instance the great repeal Bill will put all our existing regulations pertaining to food labelling and all other aspects on a legal footing in UK domestic law. There will then be opportunities over time to revisit things.

While I appreciate that this was not a major focus for my hon. Friend, we are looking at whether we can have some kind of mutual recognition of existing protected food names. That will be important for European countries seeking recognition in the UK as well. We are looking at whether we could use trademark regulations to develop brands in other areas.

My hon. Friend the Member for Tiverton and Honiton (Neil Parish) mentioned Angus beef. There is another issue with Angus beef, which is that it is not always—or indeed, rarely—from a pedigree Angus animal; it is usually from one crossed with a dairy animal. We will have the opportunity, through trademark regulations and other intellectual property law, to develop brands for pedigree native beef breeds, for instance, which we are looking at.

I want to talk predominantly about country of origin labelling, which was the focus of my hon. Friend the Member for York Outer. As he pointed out, since April 2015 country of origin labelling has been required for fresh and frozen meat from pigs, sheep, goats and poultry. It has been required for fresh beef since 2003 and for certain fish products since 2000. As my hon. Friend knows, we have campaigned for the extension of mandatory country of origin labelling to cover some dairy products. The European Commission has always resisted that, arguing that it is too complex for processed products. Our view is that it might not be possible for all dairy products but would certainly be possible for some, such as butter and cheese, where it is relatively easy to identify country of origin. Once we leave the EU, there will be an opportunity to look at strengthening mandatory labelling in that area, if that were the view of the Government of the day.

My hon. Friend mentioned the fact that beef sometimes is not born, raised and slaughtered in the country of origin. My recollection of the regulations—I can double-check this—is that in the case of beef, for the label to state country of origin as UK the animal must be born, reared and slaughtered in the UK. For other meats, the animal must be reared and slaughtered in the UK. It is possible to say "slaughtered in the UK" if the animal is not born and reared here. The regulations cover this issue to some extent for fresh meat.

My hon. Friend also raised important issues about processed meats, which are more complex. A composite product such as a pizza might have vegetables on it from different parts of the country and might use flour from one country, meat from another or, indeed, meat from two countries. It is harder to put country of origin labelling on all processed meats.

There has been a growing tendency for other foods to be labelled voluntarily with their country of origin. For example, the vast majority of lightly processed meat products, such as bacon and sausages, already have country of origin labelling as part of a voluntary scheme, but it gets harder with some of the more complex products. I am always open to strengthening transparency for consumers. If there is a way of going further, beyond the issues we have highlighted previously in the case of dairy, we can look at that.

My hon. Friend mentioned method of production labelling. There are some very good voluntary schemes, such as the RSPCA Assured scheme, which recognises

[George Eustice]

high standards of animal welfare, as well as the British Lion eggs and Red Tractor schemes. We are keen to encourage those further.

I want to touch on a couple of other points. My hon. Friend the Member for North Swindon (Justin Tomlinson) raised the issue of slightly dubious farm name brands used by supermarkets. That is a difficult area. While those cannot mislead, there are cases where, for instance, a brand celebrates a product of a particular standard. I have heard some people complain about the Duchy Organic label because the products are not always produced on Duchy farms; in fact, they rarely are. It nevertheless is an important organic standard that has recognition. This is a difficult area. Labels are not allowed to mislead people, but I accept that some labelling is in a slightly grey area.

My hon. Friend the Member for Taunton Deane (Rebecca Pow) talked about online shopping. We are discussing that with the National Farmers Union; it may be one way we can avoid voluntary principles. We have had a very good debate, and I will take on board these points.

Question put and agreed to.

11.30 am

Sitting suspended.

Detention of Vulnerable Persons

[Geraint Davies *in the Chair*]

2.30 pm

Anne McLaughlin (Glasgow North East) (SNP): I beg to move,

That this House has considered the detention of vulnerable persons.

I have brought this debate to the Chamber because the arguments about detaining people simply because of their immigration status are not over. I will argue that that is not necessary, is extremely damaging and is not cost-effective. I will also argue that unless the Government get on with examining the alternatives and implementing the bulk of the Shaw review recommendations with alacrity, I can only conclude that the use of immigration detention for vulnerable people is purely ideological. To make my arguments, I will explore the impact of detention, particularly on vulnerable people; say something about the alternatives to detention; and highlight some of the Shaw review recommendations that have not been implemented more than one year down the line.

I will say at this point that my experience of the Minister for Immigration, limited as it is, is that he has listened when I have had something to say and he has acted, so I come to this debate fairly sceptical but not completely cynical. I very much hope that today will signal a turning point.

I thank all the organisations that wrote to me and provided me with information. It did not make pleasant reading, but it is important to know what is going on. I pay tribute to all of them for the work that they do. They include Scottish Detainee Visitors, Detention Action, Medical Justice, the Scottish Refugee Council, the English Refugee Council, the Immigration Law Practitioners Association, Liberty, the United Nations High Commissioner for Refugees, Asylum Aid, the Helen Bamber Foundation, the Association of Visitors to Immigration Detainees, and the Detention Forum.

I am fortunate: I have never had to flee my home or my country and I have never been detained for anything, far less detained without having committed a crime. However, I know the damage that it does to a person's physical and mental health to experience that. I know because of what I read and because of friends who have been through it. I will refer to two sets of friends of mine who have been in immigration detention.

Mr David Burrowes (Enfield, Southgate) (Con): I congratulate the hon. Lady on securing a debate on a subject whose time has come again—many of us have been involved in debates on it in times gone by—but may I caution her on something? I welcome her scepticism: she is right to be sceptical, given the evidence that she will present to us. However, I would hope and expect my hon. Friend the Minister not to say that the reason for continued detention of vulnerable people is in any way ideological. Sadly, it could well be administrative. That is unacceptable too, particularly when the Government have said to Parliament that the presumption should be that those who are at risk are not detained.

Anne McLaughlin: I genuinely hope that the hon. Gentleman is right and the reason is not ideological, but we can only wait so long before we come to the conclusion that it is. Hopefully, though, it is not.

In case the Minister thinks that I am coming to him with worst-case scenarios, I will start with the best-case scenario and tell him about Romeo—that is not his name, but he is a bit of a Romeo, so I have decided to call him Romeo rather than using his real name.

Nobody is better equipped to deal with immigration detention than Romeo. He has a creative, flexible and problem-solving approach to life. He is confident, vibrant and philosophical, and deals with whatever life brings to him. However, this is what he told me about the time when he was detained. He had woken up early to pick up ingredients from a friend who was leaving this country to go back to her European country. She had baking ingredients and knew that he loved to bake. He came out of his door, and the next thing he knew he was handcuffed and shoved in a van and then in a detention centre.

Romeo said that trying to get in touch with the friend to tell her why he could not make the appointment was difficult. Trying to explain to somebody who does not come from the UK that he was in detention but had not committed any crime was quite distressing for him. He told me that he asked whether, if he was to be deported, he could go to his room and get his stuff, and he was told, "You'll never see your room again." There were two UK Border Agency officers there at the time. One said to him, "You sound Scottish; you sound British," and the other said, "You're not British and you never will be." He said to me, "Even though I am that person who can cope with anything life throws at me, it was so hard to hear that from somebody."

I will now go to my worst-case scenario—the worst experience that any of my friends have ever had. A friend of mine from Eritrea and her 10-year-old son were detained in Dungavel immigration removal centre. I want at this point to mention the work of Scottish Detainee Visitors. Its visitors visit people in Dungavel and have done so for many years. As it has pointed out to me, and as others will say today, Dungavel is a particularly difficult place to be detained, because of its isolation; it is 6 miles from the nearest public transport. I was in daily contact with the mother by phone, and the son said to her after a few days, "We can't live like this, Mum. Please can we die?" And every day after that until they were released, he asked her, "Please, Mum. Please just let us die." Can anybody imagine their own children thinking that, far less pleading with them to let them end their lives?

I know that we have reduced the number of children in detention, but we have not stopped it; we had 71 in detention last year. However, the point that I want to make is not about children in detention. Yes, we all agree that that is wrong, but the mother told me that it was so hard for her to respond to her son and tell him that there was something to live for and he had to keep on going, because she was not feeling it herself—she, too, wanted to end her life. The reason she did not was that she had gone through so much to save this child's life, she was not going to allow them to end it there and then.

John Howell (Henley) (Con): The hon. Lady is telling some really important stories that are bringing the points home to us, but I wonder to what extent she feels the situation would be significantly worse if the people involved had serious mental health problems, and whether the system is capable of dealing with that.

Anne McLaughlin: I will come on to say a little about that issue, and I thank the hon. Gentleman for raising it. One of the most significant issues is that the system is not capable of dealing with people who have mental health problems, and the agreement was that people with mental health problems would not be detained, but unfortunately that is still happening. As I said, I will come to that.

Tulip Siddiq (Hampstead and Kilburn) (Lab): The hon. Lady is making a passionate speech about a very important issue that is close to my heart. She will be aware of my constituent, Nazanin Ratcliffe, a mother who has been imprisoned in Iran for a year and is suicidal. In April, it will be one year since she has spoken to her husband, and she barely ever sees her two-year-old daughter, Gabriella. Will the hon. Lady ask the Minister to make a point on that, because we need to bring Nazanin home, back to West Hampstead?

Anne McLaughlin: I echo that call and hope that the Minister will respond to it. The hon. Member for Hampstead and Kilburn (Tulip Siddiq) has fought long and hard for this woman who is fortunate to have her, but so unfortunate to be in the situation she is in—it is so wrong.

Mr Andrew Smith (Oxford East) (Lab): Will the hon. Lady give way?

Anne McLaughlin: I'm very popular today!

Mr Smith: The hon. Lady is being very generous. I congratulate her on the debate and agree with what my hon. Friend the Member for Hampstead and Kilburn (Tulip Siddiq) has just said. On medical conditions, does the hon. Lady agree that the issue is not simply mental health conditions? I would cite the example that I was told about of someone with an urgent arthritic condition, who, rather than being given medical treatment in Campsfield House IRC, was put on a bus to central Oxford, where a taxi driver who spoke his language got him to Asylum Welcome, and an ambulance had to be called. Do we not need urgent re-evaluation and attention to the medical guidance?

Anne McLaughlin: Absolutely. As I said, my personal experience of the Minister for Immigration is that he listens. He cannot be expected to know absolutely everything less than a year into the job. I hope that he will respond to that intervention and do as the right hon. Gentleman asks.

Immigration detention attacks and destroys the soul—it is soul-destroying. As many of the groups have told me—some of their members are here today—"If you are not particularly vulnerable when you enter detention, it makes you vulnerable." And there are alternatives that work. That is the ridiculous thing. The Government agreed to look into the alternatives, but they have not done so yet, and I think they still need convincing.

[Anne McLaughlin]

However, before I attempt to do that, let me look at what we all agree on: the recommendations—or some of the recommendations—of the Shaw review that the Government agreed to.

Most hon. Members will be aware that the review was published in January 2016. Its remit was to "review the appropriateness" of

"policies and practices concerning the welfare of those who have been placed in detention".

Shaw begins his conclusion with a comment that hints at the frustration felt by many of the organisations that have worked on this issue over the years. He says:

"Most of those who have looked dispassionately at immigration detention have come to similar conclusions: there is too much detention; detention is not a particularly effective means of ensuring that those with no right to remain do in fact leave the UK; and many practices and processes associated with detention are in urgent need of reform."

Mr Shaw's 64 recommendations include a number that focus on vulnerable people. To their credit, the Government have made a bit of progress with some of the recommendations, but when dealing with a system as fundamentally flawed as the detention system, and working with people who are so vulnerable, there has to be both an urgency to the improvements and a recognition by Government that a handful of adjustments are just not enough.

I obviously do not have time to detail everything today—there were 64 recommendations—but I hope that other Members will talk about the particular issues for stateless people, pregnant women and transgender people, among others. Shaw called for the definition of vulnerable persons to be extended. He said that the presumption against detention should also apply to victims of rape and sexual violence, to those with post-traumatic stress disorder, to transsexual people and to those with learning difficulties, and he rightly includes people who have suffered female genital mutilation in those groups.

Many of the recommendations are said to be addressed by the introduction of the adults at risk policy, which is apparently intended to better identify and lead to the release of vulnerable people. But so far there is no indication that, despite those intentions, the policy is actually having that effect. Aspects of the policy are subject to litigation. Medical Justice and a number of other non-governmental organisations have raised concerns that instead of increasing protections for vulnerable people, the policy does the opposite—including by narrowing the definition of torture so that less vulnerable people will not be identified as torture survivors and protected. The policy states that survivors of sexual and gender-based violence should not be detained, but there is no proper mechanism for identifying them and no mechanism for monitoring whether they are being identified. Will the Minister agree today to introduce such mechanisms and, if so, when can we expect that to happen?

Recommendations 62 and 63 encourage the Home Office to further consider ways of strengthening the legal safeguards against excessive length of detention, and to investigate the development of alternatives to detention. Shaw, in turn, was influenced by the UN High Commissioner for Refugees, who said:

"Pragmatically, no empirical evidence is available to give credence to the assumption that the threat of being detained deters irregular migration, or more specifically, discourages persons from seeking asylum."

However, Shaw did note a broad consensus on the damaging effects of both lengthy detention and the threat of it, stating:

"The indefinite nature of detention was almost universally raised as making people more vulnerable and for its impact on mental health. There was strong support for a time limit for detention, starting at 28 days."

Paul Blomfield (Sheffield Central) (Lab): The hon. Lady knows that I was the vice-chair of a cross-party investigation into immigration detention that included the hon. Members for Enfield, Southgate (Mr Burrowes) and for Bedford (Richard Fuller). There is a great deal of cross-party unity, which was reflected in a decision by the House of Commons on this specific issue of the impact of indefinite detention.

We heard evidence from people who said that such detention is worse than being in prison, because in prison people know when the sentence finishes. To take up the point made by the hon. Member for Henley (John Howell), that uncertainty and the indefinite nature are not only inappropriate for people with mental health challenges—but develop those challenges and create crises for people who have, in many cases, already suffered trauma.

Anne McLaughlin: Absolutely. It is very clear today that there is much cross-party consensus on this issue. On the length of time that people are held in detention, the Home Office's own statistics show that migrants in detention are being held for longer since the publication of the review. That is astonishing. At the end of December 2015, the month before the Shaw review was published, 453 people had been detained for longer than four months. According to the Home Office, nine months later that number had gone up to 553.

The Minister for Immigration (Mr Robert Goodwill): I am sure the hon. Lady is aware that many of those who are detained for longer than usual are foreign national offenders and are assessed to pose a risk to the public. There are about 1,300 foreign national offenders in immigration detention. Is she suggesting that those people should be released, even if they pose a risk to the public?

Anne McLaughlin: What I am suggesting is that this Government will always raise that point. They will always say that. I am talking about people who have committed no crime. The Minister wants to talk about people who are in immigration detention because they have a criminal conviction; I am going to assume that they were sentenced, served a prison sentence and should be treated the same as any other prisoner. If they are a danger, they should not be out of prison. If they are not a danger, they should not be in detention.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): As one of the few people in the Chamber who was actually in the House when immigration detention as we know it was introduced, I have never forgotten that when we queried the lack of due process and safeguards we were told that people would only ever be in detention for a few months. The use of immigration detention has mushroomed, and the length of time has expanded, and that has shone a light on the lack of due process. We should never forget that none of these people, as matters stand, has committed a crime.

Anne McLaughlin: Absolutely. I could not agree more. I was not here at that time; I was a Member of the Scottish Parliament, I think, and very aware of the arguments being used.

I want to say a little about how we treat people with mental illness. Often they have an illness that did not exist or that lay dormant before they were detained, and the detention exacerbates it. I mentioned some of the organisations that have sent me information for today. One of them, Detention Action, helped Mishka to tell his story. This is what he said about being detained:

> "I was detained with my twin brother. It was very difficult for us. We went in ok and we came out broken. The last three days before my brother was removed he tried to commit suicide two times. The first time, there was blood everywhere. The officers and nurses were so annoyed. They are thinking he is just trying to escape from removal. The nurse put a plaster on his wrists and took him to segregation."

For goodness' sake! Those are my words, not his. He continues:

> "There he ripped a piece of metal off the wall to cut himself again. He was very, very vulnerable by the end. He was not the only one. There were many other people in bad states—mental and physical. There is more than one suicide attempt a day in detention now. All I know is that when suicide becomes normal—anywhere, ever—something has gone very, very wrong."

Alison Thewliss (Glasgow Central) (SNP): My hon. Friend is making a powerful and strong case in defence of her constituents and many others; I have constituents in this situation as well. Does she know that I tabled a written question last year to ask how many detainees were currently being monitored because they were a suicide risk? Is she surprised to learn that on 21 December 2016, 78 detainees were being monitored in line with care in detention assessment procedures?

Anne McLaughlin: Actually, the thing that surprises me about that—I am not sure whether this is my hon. Friend's point—is that the number is so low. I am telling the Minister that 78 is not the number of people in these circumstances feeling suicidal and considering suicide.

Such people are human beings who the Government agree should not be put through this; yet they are being put through it and the British Government are doing it to them. Every time the Government are asked when a recommendation that they have agreed to will be implemented, the answer is "in due course." Notwithstanding all I said about the Minister at the start, I do not want to hear "in due course" today. That is not good enough. The most soul-destroying thing about being in detention is the unlimited nature of it—not knowing when or whether you will be released; the most soul-destroying thing for campaigners, many of whom have been in detention or are still at risk of detention, is not knowing when the Government will do as they promised.

I want to look at some of the alternatives to detention. There is a strong moral case for community-based alternatives. However, I am often, if not always, on a different side of the argument from this Government when it comes to discussions based on morality and values, so I will make the arguments based purely on effectiveness of outcome and cost.

In this place, I have often accused the Tory Government of knowing the cost of everything and the value of nothing. Yet when it comes to immigration detention, it seems that money is no object. Why? Why do we use the most expensive system, particularly in these times of austerity? Why is there no money to support people in need—vulnerable young homeless people who now cannot claim housing benefit, for example—but an unlimited pot of cash to put already vulnerable people through a living hell in detention centres, given that the Government agree that that is what they are doing and that it can be catastrophically damaging to people? Evidence is increasing that working with people in the community, using a case management approach, works.

Mr Burrowes: The hon. Lady perhaps understates the costs. What about people whose stay is extended, so their time in detention is longer than legally required? The compensation bill is going up by millions of pounds. That is taxpayers' money, which is being wasted on illegal, extended detention. Frankly, that is a scandal—it should go on effective, alternative ways of controlling people.

Anne McLaughlin: In a recent two-year period, the bill for compensation for people detained illegally was about £10 million. I pay tribute to the hon. Gentleman for all that he does and says—it cannot be easy for someone when their Government are involved—and for all his campaigning on behalf of people in these circumstances.

There are a number of established alternatives to detention, such as the Toronto Bail programme, which is centred on community-based release. Importantly, that model has achieved a 94% cost saving compared with detention, and a compliance rate of 95%. I will not go into all the other models, but Sweden has a case management welfare and rights-based approach, which works with the person who is seeking asylum. Is the Minister aware that in 2014 in Sweden, the voluntary rate of return was 76%, whereas here it was 46%? Does he realise that the longer a migrant is detained, the more likely it is that they will be released from detention and not returned to their country of origin? Does that not just make the exercise completely pointless? Would it not be better to strengthen the decision-making process in the first place, and would that not be cheaper? Well yes, it would.

Richard Fuller (Bedford) (Con): I am delighted that the hon. Lady has secured this timely debate. She talks about foreign examples, but we do not need to look offshore to reinforce her point. A signal achievement of the coalition Government was that they stopped locking up children in immigration detention and introduced the family returns panel. Since that was introduced in 2011, the voluntary return proportion has grown from 51% in 2011-12, to 76% in 2012-14, to a voluntary return percentage of 97% in 2014-16. Does that not fully reinforce her point without our needing to look abroad?

Anne McLaughlin: Absolutely. I pay tribute to my colleague, the hon. Gentleman, who is also on the Government Benches and has been a strong campaigner

[Anne McLaughlin]

on this issue. I urge the Minister please to look at the different examples, domestically and internationally, because they save money and are more effective.

Before the hon. Gentleman's intervention, I was about to invite the Minister to guess how much we spend each year on the long-term detention of migrants who are ultimately released and should therefore never have been detained in a removal centre. Well, he does not have to guess; independent research from Matrix Evidence uncovered the fact that we waste £76 million on that every year. I am calling on the Minister to look into strengthening the decision-making process—not just to save money, but so that we stop causing unnecessary trauma to individuals who have done nothing wrong.

The reason why we use the current system is definitely not effectiveness of outcome, given the much higher success rates in Sweden and Canada, and definitely not cost-effectiveness, so I am interested to hear the Minister's explanation. Perhaps he can complete the following sentence in 15 words or fewer: "Well yes, Anne, it is the most expensive option, but it is worth it because…". I tried, but he would not like my finished sentence and I do not like it either, so I ask him in all sincerity: why, when there are less expensive, more effective systems, do we not go for them as opposed to the system that we have?

I shall finish with this point. Yesterday, Nicola Sturgeon announced plans—this is relevant, Mr Davies—for Scotland to have an independence referendum. Last Thursday the Select Committee on Scottish Affairs had a debate in Parliament during which the Scottish National party called for immigration powers to be devolved. Either of those scenarios—further devolution or independence—are options for Scotland, but I have no crystal ball. There may be absolutely no change, but we will have to wait for the people of Scotland to decide. There is a real chance that we—not just SNP MPs, but MPs representing Scotland—will be out of here in the next few years, but we might not and people might still be being detained in Scotland against our Government's will.

However, even if Scotland becomes independent, that does not mean we do not care what happens in the rest of the UK. Far from it—my fervent hope is that whoever is in power in the rest of the UK will see that Scotland is running a far more welcoming, humane immigration system and will follow suit when they see for themselves that it works and is cost-effective. I urge the Minister not to wait until then, but to make this something that he is personally in charge of and will expedite, because people have been waiting for long enough.

In this debate, I have focused primarily on those seeking refugee status—rightly so, because they are likely to be the most vulnerable, given that they have had to flee their own countries. But an IRC is an immigration removal centre, which means that anyone who is classed as an immigrant can be detained there—and they are. I was interested to read about the increasing number of Europeans being detained for long periods. The rest of the UK is leaving Europe, but that does not have to be hostile. Is it not time to extend the hand of friendship to our European neighbours and the rest of the world, and could that not start with treating their citizens who come to live here with respect, dignity and humanity?

Several hon. Members *rose—*

Geraint Davies (in the Chair): Order. If hon. Members keep their remarks down to around eight minutes, we should get everyone in. I call Mr David Burrowes.

2.55 pm

Mr David Burrowes (Enfield, Southgate) (Con): It is a pleasure to take part in this important debate, which gives the Minister a chance to get a taste of the cross-party concern that was amplified last year in the run-up to the Immigration Bill—now the Immigration Act 2016. Many hon. Members, from all parts of the House, made it clear that indefinite detention was unacceptable—that was the easy point to make—and that there needs to be progress, not least towards a statutory time limit. Through the passage of the Act, and through Stephen Shaw's scrutiny and welcome report, it was accepted—some of us conceded—that the welcome recommendations, the broad thrust of which the Government accepted, could well lead to a reduction in the numbers being detained and for how long.

Stephen Shaw talked about the package of "adults at risk" policies, individual assessments for removal and reviews, and the welcome progress that was made on outlawing the detention not only of children, but of vulnerable people, such as pregnant women, unless there are exceptional, limited circumstances. We all recognise that that package might not be the only lever to deal with too many people being in detention for too long—there are also statutory time limits—but it might be successful. However, Stephen Shaw said he that he would revisit that tool if progress was not made. Time has now gone by and, sadly, we have not seen the steps that were promised to Parliament and Members, so it may need to be revisited. I say advisedly to the Minister that cross-party concern will grow, not least in terms of interest in the blunt instrument of a statutory time limit, unless we see further progress.

Paul Blomfield: The hon. Gentleman and I have worked closely on these issues, and I pay tribute to his work. He is right to highlight that the progress we appeared to be making seems to have stalled. However, does he agree that there are worrying signs that things may be going into reverse? The most recent report on an immigration detention centre was done by the chief inspector of prisons on Brook House, where the average length of detention has increased, rather than decreased. Does he share my concern that that is a worrying sign? Clearly, we hope that the Minister will listen to the cross-party concerns that the issue needs to be addressed.

Mr Burrowes: I agree. There are warning signs. We have seen the reports in the media and elsewhere on Yarl's Wood and the scandals that have taken place. We do not want to be in that position. We want to ensure that the recommendations, which were broadly accepted, mean real results, but we are not seeing them.

In January last year, the then Minister committed in Parliament to safeguarding the most vulnerable, with a clear presumption that people who are at risk should not be detained. I want to talk about the victims of trafficking and the need for reviews and assessments relating to their removal, not least because Ministers have given assurances, as did the Prime Minister last July. She made it clear—rightly, given that she has championed the cause of tackling modern slavery—that the Home Office has taken the lead. The Home Secretary is leading the task force, bringing Whitehall together in regular meetings, in which I am sure the Minister is also involved, to ensure that we apply our full force in tackling the evils of modern slavery, so that we can, in the words of the Prime Minister on 30 July,

"get a real grip of this issue",

and

"drive further progress in the battle against this cruel exploitation".

The words of the Prime Minister are pertinent to today's debate. She wrote:

"Vulnerable people who have travelled long distances believing they were heading for legitimate jobs are finding they have been duped, forced into hard labour, and then locked up and abused....These crimes must be stopped and the victims of modern slavery must go free."

The victims of modern slavery must go free and not be in detention.

I will refer to an example given to me by Detention Action. It is about T, a trafficking survivor:

"Like many Vietnamese people in detention, he was trafficked to work in a cannabis farm."

That was referenced by the Prime Minister.

"He has been left with long-lasting injuries and psychological trauma after being beaten by his traffickers. The Home Office accept that he is a torture survivor but have refused to release him. On the basis of limited information, the Home Office refuses to believe that he is a trafficking survivor. He has been detained for four months."

Victims of modern slavery must go free.

I will refer to the Helen Bamber Foundation and a recent example this month about someone with a rule 35 report from a detention centre. The doctor noted extensive scarring that was in keeping with a history of torture. Sadly, though, there was a negative reasonable grounds decision that turned on the credibility of the applicant, as the trafficking claim was not raised when first questioned in the UK. We have made great strides in dealing with the issue of reporting referrals. Here is a clear example where no doubt the threats by the trafficker not to tell anyone of the exploitation at the time of initial questioning is something that is normal and not exceptional, but is not given any weight. There are also indicators that the individual had been re-trafficked after coming into contact with UK authorities initially.

I will draw on reports referred to by the Home Office. There are reasons why the claim of a torture survivor trafficking victim had not been properly maintained above issues around immigration. The vulnerability issue is the concern, but sadly it is weighed among immigration factors and the vulnerability concerns are downgraded. The Home Office report stated that entry into the UK took place

"in a clandestine manner"—

in other words, on the back of a lorry. That is not surprising for a trafficked victim:

"You have no close ties in the UK to ensure your compliance."

Again, that is not surprising in terms of the indicators present. The individual had been trafficked. Here is an example from the Shaw report in relation to mental health:

"Whilst it is noted that you have encountered physical torture and are suffering poor mental health as a result of this, the doctor has not diagnosed any serious physical or mental health conditions that are likely to worsen within the detained environment during the duration necessary to effect your removal."

Page 306 of the Shaw Review states:

"Together the literature, which spans a 25-year period and a number of legal systems, tells a consistent story of the harmful effects of detention on mental health."

That is compounded in a victim of trafficking. What is going on here? We have the Shaw report referencing clear evidence of mental health aggravated by detention, not least among those who are victims of torture.

The report continues:

"When balancing your vulnerability against your negative immigration factors, the negative factors outweigh the risks."

What is happening here to very vulnerable people? At the time of writing, despite the adults at risk policy, this individual has now been in detention for four months, with a further three and a half months being proposed to effect removal. It is not the will of Stephen Shaw, it is not the will of Parliament, and I do not believe it was the will of the Ministers and the Government during the passage of the Immigration Act 2016. We must do better.

I must press the Minister on his answer to my questions that followed up on the clear will of the Minister's predecessor in response to the Shaw report. My question is about timescales for individual reviews and assessments for removal, which should take precedence over issues around detention. It is what immigration removal centres are all about: removal and ensuring that individuals are assessed for removal, which is there to supplement the adults at risk policy. There was a clear commitment that that would be in place by the end of the year.

The then Minister responded on 14 January by saying in response to the recommendation that

"the Home Office should examine its processes for carrying out detention reviews, the Government will implement a new approach to the case management of those detained, replacing the existing detention review process with a clear removal plan for all those in detention."—[*Official Report*, 14 January 2016; Vol. 604, c. 28WS.]

The following month in the Select Committee on Home Affairs, the then Immigration Minister, now the Secretary of State for Northern Ireland, told me that the current system of detention review would be replaced by removal assessments by the end of the year. It has not happened. The current Minister responded to my question yesterday by saying that

"work continues on designing and implementing a more effective case management process to replace the existing method of reviewing detention. Case Progression Plans are intended to act as the single caseworking record for all individuals entering immigration detention. Wider rollout...is planned for later this year, subject to the findings from the evaluation of the pilot phase."

Again, we must do better.

In conclusion, whether it is on that issue or publishing a plan for the whole of the estate that will be predicated on the Government's commitment to reduce the numbers in detention, we must do better. At the very least, let us commit ourselves to follow through with what the Prime Minster said:

"the victims of modern slavery must go free."

3.6 pm

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Glasgow North East (Anne McLaughlin) on setting out the issues so well. May I say at the outset that I would be very pleased to see our Scottish hon. Members remaining as part of the United Kingdom?

[Jim Shannon]

As I always say, we are better together in relation to the United Kingdom of Great Britain and Northern Ireland, so we do not want to see them go. They make a valuable contribution, and today's debate is an example. I thank the hon. Lady for that, and I thank also the hon. Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron), who will shortly make an equally valuable contribution.

I am concerned about this issue. As my party's spokesperson on human rights, I believe it is right and proper that this issue is raised and that the Department responds by saying how far the recommendations have been implemented. It is clear that change is needed. I was shocked to find that in 2015, the number of suicide attempts in UK detention centres averaged more than one every day, with 393 people trying to take their lives—a record high. If that is a record high, there has to be a change of direction or a change of attitude in how we stop that. The hon. Member for Glasgow Central (Alison Thewliss) referred in her intervention to some of the suicide attempts. I am sure it has much to do with the fact that people are not allowed to stay in the UK—it cannot simply be how they are treated in detention centres—and their dread of going back home. It is also clear that the recommendations in the Shaw report need to be implemented, which is why we are here to ensure that treatment does not exacerbate the problems that people already face.

I completely agree with the statement by our Prime Minster—she is our Prime Minster, whether or not we are in government with her—from when, in her former hat, she was Home Secretary. The fact is that we have asylum criteria for a reason. We have to have criteria to work to, and the Minister knows that. How the criteria work and affect people's lives is the reason we are having this debate. We cannot sustain an influx of people from other nations. No country can do that—or, indeed, does.

We always have examples from people who work for us or from people who call in and regale us with their stories. My parliamentary aide went to South Africa with her entire family—some 20 of them in total—and they decided to spend a few days in Mozambique. The trouble that the family had to go to just to get a visa for three days was extreme and very costly. It was some £1,000 for the family to get the visa and documentation. The process is there for a reason. Although the hoops that the family had to go through to get access to their resort were extreme, they felt that the benefits outweighed the hassle. It is the same for our immigration process. The process is difficult, but it is so for a reason. We must protect our citizens first, and the immigration process does this.

Not everyone who wants to come here has a right to be here. That is a fact that must be accepted. The system and the process are there to ensure that the right people have the opportunity to come here. I support the Government's ability to make that decision. However, it should also be accepted that people who come here but have to go home must be treated well. The hon. Member for Glasgow North East outlined that well.

The Prime Minister said in a written statement when she was Home Secretary:

"The Government believe that those with no right to be in the UK should return to their home country and we will help those who wish to leave voluntarily. However, when people refuse to do so, we will seek to enforce their removal, which may involve detaining people for a period of time. But the wellbeing of those in our care is always a high priority and we are committed to treating all detainees with dignity and respect."—[*Official Report*, 9 February 2015; Vol. 592, c. 29WS.]

However, the suicide figures perhaps do not reflect that. I ask the Minister to take that on board.

Mr Alistair Carmichael (Orkney and Shetland) (LD): The question of treating people with dignity is particularly important when it comes to the detention of children. Does the hon. Gentleman share my concern about the closure of the Cedars centre, which was not easy to set up or cheap to run but was about exactly that—treating people with dignity? Is he concerned that, unlike Cedars, the new arrangement has not had the active participation of Barnardo's?

Jim Shannon: I wholeheartedly agree with the right hon. Gentleman, as I think does everyone in the Chamber. What he has described shows the issue we face: changes happen, but are they for the better? In the present case I believe they are not.

I would like to know how, in the Government's view, dignity and respect have been upheld since the Prime Minister's statement was made just over two years ago. I understand that the recommendations in part 4 of the Shaw report, which addressed the concept of vulnerability, have largely been accepted by the Government. However, there are examples, including the one outlined by the right hon. Member for Orkney and Shetland (Mr Carmichael), that do not show that acceptance in action. There was a recommendation that the presumption against detention be extended to include victims of rape and other sexual or gender-based violence, including female genital mutilation, as well as people with a diagnosis of PTSD or with mental health issues and, as other hon. Members have mentioned, transsexual people and people with learning disabilities. Those are clear and specific categories where there are issues that need to be addressed. The presumptive exclusion of pregnant women should be replaced by an absolute exclusion, and the phrase

"which cannot be satisfactorily managed in detention"

should be removed from the section of the guidance covering those suffering from serious mental illness.

It is always good to read the newspapers, although whether we believe them or not is another thing. However, a reputable newspaper that I read contained an article stating:

"In June last year, the Home Office published new guidance that says women on suicide watch in detention should never be watched by male guards. In July, it introduced a 72-hour time limit on the detention of pregnant women—a measure which I particularly welcomed as it was clear that detention was often harmful for pregnant women. And in September, the Home Office also published guidance which states that survivors of sexual and other-gender based violence should not be detained."

If the Government are pressing ahead with such measures and protection for pregnant women, that is good news; if they are not providing them with protection, they should be. I tabled some questions on this matter some time ago, and I am keen to hear how the Minister responds to the debate. It is good that the Government action described in the newspaper report is happening, but more needs to be done. What more is scheduled to happen? I should like to hear the Minister's thoughts on the protection of pregnant women in detention and whether the change to a 72-hour time limit has been effective. Is it working, and is it enough?

I have read reports suggesting other ways of dealing with asylum seekers, which we could explore, in countries such as Sweden. Sweden sets examples to the world of how to do many things. We can learn from each other. While we have the current system, we must ensure that procedures are followed and the Government send those who have no right to be here back home; but while they are here, their needs should be catered to in the most humane way. I know that that is the intention of the Minister and the Government but perhaps we need to see it more in action than in words. I offer support, but I ask that our procedures be carried out in a humane, compassionate and effective way.

Geraint Davies (in the Chair): The third member of the Celtic fringe—other than me, of course—is Dr Lisa Cameron.

3.14 pm

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): It is an absolute pleasure to serve under your chairmanship, Mr Davies, and I thank you for that welcome. I congratulate my hon. Friend the Member for Glasgow North East (Anne McLaughlin) on bringing the debate to the House and on an excellent speech, as well as other hon. Members, who spoke in a most informed manner.

Dungavel immigrant removal centre is in my constituency, so I have a particular interest in the debate and the issues. I have been several times to Dungavel. The current UK Government policy of detention is not the policy of the Scottish Government, but the dedication of the staff, who apply themselves to difficult work with extremely vulnerable individuals who are in some of the highest-risk times of their lives, is commendable. We may not believe that the people in question should be detained, but the staff work to the best of their ability in difficult circumstances.

Anne McLaughlin: I received an email this morning saying that at the weekend, when people went to make their presence felt outside Dungavel, they saw staff patrolling with what looked like police dogs. I wonder if my hon. Friend would ask the Minister to find out what that is about. I am sure it is not the idea of the staff. There must be a Home Office directive saying that that is a good way to look after people in detention.

Dr Cameron: That is certainly not something I witnessed when I visited Dungavel, but perhaps the Minister would like to comment.

It is recommended that the presumption against detention be extended to include victims of rape and sexual or gender-based violence, including FGM, people with a diagnosis of post-traumatic stress disorder, people with learning disabilities and other vulnerable groups. As to the exclusion of pregnant women, surely we must agree that their care cannot possibly be managed adequately within detention. The Shaw report also found that rule 35 of the detention centre rules, designed as a key safeguard for victims of torture or those whose health would be at risk from continued detention, failed to protect vulnerable people in detention. The report highlighted a fundamental lack of trust in medical staff and advised consideration of independent GPs or professionals.

I should like to address several issues in the time I have: assessment of those with PTSD, assessment of those with a learning disability, and the important issue of the detention of vulnerable and traumatised individuals alongside foreign national offenders—something that I believe poses a risk in itself. As a psychologist, I can say that assessment of post-traumatic stress disorder is complex and cannot be done as a snapshot. I went on occasion, in a previous life, to Dungavel to assess mental health, but there is a brief timespan.

Mr Goodwill: I want to reassure the hon. Lady that the worst foreign offenders are detained in the prison estate and not mixed with other detainees.

Dr Cameron: I thank the Minister for that response. I shall come on to the concerns that I have. The situation involves some detail on which we need further information.

The time afforded for clinical assessment is extremely brief—perhaps only an hour. Meeting clients in Dungavel, alongside an interpreter, makes it even more difficult, because more time is needed to get accuracy. In my experience, the time afforded has not been enough. Building rapport in clinical practice takes time. To expect professionals to do a full, thorough assessment within a snapshot of time is not realistic. It takes repeated appointments. Trust must be built. After all, it is expected that people will open up about some of the most traumatic incidents or experiences of their lives. That does not happen in a few appointments. Clinically, that approach is not good practice, and from the point of view of humaneness it could be re-traumatising. Post-traumatic stress disorder and its symptoms mean avoidance and suppression of emotion, so people are being asked to do something very difficult in the context of their disorder.

Another issue that I found was that the background information needed for a full diagnosis was often not available. Perhaps it has not travelled with the person, or not much is known about their background, meaning that even more careful consideration and lengthier assessment are merited. How many trained psychologists are working in detention centres, and what time and space are they afforded to complete mental health assessments? My concern is that people are slipping through the net; that PTSD is not being diagnosed, that mental illness is not being recognised and that vulnerable and unwell people are being detained when they should not be.

Individuals with learning disabilities are likely to be extremely vulnerable, and in my opinion they should not be detained at all. Assessment to detect individuals' IQ and history of developmental delay and significant impairment in everyday functioning is even more complex than mental health assessment, and IQ tests are often not culturally transferable. Once again, information for such individuals is often lacking, although background information on development is necessary. It can take multiple sessions speaking to numerous people involved in someone's care to avoid missing critical information.

Fiona Mactaggart (Slough) (Lab): The hon. Lady is describing powerfully the clinical issues that affect the diagnosis of vulnerable people who are detained. Does

[Fiona Mactaggart]

she agree that there is an additional layer involving trust? People who are detained may see clinicians as representing the authorities, which creates an additional barrier that must be penetrated in order to make an effective diagnosis.

Dr Cameron: I thank the right hon. Lady for that excellent point. I agree; that has certainly been my clinical experience. It is obvious that someone undergoing a clinical assessment will wonder about the motive for and outcome of the assessment, which will affect their level of trust and ability to open up. Once again, it shows just how lengthy and detailed an assessment must be, and that it must be built up over time.

How many people in detention are currently being assessed for learning disability, how is that being undertaken and are appropriate resources available for professionals? Such individuals are very vulnerable. If someone is presumed to have a learning disability, they should not be detained, because of that vulnerability. If there is any question of that, are alternatives sought straight away?

Thirdly, I have a concern about detaining foreign national offenders who may be sexual or violent offenders alongside those who are already traumatised. Often, information is lacking. When I visited Dungavel, I was told that sometimes when people come from prison, their records do not follow. That poses a clear risk to staff, because they do not know how high risk the individual is, and to the people alongside them in detention. We must ensure that information follows the person in order for a proper risk assessment to be made.

There is a clear risk to people with post-traumatic stress disorder following torture, rape or other trauma if they are detained alongside sexual offenders. That should not happen, but I know from my visits that, although some risk management procedures are in place, it sometimes happens; people speak about having been assaulted or sexually assaulted in detention. The risk management measures must be firmed up. What risk assessment and management measures are standardised to ensure that people are not at risk of further abuse? People with mental illnesses, learning disabilities or post-traumatic stress disorders should not be detained, and certainly not alongside offenders, which can re-traumatise and re-victimise them while they are in our care.

Geraint Davies (in the Chair): I call Richard Fuller to speak. I will call the Front-Bench speakers at half-past 3, so you have about six minutes.

3.24 pm

Richard Fuller (Bedford) (Con): Thank you very much, Mr Davies. It is a pleasure to serve under your chairmanship. I am delighted to have the opportunity, presented by the hon. Member for Glasgow North East (Anne McLaughlin) at this important time, to review progress on the detention of vulnerable persons and to welcome the Minister. He is in the middle of a process, which is probably the most difficult period in which to be questioned, but I know that he is made of stern stuff. As others have done, I would like to thank some groups in particular—Medical Justice, Women for Refugee Women and Liberty—which have been constant companions on the journey for reform.

We have heard a number of reasoned and thoughtful voices in this debate. I shall be neither of those things. I had to be dragged kicking and screaming away from voting against the Immigration Bill and every part of it that dealt with the detention of women, or indeed detention, in due regard for the efforts of the Government to recognise that a well-entrenched policy in the Home Office was in need of root and branch reform. The then Immigration Minister presented it skilfully, I am sure with the support of the then Home Secretary, who is now our Prime Minister. As my hon. Friend the Member for Enfield, Southgate (Mr Burrowes) mentioned, the Prime Minister has shown a sensitive interest in trafficking issues, many of which overlap with the issues that we are debating.

Here we are again. We have heard from members of the Scottish National party, the Liberal Democrats, the Democratic Unionist party, Labour and the Conservatives, in a cross-party consensus, arguing for the replacement of the default of detention with a case management system for those in this country with no right to remain, for the important reason, as the hon. Member for Glasgow North East said, that it is the most cost-effective and most just method of doing things.

The Shaw report, produced in January 2016, contains 64 recommendations. How many of those have been accepted, and how many have been implemented? I would like to ask the Minister how many victims of torture, rape and war crimes are currently in detention, but as we know, it is difficult for him to answer, because how do we differentiate a claim from a proven fact? He can get around that, but the man or woman in detention cannot, because the system in immigration detention is that if they cannot prove that they were a victim of rape, torture or war crimes, the claim has to be denied. That has led systematically to the detention of men and women who are vulnerable because of their physical history and their treatment, in a country that likes to call itself civilised.

With Stephen Shaw, we got a light that we could shine on Governments, of whatever colour, to say that this is not acceptable in a modern society. There are better alternatives, and we—this Government—have the courage to implement change, so that we will never again have to ask such questions about the detention of victims of torture, rape or war crimes. I do not want to ask those questions any more.

The Government have made some progress. They have drafted a detention services order on segregation—the most significant part of detention—but the draft order was deficient in many respects. It said that someone could be segregated for being a refractory detainee, defining "refractory" as "stubborn, unmanageable or disobedient". I know many MPs who are stubborn, unmanageable or disobedient, but I would not say that they should be segregated.

Jim Shannon: Are you one of them?

Richard Fuller: I could well be. So why is that in the draft DSO? Why is it not phrased more tightly? There is not enough protection in the draft DSO against detention of more than 14 days, which was itself deemed unacceptable, but which the draft DSO said might be possible and could be applied for. No—we will not have that. We shall not have that, if the Government really mean business. The Government have really got to get to grips with the fact that they have to provide mental health support—the personnel there making the judgments—before they segregate anyone because of their mental health status.

I do not have enough time to go into more controversial topics about which I am slightly more passionate than the ones that I have mentioned. I will just say that the care progression plans that my hon. Friend the Minister outlined in his response to my hon. Friend the Member for Enfield, Southgate are the way in which this Government can demonstrate progress. So, can my hon. Friend the Minister please give us an assurance that he remains committed to those plans and that they will be implemented by the end of the year?

3.30 pm

Gavin Newlands (Paisley and Renfrewshire North) (SNP): It is a pleasure to serve under your chairmanship once again, Mr Davies. I congratulate my hon. Friend the Member for Glasgow North East (Anne McLaughlin) on securing this debate, particularly as she has campaigned for many years for the rights of the very people who the UK Government choose to detain. She made a powerful and at times emotional speech.

I also pay tribute to my hon. Friend the Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron), the hon. Member for Enfield, Southgate (Mr Burrowes), the hon. Member for Bedford (Richard Fuller), who asked some very pointed questions, and the hon. Member for Strangford (Jim Shannon), who used his Westminster Hall season ticket to give a very thoughtful speech this afternoon.

The Scottish National party has long opposed the UK Government's approach to immigration detention, which is not only inhumane but ineffective and hugely expensive. It is inhumane because it allows the indefinite detention of vulnerable people without a time limit and children and pregnant women to be detained; it is ineffective because evidence confirms that the longer a person is detained, the less likely it is that their detention will result in removal; and it is expensive, as we are detaining far too many people at great cost to the taxpayer, many of whom are not removed in any event.

The SNP's position on immigration detention is very straightforward: we oppose indefinite detention. We oppose an abhorrent policy that allows pregnant women and children to be detained in these environments; instead, we favour an alternative approach that treats people with respect and dignity, helping those in need but still enabling us to abide by our responsibilities. We also support the calls for immigration detention to be limited to 28 days and for it to be replaced with community-based solutions. We believe that detention should always be the last resort.

The UK is the only country in Europe that allows vulnerable people to be detained in prison-like detention centres for an indefinite period. The former director of Liberty, now Baroness Chakrabarti, has spoken about

"The scandal of limitless detention".

She has explained how this inhumane practice was designed "unashamedly for administrative convenience" and said that it is

"one of the greatest stains on the UK's human rights record…a colossal and pointless waste of both public funds and human life."

The Home Office defends its inhumane approach to immigration detention by saying that detention can be used

"where there is a realistic prospect of removal within a reasonable period."

However, that defence does not stand up to scrutiny. According to Government statistics, 7% of detainees have been detained for more than six months and in 2016 only 47% of those leaving detention in the UK were being removed from the UK. The figure for Dungavel detention centre is even more stark: a mere 23% of people leaving detention were being deported. However, those statistics do not reflect the true scale of detention in the UK; migrants detained in prisons by the Home Office rather than in immigration removal centres are arbitrarily excluded from them.

As we have already heard, in 2015, following a number of shocking stories that laid bare the toxic legacy of the UK Government's present and past approach towards immigration detention, Stephen Shaw carried out a review of the welfare of vulnerable people who had been forcefully detained by the UK Government. My colleagues and others have spoken about this issue in great detail, but it is worth noting some of the Shaw report's findings, which confirmed that the UK detained too many people and that detention was not an effective approach to removing people who do not have the appropriate right to live here.

The Government have appeared to accept many of Shaw's recommendations; it is an indictment of them that, more than a year on from the report, the number of people spending more than two months in detention has actually increased. More than half the detainees across the UK and more than three quarters of those in Dungavel were released back into the community. If any other Government service or Department had that rate of failure, there would be demands for an urgent inquiry, to establish why so many people were being incorrectly detained and why so much public money was being wasted.

Those who defend the detention of innocent people in these prison-like environments suggest that the public generally support this policy. I can state firmly and with some authority that that is not the case in my constituency of Paisley and Renfrewshire North. Members might remember that, in an attempt to close Dungavel, the UK Government submitted a planning application to Renfrewshire Council for a short-term immigration detention centre to be built near Glasgow airport. That application was soundly and firmly rejected in a rare cross-party and cross-sector political and civic show of unity. Renfrewshire wanted no part in the UK Government's inhumane, ineffective and expensive approach to immigration detention.

The Minister's desire to build a short-stay detention centre in my constituency was put forward only to make it easier to deport vulnerable individuals from their homes. That shameful approach would have resulted in individuals being moved hundreds of miles away from their homes, their families and their legal advisers. Again, the application for the centre was put forward with little concern for the rights of asylum seekers.

On that point, I have recently contacted the Minister about one of my constituents, Jorge Kidane, who has been moved hundreds of miles away from his family to Brook House immigration removal centre in London, where he has been for seven months. My constituent is a

[Gavin Newlands]

Spanish national but has lived in Paisley for 16 years and wants to move back to Dungavel to be closer to his friends and family. I would be grateful if the Minister could treat this case as a matter of urgency, because Mr Kidane's mental health is deteriorating severely.

I return to the issue of the detention centres themselves. In the response to me confirming that the UK Government had decided not to appeal the refusal of planning permission for a new centre in Renfrewshire, the Minister helpfully stated that the UK Government were reviewing the detention policy being used in Scotland. At first glance, that seemed a positive move and something that the SNP have long called for. We do not believe that the UK Government's approach to immigration works for Scotland. We have continually called for immigration to be devolved, to allow Scotland to deliver a more flexible and humane immigration system that meets our own needs.

However, that review will be carried out away from the public eye, it will not consult widely with the public or experts, and its findings will not be published. The fact that the UK Government plan to review immigration detention away from the public gaze is telling, because the effectiveness of their approach is not and cannot be supported by evidence in any way whatever. The Government approach is flawed and ineffective. They should consult widely, listen to the views that have already been expressed in this place and beyond, and adopt a fairer and more humane approach to immigration detention—particularly the detention of some of the most vulnerable people in society.

As my hon. Friend the Member for Glasgow North East has said, Scottish Detainee Visitors carries out invaluable work. SDV staff have met people in detention who have serious physical health issues, including some people with scars that strongly support their claim to have been tortured. SDV staff have also met people in detention who are suffering from mental ill-health, including people with pre-existing serious mental health conditions, such as schizophrenia, and people whose mental health has deteriorated as a result of their indefinite detention.

The latest inspection report on Dungavel by Her Majesty's inspectorate of prisons highlighted concerns about the detention of vulnerable people, including a torture survivor and a women with a serious health condition. There are 14 bed spaces for women in Dungavel, compared with 235 bed spaces for men. In a film made by SDV, one woman who had been detained in Dungavel described her experience there as being like that of

"a chicken surrounded by dogs".

Over the years that SDV has been visiting detainees, it has not been unusual for there to be just one or two women detained at the Dungavel centre. That is an isolating and potentially frightening experience, particularly in light of research by Women for Refugee Women showing that many detained women have historically suffered from gender-based violence.

The most recent inspection report on Dungavel noted that

"there were inevitable risks associated with holding women in a predominantly male population"

and that there were no specific policies focusing on this issue. That report recommended that

"a specific safer custody and safeguarding policy should be developed for women."

I definitely support that call.

Regarding legal issues, wherever detained people are held, they are subject to frequent and arbitrary moves around the detention estate. Those moves are disruptive and disorientating for anyone who has been detained, but when the move is between Dungavel and centres in England the consequences can be particularly serious because of the differences between the legal systems in England and Scotland. A move to England often takes place just before an attempt is made to remove someone. It may not then be possible for a Scottish solicitor to make representations on a person's behalf in England, and there may not be time to find an English solicitor to challenge a possibly unlawful removal.

As a country, we are better—much better—than the immigration policies that we have in place. Those policies do not stand up to scrutiny and are a blight on our human rights record. The UK Government should and have to use their power to reject this failed approach and replace it with one that treats people with respect and dignity.

3.39 pm

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate the hon. Member for Glasgow North East (Anne McLaughlin) on securing this really important debate on a subject that does not get enough public scrutiny.

In 1998, the Labour Government—my Labour Government—published a White Paper with the title "Fairer, Faster and Firmer—A Modern Approach to Immigration and Asylum". That Labour Government had many great achievements to their credit but this White Paper, and the legislation and the actions pursuant to it, was not one of our finer moments. It was that White Paper, and the legislation that followed, that led to a flurry of new detention centres being opened, mostly under the private finance initiative—Oakington, Yarl's Wood, Dungavel and Harmondsworth. That is how we went from fewer than 50 immigration detainees in 1988, mostly detained within the airports where they had come in, to the current figure of 3,000, with the number of people detained at one time or another during the year now exceeding 30,000.

It is important to remind the House that we were told initially that we should not worry about due process, human rights and fairness because the people would be held for only a few months, but there is now very little due process around immigration. That is why we are faced with exploding numbers and a situation that is hard to defend.

Stephen Shaw was asked to report on the detention of vulnerable persons, and he recommended a series of exemptions for vulnerable immigration detainees, including, as we have heard, for victims of rape and other sexual or gender-based violence such as female genital mutilation; for those with a diagnosis of post-traumatic stress disorder; for transsexual people; and for those with learning difficulties. He also called for a presumptive exclusion of pregnant women to be replaced by an absolute exclusion, and for the words, "which cannot be satisfactorily managed in detention" to be removed from the section of the guidance covering those suffering from serious mental illness.

I am interested in hearing from the Minister how far advanced we are in putting in place those exemptions recommended by Stephen Shaw, who the Government themselves asked to report on the detention of vulnerable persons.

We have seen the explosion in numbers. The hon. Member for Glasgow North East asked the question more than once: given that it is so expensive and there are so many human rights issues involved, why do we not examine cheaper and more effective methods of managing immigration detention, possibly in the community? I have followed this issue for my entire career as a Member of Parliament and I am afraid that, for me, the reason the Home Office seeks to cling to the notion of immigration detention is that it is seen as a deterrent. There is always a debate in immigration policy between push factors and pull factors, and the notion, certainly at the time, was that if individuals were detained in this way—quietly, contrary to any due process and with no consideration of their human rights—that would somehow deter people from seeking to come here as immigrants and asylum seekers. Of course, that has not proved to be the case.

The hon. Member for Glasgow North East also talked about cost. The annual cost for one person is £34,000 and the total annual cost of detention is approximately £120 million. It is hard to believe that we could not spend that money on dealing with whatever immigration detention challenges we face more humanely, and in a way that reflected better on us as a country.

I have done a certain amount of work with Bail for Immigration Detainees and it has briefed me on some cases it has dealt with recently. Last week it won bail for a client who had spent 15 months in detention after serving a six-week prison sentence. How can that be proportionate? It also had a client held in detention in prison for almost a year, despite mental health problems and an outstanding appeal; and a male client, the sole carer of a child, who had a serious health condition and who was released on bail after nine months in detention. Another client spent 27 months in detention despite the fact that it would not be possible to remove them anyway and, finally, a client was released in January after spending two and a half years in detention, despite suffering from schizophrenia and, again, despite not being removable. Those cases are unacceptable, and I think that Members on both sides of the House want to hear what progress the Government are making towards living up to what the Shaw inquiry said.

Stephen Shaw also stated that there is little or no correlation between the number being held and those later deported, and that other methods, such as electronic tags, should be considered. He talked about mental health, which right hon. and hon. Members have spoken movingly about, and he also mentioned the number of cases in which the Home Office has breached article 3 of the European convention on human rights in respect of detainees.

I have always taken an interest in detention because of having been in Parliament when there was the explosion of detention that we now see. I am perturbed that, although I have been asking since November to visit Yarl's Wood detention centre, we have yet to have a reply from Ministers. I remind the Minister, in case it has slipped his mind, that the chief inspector of prisons described Yarl's Wood as a place of national concern. It was burned down three months after it was opened and there are current accusations of abuse, poor healthcare and inappropriate sexual contact. I put it to the Minister, therefore, that if four months after I first asked to visit he is not able to respond, people might ask what he has to hide.

In common with Members of all parties who have spoken in the Chamber today, I think it is time to address the long-running concerns about immigration detention—concerns that go back to the measures introduced in the '90s by a Labour Government. I have talked about the role of the Labour Government because I do not approach the matter from a party political perspective. I have visited Campsfield, Oakington and Yarl's Wood and, with the help of the Minister, I will visit Yarl's Wood again. The conditions in which these people are held is a shame for this country. If people have a criminal record and should be deported at the end of their sentence, it is for the Home Office to organise itself so that they can be deported directly from prison. People should not be deprived of their liberty, with no due process, because the Home Office is chaotic in how it deals with people who have a recommendation of deportation when sentenced.

In common with other speakers this afternoon, I think we need to see an end to indefinite detention. I am glad that the numbers of detained children have fallen, but there are still 71 children entering detention, and that is 71 too many. Despite the fact that this subject does not excite the attention of the tabloid press and that Ministers might think there are not many votes in making immigration detention fairer and more humane, this is a long-running cause for concern. I hope that, decades after we introduced immigration detention at this level and on this scale, the Government will move to bring about some of the changes recommended by Stephen Shaw.

Geraint Davies (in the Chair): Minister, you may wish to allow a minute at the end for Anne McLaughlin to wind up.

3.48 pm

The Minister for Immigration (Mr Robert Goodwill): I shall be delighted to allow the hon. Member for Glasgow North East (Anne McLaughlin) a minute or so at the end. It is a pleasure to serve under your chairmanship, Mr Davies, and I congratulate the hon. Member for Glasgow North East on securing the debate.

I welcome the opportunity to set out the Government's position on these matters and to address the points raised by right hon. and hon. Members. Where a specific case has been mentioned or there has been a request for statistics, it may be better if I write to the Members concerned, not because I cannot give them that information but because time is restricted.

Detention and removal are an essential part of an effective immigration control system, but it is vital that they are carried out with dignity and respect. Indeed, I have visited a number of detention centres myself, including Yarl's Wood and, recently, one in Belgium. The Government there face similar challenges and have similar facilities to the ones in the UK. We expect those who have no right to remain in the UK to leave the UK voluntarily,

[Mr Robert Goodwill]

and we have programmes in place to support voluntary return. In many of the cases that have been discussed, people will have had the opportunity of an assisted return. There are financial packages and the airfare is picked up by the British taxpayer.

When people with no right to be here refuse to leave of their own volition, it is absolutely right that we take steps to enforce their removal. In those cases, detention may be necessary as part of that process. However, there is always a presumption of liberty for an individual, and the decision to detain any person under immigration powers is never taken lightly. Our policy already makes it clear that detention must be used sparingly and for the shortest period necessary. We are certainly not driven by any ideological motives, as was alleged at the beginning of the debate.

We take the welfare of detainees very seriously. That is why in February 2015, the then Home Secretary commissioned Stephen Shaw to carry out an independent review of the welfare of vulnerable people in the detention system. Mr Shaw's report was published in January 2016, alongside the Government's response. In our response, we accepted the broad thrust of Mr Shaw's recommendations and set out three key reforms. First, a new 'adults at risk' concept was introduced into decision making around detention, with a clear presumption that vulnerable people at risk of particular harm should not be detained, building on the existing framework. The second reform was the detailed mental health needs assessment in immigration removal centres, along with a joint mental health action plan developed with the Department of Health and the NHS. Although the action plan applies to England, we will work with colleagues in Scotland and Northern Ireland to share information and best practice on the provision of mental health services in the immigration detention estate. The final reform was a new approach to the case management of those detained.

Taking those reforms in reverse order, work has been ongoing to design a more effective case management process to replace the existing procedure for reviewing detention. Case progression plans take a more proactive approach to the monitoring and review of ongoing detention, with a focus on removal or, if appropriate, release. They are being piloted across the Home Office, and the pilot will then be subject to evaluation. As well as introducing case progression plans for individual detainees in February 2017, we also introduced case progression panels, which provide an increased level of oversight of cases within the detention estate. Although internal, the panels operate independently of the officials working on detention operations and aim to reduce the number of long-term detainees.

Turning to mental health, the Government published a joint Department of Health, NHS and Home Office mental health action plan on 1 December. The plan will improve our understanding of detainees' mental healthcare needs so that the right interventions are available and we can manage effectively the removal of such individuals from the UK, or their transfer within the detention estate or back into the community. In addition, a more detailed mental health needs assessment will be carried out in immigration removal centres, using the expertise of the Centre for Mental Health. That was published on 9 January 2017. NHS commissioners will use that assessment to consider and revisit current provision to ensure that healthcare needs are being met appropriately.

I will expand a little on mental health, which was raised during the debate. Detainees are seen by healthcare staff within two hours of arrival and often have an appointment with a medical practitioner within 24 hours. Clinical pathways into other healthcare services, such as mental healthcare services, are initiated at that point, depending on the outcomes of the reception scheme. We take health needs seriously, particularly mental health.

The final element of the Government's response to Stephen Shaw's review was the new "Adults at risk in immigration detention" policy, which was implemented on 12 September 2016. The policy recognises the dynamic nature of vulnerability and strengthens the existing presumption against the detention of those who are particularly vulnerable to harm. The intention is that fewer vulnerable people will be detained and that, where detention is necessary, it will be for a shorter time. The adults at risk policy is based on a case-by-case assessment of the appropriateness of detention, based on the nature and evidence of vulnerability available in each individual's case. That evidence of vulnerability is assessed against any immigration control factors that apply in the individual's case, such as the likely speed of removal and any public protection concerns. That is particularly important where we have foreign national offenders.

Individuals are detained only if the immigration considerations in their case outweigh the vulnerability considerations. The policy recognises a broader range of individuals as vulnerable than the previous policy, and we expect the policy to have the greatest impact in the cases of individuals who are most at risk, including—we heard some of these examples during the debate—victims of sexual or gender-based violence such as FGM, transsexual individuals, individuals suffering from learning difficulties and individuals suffering from post-traumatic stress disorder. All those groups are explicitly regarded as vulnerable in the context of the policy, in line with Mr Shaw's recommendations.

The adults at risk policy has a statutory basis by virtue of the Immigration Act 2016. It is worth noting that through that Act we have placed a 72-hour time limit on the detention of pregnant women for removal or deportation. With ministerial authorisation, that can be extended up to an absolute maximum of one week in total. We also made it clear in the Act that pregnant women would be detained only if they could be removed from the UK shortly or if there were exceptional circumstances that justified the detention. In addition, we have placed a duty on those making detention decisions in respect of pregnant women to have regard to the woman's welfare. We have asked Stephen Shaw to carry out a follow-up review later this year to assess the implementation of all the recommendations from his previous report.

Equally important to our strategy for detention is the need to keep our detention estate under constant review to ensure that we have the right resources in the right places and that we are providing value for money. The announcement of our intention to close Dungavel immigration removal centre was part of our wider estate planning. The closure was, however, dependent on the opening of a new short-term holding facility in Scotland. It was disappointing therefore that the planning application for that facility near Glasgow airport was rejected by Renfrewshire Council. Dungavel will therefore remain open for the foreseeable future, and we will continue to work with the centre service provider to ensure that Dungavel continues to receive positive reports from Her Majesty's chief inspector of prisons.

One of the points raised in the debate was the protection of vulnerable families. The Government ended the routine detention of children for immigration purposes in 2010 by fundamentally changing the system to ensure that the welfare of the child was at the heart of every decision we made. That will remain the case at the new pre-departure accommodation. Pre-departure accommodation remains an essential component of the family returns process. The decision to accommodate families at a PDA is taken only after they have exhausted all legal challenges to their departure and have refused to comply with other options for return, and only after advice has been obtained from the independent family returns panel. Children with families can be accommodated for 72 hours prior to departure and no longer, without my personal authorisation.

A number of Members made the allegation that we are not doing better and are slipping backwards. I reassure Members that the Home Secretary and I are personally committed to ensuring that every individual in detention is treated with dignity and detained for the minimum time possible. The welfare of vulnerable people is particularly important to me, and Members can be assured that I am determined to see through the reforms started by my predecessors. I have invited Mr Shaw to return and review his policy and the work later in the year.

One particular point was made about the victims of trafficking. Home Office staff working in all immigration removal centres, including Yarl's Wood, have been trained as first responders to identify signs that individuals may be victims of trafficking or slavery. Where an individual is identified as a potential victim, they are referred to the national referral mechanism for assessment. If the NRM takes a positive decision that there are reasonable grounds, the individual will normally be granted temporary release for a 45-day recovery and reflection period, unless detention has been maintained on the grounds of public order.

In conclusion, I hope that I have expressed the seriousness with which the Government take the welfare of those detained. The measures we have put in place, including the adults at risk policy, the statutory protections for pregnant women, the improvements to the approach to caseworking and the mental health action plan, represent a comprehensive package of safeguards for all vulnerable people in the immigration system who are detained or who are liable to detention, especially the most vulnerable.

3.59 pm

Anne McLaughlin: I feel quite depressed now, because a number of questions have not been answered, although I accept that the Minister said he would write to us. I think I will write to him and remind him of some of those questions. One of the fundamental things he has not addressed is the gap between stated policy and practice. Policies are not being carried out in practice, and we have given numerous examples of that.

Will the Minister have a meeting with me and some of these groups, which have a lot of experience of detention and a lot of valuable information about the alternatives? He has not answered why we are not using all the alternatives that are far cheaper and far more effective. Why are we not looking at following those? Will he agree to that meeting? He is very good at agreeing to meet me, and he has responded before. Will he please give me half an hour of his time to sit down with some people who know exactly what they are talking about so that they can try to convince him a little bit more? It will save us money in the end and lead to a far better outcome.

Question put and agreed to.

Resolved,

That this House has considered the detention of vulnerable persons.

Primary Care: North Essex

[MR PHILIP HOLLOBONE *in the Chair*]

Mr Philip Hollobone (in the Chair): Order. Would those who are not staying for the debate please leave quickly and quietly? Television sets are being switched on all over Essex to hear the hon. Member for Clacton (Mr Carswell) move the motion and start his debate. I call Mr Douglas Carswell.

4 pm

Mr Douglas Carswell (Clacton) (UKIP): I beg to move,

That this House has considered primary care in North Essex.

I am grateful for the opportunity to have this debate. We face a serious problem of primary care provision in our corner of Essex. To put it bluntly, there are not enough GPs. In my part of Essex, there are three local GP surgeries, which are not taking on any new patients at all. Those fortunate enough to be registered with a surgery often struggle to get an appointment.

Here are some of my constituents' experiences, pulled out from my postbag in the past three weeks, to give a flavour of what they are having to put up with. An elderly lady from Little Clacton wrote to me a couple of weeks ago:

"On attending the practice, I realised that there was an average of three weeks waiting time to see a GP. … When I did finally get seen, the practice nurse said, and I quote, 'You have to be at death's door to get an urgent appointment on the NHS now.'"

This is a woman who has spent decades paying into the system, unable to see a doctor for three weeks.

Then there is a lovely lady from Kirby near Frinton who emailed me, saying:

"I'm writing to say how abysmal the doctor's surgery is now. I waited two weeks for an appointment, only to be told to go to a different surgery if I wasn't any better in two weeks."

There is not much sign of customer service there, is there?

Finally, a man from Clacton wrote:

"I am my mother's carer. I'm not a doctor. I just do my best and feel abandoned by my medical practice. I am having great trouble making appointments for my mother to see a doctor so that we can control her pain."

Those are not isolated cases. My postbag is full of examples—it is fair to say that something is badly wrong with primary care in our part of Essex. What concerns me is that it was possible to see the problem coming. Back in September 2013, I led a delegation of GPs to see the Health Secretary to flag it up, precisely because GPs said the problems were going to happen.

To be fair to Ministers, we in this room all know—I hope people outside know it too—how disastrous the 2004 GP contracts were. They were certainly disastrous for those who are meant to be provided with primary care—but that is now more than a decade ago. We also recognise that a Minister cannot, as I think Nye Bevan put it, be held responsible for the "sound of every dropped bedpan" in every NHS surgery and waiting room. In fairness, I do not think we can blame Ministers for the failure of individual surgeries to get their appointment systems sorted out. But the question is, who does take responsibility? Who will answer to my constituents for these failings?

It is clear there has been a failure to provide the level of primary care that is needed in our part of Essex. What is less clear is who we hold to account. We have an alphabet soup of different agencies and quangos in charge, but none of them seem to be properly responsible. There is something called the CCG—the clinical commissioning group. It allocates the money and the patient is then expected to follow. The technocrats commission and the patient is expected to follow. Then there is the CQC—the Care Quality Commission. It inspects the GP surgeries. Would it not be better if surgeries had to satisfy customers and not simply comply with CQC assessments? Then, of course, there is NHS England, and in our part of Essex, something called ACE—Anglian Community Enterprise—which provides certain primary care services.

I have raised concerns with all those different branches of NHS officialdom on behalf of constituents and I have done so repeatedly. Promises are invariably made. I am told that we will get more GPs, that new contracts and a new kind of contract will be sorted out—always tomorrow. Not much ever actually seems to change on the ground.

Sometimes I am told, or it is implied—they do not dare tell me this any more because I react very strongly to it—that all of this is to be expected. There is, they say, an elderly population in our part of Essex. The profile of the patient group, I was once told, means that there is all this extra pressure.

Those sentiments are excuses for failure; they are not credible reasons. We should not be in the business of blaming people for being elderly. After all, if someone is elderly, it means they have paid more into the system. In what other walk of life or area of activity is a surfeit of customers regarded as a problem? In Clacton, it is possible—I speak as a father—to go shopping for the family 24 hours a day, seven days a week, so why is it not possible to see a GP on a Saturday if a child is ill?

At the root of the problem is a system of state rationing—it is probably one of the last vestiges of the mid-20th century system of state rationing—in which the patient is expected to stand in line and wait. The patient is made to follow the money. We need a system of primary care in which the money—for a taxpayer-funded service, free at the point of access—follows the patient.

Ministers are absolutely right to want to see surgeries open on a Saturday, at weekends and in the evenings. Heaven forbid, if we really had a system of primary care that responded to my constituents' needs, there might even be GP surgeries in railway stations, where quite a large number of my constituents tend to congregate in the early morning and late evening. If we are to have a more accessible, customer-focused service, it means making the patient king. It is not something that can be done by top-down design or by ministerial decree. Good customer service comes from the need to please customers, not from on high.

GPs tell me that the burden they face could be alleviated in part if more people were willing to use and made better use of pharmacists. There is a lot of truth in that. Pharmacists are highly qualified and often very experienced, and we are right to look into that. I say this in the week when we have finally passed the legislation to get us out of the EU, but perhaps we could learn from some of our European neighbours who seem much better at making good use of pharmacists, particularly

Italy and France. I gather that in Germany people do not have to depend on the equivalent of a GP acting as a gatekeeper in the way that we do in this country. I would be very grateful if the Minister could elaborate and talk about not just what we can do to alleviate the problems in our part of Essex but the far-reaching reform that is needed if we are to make sure that people who have spent all those years paying into the system can be seen by a doctor when they need to.

Will Quince (Colchester) (Con): I recognise the issues that my hon. Friend rightly raises. Does he agree that a direct result is the considerable pressure placed on the general hospital in Colchester, which serves his constituents and mine, and that the foolhardy decision to consult on the closure of minor injuries units and the walk-in centre in Colchester should be dropped immediately, because it is such a ridiculous idea? It will just put additional pressure on Colchester general hospital.

Mr Carswell: My hon. Friend, as so often, is absolutely spot on. His judgment is impeccable. The failure to provide people with the primary care they need when they need it means that more people then tend to go to A&E departments. The people who run the ambulance service tell me that that then causes a bottleneck in A&E, which has a knock-on effect on ambulance response times. Many of the problems we are grappling with are a consequence of the failure to provide accessible, customer-focused primary care where it is needed.

The consultation on the minor injuries unit and walk-in centre is irresponsible. I share the view that it would clearly be absurd to shut that facility. A lot of angst and worry could be addressed if the option was ruled out now, and I hope it is.

Mr Bernard Jenkin (Harwich and North Essex) (Con): I am most grateful to the hon. Gentleman for inviting us to take part in his debate, and I commend him for securing it. We are now in the throes of the so-called sustainability and transformation plans, which are being constructed on the acknowledgment, confirmed by the Boston Consulting Group, that there has been underinvestment in primary care in Essex for 20 or 30 years. If the STPs are to address the demand on the primary care units and deal with the shortage of GP facilities, there has got to be a programme, supported by Ministers, of investment in primary care in Essex so that the GPs can do far more for their patients without sending them off to hospital.

Mr Carswell: The hon. Gentleman is absolutely spot on. This is a cumulative problem that has been allowed to get worse over decades—perhaps a generation or more. I am often struck by how some of the GP surgeries in my constituency are located in what started out as residential houses built in the 1930s. There has simply not been the investment that was needed over a long period of time. That is also part of the problem. To be fair to GPs, if we do not provide attractive surroundings and surgeries, people are not going to want to work in those 1930s houses. If anyone in the district council is listening, I urge them to take that into account when talking about new planning for the area. Some top-quality, first-rate surgeries in which GPs are happy to work would go some way to addressing the problem.

I am incredibly grateful to the Minister for coming along to respond, and to the hon. Members for Harwich and North Essex (Mr Jenkin) and for Colchester (Will Quince), who are committed to this issue and have done a lot of work for their constituents. I hope to hear from the Minister not only about how we can get more GPs in our area but about the reforms we need to change the way people obtain primary care, so that they are no longer supplicants standing in a queue to receive care on the system's terms but valued patients who get the care they need when they need it.

4.11 pm

The Parliamentary Under-Secretary of State for Health (David Mowat): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate the hon. Member for Clacton (Mr Carswell) both on obtaining the debate and on the lucid way he put forward his case. I thank my hon. Friends the Members for Colchester (Will Quince) and for Harwich and North Essex (Mr Jenkin) for their points, which I will try to answer.

There is an issue with the number of GPs in the CCG in that part of north Essex. I will talk a little about why that is the case and what we can do about it. It is very hard to make progress on a number of the issues that were raised without fixing that problem. We are short of GPs across the country, but we are particularly short in the North East Essex CCG. Let me give some numbers for context. There are 40 GP practices and a little over 210 GPs within the CCG, which covers 330,000 people. The CCG estimates that it is 28 GPs short. I spoke to it this afternoon, and I was told that if any GP wants to get a job in Clacton, it will not be a difficult process. Indeed, the figures for Clacton and the coast are marginally worse than those I have just given.

That is somewhat mitigated by the fact that the CCG has more nurses than the UK average. That might well be to do with the walk-in centres and minor injury units, which are nurse-orientated. I will come on to talk about how we can work in a slightly different way—this was implied by the remarks of the hon. Member for Clacton—by making use of other disciplines, such as pharmacists, physios, allied health professionals of different sorts and mental health professionals. The CCG now has 10 full-time pharmacists, and there is a plan to increase that number considerably between now and 2020. Frankly, it is easier to recruit pharmacists than GPs, but we need GPs too.

I will spend a little time talking about the reasons for that. I spoke to the CCG about them in some detail today. As the hon. Gentleman mentioned, Clacton has an older population, which causes problems, and there may be contractual issues relating to that, although the GP contract allows extra money for areas of deprivation and those with ageing populations. There are no training GP practices in Clacton, which puts it at a disadvantage, as GPs are likely less to go there as part of their training and then stay. It is also true that Clacton has a higher than average age demographic of GPs, so there is a higher tendency for them to retire, which exacerbates the situation. I concede that there is a problem, and I will talk about some of the things being doing about it. The hon. Gentleman used the phrase "jam tomorrow", and I am afraid that some of it might sound a bit like that.

[David Mowat]

I want to draw attention to some of the things that the CCG in north Essex does well. We often talk about issues to do with locations—bricks and mortar—whether minor injury units or hospitals, but all MPs, including me, should properly evaluate our CCGs on the full set of published metrics. We have done an awful lot on transparency. I will just mention some of the things that the CCG does well. The hon. Gentleman's CCG is well above the national average for cancer diagnosis in stage 1, for dementia care planning, for organising health checks for patients with learning disabilities, and for organising care packages for people with mental health episodes. I say that to put its issues in context. It is clearly true that there are difficulties with access and, to a lesser extent, with getting on lists in the first place.

The hon. Gentleman rightly made the point that we should be following the patient. We do a lot of work across the NHS and with every CCG to poll patients to ascertain how satisfied they are with the level of service they have received. North East Essex CCG received something like 82% patient satisfaction—lower than the national average. It is thought that the figures for Clacton are likely to be lower than the CCG average as a whole, so I will not hide behind that number.

In terms of what we are going to do about it, I will start by talking about some national initiatives—the comment about STPs related to that—and the need to invest more in primary care. There are two national initiatives that I want to mention. First, there is the GP five-year forward view. I know it sounds like jargon, but it redresses the persistent underinvestment in primary care over the past decade or so. Between now and 2020, there will be a 14% real increase in primary care across the country, which will manifest itself in the workforce and in different ways of working. That is real money; it is accepted by the British Medical Association's general practitioners committee. It is very welcome, and frankly it has been a long time coming.

If we were designing an NHS today, with the sort of patient environment we have now, we would not design it around acute hospitals, as was done in 1948. We would design it much more around long-term conditions—diabetes, dementia, heart disease and so forth—which account for 70% of the NHS's total cost and mean that much more can be done in the community. That is our very clear direction of travel.

Will Quince: Although I very much welcome those plans and the steps the Minister is hoping to take in relation to primary care, there is still very serious pressure on Colchester general hospital. I welcome last week's Budget announcement of £100 million for triage services in accident and emergency units. Will the Minister give serious consideration to making Colchester general hospital a pilot for that, which would help to alleviate some of that pressure?

David Mowat: My hon. Friend may be relieved to hear that Colchester general hospital is not in my portfolio, but I will speak to my ministerial colleagues about it being a pilot and write to him.

Mr Jenkin: A moment ago the Minister mentioned some extra money for primary care. Who is responsible for investing that money? Does it come from NHS England and not from the CCG? How do we influence how that money is spent, so that there is some accountability in the process?

David Mowat: All money goes into the health service through NHS England, which used to be called the NHS Commissioning Board. The money is then given to the CCGs around the country to spend. In terms of a funding formula and so on, there are some specific primary care initiatives, including infrastructure-based ones for new premises and things of that type, and specific ones, which I am about to talk about, such as recruiting more GPs. We absolutely need more GPs, not only in Essex but across the country, although we do need them in particular in parts of Essex. The responsibility for that lies with NHS England, through the CCG. It is the CCG that has the accountability—to answer the earlier question, "Who do we blame for this situation?"—and I want to make that quite clear.

As for what all that means, we have workforce issues in primary care, and the Government and NHS England are committed to having 5,000 more doctors working in primary care by 2020, which should mean more availability and vacant jobs in Clacton being filled. We are determined to meet that commitment with progress made this year, with more medical students going into GP training than has ever been the case before in the history of the NHS—just over 3,000 of them. The hon. Member for Clacton was right to talk about pharmacists, and we also need to make progress with them. We aim to have 2,000 pharmacists working in primary care by 2020, as well as 3,000 mental health therapists.

All of that matters, but in addition we have to allow people to work in a different way from how they have up to now, and some of that is happening across the CCG in Essex. Broadly speaking, however, we find that a GP hub of 30,000 to 40,000 patients enables more scale. That would let us employ physios, pharmacists, mental health therapists and, indeed, social workers—in terms of the relationship with hospitals and the transfer of patients—and to have longer opening hours. I therefore completely accept the hon. Gentleman's points about working and being open on a Saturday. We are determined to achieve that by 2020, although we are starting from a difficult position in Essex, given the lack of GPs generally. Only by collaboration and working across practices will we make progress. The model of a single GP practice—and such practices still exist—is self-evidently not viable and does not allow us to do some of the things that we need to in primary care, such as employing pharmacists and other such disciplines.

Those are my general comments, but I completely agree that unless all that lands in Essex, it is just words. Judge and jury on it will be the extent to which we are successful in landing some of that stuff in Essex. To address the specific issues, I will now talk about a number of things that have gone on in the hon. Gentleman's local CCG. Of the nine practices in Clacton, a number have been closed to new patients, as he said. I am informed that the East Lynne practice, the Ranworth practice and the St James practice all closed to new patients in 2015, but two of those are now completely opened. The other has temporarily closed again but is expected to reopen soon. On the statistic he cited at the start, my understanding is that only one practice in Clacton now has no immediate opening in its list. The CCG has worked hard on that.

There are clearly specific issues with getting people with a GP background to move into the area. The CCG has put in place a workforce plan to address matters of recruitment and retention of GPs principally, but also of pharmacists, nurses and allied health professionals. Again, the judging of that will be in something actually happening and the vacancies in Clacton being filled. The plan exists and is being managed, and I understand that the CCG expects to make progress with it.

The practices in the CCG have come together in three collaborative groups, covering about 80% of the total number of patients seen, although the patient who sees the same GPs from the same practice and goes to the same clinic might not realise that. GPs are working collaboratively in a way that should enable better leverage of their time—I return to that point made in connection with pharmacists. We have to get away from every patient's principal contact in the primary care system having to be a GP, rather than other professionals who could help a great deal. For example, I was recently in a practice where a pharmacist was conducting a diabetes clinic. Diabetes clinics are routine, happening perhaps every month or so, with a set of standard questions to be asked, and there is absolutely no reason why they need to be conducted by a GP, as opposed to a pharmacist. That applies in Essex, too.

I draw the attention of hon. Members from Essex to a couple of grants lately given to practices in their area. A £46,000 resilience funding grant has gone to the Clacton GP Alliance and, in a specific effort, almost £400,000 of capital funding to three GP practices that are coming together I think in Clacton hospital. The CCG understands that the standard of premises and infrastructure in Clacton is generally weaker than in other parts of the country—certainly weaker than is needed to attract the sort of talent necessary.

I have a "jam tomorrow" point to make, but it is worth putting it on the record. There is a plan to have a medical school in Essex, in Chelmsford, I think in 2018. That will obviously help, because people who train as doctors in that part of Essex will be more likely to live there, enjoy living there and, in time, make their careers and lives there. We have found that to be so in other parts of the country; I hope it works for Essex.

In connection with the minor injuries and walk-in centres, I want to speak briefly about the consultation. Members have pointed out that it would be absolutely ridiculous if, by closing those centres or doing anything to affect patient flows, more patients were to go to Colchester hospital. That is self-evidently true, and the CCG believes so too. Interested Members will know that the consultation, which set out four options, has received more than 3,500 replies. In all fairness, I do not believe that the CCG was consulting in order to close; it was consulting because contracts were up, and it wanted to look at the options and how to do better. One view given to me was it was more confusing than it ought to be for patients to know where they ought to be.

I cannot say anything today about the outcome of the consultation, other than that the CCG board will consider the recommendations received in the 3,500 responses and the various other pressures that have been discussed today. Frankly, people in the CCG will also be listening to our debate today. I would be surprised if closure of the centres was top of the list, given the other pressures on GP practices, the hospital and so on. The decision will be made by the CCG at the board meeting on 30 May.

I will finish as I started, by saying that there is a problem with the number of GPs in Clacton and North Essex. The problem is understood and action is being taken that I hope does not all amount to "jam tomorrow", to use the phrase of the hon. Member for Clacton. Although progress has been made in getting lists open and so on, clearly a lot more needs to be done. I am happy to continue to meet the hon. Gentleman in the months ahead if we are not making progress and getting things better.

Question put and agreed to.

Dog Fouling

4.29 pm

Mrs Anne Main (St Albans) (Con): I beg to move,

That this House has considered dog fouling.

The aim of this debate is to raise awareness of the ongoing problem of dog fouling, specifically in woodland and rural areas. I am a dog owner and a dog lover, and I must declare an interest: I sponsor a dog through Dogs Trust, the UK's largest dog welfare charity, which runs initiatives throughout the country to encourage more responsibility among dog owners. Such efforts to encourage responsible dog ownership are welcome, but we need to do so much more. This debate is not about dogs or demonising dog owners; it is about the actions of irresponsible or ignorant dog owners and the environmental blight caused by dog poo that is dealt with inappropriately.

The Department for Environment, Food and Rural Affairs discontinued the collection of figures on the number of fixed penalty notices issued for dog fouling in 2010, as it was viewed as an unnecessary burden on local authorities. I agree—it would be enormously burdensome to keep collecting those data. The most recent figures show that 2,082 fixed penalty notices were issued in 2009. I gave the Minister some pictures before the debate to illustrate the extent of the bagged dog fouling problem. I suggest that those figures do not show the true extent of the problem.

Experience and anecdotal accounts from across the country show that this really is a big problem. It affects tourism, local authorities, private landowners, forestry commissions and farmers, as well as the public at large. I will refer later to the challenges that farmers face as a result of fouling on their farmland, as they have particular concerns about livestock safety, but the two key strands to my argument are the burgeoning nationwide problem of the inappropriate disposal of dog poo bags and how we can encourage the correct disposal of dog poo.

There is no one-size-fits-all solution to this problem. Solutions need to be appropriate to the surroundings, well publicised and simple to execute. There is no doubt that dog fouling is an antisocial and environmentally damaging problem. It blights parks, forests and farmland as well as fields and verges. To compound the problem, we have seen the rise of the phenomenon of the ghastly dog poo bauble. Walkers, cyclists and families out with small children are greeted by lumps of dog faeces wrapped in pink, blue, black and even apricot-coloured plastic dangling from trees or bushes, or decoratively tied to people's fences. Deer ingest the bags, children may handle the packages and cyclists have even ridden headlong into bags dangling from low-hanging branches. It is disgusting. Some dog walkers use sandwich bags, freezer bags or even supermarket carrier bags to scoop up the poo before lobbing it off into the environment, where it festers, causing blight for years.

I accept that many bags are biodegradable, but even if they are marketed as such, they still hang around for a very long time. According to the BBC's *Focus* magazine, it can take six months or longer for even degradable dog poo bags to decompose. Although that is a marked improvement on the 500 years that scientists think it takes for a normal supermarket plastic bag to decompose, they are still a prolonged blight on the countryside landscape.

Initially, I thought that this foul practice of lobbing poo in bags into hedges and trees might be limited to a few irresponsible owners, but a quick trawl of social media and news archives shows that the problem is rampant and growing across Britain. It is estimated that local authorities receive upwards of 70,000 complaints a year about dog fouling, which is no small number. Local newspapers are filled with reports of the problems that it can cause, and Twitter is alive with concerns raised by people about the impact that dog fouling, particularly bagged dog fouling, has on their area.

Is it just me, Mr Hollobone? I do not understand the mentality of the person who enjoys walking on a beautiful woodland trail and goes to the trouble of purchasing and carrying a dog poo bag, picking up the often smelly deposit and even carrying it for a short distance, but then takes the opportunity to lob the carefully wrapped package up into the trees. I just do not understand it, but believe me, a quick look on the internet shows that that happens thousands of times every day.

Dog walking is one of life's pleasures. Long rambles in the fresh air are good for dogs and their owners. Dogs Trust and many other groups strongly oppose blanket bans on dog walking in parks, beaches or countryside areas. I agree with them that that would be a great loss to communities of people who meet in those areas with their dogs and would directly punish the vast majority of dogs and their law-abiding owners just because of a select few offenders.

There are approximately 9 million pet dogs in the UK. One in four households in the UK has a pet dog, and they produce 1,000 tonnes of poo a day, or 365,000 tonnes a year. That is the weight of the Empire State building in New York or, to bring the problem closer to home, 5.6 times the weight of St Paul's cathedral in dog excrement every year. We have a huge, smelly problem, and dog poo baubles are a relatively new and disgusting phenomenon. Online posts from Slough, Dartmoor, Rhondda, Glasgow and Kent, to name but a few places, show that this is a countrywide issue that we really need to tackle.

Keep Britain Tidy's 2014-15 local environmental quality survey of England addressed both dog fouling and bagged dog fouling. Statistics that it gathered prove that dog walkers are far more likely to collect and dispose of dog poo when it is light and they feel they are being watched. In the light of that, Keep Britain Tidy started a "We're watching you" campaign, which featured a pair of eyes that glowed in the dark and was designed to reinforce the message: "If you let your dog foul in an urban or rural area, someone may be watching you." Often, of course, they are not. That campaign, which was trialled in 17 local authorities in 2014, led to a 46% reduction in recorded fouling and bagged fouling, but too often, the dog poo bauble is lobbed into the trees, away from sight.

It is argued that people should simply "bag it and bin it". Would that it were that simple. Human nature often leads people to take an easy way out. Carrying a bag of poo for several hours on a family walk is often seen as an unattractive prospect, so, having been picked up, the poo gets lobbed into the bushes. We need to ensure that there are dog poo bins in appropriate locations, but that is only part of the solution.

The strategic placement of bins in rural parks and countryside dog walking hotspots is a key aid to prevent people from incorrectly disposing of dog poo bags. The

National Trust is trying to address this issue on its sites by placing dog poo bins in the immediate area of car parks. Its studies show that, on leaving a vehicle, the vast majority of dogs relieve themselves within 50 metres of the vehicle. Having maps in car parks for country walk areas showing the placement of bins would also encourage more people to bag and bin poo, as they may know that the next bin is only a short distance away.

But that scheme cannot tackle the problem of bagged dog fouling in less populated woodland and countryside environments—open wild spaces where locating a bin would be impractical or even detrimental to the natural landscape. Lawrence Trowbridger, lead ranger at the National Trust's Ashridge estate, said in an interview in 2015 that the solution was not just about introducing more bins but about

"challenging the mindset of the dog walker".

I completely agree, so how do we change that mindset? How do we educate the public and steer them into good countryside practice?

I have a few suggestions, which I hope the Minister will look at. I believe that we need much better signage in areas such as country parks and forests to show where bins are located, so that people know how far they are from bins and whether bins are available past a certain point. Dog poo counts as waste refuse—not everyone is aware of that—so all waste bins, wherever they are located, should carry a logo showing that it is appropriate to put bagged dog poo in them.

For dog walkers further on in their walk and in a "no bin" area—an area of natural habitat—the sign at the entrance to the walk should show them that they ought to use the "stick and flick" approach, which the Forestry Commission advocates on its website, or cover the poo with leaves or vegetation. Having tried to stick and flick a pseudo-poo—it happened to be chocolate éclair, which did not flick at all well—on the Jeremy Vine show, I can say that that is actually quite an effective way of doing things. We need clear, easy-to-recognise graphics in parks, woodland areas and laybys close to footpaths to suggest those methods of disposal.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): I recognise that there is a problem here. Organisations from the National Farmers Union to Keep Britain Tidy, which the hon. Lady referenced, strongly support "bag it and bin it". Anything that detracts from that could cause confusion and undermine the essence of the issue, which is that we want dog owners to act responsibly, in the way that she describes. Does she think that we can have both messages?

Mrs Main: I have done quite a lot of radio interviews on this today, and that is the tension. That is why signage is important. We should have easily recognisable graphics, because then people could see that there is somewhere to put the poo bags and that the poo will be collected. There is no point in bagging poo and then hunting in vain for a bin. That is when it gets lobbed.

We have to work with human nature. "Bag it and bin it" is one thing, but although that is the ideal solution, it is not the only one. I would like to expand on that. We need to look at Natural England's "Countryside Code", which is authorised by the Government to enhance comments on dog poo in the various situations that walkers find themselves in. The hon. Gentleman is quite right: that code says

"always clean up after your dog and get rid of the mess responsibly—'bag it and bin it'."

That is a simple message. Unfortunately, as I showed the Minister before the debate—I am happy to show other people—that simple message is clearly not working. It works a lot of the time, but if someone picks up their dog poo bag, feels that they do not know what to do with it and then lobs it, that is a far worse scenario. Deer and cattle are ingesting the plastic bags. We must tackle that.

Part of the issue is about education. Dogs Trust is working with a pet provider, running education classes for brownies, guides, scouts and so on to try to educate the dog owners of the future. This is a relatively new phenomenon: we did not use to have dog poo bags.

Richard Arkless (Dumfries and Galloway) (SNP): The hon. Lady is making a compelling case. I have attended walk-arounds with dog wardens in my constituency and they say that part of the process required is to educate not only dog owners and walkers but the general public, because the dog wardens cannot take action unless they see walkers depositing where they should not. Does she agree that part of the education process needs to be on the public, who could give information, to help the public help themselves?

Mrs Main: I do. That is why I said that the approach of saying, "There are eyes watching you" does work. However, if someone is out walking their dog, do they want the grief of watching a person's dog foul, going to find a ranger—assuming they know where he is—and having the argument about whether it was that dog, given that the owner has walked off by that point? The situation is difficult, which is why we need a multi-strand approach.

I am not coming up with answers, but some suggestions: better signage, better placed bins, and a country code that says, "If you are here, this may be the appropriate thing to do. But if there are no bins, it would be inappropriate to bag." We should get a set of graphics, which should be printed on dog poo bags to reinforce the message. There should be a dog poo bag code of disposal, a bit like for packets of cigarettes.

Dog poo bags are what plastic bags were yesterday. Given the number of pets in this country, I suggest that dog poo bags are as big an environmental problem as we had with people using disposable plastic bags from supermarkets. People use sandwich bags and all sorts, which flutter into waterways and float down into drains. We need to tackle that now and get a grip on it.

I would look at "The Countryside Code". On farmland, I completely accept, as the hon. Member for Poplar and Limehouse (Jim Fitzpatrick) said, that the NFU is opposed to dog poo being left in rural areas because of the risk posed to the health of cattle and sheep, which may eat the poo. We are back to the educative approach: the NFU has called for posters to be displayed in farmland areas to raise awareness of the problem and for a change to the "Scottish Outdoor Access Code"—I know this is a devolved matter, but it is worth looking at that—to explain the risks posed to cattle more clearly.

The NFU said that there has been an increase in cases of the disease Neospora, which can be spread by dogs that have eaten infected material from cattle, such as placentas from newly calved cows, and then through

[Mrs Main]

dog faeces. The parasite survives for several months and can contaminate the pasture and water supplies. I suggest that while that may have increased, that is one part of the entire problem that needs to be taken into account in the broad brush approach.

Of course, not all farmland has livestock on it, so we need to work with landowners to come up with signage to reflect the local disposal need. Improved signage should appear in lay-bys close to footpaths that cross farmland. People park up in lay-bys and ramble across farmland, where there will not be any bins, guidance or signage. Perhaps where the sign for the parking lay-by is could be an appropriate point to have a small graphic showing dog walkers how to deal with dog poo.

Finally, I know there have been suggestions about DNA testing. That theory has gained a lot of coverage in the media, being viewed by some as a silver bullet to the problems of dog fouling. However, to operate a successful DNA scheme, we would need all dog owners to volunteer to register their dog on a database. Then, using DNA technology, we would be able to trace exactly which dog had committed an offence.

There are fundamental flaws to that initiative at the present time. The major groups involved are not supportive and the scheme would come at considerable cost to local authorities in creating and filling a DNA register as well as carrying out the tests on the offending poo. As I said, we have abandoned the registering of dog fouling incidents; that process would be hugely costly and would not tackle the problem. We would need armies of people to police it. Improved signage should appear in lay-bys and close to footpaths—that would be more helpful. We have to get the public educated so that they feel that not dealing properly with dog fouling is as antisocial as smoking in public places.

I also see an issue in that the type of person who would allow their dog to foul would not register their dog on a DNA register anyway. We therefore need to tackle this problem with awareness and education. The Government have recently announced that they will come up with a new litter strategy. Since dog poo counts as refuse, it would be excellent if the work could incorporate that.

I have been told that I need to tell the Minister that he needs a PPS—a pragmatic poo strategy. I suggest that a pragmatic poo strategy would recognise both the failings of human nature and the need to enjoy the family walk and do the right thing. I look forward to hearing his comments. Hopefully, when he comes up with his new litter strategy, there will be input from landowners, councils, dog walkers, dogs trusts, forestry commissions and all those bodies who experience this problem and seek to encourage the public not to keep creating a mountain of refuse in our wildlife areas.

Mr Philip Hollobone (in the Chair): The debate can last until 5.30 pm. I call Teresa Pearce.

4.47 pm

Teresa Pearce (Erith and Thamesmead) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I thank the hon. Member for St Albans (Mrs Main) for bringing the debate. It might not seem the most glamourous or exciting of topics, but keeping our communities clean and pleasant is a key part of local government's remit. Ensuring that our streets, parks, playgrounds and open spaces are free from ugly, unhygienic dog mess is really important.

Dog mess is a source of nuisance to residents and an eyesore on many streets, from high streets in towns and city centres to country paths and village lanes. Roads littered with dog mess damage civic pride and tarnish the image of an area. It is unpleasant in both sight and smell, it is unhygienic, it spreads disease and it becomes a costly problem for local authorities to tackle. In fact, councils spend about £1 billion a year dealing with littering, including dog waste. Furthermore, dog owners who break the law on dog fouling and refuse to clean up after their dogs put the health of others at risk, particularly children.

It is children who are most at risk of contact with dog excrement, which can cause toxo—I cannot say the word.

Mrs Main: Toxocariasis.

Teresa Pearce: That's it—I thank the hon. Lady for her intervention. It is a nasty infection that can lead to dizziness, nausea, asthma and even blindness and seizures.

It is not surprising that 47% of people in the UK think that dog fouling is one of the most annoying things they experience in public places. I recently met a group of cyclists who told me that one of the worst things they encounter, when cycling through country lanes, are these "baubles", which the hon. Lady referred to, hanging from trees, which hit them in the face as they are riding and trying to enjoy the countryside. The public rank dog fouling as even more annoying than general littering, pollution, traffic and smoking. According to Keep Britain Tidy, dog fouling is

"a major concern to members of the public".

A survey that it undertook of more than 10,000 sites found dog mess left in 7% of places. As such, it is a major issue for local authorities.

We seem to have got the "bag it and bin it" message out in towns, but there needs to be a different message in the countryside. In particular, it is important to keep local parks free from dog mess. Parks and green spaces play a crucial role in the health of our communities, including the mental health and general wellbeing of our residents. Parks provide spaces for exercise, cultural events, picnics, walks and everyday contact with the natural environment, which is proven to have a positive impact on mental health—particularly in towns and cities, where people's lives are increasingly confined to home, work and commuting between the two.

Parks and open spaces are crucial to improving health and happiness in a society with increasing levels of obesity and disorders such as depression and anxiety. In that context, it is disappointing that parks and green spaces are facing unprecedented budgetary cuts that threaten their future existence. More than 90% of park managers expect decreased funding this year, while 97% of street cleaning services expect decreased funding over the next five years. That reduction will amount to more than 20% of their funding, which will have an impact on the presence of dog mess on our streets and in our parks.

The hon. Member for St Albans mentioned earlier that DEFRA no longer collects figures regarding dog mess. I agree with her that doing so might be an unnecessary burden; however, BBC figures show that 103 of 302 local authorities surveyed did not issue any fines for dog fouling at all in 2014-15. Enforcement is quite difficult. As was explained, it has to be witnessed and somebody has to report it. It is almost impossible: somebody would need to be very lucky to be in the right place at the right time.

Mrs Main: I thank the hon. Lady for reinforcing that point. People are also reluctant to be confrontational. Putting the onus on somebody having to report somebody else is very difficult. I understand why. We have to face into this.

Teresa Pearce: I completely agree. There are particularly bad dog owners in some parks quite near where I live. To be quite honest, one would not want to confront them—or the dog—on any issue, because they are quite aggressive people. I did a very unscientific survey among my friends earlier today. I asked if they understood what bin to put dog mess in, and a huge proportion thought it could only be put in the dog mess bin, which is not correct. These are regular dog walkers, yet they did not know that, so education is really important.

Many local authorities are using behaviour-change approaches to reduce dog fouling, but we need to make sure they are using the right message. As I said, "bag it and bin it" may be the right message in towns, but in the countryside it may be completely the wrong message and could actually cause further problems. I was particularly interested in the hon. Lady's experiment with the chocolate éclair—I might see if I can find it on YouTube.

Mrs Main: I can tell the hon. Lady that she can do that. They also put down a can of chilli sauce and a bread roll soaked in water. They gave me a flimsy stick to try to demonstrate stick and flick, but it was not really the best representation of the way to do it, according to the Forestry Commission. The video is online.

Teresa Pearce: I thank the hon. Lady for the clarification. Local authorities have been campaigning with public sector bodies such as Keep Britain Tidy and third sector organisations such as Dogs Trust on the issue of dog fouling. Keep Britain Tidy's 2010 campaign, "There's no such thing as the dog poo fairy", led to some communities seeing a 90% decrease in dog mess. The Dogs Trust's "The Big Scoop" campaign involves posters, installations in parks and dispensers of free dog poo bags—although as we have heard, that might not be the answer in some areas.

In 2012, West Dunbartonshire Council armed its local clean-up workers with cans of bright spray paint to tag abandoned dog waste in a highly visible colour scheme to shame guilty dog owners and notify pedestrians that the dog waste was there. Leeds City Council's litter and dog fouling campaign includes a reward scheme for people seen by enforcement officers using litter bins, and Manchester City Council ran a campaign with posters reinforcing responsibility for littering. However, dealing with these issues is expensive, and local authority budgets are restricted at this time, so we need to change behaviours. I was a dog owner for many years; unfortunately we lost our little Jack Russell, Mrs Biggles, last year. I would never have dreamt of bagging and not binning. If I could not bin, I would take it home. However, I was not on a long country walk, which is a different circumstance altogether; I was always relatively near where I live.

Unless there is continued investment in campaigns to deter dog owners from shirking their responsibilities, we will see regression in a culture that has actually been steadily improving for years. Lack of bins, particularly on public footpaths through the countryside, can also prevent dog owners from collecting dog mess. However, it is not only the lack of bins; it is about disposing of the dog mess properly. It is incomprehensible that anybody could think it was okay to bag and then just throw or flick. It is the equivalent of someone throwing a fast food bag out of the car as they drive along. It is basically pushing the responsibility for clearing it up on to somebody else. I was particularly struck by the reference to plastic shopping bags and how this is becoming a similar issue. One of my local councils recently suggested that it could increase its income by putting advertising on dog poo bags, because so many are sold. I am not quite sure whether that is a good idea or not—it is innovative, if nothing else.

Dog mess is the most unacceptable and offensive type of litter on our streets, and dog fouling is one of the most annoying and avoidable issues that concerns the public. However, the problem will not disappear on its own. An estimated 8 million dogs produce more than 1,000 tonnes of mess every day in the UK alone. Nearly a quarter of British people find dog mess in their local city, town or village at least once a day, and almost three quarters of people experience that on a weekly basis. We need to educate dog owners. The "bag it and bin it" message seems to have been successful, but this new phenomenon needs tackling. The hon. Lady said that she is not coming up with the answer today, but she is identifying and publicising the problem, which is the first step in finding an answer. I look forward to the Minister's response.

Mr Philip Hollobone (in the Chair): At the end of Minister's response, Anne Main will have the opportunity to sum up the debate.

4.56 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): It is a pleasure to serve under your chairmanship, Mr Hollobone. I thank my hon. Friend the Member for St Albans (Mrs Main) for securing this important debate. It is easy to make light of this subject; many puns, jokes and all of those sorts of things come to mind. I reassure my hon. Friend that I will not venture down that path, because this is an extremely important and serious issue—not only for my hon. Friend's constituents, but for our constituents right across the country.

Our manifesto included a clear commitment to be the first Government to leave the environment in a better state than we found it. While Government policy on local environmental quality issues, including litter and dog fouling, is led by the Department for Environment, Food and Rural Affairs, I assure my hon. Friend that DEFRA works very closely with my Department on these issues, and I certainly take a keen personal interest in them as well.

This country is often described as a nation of animal lovers: with a population of more than 8.5 million dogs—one dog for every seven people—we can certainly say that we love our dogs. We know that owning a dog brings companionship. According to some studies it can also bring certain health benefits, such as the lowering

[Mr Marcus Jones]

of blood pressure and overall stress levels. Of course, when someone exercises their dog, they are exercising themselves.

Having a clean environment in which to live, work and exercise, including exercising our pets, is of great importance. There is certainly evidence that a poor-quality local environment affected by problems such as litter, dog fouling and graffiti can restrict that area's economic growth, reduce property prices and increase people's fear of crime. That, in turn, discourages people from going outside, exercising and being an active part of their local community.

As we all know, with dog ownership comes significant responsibility. All dog owners are required by law to provide for the welfare needs of their animals, and they must ensure that their dogs are under proper control at all times. That includes dealing with the inevitable consequences of owning a dog, including cleaning up after them. One estimate puts the amount of dog faeces produced daily in England at more than 1,000 tonnes. Littering and dog fouling are, without question, deeply antisocial actions that pose a significant risk to human health and animal welfare.

For local authorities, maintaining a clean local environment is a significant financial issue. It costs councils hundreds of millions of pounds every year to clean up litter, including removing dog waste from our streets and public streets. Local authorities should not have to do that. Dog fouling is an avoidable problem. We have to acknowledge, as my hon. Friend the Member for St Albans did, that most dog owners are very careful; they clean up after their pets and are responsible people. That said, we must do more to take on the small minority who think it is right and appropriate to leave the mess that my hon. Friend described and has provided me with pictures of, from situations across the country. We must hold those people to account.

This is a significant issue, but we must look at the overall context. The latest local environmental quality survey of England found that fewer than 10% of sites surveyed were affected by dog fouling or bagged dog faeces in 2014-15. The few irresponsible dog owners who do not clean up and leave an unsightly, unhygienic mess rather spoil the environment for all other users.

Research has found that dog fouling is perceived by more than two thirds of people to be the most offensive type of litter. I certainly agree with them. Recently, on the day of the Great British Spring Clean, I went out on several occasions in my constituency with teams to pick up litter, and I can identify with what my hon. Friend said. I found myself on a riverbank collecting litter, a significant amount of which was caused by this very problem—people doing the right thing and bagging up their dog faeces but then, for some inexplicable reason, thinking it is right to either put it down on the grass or throw it into the hedge. That seems remarkable, and particularly so in the location involved, because there was a dedicated dog fouling bin within a matter of 100 metres. My hon. Friend is raising an issue that is extremely pertinent right across the country.

Mrs Main: I thank the Minister for sharing that personal experience with us. Councils have said that their operatives are having to climb into trees to cut these bags down and are coming across decomposing poo. That is bad for the health of the council operatives and a more costly way to collect. It is a litter and refuse problem tied together, which is really the worst combination.

Mr Jones: I completely agree. This is a completely unacceptable practice that causes a huge problem to local authorities, which are left with the prospect of having to sort out the issue left behind by the very people who pay the council tax. We might think that those people look at their council tax bill and ask, "Do I want to spend part of my council tax on a problem that I am creating?" There is a real issue in terms of education, which I will come on to in a moment.

Having said that, it is still in local authorities' interests to invest in maintaining a clean and welcoming environment, to improve wellbeing and attract inward investment. A number of councils and other organisations are looking at innovative solutions, examples of which have been given today. We know that signage can have an impact. Examples such as Keep Britain Tidy's successful poster campaign on dog fouling—my hon. Friend mentioned the demon eyes on the poster, watching us—have had a positive outcome in the areas where they have been used.

As my hon. Friend mentioned, the Forestry Commission is encouraging people to use the stick and flick method in the forest, moving the waste away from the path into the undergrowth, where it can be naturally broken down. There were also recent articles about provision of poo bag dispensers in an Aberdeen community and areas in Stoke where they are trialling a fine of £100, using a public spaces protection order, if dog walkers fail to carry poo bags. I acknowledge what has been said in relation to enforcement. That comes with its challenges, and therefore alongside any enforcement activity there must be significant education, so that people finally realise this is not an acceptable practice.

Different methods work in different places. The stick and flick method certainly may work where the Forestry Commission advocates it, but as my hon. Friend said, the Forestry Commission does not advise that practice near car parks or other sensitive areas. It may also not be acceptable in urban parks and areas where there are housing developments.

My hon. Friend talked about signage and a number of other initiatives that could be used, such as more information on waste bins and the manufacturing of the bags. The hon. Member for Erith and Thamesmead (Teresa Pearce) made an important point about advertising. The packaging that bags come in could be used as a way of informing dog owners of the right thing to do. Those are things we will look at.

We have a litter strategy, which will be published. We do not just want that strategy to be a document that sits on the shelf, gathering dust and not doing the job we intend it to. We will have a number of working groups, including organisations involved in providing bins, manufacturers of packaging and so on. We fully intend, through those working groups, to look at some of the individual challenges and see if we can come up with solutions. I am certainly keen to hear more from my hon. Friend—or indeed, any other hon. Member in this House—if she comes across any ideas that we may be able to take on to deal with this important issue.

There is no excuse for dog fouling. Some dog walkers seem to think it is acceptable to leave their mess behind. They think someone will pick the bag up or, in the worst case scenario, they are just completely ignorant and do not think they need to deal with it, because someone else will pick up the tab. We should be clear that this is disgusting, antisocial, dangerous to human health and dangerous to animals and other wildlife. We should, at every turn, encourage people to act responsibly and follow the vast majority of dog owners who do the right thing by picking up after their dogs and, if there is no bin, taking the bag home.

5.9 pm

Mrs Main: I thank the Minister for those very helpful comments. I suggest broadening the approach to include, for example, pet food manufacturers and vets. Clear guidance should be printed on everything—a bit like tobacco warnings—and there should be more use of advertising. As the hon. Member for Erith and Thamesmead (Teresa Pearce), who speaks for the Opposition, said, people are not aware that they can use ordinary bins. There needs to be signage on ordinary bins to show that they can be used for dog poo waste. There should be a graphic on all these things.

I have explained what we need to be doing. It is really important that we get feed-in from countryside landowners, farmers and, as I said, vets and pet food manufacturers. Let us exploit the good will that is out there for those of us who love our pets. I would not mind reading on the side of my dog food tin about how to dispose of dog poop. We should all have that information. It should become a matter of course for this practice not to be tolerated. As the hon. Lady said, it is exactly like jettisoning stuff out of a car window. That used to happen such a lot, and it still does happen, but not as much.

Let me close with the poem that the Forestry Commission likes everyone to read:

"If your dog should do a plop, take a while and make a stop, just find a stick and flick it wide into the undergrowth at the side.

If your dog should do a do, you don't want it on your shoe, find a stick, pick a spot, flick into the bushes so it can rot.

If your dog should do a poo, this is what you should do, just find a stick and flick it wide into the undergrowth at the side.

If your dog should make a mess there really is no need to stress. Find a stick, pick a spot, flick into the bushes so it can rot."

With that, I rest my case, Mr Hollobone.

Question put and agreed to.

Resolved,

That this House has considered dog fouling.

5.11 pm

Sitting adjourned.

Written Statements

Tuesday 14 March 2017

CULTURE, MEDIA AND SPORT

EU-US Umbrella Agreement

The Minister for Digital and Culture (Matt Hancock): The Department for Culture, Media and Sports (DCMS) is responsible for the Government's participation in European negotiations on the EU-US Umbrella agreement, which is a comprehensive data protection framework for criminal law enforcement co-operation. A scrutiny override occurred when the UK voted in favour of the conclusion on the agreement before the European Scrutiny Committee could complete the process of scrutiny on the agreement. The proposal was:

Proposed Council Conclusion on the conclusion, on behalf of the European Union, of an agreement between the United States of America and the European Union on the protection of personal information relating to the prevention, investigation, detection and prosecution of criminal offences (8491/16).

The UK voted in favour of the conclusion on the Umbrella agreement. This triggered an override, which was induced by the deadline being brought forward to ensure the conclusion was concluded in time for the EU-US Justice and Home Affairs Ministerial summit in Washington DC on 6 December. With the accelerated timetable and the timing of the scrutiny Committee meetings, it meant that they could not consider our update in advance of their meeting and so the appropriate parliamentary scrutiny procedure was not possible on this occasion.

[HCWS533]

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Water Supplies

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey): I am pleased to announce to the House that today I am consulting on a new strategic policy statement for Ofwat, the economic regulator for the water sector.

Securing a fair deal for everyone is at the core of Ofwat's role. Research by the Consumer Council for Water in 2015 revealed that 12% of customers said they were struggling to pay their water bills. This Government will set a strategic objective for Ofwat to challenge the water sector to go further to identify and meet the needs of customers who are struggling to afford their charges.

The Government will also set Ofwat a strategic objective to challenge the water sector to plan and invest to meet the needs of current and future customers, in a way which offers best value for money over the long term. By the 2050s England is projected to face a water deficit of 8-22% of total water demand. We need to take action now to ensure we can meet our future water needs in an affordable way.

I am therefore pleased to inform the House that the Government will prepare a national policy statement. This will facilitate development consent for water resources, which currently must be sought from a range of authorities and can involve delays and uncertainty.

The Government will also be directing water companies to quantify their level of resilience and consult on proposed future options that they are exploring to meet their long-term needs. In line with new research from Water UK, we expect the industry to take a balanced approach to meeting these needs, including new supply solutions, demand management and increased water transfers.

The consultation is available at: www.gov.uk and will close on 11 April.

[HCWS530]

Environment Council

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey): I attended the EU Environment Council in Brussels on 28 February along with the Minister for Climate Change and Industry, my hon. Friend the Member for Ruislip, Northwood and Pinner (Mr Hurd).

I wish to update the House on the matters discussed.

EU emissions trading system (ETS)—Council agreement

The main outcome of Council was reaching an agreed position ("general approach") on the reform of the EU emission trading system (ETS) for phase IV of the system (2021-2030). Council began with a full roundtable debate of the EU ETS where Ministers set out their respective policy positions. The UK expressed support for reaching an agreed position that achieved the right balance between incentivising change and supporting competitiveness. Following the debate, the presidency presented a revised proposal and called for an informal vote of agreement.

The key elements of the agreement are:

a provision to increase, if necessary, the volume of free allowances allocated to support industrial sectors at risk of carbon leakage (where production relocates outside of the EU as a result of carbon costs);

two provisions to strengthen the carbon price—increasing the rate at which allowances are removed from the market and placed in a reserve, and, from 2024, annually cancelling allowances within the reserve above a certain threshold.

The UK Government consider this to be a balanced package that incentivises cost-effective carbon reduction, while safeguarding the competitiveness of UK industry. The agreement to reform the EU emissions trading system is a positive step forward in collaboration with our European partners to reduce emissions across all sectors.

The European Parliament reached an agreed position on EU ETS reform on 15 February. The file will now progress to the next stage of negotiations, "trilogies", where member states (represented by the presidency), European Parliament and the Commission negotiate a final agreement on the reform package.

2030 Agenda for Sustainable Development

Council discussed the implementation of the 2030 Agenda for Sustainable Development, following the publication of a Commission communication in November 2016. The Commission presented its ongoing work including the use of better regulation tools and the regulatory scrutiny board to ensure coherence across policy areas within the 2030 agenda. Many member states highlighted the need for greater co-ordination between policy areas and the need to mainstream the environmental dimension of the 2030 agenda into other policy areas. The UK called on the Commission to focus on the coherence of existing mechanisms. The presidency circulated a brief summary of the exchange of views that would serve as a contribution to a forthcoming discussion at the General Affairs Council.

EU environmental implementation review

Ministers exchanged views on the 2017 annual growth survey (AGS) in the context of the European semester and how it links with the environmental implementation review (EIR). While most Ministers welcomed the 2017 AGS, particularly aspects including sustainable and climate-related investment and the transition towards a low-carbon and circular economy, some regretted that environmental and sustainability aspects were still not given a more prominent role in the AGS. They also underlined the importance of stronger links with wider EU environment policy. Ministers broadly welcomed the Commission's new EIR as a useful tool to improve the implementation of EU and national environmental policy and as a contribution to the greening of the European semester. Some member states underlined the need for national reports to be based on sound scientific data.

AOB items

AOB—Emission trading system (ETS): aviation

The Commission presented its proposal on the future of aviation in the EU emission trading system (ETS) post-2016. The proposal recommends a continuation of the reduced, intra-EEA scope of aviation in the ETS beyond 2016. This would mean that the current rules would remain unchanged. The proposal also requires the Commission to conduct a further review once there is more certainty about the rules for the global market-based measure (GMBM) for aviation, and to make recommendations for aviation EU ETS in the post-2020 period.

AOB—Paris agreement: international developments

The delegations from France and the Netherlands provided information on international developments regarding the implementation of the Paris agreement.

AOB—EU action plan for the circular economy

The Commission provided an update to the Council on the EU action plan for a circular economy.

AOB—Natura 2000 in the European Solidarity Corps

The Commission provided information to Council on Natura 2000 and the European Solidarity Corps.

AOB—Luxembourg circular economy hotspot (June 2017)

The delegation from Luxembourg provided information on its upcoming circular economy hotspot event in June 2017.

AOB—Environmental concerns regarding Belarus nuclear power plant

The delegation from Lithuania noted its concerns regarding a nuclear power station in Belarus. The Commission highlighted the importance of compliance with international law on nuclear safety.

AOB—Scientific conference on "Sustainable Development and climate changes in the light of the encyclical letter of Holy Father Francis, entitled "Laudato Si""

The delegation from Poland provided information on the conference on sustainable development in light of the papal encyclical "Laudato Si".

AOB—Update on the environmental liability and mining waste directives

The delegation from Hungary—supported by Poland—provided information to the Council on the environmental liability directive and the mining waste directive.

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation in future once the UK has left the EU.

[HCWS529]

EXITING THE EUROPEAN UNION

General Affairs Council

The Minister of State, Department for Exiting the European Union (Mr David Jones): I attended the General Affairs Council on 7 March 2017. The meeting was held in Brussels and chaired by the Maltese presidency.

The General Affairs Council discussed: resolutions, decisions and opinions adopted by the European Parliament; preparation of the European Council of 9 March 2017; the European Semester; the implementation of the inter-institutional agreement on "better law making"; and the mid-term review of the multiannual financial framework 2014-2020.

A provisional report of the meeting and the conclusions adopted can be found on the Council of the European Union's website at: http://www.consilium.europa.eu/en/meetings/gac/2017/03/07/.

Resolutions, decisions and opinions adopted by the European Parliament

The Council noted the resolutions adopted by the European Parliament at its plenary sessions of February and March 2017.

Preparation of the European Council of 9 March 2017

The Council examined the second draft of conclusions for the March European Council. The discussions focused on: jobs, growth and competitiveness; security and defence; migration; and external relations.

On jobs, growth and competitiveness, and the European Council's discussion on the sustainability of the economic growth in the 28 member states, I welcomed the positive signs on the economy and set out our strong support for completion of the digital single market. I supported the calls from other member states for further ambition on EU trade policy.

On security and defence, and the European Council's assessment of the implementation of its December 2016 conclusions, I expressed my support for the balanced nature of the text and stated that any changes should be within the parameters set out at the December European Council.

On migration, and the review of how decisions taken at the informal summit in Malta on 3 February 2017 concerning the central Mediterranean route have been implemented, I welcomed the focus on continued engagement with source and transit countries. I also stated that there needed to be a stronger focus on breaking smugglers' business models.

The external relations agenda item proposed a discussion on the western Balkans. I pressed for more co-operation with the western Balkans, including strategic communications, to tackle organised crime, third country interference and radicalisation.

European Semester 2017

The presidency presented its synthesis report on the European Semester and suggested that it sends its recommendation on the economic policy of the euro area to the European Council for adoption.

Implementation of the inter-institutional agreement on "better law making"

The presidency updated the Council on the implementation of the inter-institutional agreement on "better law making". Good progress had been made and would be monitored three times a year. The June General Affairs Council meeting will provide a comprehensive overview of implementation.

Mid-term review of the Multiannual Financial Framework 2014-2020

The Council agreed to approach the European Parliament with proposed amendments to the mid-term review of the multiannual financial framework for 2014-2020. The UK abstained on this point.

[HCWS532]

HOME DEPARTMENT

Independent Police Complaints Commission

The Minister for Policing and the Fire Service (Brandon Lewis): I am pleased to announce that today my hon. Friend the Financial Secretary to the Treasury, and I are publishing the Independent Police Complaints Commission (IPCC) annual report and accounts [HC 450]. Copies of the report have been laid before the House and will be available in the Vote Office.

This is the twelfth annual report from the IPCC, covering its work during 2015-16. In this period the IPCC has made good progress as they continues its expansion. It has started more than twice the number of investigations than in 2014-15 and completed 259 cases (139 more than in the previous year). The report also highlights some key investigations the IPCC handled, for example those involving deaths during or following police contact. It also reports on the progress made with the Hillsborough investigations.

As well as covering the police, the annual report also includes a section on the discharge of the IPCC responsibilities in respect of Her Majesty's Revenue and Customs.

[HCWS534]

INTERNATIONAL TRADE

EU Informal Foreign Affairs Council

The Minister for Trade and Investment (Greg Hands): My noble Friend the Minister of State for Trade Policy (Lord Price) has today made the following statement.

The EU informal Foreign Affairs Council (Trade) took place in Brussels on 3 March 2017. I represented the UK at the meeting. A summary of the discussions follows.

Anti-dumping methodology

The Commission (Commissioner Malmström) presented its proposal for a new anti-dumping methodology. With a WTO ruling on China's dispute likely by the end of the year, Malmström called for rapid agreement to avoid a legal vacuum in the EU. She recognised that the challenge was to find an approach that was both fully compliant with WTO rules while retaining effective trade defence measures.

There was broad support for the proposals as a basis for further discussion, while noting the importance of working to get the details right to ensure proportionality, simplicity, effectiveness and legal certainty. I called for the EU to promote openness against protectionist headwinds, and noted the need to respect the interests of consumers as well as producers.

Autonomous trade measures for Ukraine

The Commission urged support for its proposed extension of autonomous trade measures for Ukraine. Malmström insisted that the additional quotas would not impact EU markets but would be valuable to Ukraine while difficult economic reforms were under way.

Multilateral investment court

Malmström underlined the global interest in amending investor-state dispute arrangements in general, and in the idea of a multilateral investment court (MIC) in particular. Following extensive international outreach conducted jointly with the Canadians, the Commission expected to seek a mandate to launch formal negotiations over the next year. Malmström recalled that the MIC would not provide any new rights for investors but rather ensure a more legitimate means of resolving disputes.

Most member states supported the concept of the MIC, although many emphasised the importance—and potential difficulty—of securing a critical mass of global and cross-stakeholder endorsement.

[HCWS531]

Petition

Tuesday 14 March 2017

OBSERVATIONS

WORK AND PENSIONS

Implementation of the 1995 and 2011 Pension Acts

The petition of residents of Newcastle Upon Tyne Central,

Declares that as a result of the way in which the 1995 Pension Act and the 2011 Pension Act were implemented, women born in the 1950s (on or after 6 April 1951) have unfairly borne the burden of the increase to the State Pension Age; further that hundreds of thousands of women have had significant changes imposed on them with little or no personal notice; further that implementation took place faster than promised; further that this gave no time to make alternative pension plans; and further that retirement plans have been shattered with devastating consequences.

The petitioners therefore request that the House of Commons urges the Government to make fair transitional arrangements for all women born in the 1950s (on or after 6 April 1951) who have unfairly borne the burden of the increase to the State Pension Age.

And the petitioners remain, etc.—*[Presented by Chi Onwurah, Official Report,* 7 March 2017; Vol. 622, c. 776.*]*

[P002024]

Observations from the Secretary of State for Work and Pensions (Damian Green):

The pension system, along with the whole welfare system, needs to change to reflect the reality of today. In recent decades we are living longer, and we are able to work for longer as we become healthier.

The equalisation and acceleration of state pension age for both men and women was necessary to ensure the system's sustainability in light of increasing life expectancy and increasing pressure on public resources, and the package now in place is balanced and affordable.

The changes to the state pension age began with the gradual equalisation of state pension age at 65 for both men and women, which was first set out in the Pensions Act 1995. This was necessary to meet the UK's obligations under EU law to eliminate gender inequalities in social security provision.

The increase of the state pension age to 66 was set out in the Pensions Act 2007 and due to increasing life expectancy the Pensions Act 2011 accelerated this process to allow for a rise to 66 by 2020 for both genders and provided for the equalisation of the state pension age to 65 by November 2018.

During the 2011 Pensions Act the Government made a concession which slowed down the increase of the state pension age for women so no one would face an increase of more than 18 months compared to the increase as part of the Pensions Act 1995. Transitional arrangements at a cost of £1.1 billion were made in order to lessen the impact of these changes for those worst affected, and for 81% of these women the increase will be no more than 12 months. This concession benefited almost a quarter of a million women who would otherwise have experienced delays of up to two years.

Reversing the 1995 Act would be unaffordable—costing a minimum estimate of £77 billion. Without equalisation, and in 2010, women would spend on average 41% of their lives in retirement with a state pension age of 60.

These changes were fully debated and voted on in 2011 when legislation was before Parliament, and all those affected by increases in state pension age by the 2011 Act were written to in the period between January 2012 and November 2013.

The Department for Work and Pensions provided a range of additional information in order for all individuals to find out their state pension age and the conditions of their benefits.

Since April 2000, the Department has provided more than 14 million personalised state pension estimates to people who requested them either online, via telephone or post, and encourages people to request these state pension estimates as part of ongoing communications.

In addition, employment maximises people's opportunities to build up savings, helps to maintain social networks, and is beneficial to health provided the employment takes into account the person's broader circumstances. For most people work is beneficial not only because it provides an income, but also because it gives individuals greater control over their own lives, and independent analysis by the Institute for Fiscal Studies has shown that the rise in women's state pension age since 2010 has been accompanied by increases in employment rates for the women affected.

For those who struggle to find employment and where people need it, there is a safety net in place through the welfare system.

Supporting individuals aged 50 years and over to remain in the labour market and tackling the barriers to them doing so is a key priority for this Government. By the mid-2030s the number of individuals aged 50 and over will represent over half of the UK adult population and employers increasingly need to employ and retain the skills and experience of older workers. To support these individuals the default retirement age was abolished, so individuals can retire when it is right for them, and the right to request flexible working was extended.

This Government are deeply committed to ensuring that employers are aware of the wealth of skills and experience that older workers bring to the workplace, and on 4 October the Government announced the appointment of the Business in the Community Age at Work leadership team led by Andy Briggs, CEO of Aviva UK and Ireland Life, as business champion for older workers. Mr Briggs and this team of employers will spearhead the Government's work to support employers to retain, retrain, and recruit older workers.

Jobcentre Plus work coaches have the flexibility to offer all claimants, including older people, a comprehensive menu of help which includes skills provision and job search support. Work coaches undertake extensive training before taking up the post, and build up a wide range of skills and in-depth labour market knowledge, and additional training modules are available for work coaches when they deal with older claimants to support them more effectively and in understanding the challenges older claimants face.

Older claimant champions were introduced, in April 2015, in the seven Jobcentre Plus regional groups to tackle the barriers faced by older claimants in getting back to work. Older claimant champions work with jobcentre work coaches—and other staff—to emphasise the importance of supporting older claimants, share best practice and challenge out of date perceptions to support this group of people.

Where there are health conditions or disabilities, the Department has published the Work, Health and Disability Green Paper which looks at ways of better joining up the health, welfare and employment systems to support those seeking work as well as those in work. A carers in employment pilot has been established across nine local authorities to explore how businesses can give employees with caring responsibilities more help, for example promoting flexible working patterns and setting up carers surgeries to help carers manage their caring responsibilities alongside their paid work.

In addition to increasing employment prospects for women above the age of 60, this Government have introduced the new state pension. The system in place for people who reached their state pension age before 6 April 2016 was extremely complex and the new state pension brings greater clarity by helping people to understand their state pension more easily. It is also much more generous for many women who have been historically worse off under the old system. On average, women reaching state pension age last year get a higher state pension over their lifetimes than women who reached state pension age at any point before them, even when the acceleration of state pension age is taken into account. And, by 2030, over 3 million women stand to gain an average of £550 extra per year as a result of these changes.

The new state pension works hand in hand with automatic enrolment, enabling many more people to save in a workplace pension. And, combined with reviews of the state pension age, these measures are designed to form the main elements of a sustainable basis of retirement income in the decades to come.

The Government have already made transitional arrangements for those most affected by changes to their state pension age and introducing further concessions cannot be justified given the imperative to focus public resources on helping those most in need.

Ministerial Correction

Tuesday 14 March 2017

DEFENCE

Topical Questions

The following is an extract from an answer given by the Minister of State for the Armed Forces to the hon. Member for Cannock Chase (Amanda Milling) during Topical Questions to Defence Ministers on 13 March 2017:

T8. [909219] **Amanda Milling** (Cannock Chase) (Con): Thirty-five years on, our armed forces still play a vital role in safeguarding the security of the Falkland Islands and other British overseas territories in the south Atlantic. Can my right hon. Friend confirm that this Government are committed to maintaining a strong armed forces presence in the Falklands?

Mike Penning: Thirty-five years on, we not only continue but will enhance the protection of the Falkland Islands. I know that many colleagues from the House have visited the Falklands recently and seen the excellent work that our armed forces do far away from home. We will continue to support that with the Typhoons, the Rapier, and the other battalions that are there now. *[Official Report, 13 March 2017, Vol. 623, c. 19.]*

Letter of correction from Mike Penning:

An error has been identified in the answer given to the hon. Member for Cannock Chase (Amanda Milling) on 13 March 2017.

The correct response should have been:

Mike Penning: Thirty-five years on, we not only continue but will enhance the protection of the Falkland Islands. I know that many colleagues from the House have visited the Falklands recently and seen the excellent work that our armed forces do far away from home. We will continue to support that with the Typhoons, the Rapier, and **the company that is there now**.

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