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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Wednesday 6 September 2017

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

QUEEN'S SPEECH (ANSWER TO ADDRESS)

The VICE-CHAMBERLAIN OF THE HOUSEHOLD reported to the House, That her Majesty, having been attended with its Address of 29th June, was pleased to receive the same very graciously and give the following Answer:

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

Oral Answers to Questions

WALES

The Secretary of State was asked—

Economic Opportunities: South Wales and the South-west

1. **Steve Double** (St Austell and Newquay) (Con): What steps his Department is taking to foster economic opportunities between south Wales and the south-west. [900689]

The Secretary of State for Wales (Alun Cairns): I am keen to strengthen the relationship between south Wales and the south-west. After all, Bristol is the most productive city in England outside of London. Abolishing the Severn tolls will strengthen the links between communities and help to transform the joint economic prospects of south Wales and the south-west of England.

Steve Double: Will the Secretary of State be a strong voice in Cabinet not just for Wales, but for the regions of our country, especially for places such as—oh, I don't know—Cornwall? Will he also make sure that the shared prosperity fund is distributed fairly and on the basis of genuine need?

Alun Cairns: I am grateful to my hon. Friend for his question because his area, like large parts of Wales, benefits from the current European Union structural funds. The shared prosperity fund offers great prospects of a much more streamlined approach to supporting some of the most needy parts of the United Kingdom. I am determined to ensure that the shared prosperity fund is a much more efficient delivery system with fair distribution around the UK—to serve my hon. Friend's region, as well as Wales.

Nick Thomas-Symonds (Torfaen) (Lab): What would have strengthened Wales's economic development links was the electrification of the railway between Cardiff and Swansea, which the previous Tory Prime Minister described as "vital". By scrapping that, have not this Tory Government once again let down Wales?

Alun Cairns: I am sure that the hon. Gentleman recognises that advances in bimodal technology mean that electrifying the line between Cardiff and Swansea would not save passengers any journey time. In fact, there would be significant disruption and delay, adding costs to travellers and businesses alike without any time saving. The advances in bimodal trains mean that we can take the most modern fleet of trains further in west Wales than we would otherwise with solely an electrified railway.

James Gray (North Wiltshire) (Con): The scrapping of the Severn tolls is a huge benefit to businesses across Wales. Does my right hon. Friend agree that it is also of vast benefit to businesses in places such as Wiltshire, where HGV operators have been paying £20 a time to get across the Severn? All of a sudden, they will be able to do business in Wales much more profitably.

Alun Cairns: My hon. Friend has rightly recognised that scrapping the Severn tolls is a significant boost not only to the south Wales economy, but to the economy of the south-west of England. He welcomed it along with the South Wales chamber of commerce, Business West and many others. It seems that the only people who have not welcomed the scrapping of the Severn tolls are the Labour party and the Welsh Government.

Wayne David (Caerphilly) (Lab): Further to the Secretary of State's first answer, will he give a categorical commitment that all areas in Wales that are in receipt of European structural funds will continue to be eligible in the near future?

Alun Cairns: The UK shared prosperity fund can do even more because we will not have the same restrictions that the European Commission puts on European structural funds. It hardly makes sense that some of the most deprived parts of Wales are excluded from the European structural funds map as it stands because of European rules. The UK shared prosperity fund allows us to introduce a much more efficient and responsive scheme.

Peter Heaton-Jones (North Devon) (Con): One project that could provide significant economic opportunities on both sides of the Bristol channel is the provision of a regular ferry service between Ilfracombe in my constituency and south Wales. It has been considered by a commercial company. What support could the Wales Office give to that idea?

Alun Cairns: I will happily meet my hon. Friend to discuss the prospects. Like me, he recognises the major economic opportunities of binding the regions together. Between the south-west of England and the south Wales economy, we have one of the largest digital clusters and one of the best cyber-security clusters. We can do more to encourage economic growth, including the sorts of subject I have mentioned and tourism, which would benefit from the Severn crossing we have talked about.

Transport Infrastructure

2. **Jo Stevens** (Cardiff Central) (Lab): What discussions he has had with Cabinet colleagues on transport infrastructure in Wales in the last 12 months. [900690]

The Secretary of State for Wales (Alun Cairns): I hold regular discussions with Cabinet colleagues and the Welsh Government on improving transport infrastructure in Wales. The UK Government are investing significant sums in infrastructure, delivering improved journey times for passengers on the latest trains. This will provide tangible benefits to people and businesses in south Wales and boost access to jobs and new opportunities.

Jo Stevens: Has the Secretary of State specifically discussed with his Cabinet colleagues funding for the redevelopment of Cardiff Central station in my constituency? Will there be redevelopment funding—yes or no?

Alun Cairns: I am grateful to the hon. Lady for the question. Yes, I have discussed with Cabinet colleagues the need for investment in new stations in Wales. There is the prospect of new stations, and there is the prospect of further investment. I have met Cardiff Council to talk about that. I have spoken about it to the Welsh Government. I am keen to explore the opportunities that exist there, and also the opportunity to attract private investment, so I have also spoken to the private developer around that site.

Stephen Crabb (Preseli Pembrokeshire) (Con): Returning to the subject of electrification, it is true that the bi-mode trains are good, but they are a second-best solution. However, looking to the future and further rail infrastructure investment in Wales, does my right hon. Friend agree that there are major questions to be asked about Network Rail's ability to deliver projects on time and control its costs? What more can be done to create a more competitive and cost-effective environment for rail infrastructure investment in Wales?

Alun Cairns: My right hon. Friend makes an important point about the efficiency of Network Rail. Earlier this year, the Public Accounts Committee called on the Government to reassess the case for electrification on a section-by-section basis, partly as a result of the increased costs that have been delivered by Network Rail. However, to improve rail access to west Wales—to Pembrokeshire, Carmarthenshire and other places—we have the opportunity to explore opportunities for new stations, which could well deliver bimodal trains on a regular basis to parts of Wales that do not access fast trains at the moment.

Mr Speaker: I am extremely grateful to the Secretary of State—especially when he is briefer.

12. [900700] **Geraint Davies** (Swansea West) (Lab/Co-op): Following a delegation I led in 2014 of four councils, two universities, many AMs and MPs, industry and Admiral, the then Prime Minister, David Cameron, pledged to extend electrification to Swansea, saying it would have a huge economic impact on developing employment in an area of neglected infrastructure, so will the Secretary of State stand up to the Prime

Minister, as the previous Secretary of State did, and deliver the promises of the previous Prime Minister on electrification, which we so urgently need?

Mr Speaker: That was far too long. I will not call the hon. Gentleman again in a hurry if he is going to be so long-winded. He has got to do better than that.

Alun Cairns: I hope the hon. Gentleman will recognise that the new, most modern trains will be available and in service in Swansea within a few weeks. Swansea will benefit from the latest, most modern trains and from 15 minutes of saved journey time when the project is complete. There would be no time saving—in fact, there would be significant disruption to Swansea—if we continued with the electric-only model he seems to be advocating.

Michael Fabricant (Lichfield) (Con): Is it not the case that Swansea's connectivity will be improved by the new Kingsway project, which is creating a digital district? Is it not a shame that Opposition Members do not recognise this important move? Perhaps they do not know what a digital district is.

Alun Cairns: My hon. Friend has great expertise in all things Welsh, but particularly in relation to digital projects and the Kingsway project he talked about. The Swansea Bay city deal is an exciting project that will complement the private activity that is taking place, and that will improve connectivity by digital means, as well as rail connectivity, with new trains in operation very soon.

Mr Speaker: Christina Rees.

Christina Rees (Neath) (Lab/Co-op): Thank you, Mr Speaker. I love the new haircut and the tie. You look great.

Before the summer recess, the Transport Secretary—the Secretary of State's Cabinet colleague—sneaked out news that the UK Government would break their promise to electrify the main line from Cardiff to Swansea. People in Wales are now rightly asking whether the Government can even be trusted to deliver electrification as far as Cardiff. Will the Secretary of State promise that that electrification will go ahead and not join the ever-growing list of broken promises the Government have made to the people of Wales?

Alun Cairns: The hon. Lady will be well aware that work is under way on electrification to Cardiff. The bimodal trains will affect service times and when the project is completed it will be of major benefit not only to Cardiff, but to Swansea. The major advantage of the bimodal trains means that we can take the latest rolling stock further in west Wales, whereas the electric-only project would have meant that any benefits stopped in Swansea.

Funding in Wales

3. **Alex Cunningham** (Stockton North) (Lab): What discussions he has had with Cabinet colleagues on whether additional funding announced for Northern Ireland in the Government's deal with the Democratic Unionist party will have consequences for funding in Wales. [900691]

The Parliamentary Under-Secretary of State for Wales (Guto Bebb): The agreement with the Democratic Unionist party is about delivering for the whole of the United Kingdom so that we can get on with our plan to get the best Brexit deal for our country and create an economy that works for everyone. It is part of the Government's commitment to support growth across all parts of the UK, including commitments to investment in city deals in Wales and the introduction of the Barnett floor to provide the Welsh Government with fair funding for the long term.

Alex Cunningham: Given the cash deal with the DUP to prop up the Government, did the Secretary of State demand an increase for Wales under the Barnett formula, or was he simply sidelined?

Guto Bebb: I remind the hon. Gentleman that the Secretary of State and I have been successful in achieving city deals for Cardiff and Swansea, and we are working towards a north Wales growth deal as well. That additional funding from Westminster was not subject to any Barnett consequential with regard to any other part of the United Kingdom.

Mims Davies (Eastleigh) (Con): Does my hon. Friend agree that last year's fiscal framework agreement secures long-term, needs-based funding for the Welsh Government, and that that can act as an enabler for improved public services across Wales?

Guto Bebb: I thank my hon. Friend for her question. She is absolutely right: this Government have delivered a fiscal framework for Wales that was called for for 13 years, when the Labour party did absolutely nothing. That fiscal framework gives certainty of funding for Wales and the people of Wales, and it will be beneficial to the development of the Welsh economy.

Chris Elmore (Ogmore) (Lab): The Secretary of State and the Minister have been having some problems with the Conservative party in Wales. Does the Minister agree with its leader, who said:

"Any potential incentives considered for one nation in securing the majority must also be considered for Wales?"

When are the Secretary of State and the Minister going to do their job and at least follow the line of their leader in Wales on securing additional funding for the people of Wales?

Guto Bebb: The leader of the Assembly group in Wales has the right of his own position, but the situation is very clear: this Government's commitment to Wales is unprecedented. We delivered a fiscal framework when the Labour party did nothing. We have delivered city deals for Cardiff and Swansea, and we will deliver a growth deal for north Wales. This Government's track record is one of additional investment to Wales, which needs to be matched by the Welsh Government.

Ben Lake (Ceredigion) (PC): As part of their arrangement with the DUP, the UK Government will contribute £150 million over two years to the improvement of broadband in Northern Ireland. As I am sure the Minister will be aware, of the bottom 10 UK constituencies for average download speeds, more than half are in

Wales. What discussions has he had with Cabinet colleagues to ensure similar funding to improve broadband infrastructure in Wales?

Guto Bebb: I welcome the hon. Gentleman's question and I welcome him to his place. The situation is very clear: constituencies such as Ceredigion and my own of Aberconwy have lagged behind in broadband connectivity in a Welsh context. He will be aware that broadband roll-out in Wales is the responsibility of the Welsh Government. It is interesting to note that Labour constituencies in Wales were prioritised over constituencies such as Ceredigion and my own of Aberconwy.

Chris Ruane (Vale of Clwyd) (Lab): The May magic money tree, celebrated by the Tories during the general election, has been found planted and flourishing in Northern Ireland. Meanwhile, Wales withers under Tory austerity. Some Tories have taken a principled stand on the use of pork-barrel bungs to Northern Ireland. The Tory Secretary of State for Scotland said that there should be no "back-door funding", and the Tory leader in Wales, Andrew R. T. Davies, said:

"Any potential incentives considered for one nation...must also be considered for Wales."

When is the Secretary of State for Wales going to do his job and stand up for Wales?

Guto Bebb: I welcome the hon. Gentleman to his new position on the Front Bench, and I welcome him back to the House. I will repeat the comments that I have already made. For 13 years between 1997 and 2010, he was a Back Bencher when there was a Labour Government in this place. That Labour Government did not deliver any change to the Barnett formula, and they did not deliver a fiscal framework for Wales. This Government are delivering for Wales, and we will deliver a north Wales growth deal, which will be beneficial to his constituents.

Hendry Review: Tidal Lagoons

4. **Neil Parish (Tiverton and Honiton) (Con):** What discussions he has had with the Secretary of State for Business, Energy and Industrial Strategy on the date of publication of the Government response to the Hendry review on tidal lagoons. [900692]

The Parliamentary Under-Secretary of State for Wales (Guto Bebb): The Wales Office has had close discussions with ministerial colleagues following the publication of the Hendry review. The lagoon at Swansea is an exciting project, but it is essential that it delivers value for money for the energy consumer and for the taxpayer.

Neil Parish: It is nine months since the Hendry review strongly endorsed the tidal lagoon at Swansea, where the rise and fall in the tide is the second highest in the world. It would unlock power for generations, not only on the Welsh side but on the other side of the Bristol channel. When are Ministers going to make a decision?

Guto Bebb: My hon. Friend is undoubtedly a champion for this new technology. However, it has to be stated on record that although the Hendry review was supportive of a tidal lagoon in Swansea, no real financial issues were dealt with in that report. It is necessary that we

make the right decision not just in terms of the concept of a tidal lagoon in Swansea, but for the energy price that the consumer will pay and for the taxpayer. We will make the right decision in due course. *[Interruption.]*

Mr Speaker: Order. There are far too many noisy private conversations taking place in the Chamber. I want to hear the views of the hon. Member for Ynys Môn (Albert Owen) on the matter of tidal lagoons.

Albert Owen (Ynys Môn) (Lab): As has been indicated, the Hendry review was set up by the Conservative party, and the framework to finance these big projects was set up by the Conservatives. It is time, now, to stop talking and start delivering for Wales. I urge the Wales Office to stand up for Wales on this project and deliver for Wales.

Guto Bebb: The hon. Gentleman is undoubtedly a champion of energy projects across Wales and, indeed, in his own constituency of Anglesey. He will understand, as I do, that such decisions must be right in relation to the costs for the taxpayer and the energy consumer. We will ensure that the decision, when it is made, takes all issues into account, and that it is right for the energy consumer and the people of Wales.

Theresa Villiers (Chipping Barnet) (Con): Will the Minister make renewable energy in Wales a priority so that it can play its full part in delivering our important goals on energy security and tackling climate change?

Guto Bebb: The development of energy policy in Wales is about energy security. It is about securing our energy supply for the future, which is why I and my colleague in the Wales Office are always involved with projects such as the new Wylfa power station in Anglesey. We are looking at small modular reactors for parts of Wales, and we are, indeed, still looking at the tidal lagoon in Swansea.

Christina Rees (Neath) (Lab/Co-op): Wales has a once-in-a-generation opportunity to become the world leader in tidal lagoons. The Swansea Bay tidal lagoon alone will generate 2,000 jobs and contribute £300 million to the Welsh economy during its construction. Welsh Labour MPs, the Welsh Labour Government and many public faces and campaigners have declared that they “Love the Lagoon”, so why are the Government refusing to publish their response to the Hendry review and, in so doing, putting the project at risk?

Guto Bebb: At the risk of repeating myself, I have to say that the hon. Lady highlights the fact that there is support for the concept in Wales—indeed, there is. But she also needs to be honest about the fact that the Labour Government in Wales, Labour MPs from Wales and Labour Assembly Members from Wales have highlighted the danger of high energy prices for the steel industry, for example. We need to make a decision that is right for industry in Wales and for the Swansea Bay tidal lagoon, but we need to do that on a calculated basis, looking at the facts. That is what we will do.

Renewable Energy Projects

5. **Rachel Reeves** (Leeds West) (Lab): What progress the Government have made on delivering renewable energy projects in Wales. [900693]

The Parliamentary Under-Secretary of State for Wales (Guto Bebb): The Government are committed to supporting renewable energy to deliver more secure, cleaner energy. For example, in March we gave consent for the Glyn Rhonwy pumped storage project, which will support other renewable technologies by capturing and storing excess energy from solar or wind. It will support 250 full-time jobs at peak construction, and it is a great example of the essential role that Wales plays in energy supply.

Rachel Reeves: Following on from questions from the hon. Member for Tiverton and Honiton (Neil Parish) and my hon. Friends the Members for Ynys Môn (Albert Owen) and for Neath (Christina Rees), the issue of the tidal lagoon does need a response from the Government. It is eight months since the review. Will the Minister say now when the Government will publish their response? There is a very real risk that the investors that are needed to fund the project will walk away unless a decision is made very soon by the Government.

Guto Bebb: In the previous Parliament, the hon. Lady was an Opposition Front-Bench Treasury spokesman, so she will be aware that we need to analyse the benefits and costs of a tidal lagoon. The decision will be made and announced in due course by the relevant Ministers.

Mark Pawsey (Rugby) (Con): There is great support for the tidal lagoon in my constituency, where GE Energy would manufacture the turbines. Is the Minister concerned that our lead in this sector might be lost if we do not make a swift decision?

Guto Bebb: Having read the Hendry review, I am aware of the technology’s possible benefits to industry across the UK. That is why we are giving such serious consideration to the report produced by Charles Hendry.

Hywel Williams (Arfon) (PC): Community hydro schemes throughout Wales have faced business rates increases of up to 900%. In Scotland there is 100% relief and in England there is a cap, but Labour Ministers in Wales are sitting on their hands. I am told that the basic problem is made here in London because of the regulations. Will the Minister meet me and representatives of the sector to seek a full and quick solution?

Guto Bebb: The hon. Gentleman’s constituency, like mine, has a number of hydro projects, and I would be more than delighted to meet him to discuss where the problems lie. My understanding is that the problems lie in Cardiff, with the Labour Government, but I am more than happy to meet the hon. Gentleman to make sure that we deal with this.

Exiting the EU: Welsh Economy

6. **Nick Smith** (Blaenau Gwent) (Lab): What discussions he has had with the Secretary of State for Exiting the European Union on the potential effect of the European Union (Withdrawal) Bill on the economy in Wales. [900694]

The Secretary of State for Wales (Alun Cairns): I have regular discussions with my right hon. Friend the Secretary of State for Exiting the European Union on how all aspects of our exit from the EU will affect Wales. The European Union (Withdrawal) Bill will maximise certainty to individuals and businesses across Wales and the rest of the UK.

Nick Smith: Fifteen months after the referendum result, progress on Brexit is still too slow. About two thirds of Welsh exports go to the European Union and thousands of Welsh jobs depend on this trade, so what is the Secretary of State doing to ensure that our Welsh economy is not wrecked by a cliff-edge Brexit that would damage these vital ties?

Alun Cairns: The hon. Gentleman will be well aware that the European Union (Withdrawal) Bill will be debated tomorrow. I hope that he will support that Bill because of the certainty and security it provides by closing loopholes and ensuring that we have appropriate frameworks in place. Those in themselves present the issue of a cliff edge that he mentioned.

David T. C. Davies (Monmouth) (Con): Since the referendum result, we have seen record inward investment in Wales, record levels of employment and a proposal to scrap the Severn bridge tolls. Does that not show that under the Conservative Government the future for Wales is very good indeed?

Alun Cairns: I am grateful to my hon. Friend for his question. He is a passionate campaigner for not only the UK and Wales, but the benefits of leaving the European Union. We want a stronger, fairer, more united and outward-looking Union, and Members on both sides of this House have a role to play in that.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): One hundred years ago, y Gadair Ddu—the Black Chair—was posthumously awarded at the Birkenhead Eisteddfod for Hedd Wyn's awdl "Yr Arwr". I would like to congratulate the poet's nephew Gerald Williams and Parc Cenedlaethol Eryri on safeguarding for Wales the family farm, Yr Ysgwrn, which will be opened officially today.

This month also celebrates the referendum 20 years ago that brought devolution to Wales. The European Union (Withdrawal) Bill is a bare-faced Westminster bid to take back control against the will of the people of Wales. Will the Minister tell the House what his Government will do when Wales denies consent to the Bill later this year? Would it not be political folly to press ahead in such circumstances?

Mr Speaker: Order. I am most grateful to the hon. Lady. If colleagues could show some sensitivity to time, that would be appreciated.

Alun Cairns: I would certainly underline many of the points that the hon. Lady made in relation to Hedd Wyn, whose former home is being opened today.

The hon. Lady will recognise that withdrawal is about creating the smoothest form of exit that we can possibly deliver. My right hon. Friend the First Secretary of State and I met the First Minister earlier this week, and we are keen to deepen our engagement even further. We want the Welsh Government to respond so that we can come up with the sort of frameworks that will work for every part of the United Kingdom.

Liz Saville Roberts: The Secretary of State has said in the past that there will be more powers for Wales, but is not his banal rhetoric undermined by the Government's

record of broken promises? The tidal lagoon—no decision; S4C funding—slashed; rail electrification—cancelled. Will he list the powers that Wales can look forward to and say when we will hear what they are?

Alun Cairns: I am disappointed by the tone of the hon. Lady's question. She is well aware of our strong record on devolution. Earlier this year, we passed the Wales Act 2017. Last December, we agreed a new fiscal framework, which gives Wales a very fair settlement, and we are trying to work as closely as possible with the Welsh Government to deliver an exit from the European Union that works for every part of the UK. Wales is obviously my interest in that.

Mrs Cheryl Gillan (Chesham and Amersham) (Con): I am sure that the Secretary of State knows that the Welsh economy could be damaged by careless talk about Brexit. The public narrative from the Welsh Government is often alarmist and could even scupper future foreign investment. What can my right hon. Friend do to reassure potential foreign investors that Wales is open for business and remains a first-class destination for foreign investment?

Alun Cairns: My right hon. Friend is absolutely right. It is a shame that many Opposition Members and remoaners fail to recognise the opportunity that leaving the European Union creates. When my right hon. Friend the Prime Minister was in Japan just last week, she announced a deal in relation to Aston Martin—yet another significant trade arrangement with Japan on the back of those with Nissan and Toyota—and the Vale of Glamorgan and the midlands will benefit further from it.

Employment Trends

7. **Sir Henry Bellingham (North West Norfolk) (Con):** What recent assessment he has made of employment trends in Wales. [900695]

The Parliamentary Under-Secretary of State for Wales (Guto Bebb): In the past year, the employment rate in Wales has reached a record high. Wales benefits particularly from thriving tourism, which, with the help of UK Government initiatives, such as the coastal communities fund, grew by a massive 36% last year. Ten per cent. of Welsh workers are now directly employed in tourism—up from 7% in 2014.

Sir Henry Bellingham: Does the Minister agree that, post-Brexit, it is essential to maintain the current level of rural agricultural support to Wales? What will he do to try to ensure that that happens?

Guto Bebb: The Wales Office is committed to maintaining the employment growth stats that we have experienced in Wales in the past seven years. The investment that the Secretary of State mentioned from Aston Martin is a fine example of our ability to attract investment into Wales that will create high-quality jobs.

Ian C. Lucas (Wrexham) (Lab): Employment trends within Wales are important, too. What on earth, as a north Wales MP, is the Minister doing supporting the transfer of Her Majesty's Revenue and Customs jobs from Wrexham to Cardiff city centre?

Guto Bebb: There will be more HMRC jobs in Wales as a result of the reorganisation than is currently the case. I assure the hon. Gentleman that the situation in Wales is one of employment growth—99,000 more jobs than in 2010, and 119,000 more jobs in the private sector. The employment story in Wales is a success of which the hon. Gentleman should be proud.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): Today's important report from the Institute for Public Policy Research provides a damning indictment of direct Westminster rule over the Welsh economy. Does the Minister agree that the only solution is greater economic powers for Wales?

Guto Bebb: The hon. Gentleman is like a stuck record on this issue. Rather than citing reports from high-flown companies, he should highlight the real, on-the-ground success story: unemployment in Wales is falling and fewer people are dependent on welfare. We are creating jobs and a successful economy in Wales. The hon. Gentleman should celebrate that.

PRIME MINISTER

The Prime Minister was asked— **Engagements**

Q1. [900624] **Anna Soubry** (Broxtowe) (Con): If she will list her official engagements for Wednesday 6 September.

The Prime Minister (Mrs Theresa May): As we return from the summer recess, I am sure that the thoughts of Members across the House are with the friends and families of the victims of the tragic Barcelona terror attack last month, including seven-year-old Julian Cadman.

I want to reassure the House that the United Kingdom has ensured that assistance, in the form of military and humanitarian resources, is already in place for those countries, including the overseas territories, that are preparing for Hurricane Irma.

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

Anna Soubry: Of course everyone agrees with my right hon. Friend about the thoughts that she has shared, particularly in relation to all those who perished in the terror attack in Barcelona—especially Julian Cadman.

As part of the process of leaving the European Union, it is imperative that we transfer existing EU laws, regulations, directives and the rest into substantive British law. There are many concerns—very serious concerns—among Conservative Members about the means, not the ends, of the European Union (Withdrawal) Bill. Will my right hon. Friend assure me that she will look in particular at amendments that seek to change the Bill so that it does not become an unprecedented and unnecessary Government power grab?

The Prime Minister: I am grateful to my right hon. Friend for raising this issue. I know that she, like me, wants to see an orderly exit from the European Union,

and that she will support the Bill, which will enable us not just to leave the EU but to do so in an orderly manner, with a functioning statute book. As we do that, of course, we will require certain powers to make corrections to the statute book after the Bill has become law, because the negotiations are ongoing. We will do that via secondary legislation, which will receive parliamentary scrutiny—the approach has been endorsed by the House of Lords Constitution Committee. Let me reassure my right hon. Friend that as the Bill undergoes its scrutiny in this House and the debate continues, we will of course listen very carefully to that debate. I shall be happy to meet her to discuss the issue further.

Jeremy Corbyn (Islington North) (Lab): I agree with what the Prime Minister said about Barcelona. The attack was abominable and appalling. I believe that we should think of the victims, but also thank the people of Barcelona for their wonderful community response to what was a threat to all of them.

I hope that the whole House will join me in thinking also of the victims of the terrible floods in Bangladesh, Nepal, India, Sierra Leone and Texas. Obviously, our thoughts are with those who are facing Hurricane Irma in the Caribbean as we speak.

Every Member on both sides of the House should be concerned about the fact that inflation is once again running ahead of people's pay. This week, workers at McDonald's restaurants took strike action for the first time in this country. The boss of McDonald's, Steve Easterbrook, is reported to have earned £11.8 million last year, while some of his staff are paid as little as £4.75 per hour. Does the Prime Minister back the McDonald's workers' case for an end to zero-hours contracts and for decent pay?

The Prime Minister: Obviously, what is taking place at McDonald's is a matter for McDonald's to deal with, but the questions—[*Interruption.*] Let us focus on the issues that the hon. Gentleman raises, such as zero-hours contracts. In fact, the number of people on zero-hours contracts is very small—[*Interruption*—as a proportion of the workforce, and there are people who genuinely say that it is of benefit to them to be on those contracts. However, for the 13 years the Labour party was in government, it did nothing about zero-hours contracts. It is this Conservative Government who have put the workers first and banned exclusive zero-hours contracts.

Jeremy Corbyn: My question was about McDonald's, whose chief executive is paid 1,300 times as much as his staff—and approximately 800,000 people in Britain are on zero-hours contracts.

When she became leader of her party, the Prime Minister pledged:

"I want to make shareholder votes on corporate pay not just advisory but binding."

She put that in her manifesto but, like so much else in her manifesto, it has now been dumped—or archived, or however we want to describe it. Was the tough talk on corporate greed just for the election campaign or is it going to be put into law?

The Prime Minister: I suggest to the right hon. Gentleman that he looks again at the action that, in government, Conservatives have taken on this issue: it is the Conservative

Government who have recently published our proposals on corporate governance; it is Conservatives who gave shareholders the power to veto pay policies; it is Conservatives who forced companies to disclose board directors' pay; and it is Conservatives who introduced tough transparency measures for the banks. That has been done not by a Labour Government; it is the Conservative party that has been putting workers first.

Jeremy Corbyn: I note that the Prime Minister uses the word “advisory”, because page 18 of the dumped manifesto says:

“the next Conservative Government will legislate to make executive pay packages subject to strict annual votes by shareholders”.

She has gone back on her word.

To help people who are struggling to make ends meet, many politicians have become convinced that we need to cap energy prices. Even the Prime Minister was briefly converted to this policy. Last week, the profit margins of the big six energy companies hit their highest ever level. I wonder if I could now prevail on the Prime Minister to stick to her own manifesto pledges on this matter as well.

The Prime Minister: First, on the question of what we are doing on corporate governance, I actually did not use the word “advisory” in my answer, so may I suggest to the right hon. Gentleman that in future he listens to my answer and does not just read out the statement before him?

The right hon. Gentleman raises an important issue about energy prices, because we are concerned about how that particular market is operating. We do expect the companies to treat customers fairly. That is why we have been looking at the action that can be taken, and it is why the Business Secretary has been doing exactly that: he wrote to Ofgem in June asking it to advise on what action it could take to safeguard customers. We are particularly concerned about the poorest customers who are kept on those tariffs that do not give them value for money. So I agree—and it is the Government who are doing something about it.

Jeremy Corbyn: If only that were the case, because Ofgem's plans will benefit only 2.6 million customers, but 17 million customers are short-changed by the big six energy companies. The Prime Minister could and should take action on this.

But the Prime Minister is not the only one going back on her word—[*Interruption.*] When Conservative Members have calmed down a little, I would just like to say this: at last year's Sports Direct annual meeting, Mike Ashley personally pledged to ban the use of zero-hours contracts in his company. A year on, it is still exploiting insecure workers with zero-hours contracts. Will the Prime Minister join me in now demanding that Mr Ashley honours his words and ends zero-hours contracts in all his companies?

The Prime Minister: As I have said, it is this Government who have actually taken action in relation to zero-hours contracts, unlike the Labour party.

The right hon. Gentleman talks about manifestos and people going back on their word. I might remind him that the Labour party manifesto included a commitment to support Trident, our independent nuclear deterrent. Shortly after the election, in private, he told people he did not agree with that. For years the right

hon. Gentleman sat on the Labour Benches and did not support Labour policy; now he is Labour leader and he still does not support Labour policy.

Jeremy Corbyn: I listened very carefully to what the Prime Minister said on this occasion and I am struggling to see the connection between what she just said and Mike Ashley, Sports Direct and McDonald's. Perhaps she will now answer the question: will she condemn what Sports Direct and McDonald's are doing to their staff? It is quite straightforward—yes or no?

Today, thousands of nursing and other healthcare staff are outside Parliament. They are demanding that this Government scrap the 1% pay cap. Poor pay means that experienced staff are leaving and fewer people are training to become nurses. There is already a shortage of 40,000 nurses across the UK. Will the Prime Minister please see sense, end the public sector pay cap and ensure that our NHS staff are properly paid?

The Prime Minister: We absolutely value the work of all those who work in the public sector—nurses, teachers and others—who are doing a good job for us, day in and day out, often in difficult and harrowing circumstances. It might be helpful if I remind the House of where we are on the issue of the pay review bodies and public sector pay. There are two pay review body reports for 2017-18 still to be published and for the Government to respond to—for police and prison officers—and that will happen shortly. Then later in the autumn, as happens every year, we will publish the framework for 2018-19. We will continue to balance the need to protect jobs and public sector workers with the need to ensure that we are also protecting and being fair to those who are paying for it, including public sector workers.

We have seen the right hon. Gentleman, in this House and outside it, consistently standing up and asking for more money to be spent on this, that and the other. He can do that in opposition—[*Interruption.*] He asks consistently for more money to be spent, and he can do that in opposition because he knows that he does not have to pay for it. The problem with Labour is that it does that in government as well. As a result of the decisions that the Labour party took in government, we now have to pay more in debt interest than on NHS pay. That is the result of Labour.

Jeremy Corbyn: The Prime Minister had no problems finding £1 billion to please the Democratic Unionist party—no problems whatsoever. NHS staff are 14% worse off than they were seven years ago. Is she really happy that NHS staff use food banks? Warm words do not pay food bills; pay rises will help to do that. She must end the public sector pay cap. The reality for working people is lower wages and less job security, with in-work poverty now at record levels. So will the Prime Minister clarify something she evaded during the election campaign? For those struggling to get by, whether employed, self-employed, permanent or temporary, can the Prime Minister categorically state today that they will not see rises in the basic rate of income tax, national insurance contributions or value added tax?

The Prime Minister: I can tell the right hon. Gentleman about the help we have been giving to those who are just about managing. We have taken 4 million people out of

paying income tax altogether, and we have given a tax cut to more than 30 million people. We see record numbers of people in employment in this country. We have given the lowest earners the highest pay rise for 20 years by introducing the national living wage, but you only get that with a strong economy. We believe in sound money; he believes in higher debt. We believe in making our economy strong so that we can invest in our public services. Labour's approach is reckless; ours is balanced. Our approach delivers a strong economy. That is more money for the public services and more jobs for people and families, but you only get a strong economy and a better future with the Conservatives.

Q2. [900625] **Mr Mark Harper** (Forest of Dean) (Con): As the Prime Minister has said, this Government have an outstanding record on job creation, with 3 million more people in work than there were seven years ago. It is perfectly true that wage rises have not been as high as we would have hoped, but I am proud that we gave that big boost to people at the low end with the rise in the national living wage. What the right hon. Member for Islington North (Jeremy Corbyn) does not understand is that we can only have sustainable rises in pay with increases in productivity. My question to the Prime Minister is: will she instruct all her Ministers to bring forward proposals for productivity rises in time for the Chancellor to announce them in the Budget?

The Prime Minister: My right hon. Friend has absolutely put his finger on it: productivity is crucial to the strength of our economy and to improving it going forward. That is why we are introducing our modern industrial strategy, which will boost productivity, and why we are introducing really good-quality technical education for the first time in this country, to ensure that young people have the skills they need to take the higher-paid jobs created as a result of our industrial strategy.

Ian Blackford (Ross, Skye and Lochaber) (SNP): Does the Prime Minister agree that immigration is essential to the strength of the UK economy, as well as to enhancing our diversity and cultural fabric?

The Prime Minister: As I have said on many occasions, overall immigration has been good for the UK, but people want to see it controlled—that, I think, is what people want to see as a result of our leaving the EU. We can already exercise controls in relation to those who come to this country from outside the EU, and the Government continue to believe that it is important to have net migration at sustainable levels—we believe that to be in the tens of thousands—particularly given the impact it has on people at the lower end of the income scale in depressing their wages.

Ian Blackford: Last October, the Prime Minister was forced into a humiliating U-turn on proposals to force companies to disclose how many foreign workers they employed. During the summer, 100 EU nationals resident in the UK received deportation notices in error, which caused alarm to them and many others. We need to cherish those who are here, not chase them away. She must stop dancing to the tune of her right-wing Back Benchers and apologise for the disgraceful treatment her Government have shown migrants in the UK. In the first instance, will she pledge that international students will no longer be included in the net migration figures?

The Prime Minister: In relation to the error made by the Home Office, every single one of those individuals was telephoned with an apology. [*Interruption.*] It should not have happened in the first place, but the Government did telephone with apologies. As I explained in my first answer to the right hon. Gentleman, however, there is a reason for wanting to control migration. It is because of the impact that net migration can have on people, on access to services and on infrastructure, but crucially also because it often hits those at the lower end of the income scale hardest. I suggest he think about that impact, rather than just standing up here and saying what he has. It is important that we bring in controls, but we want to continue to welcome the brightest and the best here to the UK, and we will continue to do so.

Q3. [900626] **Richard Benyon** (Newbury) (Con): I know that my right hon. Friend will be as alarmed and angered as many people are at the decision of the Northern Ireland judicial authorities to reopen the so-called legacy cases involving past and present members of the armed forces. These cases have been investigated meticulously and represent just 10% of deaths in the troubles. A line really needs to be drawn. Does she agree that it is wrong to single out any group for this kind of investigation and that the hundreds of thousands of people who served in Northern Ireland should feel appreciated for the difficult job they did and not be hounded into old age by such investigations?

The Prime Minister: We are unstinting in our admiration for the role that our armed forces played in ensuring that Northern Ireland's future would only ever be decided by democracy and consent. The overwhelming majority served with great distinction, and we do indeed owe them a great debt of gratitude. As part of our work to implement the Stormont House agreement, we will ensure that new legacy bodies are under legal obligations to be fair, balanced and proportionate, which will make sure that our veterans are not unfairly treated or disproportionately investigated and reflect the fact that 90% of deaths in the troubles were caused by terrorists, not the armed forces. Of course, as my right hon. Friend will appreciate, however, the investigations by the Police Service of Northern Ireland are a matter for it, as it is independent of government.

Q9. [900632] **Heidi Alexander** (Lewisham East) (Lab): The Prime Minister will be aware of the death of my constituent, Kim Briggs, who was knocked over last year by a cyclist on an illegal fixed-wheel bike with no front brake. Does she agree that the law on dangerous driving should be extended to included offences by cyclists and that the 1861 offence of wanton and furious driving, on which the prosecution had to rely in this case, is hopelessly outdated and wholly inadequate?

The Prime Minister: First, I extend our sympathies to the family and friends of the hon. Lady's constituent who died in those tragic circumstances. The hon. Lady has raised an important issue. We should welcome the fact that the prosecution team were able to find legislation under which they were able to take a prosecution, but she makes a general point about ensuring that our legislation keeps up to date with developments, and I am sure that the Secretary of State for Transport will look at the issue.

Q4. [900627] **Helen Whately** (Faversham and Mid Kent) (Con): Living near a natural green space is good for physical and mental health, but people in the most deprived areas of the country are the least likely to do so. My right hon. Friend has committed to reducing inequality and improving mental health, so I ask her to read the new report published by the Conservative Environment Network and masterminded by my hon. Friend the Member for Taunton Deane (Rebecca Pow) and to take on board its recommendation to consider the environment across Government policy.

The Prime Minister: I thank my hon. Friend for that. She has campaigned on and has a particular interest in the whole question of mental health. I welcome the fact that she has raised the health benefits of green space, which are becoming ever more recognised, and I know that the Conservative Environment Network highlights that in its report. The Department for Environment, Food and Rural Affairs will be producing a 25-year environment plan. It will consider the evidence within that report and will focus on what can be done to ensure that the benefits provided by access to green space are available to all segments of society.

Q13. [900636] **Ruth Smeeth** (Stoke-on-Trent North) (Lab): This summer, a third of all parents across the country went without a meal to ensure that they could feed their children during the school holidays. In Stoke-on-Trent, amazing volunteers came together to provide over 10,000 meals for local kids. I am proud of my constituents, but I am disgusted by this Government, who have turned a blind eye and done nothing. How many kids have to go hungry and how many parents have to go without food before this Prime Minister will do her job and act?

The Prime Minister: I recognise the issue that the hon. Lady raises about children who are normally able to access free school meals during term time and the impact that that has during the holidays, which is a matter that the right hon. Member for Birkenhead (Frank Field) has been taking up together with colleagues in the all-party parliamentary group on hunger. From the Government's point of view, our focus remains on tackling the root causes of poverty, not just the symptoms. That is what is important. Nearly three quarters of children from workless families moved out of poverty when their parents entered full-time work, and we see record levels of employment under this Government. That is why ensuring that we get a strong economy and those jobs is so important. I am sure that Ministers in the Department for Work and Pensions and the Department for Education will be looking at the proposals that the right hon. Member for Birkenhead has brought forward.

Q5. [900628] **Mr John Baron** (Basildon and Billericay) (Con): The reductions in unemployment, poverty and income inequality are some of our proudest achievements in recent years. What more are the Government planning to do to further the one nation principle and to ensure a still fairer society?

The Prime Minister: My hon. Friend is absolutely right. Under this Government, we have seen income inequality fall to its lowest level since 1986, the number of people in absolute poverty is at a record low, and we

have the lowest unemployment rates since 1975. He is right, however, that there is more to do, which is why yesterday we announced £40 million for youth organisations to boost the skills and life chances of young people living in disadvantaged areas. That will have a transformational effect on the lives of some of our most disadvantaged young people and will help to achieve the fairer society to which my hon. Friend rightly refers.

Q15. [900638] **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): A few weeks ago, the utterly shaming lack of mental health provision in this country was condemned by our most senior family court judge as he sought a bed for a desperately ill teenage girl. The 17-year-old had been restrained no fewer than 117 times in a place not fit to care for her. Does the Prime Minister agree with me in echoing the words of Sir James Munby that the continued failure to tackle our nation's mental health crisis means the state will have blood on its hands?

The Prime Minister: I am sure everybody in this House was concerned to read of the circumstances of that individual and the treatment she received. I accept that we need to do more in relation to our mental health services. That is precisely why the Government are putting more money into mental health; it is why we have introduced a number of programmes particularly focusing on the mental health of young people; and it is why we have reduced by 80% the number of people being detained in police cells because of their mental ill health. As I have said, we have increased the funding, but of course we need to do more. That is why we are pushing forward on further change. We are pledged to reform outdated mental health laws, and we have created targets to improve standards of care. I agree that mental health is important, and this Government are focusing on it and putting more resource into it.

Q6. [900629] **David Duguid** (Banff and Buchan) (Con): Given the importance of the fishing industry across the whole United Kingdom, particularly in my constituency of Banff and Buchan, what discussions have the Government had with representatives of the fishing industry in the north-east of Scotland as part of the ongoing EU withdrawal negotiations?

The Prime Minister: I recognise the importance of the fishing industry to a number of parts of the United Kingdom, including, of course, my hon. Friend's constituency. He is right to raise this point. The Government are engaging with a range of fishing stakeholders, including a meeting with the Scottish Fishermen's Federation in July. We do value our fishing communities, and supporting them will be an important part of the action we take as we exit the European Union. We are working closely with the fishing industry. I myself met fishermen on a number of occasions across the summer and spoke to them about the industry. We are working with fishermen and others who have a stake in the industry to make sure that we get this right when we leave the European Union.

Nigel Dodds (Belfast North) (DUP): The Prime Minister will be aware of my party's initiative last week to have devolution up and running in Northern Ireland immediately, in parallel with the talks process—an initiative that was

welcomed by the Irish Government, Opposition parties and a wide section of public opinion in Northern Ireland. If, however, despite all our best efforts and the agreement of all the other parties, Sinn Féin stands alone and continues to block the restoration of government in Northern Ireland, will she confirm to the House what a Government spokesperson said yesterday evening about the future governance arrangements for Northern Ireland, particularly the very welcome statement that there will be no question of joint authority or a role for Dublin?

The Prime Minister: The right hon. Gentleman is right about the importance of the talks to restore a devolved Administration in Northern Ireland. I am happy to confirm that we will not be looking at a joint authority. He will be aware that the Belfast agreement includes certain responsibilities in relation to the Government of the Republic of Ireland in north-south co-ordination, but the focus for us all should be on trying to ensure that we can resolve the current differences and see that devolved Administration reasserted in Northern Ireland. That is what would be best for the people of Northern Ireland.

Q7. [900630] **Chris Philp** (Croydon South) (Con): By refusing even to discuss free trade, does the Prime Minister agree that the European Commission is damaging the employment and economic interests of its own member states? For example, by endangering jobs in the German car industry, for which the UK is the largest export market. Will she call on other European Heads of Government to prevail on the European Commission to end this act of wanton economic self-harm and to start free trade talks, which are so clearly in the interests of everybody?

The Prime Minister: As my hon. Friend will know, my right hon. Friend the Secretary of State for Exiting the European Union was recently back in Brussels for a further round of negotiations. Those negotiations have been productive and constructive, but of course we want to see the discussions moving on to the future relationship. What the Government have done over the summer, and will be continuing to do, is to publish a set of position papers that set out options and ideas for how that deep and special partnership can be taken forward. My hon. Friend is absolutely right that this is not just a question of what suits the United Kingdom; it is actually in the interests of the European Union to have that good, deep and special partnership.

Mohammad Yasin (Bedford) (Lab): What action is the Prime Minister taking to ensure that my constituents, many of whom are paying in excess of £5,000 to travel to London every year, get a better service, not the one that the new plans under her Government will introduce? Under those plans the people of Bedford will lose the inter-city rail services.

The Prime Minister: If the hon. Gentleman looks at the record of this Government, he will see that we recognise the importance of rail services—

Mohammad Yasin: No, you don't.

The Prime Minister: He says that we don't, but I suggest he just look at the funding we are putting into improving rail services across this country. That is a sign of our recognition of the importance of those services.

Q8. [900631] **Will Quince** (Colchester) (Con): One person sleeping rough is one too many. Our party's manifesto set out to end rough sleeping by the end of this Parliament. Given the important role that charities play in this task, will the Prime Minister join me in paying tribute to the excellent charity Crisis, which is marking its 50th anniversary?

The Prime Minister: First, may I pay tribute to my hon. Friend, because I know this is an issue he cares about deeply and he co-chairs the all-party group on ending homelessness? He rightly says that we did have a commitment on reducing rough sleeping, with the aim to halve it by 2022 and eliminate it altogether by 2027, and £550 million has already been allocated until 2020 to tackle homelessness and rough sleeping. I am also happy to join him in paying tribute to Crisis, as it marks its 50th anniversary. Over those 50 years, it has been doing a very important job, and I will be hosting a reception for Crisis to mark its 50th anniversary in Downing Street later today.

Naz Shah (Bradford West) (Lab): The University of Bradford, in my constituency, makes a compelling case for a medical school teaching all types of health professionals. Will the Prime Minister confirm that those universities where the need is greatest will be given the opportunity to set up medical schools?

The Prime Minister: First, we are of course pleased that we are going to be increasing the number of training places, which means that the Department of Health is looking at the whole question of what places are available and where, and what new medical schools should be set up. So I am sure that the Secretary of State for Health will be interested in hearing the hon. Lady's pitch for Bradford to have a medical school.

Q10. [900633] **Mims Davies** (Eastleigh) (Con): In the 1960s and 1970s, thousands of women were prescribed Primodos as a pregnancy test, which resulted in profound effects for the babies that followed. Alongside elderly parents, my constituent Charlotte Fensome cares for her brother Steven, who was profoundly affected. Does the Prime Minister agree that those families now deserve justice and that there should be a chance to launch a public inquiry into this terrible scandal?

The Prime Minister: My hon. Friend has raised an important issue, and she is absolutely right to do so. We should recognise the impact that this had on those women who took this hormone pregnancy test during pregnancy from the late 1950s into the 1970s—I believe 1978 was the last time. An expert working group has been set up to look into this issue and it is due to publish its findings in the autumn, but I would be very happy to meet my hon. Friend to discuss this issue with her.

Layla Moran (Oxford West and Abingdon) (LD): Parents in my constituency are disappointed. [*Laughter.*]

Mr Speaker: Order. That is a really unseemly response. The hon. Lady is a new Member; she is highly articulate; and she will be heard.

Layla Moran: Parents in my constituency are disappointed. Over the summer they sought to take advantage of the 30 hours of free childcare, but due to underfunding they found that it was not available and not free. Will the Prime Minister apologise to parents across the country for false advertising on what otherwise would have been a welcome policy?

The Prime Minister: What I can tell the hon. Lady is that we are investing £1 billion of extra funding every year in early years entitlements, and that includes £300 million per year to increase the national average funding rate. This investment is based on work that was done—a plan that was done—by the DFE, which was described by the National Audit Office as “thorough” and “wide-ranging”. There are important ways that childcare providers can get more from their funding—the DFE is offering to support them to do that—but independent research has shown that our hourly funding rate is significantly higher than the average cost for providing a place to a three or four-year-old. I would hope that she welcomed the fact that this issue of childcare is one that this Government have taken on board and are delivering on.

Q11. [900634] **Michelle Donelan** (Chippenham) (Con): For the second year running, I am planning the Wiltshire festival of engineering, this time with my hon. Friend the Member for South West Wiltshire (Dr Murrison). We hope to inspire 3,000 children to help to challenge stereotypes of engineering careers and to combat the local skills gap. In addition, we want to highlight that Wiltshire is a hub of engineering, design and technology. Would the Prime Minister consider attending this wonderful event?

The Prime Minister: I congratulate my hon. Friend on her initiative. She raises a very important point: I think it is important that we see more young people moving into engineering and pursuing careers in engineering and science more generally. The steps she is taking with our hon. Friend the Member for South West Wiltshire (Dr Murrison) are an important part of that. We do need to address those stereotypes. I am particularly keen to address the stereotype about women in engineering, because we should see more women going into engineering. If my diary allows, I would be very happy to attend her festival.

Wes Streeting (Ilford North) (Lab): Clinicians do not believe it will be safe. Commissioners and providers do not believe it will be feasible. Is it not now time for Ministers to reverse the decision they took in 2011 to close the accident and emergency department at King George hospital?

The Prime Minister: We have been very clear that we want decisions to be taken at a local level with clinical advice, and that is exactly what the Department of Health is doing.

Q12. [900635] **Tim Loughton** (East Worthing and Shoreham) (Con): As Home Secretary, the Prime Minister was one of the first to appreciate the alarming extent of child sexual exploitation. She responded to calls from many of us to set up the historic abuse inquiry. Does she agree that those who expose and work to root out the criminal perpetrators for the horrific crimes they commit—especially

in the face of so-called cultural sensitivities and people hiding behind the cloak of political correctness—should be encouraged and promoted, not castigated and gagged?

The Prime Minister: My hon. Friend has raised a sensitive and important issue. As he said, it is one that I took a particular interest in when I was Home Secretary. Anyone who abuses a child must be stopped, regardless of their race, age or gender. Child sexual exploitation is not exclusive to any single culture, community, race or religion. It happens in all areas of the country and can take many different forms, but I am clear and the Government are clear that political or cultural sensitivities must not get in the way of preventing and uncovering child abuse. The freedom to speak out must apply to those in positions of responsibility, including Ministers and shadow Ministers on both sides of the House. If we turn a blind eye to this abuse, as has happened too much in the past, more crimes will be committed and more children will be suffering in silence.

Liz Kendall (Leicester West) (Lab): Glenfield’s children’s heart surgery unit has some of the best outcomes in the country, including mortality rates lower than the national average. Professor Ara Darzi says that proposals to change children’s heart surgery are astonishing, embarrassing and plucked out of thin air. Will the Prime Minister ensure that the final decision is made on the basis of sound clinical evidence and when this House is sitting?

The Prime Minister: The hon. Lady is aware that there are many ways in which MPs can question Ministers about plans. As I said in answer to one of her hon. Friends, decisions about the future structure of the NHS, its services and their provision will be taken, and are being taken, on the basis of clinical need and clinical evidence.

Q14. [900637] **Matt Warman** (Boston and Skegness) (Con): Britain is among the world’s leading digital economies, and as we leave the European Union technology will be crucial for a successful Brexit and for dealing with issues from the Northern Irish border to customs controls. Does the Prime Minister agree that Brexit can kick-start a further wave of digital investment and that working with the industry through a Brexit technology taskforce could help her do that?

The Prime Minister: My hon. Friend is absolutely right about the position that the United Kingdom holds in science and innovation. We are already a leading destination: we have some of the world’s top universities, three of which are in the world’s top 10, and we have more Nobel prize winners than any country outside the United States. We have a proud history of cutting-edge research in science, innovation and technology and, as he says, Brexit gives us an opportunity to give a further kick-start to our position in relation to the digital economy and technology. We want to attract investment from all over the world and to work with industry to ensure that that can be done.

Phil Wilson (Sedgefield) (Lab): In her party conference speech last year, the Prime Minister said that “existing workers’ legal rights will continue to be guaranteed in law—and they will be guaranteed as long as I am Prime Minister.” Will she tell the House how long that will be?

The Prime Minister: I am happy to stand by commitments on improving workers' rights. That is something we have been doing as a Conservative Government and will continue to do, and it is something that I will continue to do as Prime Minister.

Mrs Cheryl Gillan (Chesham and Amersham) (Con): Tomorrow is World Duchenne Awareness Day, which highlights this devastating muscle-wasting condition that affects young men such as my constituent Archie Hill. If, as anticipated, the current development of a more reliable newborn screening test goes ahead, psychological support must be readily available to any affected family. Will the Prime Minister assure families, and Muscular Dystrophy UK, that NHS England will develop the provision of such vital psychological support?

The Prime Minister: My right hon. Friend has raised an important aspect of this terrible condition. I recognise the importance of ensuring that people can access

appropriate psychological support when a young family member is diagnosed with this serious health problem. On the new screening test, I understand that Muscular Dystrophy UK is working with one of NHS England's advisory groups to understand how best to meet the needs of parents and carers following a child's diagnosis. I am grateful to my right hon. Friend for having raised this important issue.

Lady Hermon (North Down) (Ind): On a point of order, Mr Speaker.

Mr Speaker: Order. It is always a delight to hear the hon. Lady, but I will have to keep her on ice because ordinarily we take points of order after statements or urgent questions. I shall build up, as the House will, a well of expectation and anticipation to hear what the hon. Lady has to say to us in due course. Meanwhile, she may wish to interest herself in the next item of business.

Free Childcare Entitlement

12.48 pm

Tracy Brabin (Batley and Spen) (Lab/Co-op) (*Urgent Question*): To ask the Secretary of State for Education if she will make a statement on the implementation of free childcare entitlements.

The Minister of State, Department for Education (Mr Robert Goodwill): Thank you very much, Mr Speaker, for allowing this urgent question, which gives me the opportunity to highlight the Conservative Government's determination to support as many families as possible with access to high-quality, affordable childcare and early-years education. We are investing a record amount: our support will total £6 billion per year by 2020. My Department is committed to ensuring that all three and four-year-olds have access to free childcare. All parents, regardless of their income and employment status, are entitled to 15 hours of free childcare for their three and four-year-olds; take-up of that universal entitlement is 95%. In addition, take-up of 15 hours of free childcare for disadvantaged two-year-olds is rising, and it is fantastic that more than 70% of eligible two-year-olds are benefiting from this.

On 1 September 2017, the Government reached a major milestone in delivering our key manifesto pledge to double the free childcare entitlements for working parents of three and four-year-olds from 15 to 30 hours. Today I have tabled a written ministerial statement updating the House on delivery of the 30-hours offer. By 31 August, more than our targeted 200,000 30-hour codes had been issued to eligible parents wishing to take up a place this autumn; indeed, I can update the House on the figure: 216,384 codes issued. These families join the 15,000 families who are already benefiting from 30 hours of free childcare in our 12 early delivery pilot areas. The independent evaluations of these areas were encouraging, showing that more than three quarters of parents reported greater flexibility in their working life as a result of 30 hours, and more than eight out of 10 childcare providers offering the 15 hours entitlement went on to offer 30 hours.

During the autumn, I will closely monitor delivery of all free childcare entitlements to ensure continued improvements to all our offers for parents and providers. I will continue to work closely with Her Majesty's Treasury Ministers to ensure that parents can access the HMRC-run childcare service smoothly. The majority of parents have successfully applied using the childcare service, but some parents experienced difficulties accessing the service through the system by the 31 August application deadline. Those parents who are eligible and applied before the deadline will have a code to allow them to access our 30 hours of free childcare. They will not lose out.

I am pleased to report that this is yet another key manifesto pledge delivered for working families.

Tracy Brabin: Last Friday, the flagship policy of 30 free hours of childcare for working parents was introduced. It was a policy shrouded in secrecy, misinformation and mayhem, and now is the time for answers.

From the beginning, the application process was not fit for purpose. Parents were unable to get their code, settings were run ragged trying to help parents, and this

afternoon parents who have been waiting weeks are still in limbo. The Minister has told us that 216,384 parents have their codes. Will he tell us what proportion that is of all parents eligible for 30 hours? How many parents received compensation? How many parents does he expect to pay out to in total? How many of those children have secured a funded place and how many have not? This is basic information that we should already know.

Experts, providers and parents are up in arms about this lack of funding. The Pre-school Learning Alliance found a 20% funding shortfall and three-quarters of providers said that childcare funding did not cover their costs. Shockingly, 38% of providers do not think that they will be sustainable in a year's time. To stay viable, settings will charge for extras such as trips out, nappies and lunches in order to pay their staff and keep the lights on. Can the Minister guarantee that he will not allow a two-tier system to emerge whereby parents who cannot afford to pay the extras do not have access to the policy and those who can do?

Despite the Minister claiming otherwise, Busy Bees and the Co-operative Childcare group have now publicly said the funding rates are insufficient, so what is his strategy to keep experienced and talented practitioners in the sector? The Minister used the pilot evaluations to defend funding rates, but the truth is that 30 hours had a negative financial impact on providers, so has he spoken to stressed-out providers facing closure or parents at their wits' end?

Finally, this childcare has been advertised as free but it is clear that it will be subsidised by parents or providers. This risks pricing out the poorest and top providers leaving the sector. Will he now listen and commit to re-evaluating the policy's funding?

Mr Goodwill: I am afraid that the hon. Lady's rhetoric does not reflect the experience on the ground. I can update her: we predicted that about 75% of eligible parents would apply to the scheme, as there are some parents who for very good reasons, such as family childcare, would not apply. That figure would have been 200,000, so we have exceeded that prediction. I can confirm that only six days into September 152,829 parents have secured a place—71% of those parents. That is a great success story.

We responded to the sector's concerns about funding; indeed, Frontier Economics carried out some detailed work for us and reported to the Department that the mean hourly delivery cost of childcare was £3.72 an hour. The amount of money that we are providing has increased from £4.56 to £4.94. My experience talking to nurseries up and down the country, including some in London, is that they can deliver for that price. Indeed, the pilot areas have delivered and some 15,000 children have benefited from 30 hours of free childcare, and the lessons learned from those pilot areas are being applied.

Robert Halfon (Harlow) (Con): I welcome the additional money that the Government are putting into childcare, but may I ask my hon. Friend what help and resource is being given to help childcare providers, particularly the smaller ones that are not part of the bigger chains, that are finding cost pressures difficult with the new policy?

Mr Goodwill: We certainly understand that the sector will deliver this for us, which is why we carried out so much detailed work. Indeed, a survey published on

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31 August demonstrated that eight in 10 of those providers will provide 30 hours. If we look at the pilot areas that have been delivering for a year now, including places such as York and Northumberland, we can see that 100% of their providers are delivering and 100% of the parents who wanted a place found one, despite some reservations being put on the record by some of those providers at the very beginning. The pilots have demonstrated that we can deliver and we are delivering.

David Linden (Glasgow East) (SNP): We of course welcome any changes that increase free early years and childcare entitlements, but it seems as though the Tories' policies will do more harm than good. In yesterday's programme for government, the Scottish National party Scottish Government confirmed that the childcare entitlement will double for all three and four-year-olds and eligible two-year-olds to 1,140 hours from August 2020. The Tories have decided to cherry-pick who receives free entitlement to childcare. The Scottish Government will also take action to enable all childcare workers delivering fully funded early years learning childcare to be provided with the Scottish living wage from August 2020, recognising that there are few more important jobs than working with the youngest children, while this Government are restricting which parents are entitled to the 30 free hours, freezing out those on low or unpredictable hours, and have said nothing about those who work in that sector. Should not the Government heed the warnings of the Social Market Foundation and the New Economics Foundation that this version of free childcare is regressive? Will they look towards Scotland's vision of childcare based on quality, flexibility, accessibility and affordability instead of creating a two-tier system?

Mr Goodwill: I will take no lessons from the Scottish Government, no matter what the hon. Gentleman wishes to read out to us. We have committed £6 billion in this area. We talk about childcare, but this is good quality early years education and 93% of the settings are providing good or outstanding childcare. That is great news for education and great news for those parents who, in many cases, find their working lives transformed by access to 30 hours of childcare.

Nicky Morgan (Loughborough) (Con): This is clearly the right policy and has been demanded by working parents and others up and down the country. The shadow Minister talked about the policy being shrouded in secrecy; I do not know where she was in the general election of 2015, but I think that this is an issue that all parties discussed in many different debates.

Let me ask the Minister about the implementation of the policy by Her Majesty's Revenue and Customs and the operation of its website. He knows that I, as the incoming Chairman of the Treasury Committee, wrote to the head of HMRC over the summer, who replied on 17 August saying that a total of £45,000 or thereabouts had so far been paid in compensation. Can the Minister update the House and will he confirm that, as he said, those parents who had codes by 31 August will be able to access the childcare this autumn?

Mr Goodwill: I thank my right hon. Friend for her question. This is indeed a manifesto pledge that is being delivered. It is no secret that there were some technical problems with the IT system and, indeed, my right hon. Friend the Financial Secretary is in his place listening to what we say. About 1% of cases that applied online were stuck—that is, for a technical reason those cases were not processed. Another group of cases could not have been processed online, and we refer to those as amber cases. Let me give an example: a person who applies for childcare on the basis of a job offer rather than a track record of earning in that job. If we were not to have a manual system as back-up, we would have a Catch-22 situation in which the person could not apply for childcare because they did not have a job but could not get the job because they did not have childcare. In such situations, there is a manual system.

When the Secretary of State wrote to my right hon. Friend, I think 2,200 cases were stuck. The figure I now have is 1,500, but they are many new cases, some of which have only been on the system for about a week. I am sure that the Financial Secretary to the Treasury will write to my right hon. Friend with regards to compensation. A small number of people were affected by the system. The system was operational 93% of the time during which people could apply.

Lucy Powell (Manchester Central) (Lab/Co-op): Has the Minister read the report that I published last week with the Social Market Foundation? It shows that, of the extra money that the Government are pumping into early years over the course of this Parliament, 75% is being spent on the top 50% of earners and less than 3% will go towards the most disadvantaged. This comes at a time when the Government's own evaluation of the two-year-old offer shows that good-quality early education is life-changing for the families who receive it. Is he happy with this distribution of expenditure? What more is he doing to ensure that low-income and disadvantaged families are accessing this high-quality education?

Mr Goodwill: I did read the hon. Lady's report and some of the press coverage. She is absolutely right that the attainment gap needs to be closed between those from a disadvantaged background and those from other families. We are making progress in closing that gap, which is being closed at a faster rate in London than elsewhere. The 30 hours of childcare is for working families. However, many families cannot get into work because they cannot get childcare, so we will be pulling families out of poverty who currently cannot work because of the extortionate cost of childcare compared to their income. Of course, we still have the offering of 15 hours for the most disadvantaged two-year-olds and the early years pupil premium, which is specifically aimed at helping families most in need—the most disadvantaged families—because we need to close the attainment gap.

Mrs Maria Miller (Basingstoke) (Con): When it comes to childcare, parents want affordability and certainty. Many parents listening today will be very reassured by the Minister's statement, so I thank him for that. Will he take this opportunity to confirm what proportion of childcare providers will offer the new entitlement? I believe it is estimated to be about 80% of providers. Can he confirm that that is still the case?

Mr Goodwill: My right hon. Friend is absolutely right. Not all providers were offering the 15 hours. Of those that do offer 15 hours, about 80% are going to offer the 30 hours. We understand that we might need to increase capacity in some areas, which is why we have made £100 million of capital funding available to provide another 18,000 places for 30-hours placements.

Layla Moran (Oxford West and Abingdon) (LD): I absolutely welcome the policy. After all, it was a Liberal Democrat policy that we started implementing while in coalition so I would like to see it succeed. However, I invite the Minister to come to Oxford West and Abingdon because I am afraid that the suggestion that the policy is absolutely fine and working on the ground is simply not correct. In my constituency, the places are not available and they are being heavily subsidised by early and late pick-up fees, and extra money for nappies and lunches. Those costs simply were not there before. Please will you look again at the funding in different parts of the country? The total figure does not matter. It needs to be available where parents are. Have you looked at this and what are you going to do about it?

Mr Speaker: I have not done so and I have no plans to do anything about it, but I have a feeling that the Minister might; we will see. Let's hear the fella.

Mr Goodwill: When we selected the areas for the early roll-out pilots, we were careful to select places that were representative of different parts of the country. For example, York would have many parallels with Oxford. Indeed, 100% of providers delivered that childcare in York and 100% of families looking for childcare got it. I would be more than happy to visit Oxford and see the successful policy being delivered for parents who need it so much.

Wendy Morton (Aldridge-Brownhills) (Con): I welcome the Government's extra investment in childcare. The availability and accessibility of good childcare can make a huge difference to working families. Does the Minister think that the introduction of 30 hours of free childcare will have a positive and direct impact on the finances of working families?

Mr Goodwill: My hon. Friend is absolutely right. Evidence from the pilot areas demonstrates that almost a quarter of women and 10% of men are able to take more hours at work. Indeed, the policy has been transformational in some people's lives. I heard a story the other day of a family who, during the working week, only really met in the car park of the factory where they work shifts. As the husband arrived with the child strapped into the back of the car, the mother got back in the car and drove home, so they were not able to enjoy time together. The delivery of 30 hours' free childcare will mean that they will be able to enjoy a better family life. The policy will address the situation of people passing in the hallway as one person comes in from work and another goes out.

Alison McGovern (Wirral South) (Lab): Is it not clear from the contributions of my hon. Friends and from the experience of Busy Bees, a nursery chain that provides a service in Bromborough in my constituency, that these low rates for childcare mean that the market is now

fundamentally broken? What will the Minister do if we find, after years of this Tory Government, that they have reintroduced the scourge of low pay into childcare?

Mr Goodwill: If the hon. Lady had been listening to the Prime Minister in Prime Minister's questions, she will have heard that we look carefully at the cost of delivering childcare. As I said, that is £3.72 an hour—much less than the funding we are providing. Busy Bees has 267 nurseries across the country, and is delivering 30 hours. Despite the reservations we have heard, the Co-operative Childcare is delivering 30 hours at its 45 nurseries, including 17 in London, which is one of the most expensive places to do that. Bright Horizons is participating in the scheme with its 296 nurseries. The big chains are participating. I go up and down the country talking to small independent and charitable nurseries and other providers including childminders, and they are also delivering with the funding we are putting in.

Bob Blackman (Harrow East) (Con): I congratulate my hon. Friend on delivering on this election promise, but will he keep the funding arrangements under review, particularly those in high-cost areas? Even in these early days, some constituents have complained to me that there is a lack of availability at a local level. That is driven by the money. Will he keep that under review to ensure that the provision is universally available across the country?

Mr Goodwill: My hon. Friend is absolutely right. We are creating a lot more places and that creates demand within the system. I visited a nursery just outside Selby in East Yorkshire that was gearing up to provide more places and hire more staff to provide the availability. We are putting £100 million of funding into the system to provide 18,000 additional places. Many nurseries are investing through their own resources to deliver this policy.

Liz Kendall (Leicester West) (Lab): Children in deprived areas of my constituency start school up to 20 months behind where they should be developmentally. High-quality childcare with properly trained professionals can transform their lives. I urge the Minister to take the Opposition's concerns more seriously. During the general election campaign, I met several providers who will not be able to deliver the policy. Will he look again and ensure that all children get the very best start in life?

Mr Goodwill: I agree with the hon. Lady that it is vital to close the attainment gap between disadvantaged children and other children in our schooling system. Indeed, we have 12 opportunity areas across the country where we are looking at ways of specifically addressing that. One way is better provision for early years, but another is working with parents to improve the home learning environment, which is often so lacking in some families, particularly when they have housing problems to address.

Kevin Foster (Torbay) (Con): Many parents in Torbay will welcome the availability of up to 30 hours of free childcare to support them going into employment, but, as with all policies, the proof of the pudding is in the eating. Regarding the early delivery areas, what evaluation

[Kevin Foster]

has been done of the number of parents who have taken on extra hours at work thanks to the availability of increased childcare?

Mr Goodwill: The raw stats indicate that about a quarter of women and 10% of men took additional hours, but I have also heard from people who could not get into employment at all because of the cost of childcare. A lady I spoke to in York said that the fact that she could now work and take up the 30 hours of childcare greatly transformed her family's finances and life. The system is very flexible. Families can spread the childcare over more weeks or use different providers, including those in the voluntary sector, maintained nurseries or childminders.

Alex Cunningham (Stockton North) (Lab): The Government cannot hide on this issue. During the Childcare Bill Committee, I and others here and outside Westminster told the then Minister that his plans were full of holes, and so it has been proved. What will the new Minister do to fill the gaps in provision, particularly in deprived areas, where the holes are the deepest and the need is the greatest?

Mr Goodwill: I am not going to argue with the hon. Gentleman that we need specifically to target some of our more deprived areas. This policy is designed to help working families, but I am all too well aware that many children in the most deprived families, with the most needs, are not in working families. That is why we have the offering for two-year-olds and the additional help that is going in. We are working very carefully to ensure that we do not leave that group of children out, particularly in the opportunity areas.

Mr Ranil Jayawardena (North East Hampshire) (Con): My elder daughter, Daisy, started nursery this week. From speaking to local parents, I know that this policy will, as the Minister says, help hard-working families take up new employment and additional hours, so it is welcome. I am also encouraged that parents will be able to add to the funding the Government are making available through existing schemes, such as childcare vouchers. However, in support of my hon. Friend the Member for Harrow East (Bob Blackman), will the Minister, as he reviews policy in an ongoing way, consider whether flexibility could be introduced for rural or high-cost areas, to make sure those additional schemes can be used to help parents who wish to do so to top up the funding provided by the Government? Instead of always complaining that there is not enough, let us help parents to look after themselves.

Mr Goodwill: I do not want to disappoint my hon. Friend, but we are not in the business of encouraging top-ups. Nurseries are perfectly free to charge for additional hours or for lunch, nappies or other items, but that cannot be a prerequisite to accessing the 30 hours. The Government have a number of other packages, including tax-free childcare and other wonderful policies that the Treasury is making available, to help people afford the cost of childcare. However, this particular policy is great news for parents and great news for children, who are accessing quality childcare and education.

Danielle Rowley (Midlothian) (Lab): I have a constituent who is struggling to pay for childcare because of the way universal credit works. She is a working single mother and is expected to pay for her childcare up front—it is over £800 in her case—and then to claim it back, which does not make much sense to me. The cost is more than she earns from her job, and she may need to give up working. How does this system help people such as my constituent get back into work?

Mr Goodwill: This system helps people precisely like that, because it is not a system where people pay and reclaim—the money is reimbursed to the nursery by the local authority. Indeed, staff at one of the nurseries I spoke to in York said that one of the best aspects of the scheme is that they would not have to chase parents for money or, on occasion, withdraw childcare because the parent had not paid their bill. This scheme makes the administration easier for nurseries, which are already collecting the 15 hours' funding from local authorities. That will exactly solve the hon. Lady's constituent's problem.

Robert Jenrick (Newark) (Con): I strongly support the Government's policy, not least because one of my daughters starts nursery tomorrow. In Nottinghamshire, we have an issue with capacity, and particularly convenient capacity, in rural areas. Parents who commute long distances and who live in villages want childcare close at hand—childminders as well as nurseries. Will the Minister highlight the Government's childcare business grants of £500 or £1,000, which are available to people who want to set up small businesses as childminders or small nurseries, and will he perhaps consider increasing the grants to a level that enables providers to do more?

Mr Goodwill: We have talked a lot about nurseries, but I must make it clear that there is flexibility in this scheme. Indeed, we have 5,500 dormant childminders, who could see this as an opportunity to get back into that business, although I suspect that a number of them may be working in other jobs, and particularly in nurseries, as jobs are created in them. However, this is a flexible system, and I hope the voluntary sector will also step up to the mark and increase capacity in its nurseries—indeed, we could see a number of new nurseries opening because of this policy.

Julie Cooper (Burnley) (Lab): I welcome the principle of 30 hours of free childcare, but it cannot come at the expense of quality early years education, and that is exactly what is happening. Many children in my constituency from deprived communities currently have access to quality nursery schools employing qualified nursery school teachers, and those schools are doing tremendous work to enhance the life chances of those children. Those schools assure me that they will not be able to fund the continued employment of those qualified teachers. It is important that we make a distinction between childcare and early years education. I note that Save the Children also raised concerns about this issue yesterday, maintaining that 40% of those who took part in the pilot areas actually reported a loss in profits and, therefore, a threat to their sustainability.

Mr Goodwill: I absolutely recognise the importance of the maintained sector. Indeed, many of the small number of maintained nursery schools tend to be in some of the more deprived areas, where needs are much

greater. I would just reiterate the fact that 93% of nursery providers are either good or outstanding, according to Ofsted. That is a great sign of the quality that is being delivered on the ground. More hours will mean better quality education, with children starting school more prepared for it. Indeed, a report in the press today showed that children arrive at school without the necessary language skills and simple skills such as picking up a knife and fork. They will learn that at nursery, and that is great news.

Lucy Frazer (South East Cambridgeshire) (Con): Figures produced over the summer show that female employment rates are at a record high, at over 70%. Does the Minister agree that it is important to encourage and support women back into work and that this policy and legislation do that?

Mr Goodwill: I absolutely agree with my hon. and learned Friend, while recognising that some mothers and, indeed, fathers may see caring for their child at home as their priority—sadly, many do not have a choice in that because of the finances of the household. However, this policy is delivering the opportunity for more women to get into the workplace, and I have already heard from women who have taken on more hours or started a job when they could not previously afford to go to work at all.

Tulip Siddiq (Hampstead and Kilburn) (Lab): Last year, in a Westminster Hall debate, the then childcare Minister told me I was scoring cheap political points and should be ashamed of myself when I raised the issue of funding policies and of how nurseries were at threat of closure because of this policy. Recently, a Pre-school Learning Alliance survey said that one in three nurseries fears being driven out of business because of this policy. What action is the Minister taking to ensure our nurseries do not close because of this flagship policy from the Government?

Mr Goodwill: I am surprised the hon. Lady has been accused of making cheap political points. I have known her for some time, and she has never made such points to me. I can assure her that we have looked carefully at the costs of delivery. There will be nurseries that, because of their business plan, are not going to deliver 30 hours, but there are nurseries that were not delivering 15 hours—indeed, there is one in my village, which is connected to a fee-paying prep school, that will not participate. However, there will be choice for parents who might want to go for a different type of nursery education—maybe with longer hours, or with different types of trips and other services—that other families might not wish to choose.

Mr Philip Hollobone (Kettering) (Con): I commend my hon. Friend for the way he is responding to this urgent question. For the thousands of working parents who are taking advantage of the 30 hours of free childcare, how much is it worth to them on average, per year, per child?

Mr Goodwill: It is worth £5,000. That makes a big difference to a family budget.

Jack Dromey (Birmingham, Erdington) (Lab): All children are entitled to expect the best possible start in life, and parents are entitled to expect help with childcare

so that they can go out to work. However, with thousands of parents in Birmingham still in limbo, free childcare that is often not free, providers threatened with going out of business, and the closure of 26 children's centres in the city, does the Minister understand the grievance expressed by the group of parents I met last week in my constituency, who said the Government are long on rhetoric but are simply letting Birmingham's children down?

Mr Goodwill: The hon. Gentleman talks about letting children down in Birmingham, but maybe he should look at some of the children's services there and see how they could be improved. However, this policy has been tested up and down the country, in rural and urban areas, and it is great news for parents and children.

Mr Peter Bone (Wellingborough) (Con): Having listened to the urgent question—I congratulate the hon. Member for Batley and Spen (Tracy Brabin) on getting it granted, and the Minister on doing a written statement—I think there is agreement on both sides of the House that this is an excellent policy, and the issue is just the implementation. If there is one Minister in the whole House who will make sure something is done properly, it is the Minister at the Dispatch Box today. Will he give the House an undertaking that he will come back later in the year to update the House on this policy?

Mr Goodwill: I certainly will. It must be borne in mind that there are three entry times; it is not like reception year, whereby all children start in September. We are already encouraging parents whose children will have turned three by 1 January—and, indeed, those who will turn three after Easter—to apply early to get on the system. Two more tranches of children will come into the system as it builds.

Lady Hermon (North Down) (Ind): The Minister will be well aware that Northern Ireland has not had a functioning Assembly since January. I want to be reassured that childcare entitlement in Northern Ireland is not falling behind because of the uncertainty over the Assembly, or the lack of it. We have no idea when it will come back. Will the Minister enlighten the House and, in particular, parents in Northern Ireland? Who exactly does he liaise with in Northern Ireland to make sure that childcare entitlement is progressing within the United Kingdom, of which Northern Ireland is a part?

Mr Goodwill: I have to confess that I have not liaised with anyone in Northern Ireland on this issue, but I will certainly have a conversation with the Secretary of State, who is well equipped to report on all issues regarding Ulster.

Huw Merriman (Bexhill and Battle) (Con): May I welcome a policy that will assist another 400,000 families and increase the amount of money we are spending to £6 billion? Will the Minister review the position in East Sussex? As a county with a low average wage, we are not receiving as much as Brighton and Hove, which is right on our borders. As a result, there is a concern that staff in the industry will migrate to Brighton. Perhaps in a year's time, could the Minister assess whether those patterns are emerging and, if they are, commit to look at the issue afresh?

Mr Goodwill: I will certainly keep these matters under review. Indeed, I have a meeting with Suffolk MPs either this week or next week, because their funding is different from that in Norfolk, which is always a matter of contention.

Stephen Lloyd (Eastbourne) (LD): I respect the Minister, who is making a valiant effort to defend an outstanding policy with holes in it, the biggest of which is funding. One group who have not been mentioned in this debate is childminders, including those in my constituency, who are highly qualified, are often women, have a level 3 national vocational qualification and have been Ofsted assessed. I have been categorically told by a number of my constituents that the county council funding provided from money given by central Government is inadequate. Many of them say that unless that is remedied they will have to pull out of the business. Can the Minister at least assure me that he will review the whole funding arrangement in the coming first quarter?

Mr Goodwill: I will certainly continually keep this under review. Councils are encouraged—indeed, they have committed—to pass on 90%. They have some administrative costs, as I am sure the hon. Gentleman is aware, but we will close that gap as the system matures.

Michael Tomlinson (Mid Dorset and North Poole) (Con): I, too, warmly welcome this policy and the fulfilment of our manifesto pledge and commitment. Dorset was one of the pilot areas to introduce 30 hours' free childcare, and many parents have welcomed the additional flexibility. May I invite the Minister to re-emphasise that message? The policy provides flexibility and gives both parents the opportunity to get back into work or increase their hours of work.

Mr Goodwill: Dorset was indeed one of our 12 early delivery areas, starting in April 2017. I am hearing great news from Dorset and I am sure that my hon. Friend will keep me posted.

Ruth George (High Peak) (Lab): Is the Minister not concerned that more than 60,000 children whose parents applied for a funded place do not have one? How is he going to deliver the policy for those parents, who may have been relying on that funded childcare place in order to take up an offer of employment or to extend their hours at work? This is particularly important in rural areas such as mine. The largest chains of nurseries are better able to spread the costs, but three nurseries in High Peak have had to close their doors over the summer. They are all small, independent nurseries that cannot see a way forward on the funding levels that have been set.

Mr Goodwill: That was not the experience in the pilot areas, including areas very similar to that of the hon. Lady. Indeed, we have seen areas where 100% of the providers were delivering and 100% of the parents got places. We are only six days into the school term. I heard that, on Tuesday alone, 8,000 parents got their codes validated with a nursery. Parents will still be looking around and deciding in which nursery to get a place. Indeed, many nurseries will now be considering taking on additional staff to provide more places in those nurseries, given the increased demand.

Ellie Reeves (Lewisham West and Penge) (Lab): How many working parents have been excluded from the entitlement because they cannot guarantee that they will work more than 16 hours a week on the national minimum wage? Does he not recognise that the reality of many working parents in my constituency is that their employers will not guarantee them those hours, so nor can they? That makes it even harder for them to earn and work.

Mr Goodwill: I thank the hon. Lady for her question. Before I answer it, may I correct what I said earlier? Ninety-three per cent. of the funding has to be passed on by the local authority in 2017-18, rising to 95% from 2018-19, which is even better news than I gave earlier.

The experience is that someone has to be earning the equivalent of 16 hours a week of the national minimum wage. Many mothers and, indeed, fathers are looking to take additional hours, given that childcare will be available. That is the experience up and down the country.

Ruth Cadbury (Brentford and Isleworth) (Lab): Will the Minister acknowledge that the commitment given by his predecessor at a meeting I held with independent small nursery owners in Isleworth last November has not been upheld? They warned her that the funding for the scheme would be insufficient and they would have to close, reduce the range of services to children, charge high amounts for lunch or cut the proportion of highly qualified staff in their settings. She said, "Don't worry," and implied that she would sort the funding, but does the Minister agree that their predictions have proven to be true?

Mr Goodwill: We did hear what the sector said, which is why we have increased the funding. Indeed, there will be an additional £300 million a year by 2020 as a direct response to those concerns about the funding levels. We have done a lot of work working out what it costs to deliver, and we are confident that the funding is adequate.

Karin Smyth (Bristol South) (Lab): In July 2016 I asked about progress, as a member of the Public Accounts Committee, given the Committee's concerns. I asked in particular about work to ensure that local authorities were managing childcare markets effectively and whether there would be intervention if necessary. The then Minister told me that I had asked an important question and then announced the amount of capital. I was grateful for his kind words. It would be a cheap political point to say, "I told you so," so I am not going to do that. I will simply ask the question again: what work is the Department doing to ensure that local authorities are managing childcare markets effectively, and will the Minister intervene if necessary?

Mr Goodwill: We are working very closely with local authorities, particularly on the administration. Indeed, we have given very clear messaging to local authorities: if there are parents who have not yet got their codes because of technical or other reasons, they have to show latitude. Of course, it is not the job of the local authority to manage the market; it is the job of the parents to choose the best provision for their child and for the market to respond to that. That is what we are seeing up and down the country, with increased places being

provided in existing nurseries, and new nurseries, I hope, being opened, particularly given the grant funding we have made available for another 180,000 places.

Michelle Donelan (Chippenham) (Con): Does the Minister agree that some Members seem to be glossing over the fact that this pilot has proved that the policy will empower and enable parents either to go back to work or to extend their working hours, which will transform thousands of lives in this country?

Mr Goodwill: There are colleagues in the House from places such as York, Northumberland, Newham, Wigan, Staffordshire, Swindon, Portsmouth, Hertfordshire, Dorset, Leicestershire, North Yorkshire and Tower Hamlets, which have been in the pilot for a year. I have not heard a peep from anyone saying that the scheme is not working, so obviously the pilot has been successful.

Dr Rupa Huq (Ealing Central and Acton) (Lab): I must confess that I was something of a secret fan of the Minister, because in a previous incarnation he was very helpful to me with an issue my constituents had. No one is arguing against the idea of 30 hours, but if the picture is as rosy as he paints, how come there are allegations of nurseries forced into bankruptcy and a policy on its knees less than a week in? If people such as those in today's edition of *The Times*—a friendly Murdoch paper—are saying that it does not add up, surely it is time to reassess the finances and ramp them up so that the policy is properly funded.

Mr Goodwill: We will certainly keep all these matters under review, but the experience from the pilot areas and early deliverers has been that they are delivering on the levels of funding we have put in, and we have responded to concerns by putting in additional funding, with another £300 million by 2020, to make sure that it is more than adequately funded.

Thelma Walker (Colne Valley) (Lab): What does the Minister have to say to the parents of children with special educational needs who cannot access childcare for their children?

Mr Goodwill: I am absolutely determined to do what we can to help the parents of children with special educational needs. I have had a number of meetings already, despite my short time in the Department, about ensuring that the money that we are spending is spent effectively and ensuring that parents get the support that they need.

Lady Hermon (North Down) (Ind) *rose*—

Mr Speaker: I will, exceptionally, take the hon. Lady's point of order now, if she so wishes, because otherwise I will not hear it and I might feel sorely deprived.

Points of Order

1.30 pm

Lady Hermon (North Down) (Ind): On a point of order, Mr Speaker. I would hate to deprive you of this request; this is a really serious issue. As you will know, we have not had an Assembly functioning in Northern Ireland, and we have no Government Ministers. I am deeply disappointed, to put it very mildly, by the fact that the Secretary of State for Northern Ireland has not sought an early opportunity to come and update the House on his efforts to get the Assembly up and running. May I ask you, Mr Speaker, whether through your good offices you could prevail upon the Secretary of State for Northern Ireland to do the House the courtesy of coming here later today, or tomorrow, to make a statement and let the people of Northern Ireland know when this intolerable situation is going to come to an end and what the Government's plans are for Northern Ireland, an integral part of the United Kingdom?

Mr Speaker: I thank the hon. Lady for her point of order. The truth is twofold. First, I have received no indication of an imminent ministerial statement on that matter. Secondly, I have to admit, and I doubt the House will be surprised, that I do not know what discussions or other work might currently be under way. If such discussions or work are taking place, it may well be thought, and perhaps judiciously, that that work should be brought to fruition first, or at least be given a chance to be brought to fruition, before the Secretary of State comes to the House to make a statement. I do not know.

What I do know is that, ordinarily, the Secretary of State for Northern Ireland—the hon. Lady will know that I have dealings with a very large number of Ministers right across the vista of government—is among the most punctilious of Ministers in approaching me with a view, first, to offering me a private briefing, and then to consulting as to whether or when he should make a statement. The Secretary of State will hear very soon, because it will waft its way to him, the gravamen of what the hon. Lady has just said to the House. I hope that if the Secretary of State has got any important information to vouchsafe, he will choose to do so to the House at the earliest possible opportunity. That could well be this week, and it could well be, at a stretch, today, although I do not think the hon. Lady should expect that. I hope that it will be soon.

Dr Julian Lewis (New Forest East) (Con): On a point of order, Mr Speaker. I had planned to raise this point a bit later with, I had hoped, the Chairs-elect of other Select Committees, but as you are going to be vacating the Chair, I think I should raise it now. Can you throw any light on the apparent delays in setting up the Committee of Selection, which are being used as some form of excuse for even further postponement in getting the new Select Committees up and running? Is it not the case that the Chairman-elect of one of the more senior Committees has put forward a plan whereby the Select Committees could be up and running without necessarily awaiting the formation of the Committee of Selection? Is there anything that you can do to help us? I know

[Dr Julian Lewis]

that several Committees have meetings—hearings—scheduled for next week that will have to be aborted if we cannot get this simple problem resolved this week.

Mr Speaker: I am grateful to the right hon. Gentleman for his point of order, and I certainly hope that the unfortunate and unnecessary eventuality to which he referred does not come to pass.

I would say a number of things to the right hon. Gentleman. First, I had been aware, some weeks ago, that there was a plan in the offing on the part of at least one Select Committee Chair to facilitate a simple—streamlined, if you will—process whereby the Committees could be constituted. I have not had any recent intelligence on the progress of that initiative, but I was aware of it.

Secondly, I can say without fear of contradiction to the right hon. Gentleman that although it might be normal for the Committee of Selection first to be constituted, it is not a prerequisite of the establishment of the Committees, and nobody should insult the right hon. Gentleman, his colleagues or the House by suggesting, pretending or implying that it is a prerequisite. It is not. It is perfectly possible for a resolution to be put to this House to facilitate the immediate composition of the Committees. Whether the Committee of Selection is formed or not is, or can be, a separate matter.

Thirdly, and finally, I say to the right hon. Gentleman and to other Members that I spoke to the Leader of the House shortly after the House rose for the summer recess, and I impressed upon the right hon. Lady the very widely held view—not merely among Select Committee Chairs, but among Back Benchers more widely—that the Committees should be constituted as quickly as possible on our return in September so that they could conduct their first meetings without having to wait until October. I am pleased to tell the House that the Leader of the House immediately assured me that she shared my impatience on this matter and was keen that the

Committees should be constituted. She went on to say that she favoured an inclusive approach and wanted to take the House with her, and I absolutely believe her.

Let me say with all the force at my command that it is absolutely imperative, under any Government, that the Government are subject to scrutiny; and rigorous scrutiny is undertaken not least, and often best, by the Select Committees. Delaying at their composition is not clever. It is not my job to do the Whips' work for them, but all that they will do if they delay is to build up ill will, and that would be profoundly misconceived. My simple message, in a non-partisan spirit on behalf of Back Benchers in all parts of the House, is: for goodness' sake, stop faffing around and get on with it.

Frank Field (Birkenhead) (Lab) *rose*—

Mr Speaker: I thought my ruling on the matter was fairly conclusive, but I will take a point of order from the right hon. Gentleman.

Frank Field: Further to that point of order, Mr Speaker. In that spirit, is it not possible for the Leader of the House to bring forward a motion setting up the Committees—subjecting herself to your will and to the will of the House—so that we have them established within the next 24 hours?

Mr Speaker: It could be done. It absolutely could be done, and I really hope it will be. Let us take our responsibilities seriously in this place. If we want to recover the respect of the House, we have to show some self-respect.

I must say that I am very glad that parliamentarians on both sides are speaking up about this matter. The Executive have very important powers and responsibilities, and we respect that, but Parliament has very important responsibilities to scrutinise them, and it should not be frustrated in its legitimate mission. I think I have made the position very clear, and I hope that the powers that be will now do the decent thing. Otherwise, the matter will just keep on being raised. That would be very embarrassing for the Government, and I do not want that to happen.

National Shipbuilding Strategy

1.39 pm

The Secretary of State for Defence (Sir Michael Fallon):

With permission, Mr Speaker, I wish to make a statement. This Government are committed to a strong Royal Navy and a strong economy that benefits every part of the UK. Today I am publishing the national shipbuilding strategy, the means by which we plan to bring these two strategic goals together. Copies are being placed in the Library and on the Government website. This strategy will transform the procurement of naval ships, enable the fleet to grow by the 2030s, energise the United Kingdom's maritime industry, and increase skills, exports and prosperity across our country.

In the 2015 strategic defence and security review we committed to developing a national shipbuilding strategy, because we acknowledged that previous procurement of surface ships had been problematic. Sir John Parker, a well respected expert in this sector, was appointed to produce an independent report to inform the strategy, and that report was published in full last November. Sir John analysed where previous approaches had fallen short, and identified a "renaissance" in United Kingdom shipbuilding. He made 34 recommendations in total. I am pleased to report today that we have accepted all of Sir John's recommendations for the Government, and have either implemented them already or have a plan of action to do so. I would like to place on record once again my thanks to Sir John for supporting us.

The strategy focuses on surface ships and makes clear this Government's commitment to an ambitious programme of investment in a growing Navy. In the post-Brexit world, the need for us to project our influence and to keep reaching out to friends and allies alike will be more important than ever. That is why we now propose to invest billions in the Royal Navy over the coming decade. Our future fleet will include our two mighty flagships, the Queen Elizabeth aircraft carriers; the next generation Dreadnought submarines; the Type 45 destroyers; and a phalanx of new frigates—not just Type 26 global combat ships, but a flexible and adaptable general purpose light frigate, the Type 31e—as well, of course, as the Astute class submarines and five new offshore patrol vessels.

I am pleased to announce in the House today that the Government plan to procure the new Type 31e frigates. We will order a first batch of five such vessels, with the first to be in service by 2023. The Type 31e will enable us to refocus offshore patrol vessels and other craft on their core patrol and protection roles, while the Type 31e ships will maintain and project the presence we require to deliver security in an uncertain world. In turn, that will allow the high-end capabilities of the Type 26 frigates and the Type 45 destroyers to focus on maritime task group operations—particularly carrier strike—as well as the protection of the nuclear deterrent. As its name implies, the Type 31e will be designed from the start as an exportable vessel, meeting global needs for a flexible and adaptable light frigate. We will test the concept of distributed block build during the procurement competition.

This procurement will be the first demonstration of our new strategy in practice. The new frigate will be procured competitively, providing an opportunity for any shipyard across the UK to bid for this programme

of work. The strategy confirms, in the clearest statement of this policy for a decade, that all warships will have a UK-owned design and will be built and integrated inside the United Kingdom. Warship build will be by competition between United Kingdom shipyards. We will of course encourage United Kingdom yards to work with global partners, where they meet our national security requirements, to ensure that the vessel is fully competitive on the export market. We will also encourage UK yards to participate in the ongoing fleet solid support ship acquisition programme.

These several programmes will secure hundreds of highly skilled and well paid jobs on the Clyde and throughout the UK, bringing opportunities for high-wage and high-skill employment, growth and prosperity. Our research indicates that maritime industries in the UK employ about 111,000 people in nearly 7,000 companies, contributing £13 billion to our economy, of which the shipbuilding and repair element alone contributes about £2 billion.

This is a strategy for industry as much as for the Government. Delivering these new ships means that we will need a strong shipbuilding sector as part of a wider marine engineering sector. That includes the shipyards, their suppliers, those who manufacture and support the equipment for these ships, and the skilled workers who support those companies. Industry and the trade unions were involved as we developed the strategy, and I thank them for their contribution.

This programme of investment represents further opportunities for the sector to compete for and win work for the Royal Navy and for overseas customers, in turn enabling further investment, greater productivity and growth. The strategy makes it clear how the Government now intend to work with the marine engineering sector to support and enable that growth. In turn, we expect the industry to raise productivity and innovation, and to improve its competitiveness in domestic and overseas markets. That, in turn, should better insulate shipyards from the peaks and troughs of Royal Navy business, and bring more sustained growth and prosperity in the regions where those businesses are based.

The strategy makes it clear how the Ministry of Defence will grip and drive pace into ship procurement. We have already implemented a new governance structure that will ensure early and senior oversight of ship procurement programmes. Additional and expert external support will be provided to Navy Command and the Type 31e project team to ensure that they can execute their responsibilities at speed. There will also be a new structure to oversee the delivery of Type 31e and Type 26, building on the lessons learned from the carrier programme. We will reap the benefits of these changes as we build and support a modern Royal Navy that will grow in size by the 2030s. We are committed to meeting the undertakings set out in this strategy, but delivering its ambitious vision will require a joint effort between the Government and the industry. I commend this statement to the House.

1.47 pm

Nia Griffith (Llanelli) (Lab): I thank the Secretary of State for his statement, and for advance sight of it.

I welcome the fact that this strategy has finally been published—we all want a secure future for this country's world-class shipbuilding industry, and this represents a

[Nia Griffith]

step in the right direction—but may I ask the Secretary of State why on earth it has taken so long? He announced this strategy more than two years ago, and Sir John Parker's report to inform it was out last November. We were told we would finally see the strategy in the spring, and back in May the defence procurement Minister, the hon. Member for West Worcestershire (Harriett Baldwin), said that it was ready, so why have the shipbuilding industry and its workers been kept waiting for so long?

The strategy repeats the Government's stated aim of bringing the Type 31e frigates into service from 2023. As that is just six years away, will the Secretary of State set out more detail of the timetable? When will the contract be put out to tender, and when does he hope to announce the successful bidder? What discussion has he had with the industry about whether the £250 million cap for the Type 31e is achievable? We know that the defence budget is already under considerable strain, so what contingency is in place in case costs overrun?

The Government's commitment to a shipbuilding strategy must be complemented by a comprehensive industrial strategy. We need more than warm words, so may I ask the Secretary of State how he intends to maximise opportunities for the UK supply chain? Will he, when determining best value, commit to giving weight to the positive impact on local economies and employment opportunities in awarding contracts?

The news that only 50% of the steel in the Type 26s is UK sourced is disappointing. How do the Government intend to improve on that for future contracts?

The strategy rightly focuses on the export opportunities for UK shipbuilding, and orders from overseas will be important in ensuring steady work for shipyards across the UK. Given the fierce global competition, what strategies will the Secretary of State implement to secure orders from foreign buyers?

We must ensure that uncertainty surrounding Brexit does not dissuade companies from operating here, or our allies from wanting to buy British. What active steps are the Secretary of State and his ministerial colleagues taking to facilitate the best possible operating conditions so that British and European defence companies are not deterred from investing here?

As well as investing in our naval fleet, we must invest in the men and women who serve in our Royal Navy. We know that there is a crisis in recruitment and retention across the three forces, with the Navy currently under strength and the Government on course to miss their target on personnel numbers. Will the Secretary of State set out specific steps to ensure that that sorry situation does not continue?

Sir Michael Fallon: I am grateful to the hon. Lady—I think that that was a welcome for the strategy, even though she had some detailed questions. Let me try to answer the, I think, seven of them.

First, Sir John Parker did report at the end of last November and we initially hoped to publish the strategy in early summer. The hon. Lady asked why it had been delayed. I think I recall a general election around that time—she may recall it, too. There was therefore necessarily a delay. We have now introduced the strategy—I wish it had been a few months earlier.

Secondly, the hon. Lady asked when we intend to start placing the orders. We will run the competition at pace next year. We hope to place the order by the end of next year and start the building programme in 2019.

The hon. Lady asked about contingency. The problem with naval procurement under successive Governments for many years has been cost overruns. The frigates will be procured in a completely different way. We are setting a price per ship and challenging the yards to come up with the right bids to match that price. It is a reasonable price and it is now up to industry to meet it.

I hope that the eventual winner—or winners—of the tender programme will be encouraged to show us how it proposes to involve its local supply chains, and certainly the British steel content it can provide. Not all specialist steels for shipbuilding are made in this country, but we certainly encourage the use of British steel. We now have the means to do that through the procurement policy, which enables us specifically to consider that factor when weighing up the different tenders.

The hon. Lady asked about exports. It is a sad fact that we have not exported a new warship from this country under any Government since the 1970s. The new frigate is specifically designed to be exportable—a ship that other navies want to use. We already have an intensive export campaign for the Type 26 frigate. I have been championing its case in Australia, which is about to purchase an anti-submarine frigate, and also in Canada. I assure her that the Type 31e will be designed for export and we will put the full weight of Government behind that campaign.

The hon. Lady asked what we are doing to secure British defence companies' continued participation in the European market after Brexit. We will shortly publish how we see the future of foreign policy and of defence and security policy in the new partnership that we want with the European Union. That will include our view of future participation in European defence programmes and funding.

Finally, the hon. Lady asked about manning in the Royal Navy. It is currently over 97% manned. We are spending a great deal of money on recruitment marketing and improving retention in the Royal Navy. We have spent some £40 million a year on recruitment marketing for the Royal Navy. She will have noticed that unemployment in this country is the lowest for 40 years. The Royal Navy, like many other large organisations, has to compete with other sectors of the economy, but I assure her that we will ensure that it does so. She will recall from the strategic defence review of two years ago that we are increasing the number of personnel in the Royal Navy by 400 sailors to man the additional ships.

Dr Julian Lewis (New Forest East) (Con): Where warships are concerned, quantity is a form of quality because even the most powerful warship can be in only one place at any one time. I therefore warmly welcome the strategy, particularly its acknowledgement, in the section on strategic context, that:

“There is a need for greater volume in the destroyer and frigate force if we are to deliver the required operational flexibility.”

The Secretary of State mentioned the 1970s. He will know that in the 1970s we had as many as 70 frigates and destroyers. In the mid-1990s, we had 35 frigates and destroyers, and successive Governments incrementally

reduced that to 32, 31, 25 and our current total of 19, which the Select Committee on Defence described as “woefully inadequate”.

My right hon. Friend is entirely on the right lines in saying that we need to grow the fleet. Will he do everything in his power to ensure that what happened to the Type 45 destroyers, and to some extent to the Type 26 frigates—as the build went on, they became increasingly complex and expensive so that we ended up with fewer ships at the end of the process—does not happen to the Type 31e?

Sir Michael Fallon: The light, general-purpose frigate is specifically designed to avoid that fault, which, as my right hon. Friend said, has plagued previous programmes.

My right hon. Friend took us back to the 1970s. Perhaps only he and I now remember them and what happened then. I note his comments about the number of ships. I gently say that today’s ships are of course much more powerful than those that were involved in, for example, the liberation of the Falklands, and that although they can be in only one place at once, they can fight conflicts at different ranges at the same time.

It is my ambition to grow the fleet. We are expanding the Royal Navy. If industry can rise to the challenge and deliver the frigates to time and in the price cap that we specify, it will enable us to expand the Royal Navy beyond the numbers set out in 2015.

Stewart Malcolm McDonald (Glasgow South) (SNP): I thank the Secretary of State for the statement and for advance sight of it. I welcome—finally—the publication of the national shipbuilding strategy. I had started to think that we would never get there.

However, the Secretary of State did not get off to the best start this morning. What is it with his interviews with Scottish journalists? He came out with a howler on “Good Morning Scotland”, claiming that there was already a frigate factory on the Clyde. That is quite something, because only three weeks ago my hon. Friend the Member for Glasgow North West (Carol Monaghan) and I met workers on the Clyde, who were asking for that very thing. Has not the Secretary of State reneged on his promise and should he not put that right at the Dispatch Box today?

Since 2005, we have had the defence industry strategy, the 15-year terms of business agreement with BAE, and a consolidated shipbuilding plan for the Clyde that led to many job losses. Workers there are asking whether the Ministry of Defence will see any of its promises through.

The Govan and Scotstoun yards were promised 12 Type 45 destroyers; we got six. They were promised 13 Type 26 frigates; so far, we have three. As for the world-class frigate factory which the Secretary of State seems to think exists, I can tell him right now that there are journalists in Scotstoun trying to find it. How can the workers in those yards believe the Secretary of State’s promise that there will be work for them until 2035?

More broadly, as was mentioned by the hon. Member for Llanelli (Nia Griffith), behind the historically low level of the escort fleet lies a low-manning crisis. Will the Secretary of State say more about what he is going to do to resolve that issue?

Sir Michael Fallon: First, let me make it very clear that it ill behoves members of the Scottish National party to pose as friends of the Clyde when they would decommission our nuclear submarines, which would halt work on the Clyde on the frigates that would protect those submarines.

Secondly, the hon. Gentleman is wrong about the frigate factory. There is a frigate factory on the Clyde, namely the Govan and Scotstoun yards, to which I gave 20 years of work back in July when I cut steel on HMS Glasgow, the first of the heavy anti-submarine warfare frigates. I gave 20 years’ worth of work to the Clyde, and, as a result of today’s announcement, it will be able to bid for the lighter frigate as well. He will clearly never be satisfied. There are 20 years of work and the contract for the first three frigates is worth £3.7 billion, but he is still not satisfied.

As for manning, I have already explained to the House that the Royal Navy, like the other two services, is just over 96%, or 97%, manned. We are spending a lot of money on recruiting to fill the remaining gaps, and to ensure that we can continue to offer a rewarding, highly valued career in the Navy.

John Redwood (Wokingham) (Con): I welcome the statement. Will the Secretary of State confirm that the same model could be applied to other areas of defence procurement to ensure more British content and more export capability? Will he also confirm that when we are out of the European Union we may be able to spread the model beyond defence, because we shall be able to make up our own procurement rules across the board?

Sir Michael Fallon: We will indeed be able to set our own procurement rules, free of some of the constraints that have resulted from our membership of the European Union. It is true that we need to improve the way we have procured our naval vessels in the past, and to start sending new-build ships out across the world again. Many other navies in the world are looking for lighter frigates, offshore patrol vessels and new vessels of all kinds as the global picture darkens and they need to do more to protect their maritime interests. There is a huge opportunity, and we shall see now whether the English yards, alongside the yards on the Clyde, are ready to rise to the challenge.

John Woodcock (Barrow and Furness) (Lab/Co-op): May I question the Secretary of State on recommendation 9 in Sir John Parker’s report, for the freezing of the design specification? Does it mean that a repeat of, say, the change in the design specification of the Astute class submarines in build to introduce special forces capability would be bindingly ruled out in future? Would it also rule out a repeat of the fiasco over cats and traps that took place when the coalition Government changed their mind not once but twice, and added to the cost of the carriers?

Sir Michael Fallon: I think that my right hon. Friend the Member for New Forest East (Dr Lewis), the Chairman of the Select Committee, was on better ground when he drew attention to the problems we had in the past when the design was constantly tinkered with, and indeed added to, and the ships that were planned became heavier and heavier and more expensive and late. There have

[*Sir Michael Fallon*]

been significant delays in the Astute class programme. I do not ascribe blame to those who work on the programme, but under previous Governments of both complexions there has always been a tendency for the military to add the very latest equipment, and we need to get away from that. We need to produce a frigate that has a basic design, but is sufficiently adaptable for foreign navies to be able to add to it and adapt it for their own particular purposes.

Mr Mark Francois (Rayleigh and Wickford) (Con): As the son of a sailor, Reginald Francois, I welcome the Secretary of State's statement, and particularly welcome the announcement about the Type 31e.

May I follow up the point made by my right hon. Friend the Chairman of the Select Committee about frigate numbers, and make a humble suggestion? Given that the Type 23 frigates will be gradually paid off over the next few years, has the Secretary of State given any consideration to the possibility of—rather than selling those vessels abroad, or even scrapping them—placing some of them in a state of extended readiness so that they could provide a rapidly mobilised war reserve?

Sir Michael Fallon: I congratulate my right hon. Friend on his election to the Select Committee; I look forward to discussing these matters when I am next summoned to appear before the Committee. I also thank him for the work that he has done, since leaving the Department, on the reserves, and the need for us to improve the offer that we make to them. We are studying that report.

I will certainly consider my right hon. Friend's specific proposal: we have no immediate plans to sell off the Type 23s, and we have a bit of time in hand to consider whether there is sufficient merit in it.

Frank Field (Birkenhead) (Lab): I welcome the Secretary of State's announcements, which made it clear that the monopoly control that certain yards have exercised over the whole of his order book is now broken. Does he accept that Cammell Laird, with its workforce of expertise and loyalty led by an inspiring leader, John Syvret, is in pole position to win these orders, but that it will have to win them? May I invite him to visit the yard when his diary allows, so that he can give its entire workforce the good news that he has given to us today?

Sir Michael Fallon: I am grateful to the right hon. Gentleman. It is true that the monopoly that the Clyde has enjoyed for so long in warship building is ending, but, equally, the Clyde yards—we are talking not just about BAE Systems; there is the Ferguson yard as well—are perfectly free to compete for this work, in addition to the work on the heavy frigates that they are already building.

I, too, am aware of the renaissance of the Cammell Laird yard, which I visited during my time as industry Minister. I would have to be careful about visiting it again, because I am not sure that I can start to accept that it is necessarily in pole position, but I think that the renaissance of such yards in England provides opportunities not just for Birkenhead, but for A&P on the Tyne, Appledore in Devon, and Harland and Wolff in Belfast.

There is now a huge opportunity for those yards to step forward and see whether they really can build the frigates on time and within budget.

Colin Clark (Gordon) (Con): Does my right hon. Friend agree that the Government's support for Clyde shipbuilding puts the Clyde in an excellent position to benefit from export opportunities, and that Opposition Members should celebrate this commercial opportunity for Scotland?

Sir Michael Fallon: Absolutely. As I have said, the Clyde already has 20 years' worth of guaranteed work on the eight heavier anti-submarine frigates. When I was on the Clyde in July to cut steel on the first, HMS Glasgow, there was a unanimous welcome from the workforce for the commitment that the Government are following through in awarding that contract. Today, however, we are doing more than that, in both frigate factories. [*Interruption.*] Govan and Scotstoun will produce eight frigates over the next 20 years. But there is even better news for Scotland today: those yards—and, indeed, Babcock at Rosyth—will be able to bid for the lighter frigate as well. Scotland's cup runneth over.

Gavin Robinson (Belfast East) (DUP): In thanking the right hon. Gentleman for the honourable mention of Harland and Wolff in Belfast, retaining, as it does, the UK's largest and second largest dry dock, I do not wish to draw him on pole positions, but in welcoming today's advancement and the greater focus on regionalisation and competitiveness, may I ask whether the Secretary of State envisages a single tendering process to be met by joint venture, or will individual components be separately tendered for, and then collated together for the Type 31?

Sir Michael Fallon: I certainly hope that Harland and Wolff will participate in this competition and rise to the challenge. We retain an open mind as to what the final winning solution is likely to be. We have learned a lot from the block build construction of the aircraft carriers, but equally it might well be the case that one particular yard comes up with the best proposal, or that that comes from a consortium of one or two yards, working with international yards as well on some elements of the ships. So we have a completely open mind as to how this is going to be done. This is a challenge for all the shipyards in Britain and Northern Ireland.

Jo Churchill (Bury St Edmunds) (Con): May I add my voice to those who welcome this announcement of our commitment to a growing Royal Navy, to high-skilled jobs right across the UK, and to more apprenticeships so that our young people are brought into this industry? Will the Secretary of State tell us how we will ensure that this strategy comes in both on time and to cost? How will we hold suppliers to account so that we optimise the number of ships in the water?

Sir Michael Fallon: The revival of naval shipbuilding, particularly in the English yards, will produce huge opportunities for apprentices to embark on highly valued skilled engineering careers. Indeed, in Scotland—I turn again to the opportunity here for Scotland—when I was at the Govan frigate factory on the Clyde, cutting steel on HMS Glasgow, I was able to point out to the

workforce that the apprentices who will be working on the eighth of these eight frigates are yet to be born. That is the nature of our long-term commitment to the Clyde and, I hope, of our long-term commitment to our other, English yards.

My hon. Friend makes an important point about the delivery of this programme. Too many programmes in the past have ended up over budget and over time, leaving critical gaps. By setting a fixed price for these ships and putting in place a delivery organisation that will ensure that there will be penalties, we are determined this time that we will drive the procurement and delivery of these ships at pace.

Mr Kevan Jones (North Durham) (Lab): As chair of the all-party group on shipbuilding, I welcome these orders for the UK shipbuilding industry, but may I ask the Secretary of State about two fundamental points? First, on military capability, will the Type 31 add to our defence capability? Will it be able to fulfil our full NATO maritime standing commitments? So far little has been said about its anti-submarine or war-fighting capabilities. Secondly, the last successful set of exports was in the early 1960s, with the Rothesay class of frigates. Is it realistic to underpin a strategy entirely on exports, particularly when the French and Italians have similar types of ships not only on the drawing board, but in the marketplace?

Sir Michael Fallon: First, in respect of the performance of standing tasks within NATO, I made it clear that they will principally be undertaken by the Type 26 anti-submarine frigates and Type 45 destroyers, releasing the Type 31s for other duties around the world where we need to project our presence and where we can work more closely with allies outside the NATO context.

On exports, I hope that the hon. Gentleman will not be as pessimistic as he appears to be about our prospects. There is growing international demand for lighter ships and ships that are adaptable for all kinds of constabulary work around the different coastal regions. I have every confidence that we can produce a ship that will outperform what can be produced by the Italian or French yards but, in the end, it is for British industry to rise to this challenge and produce a ship that is cost-effective and can compete in the world market.

Tom Pursglove (Corby) (Con): When I recently wrote to my right hon. Friend, I included a prospectus of Corby steel products, which I obviously commend to him. Will he give an undertaking today that, whenever possible, we will use British steel in the building of these ships?

Sir Michael Fallon: As I have said, we will take a very close interest in the percentage of steel used in each of the bids—we will be watching that extremely closely. I remind the House that some specialist steels that are not produced in this country are needed for the hulls of our warships, but we will be looking to those who submit their bids to demonstrate just how much British steel they will use, as well as how they will fully engage their local supply chains, and, indeed, take the opportunity to refresh local skills in their area.

Jo Swinson (East Dunbartonshire) (LD): The Secretary of State is right that the Navy needs to modernise—I welcome the strategy and the jobs, although I share the

concerns expressed about the workers on the Clyde—but may I press him on the skilled personnel who will be needed to operate these vessels? In his answer to the hon. Member for Llanelli (Nia Griffith), he said that the low unemployment rate was one of the particular challenges, but armed forces data show particularly high rates of outflow for Royal Navy engineers and that only 33% of armed forces personnel feel valued by their service. What is he doing about the experience of people working in the armed forces to make sure they do not want to leave?

Sir Michael Fallon: To add to the answer I gave earlier, yes, the Royal Navy, like the Air Force and to some extent the Army, is increasingly competing with the rest of the economy for engineers, IT specialists and technicians of all kinds. These are exactly the jobs that are in such demand elsewhere across the economy. We have a growing economy now and, as I have said, very low unemployment, so this is not easy. This is not a unique feature of the Royal Navy or the Air Force; the same complaints can be made right across the engineering sector, as well as in the aerospace and automotive industries.

What are we doing about that? We must make sure that our offer to our people is as attractive as possible. We have legislation going through the other place to make employment in the armed services more flexible and to provide more opportunities, for example for women who want to return to the service, to move between the reserves and regulars more easily. That is a flexible employment measure and I hope it will have the support of the hon. Lady's party when the Bill is considered by this House in due course. We need to continue to work away at the offer to make sure that we provide careers that are attractive, highly valued and, indeed, highly rewarded.

Will Quince (Colchester) (Con): I greatly welcome today's announcement. I recently wrote to the Secretary of State asking him to consider naming one of the Type 26 frigates HMS Colchester. I got a very pleasant and polite response from the Under-Secretary, saying no, but I am nothing if not persistent, so I will ask again. We have waited patiently since 1746 for another HMS Colchester, and I ask the Secretary of State to please consider naming one of the new Type 31e class vessels HMS Colchester.

Sir Michael Fallon: I will certainly bear that in mind, although if my hon. Friend has waited since 1746, perhaps he can wait a little longer. By the way, I am still waiting for any expression of gratitude—I know that does not come easily to those on the Scottish nationalist Benches—for choosing the name HMS Glasgow for the very first of these anti-submarine frigates, paying tribute to the previous holders of that name and also the role that Glasgow played in the last two world wars. I will, of course, bear my hon. Friend's suggestion in mind.

Mr Stephen Hepburn (Jarrow) (Lab): I welcome today's statement, not least because it gives an opportunity to A&P Tyne in my constituency, which did fantastic work on the aircraft carrier. I am sure that A&P will be considered for further work, but will the Secretary of State assure me that that will be the case? Also, why does he not insist that British steel and components are

[Mr Stephen Hepburn]

used whenever possible, in order to create jobs and fly the flag for Britain? Is he looking at the loopholes and caveats, and is he going to put in any incentives to maximise the amount of British labour and apprenticeships involved in this excellent opportunity?

Sir Michael Fallon: I am grateful for the hon. Gentleman's welcome. A&P has already made a contribution to the construction of the carrier and it is contributing to the construction of the Astute class submarines. I very much hope that it will be involved in the competition. This is an opportunity for the Tyne, which was previously shut out when the monopoly was granted in favour of BAE Systems in Scotland, so this is good news for Tyneside and the other English yards. So far as steel is concerned, we want to see greater use of British steel when possible, but we must also be alive to the need to achieve best value for the taxpayer.

Robert Courts (Witney) (Con): I warmly welcome the Secretary of State's statement, with its ambition to increase the Royal Navy's platform numbers and our export possibilities. The hon. Member for North Durham (Mr Jones) mentioned the Rothesay class, which of course evolved into the excellent Leander class that was operated by eight navies worldwide because it was so adaptable and provided an excellent platform for all their needs. Will the Secretary of State assure me that the procurement process will ensure that the design that eventually emerges from the competition will have equal appeal so that our ambition to increase the Royal Navy's surface platform numbers and wider export potential can be realised? That would help jobs, businesses and apprenticeships in the UK.

Sir Michael Fallon: My hon. Friend puts his finger on it. This design has to be adaptable and flexible. As international supply chains are now lengthening, I hope that the yards that enter this competition will consult not only with other yards across Europe, but with other navies that are looking to procure this type of frigate, so that they ensure that they design a platform that is sufficiently adaptable and flexible for different navies' respective requirements.

Lady Hermon (North Down) (Ind): The Secretary of State will be well aware that this year is the centenary of the formation of the Women's Royal Naval Service—the Wrens. At the start of his statement, he said that “this Government are committed to a strong Royal Navy”. What is he planning to do to mark the centenary of the vital service of the Wrens, many of whom joined the service in later years and are still alive today? Many of them are quite offended that there has not been a brooch, a certificate or anything else to mark their service. It would be fitting, in this centenary year, if the Secretary of State were able to correct that omission, which I am sure was accidental.

Sir Michael Fallon: I certainly hope that it was accidental. I, too, would like to put on record my tribute to the women who have served in that branch of the Royal Navy for more than 100 years. Now, of course, our women are able to enter more and more roles in the Royal Navy. I will certainly check whether that centenary is being appropriately marked, and if we can pick up on any of the hon. Lady's specific suggestions.

Alan Mak (Havant) (Con): Havant has a strong engineering naval base, with three local supply chain partners involved in the Queen Elizabeth carrier project, which is securing local jobs. Does my right hon. Friend agree that, in designing a frigate for export, the potential for job creation among small and medium-sized enterprises is particularly significant?

Sir Michael Fallon: Yes, and we want to make it easier for more SMEs to participate in the supply chains of the major yards. Portsmouth and the surrounding area are now enjoying the challenge of completing the final fitting out of the two carriers and making sure that they are properly maintained and serviced, but there may well be further opportunities in the Havant area. I remember that the sector report that was produced for that area as part of the Solent local enterprise partnership specifically drew attention to the maritime strengths of the region, and I hope that it, too, can get involved.

Chris Stephens (Glasgow South West) (SNP): As the hunt goes on for the mystical frigate factory, which the Secretary of State cancelled in June 2015, may I ask him what shipyard reconstruction investment he is going to make on the Clyde? Also, does he accept the criticisms in the Parker report that some decisions were based on historical wrong assumptions about the ability to build different types of ships consecutively, as has happened on the Clyde? Will he confirm that the Type 31 frigate is a complex naval warship and that it should therefore be built at the centre of excellence on the Clyde, as he and the then Prime Minister promised in November 2015? Finally, why are the fleet support ships being procured internationally when the UK shipyards could be building them?

Sir Michael Fallon: The hon. Gentleman is doing his best to turn sunshine into a grievance. Govan will build eight enormous frigates over 20 years. That is a frigate factory by any definition, and I hope that he is clear about the sheer weight of work that Govan and Scotstoun are now going to enjoy. So far as investment in the yard itself is concerned, yes, part of the £3.7 billion that I announced when I came to cut steel in Glasgow at the end of July is indeed investment to enable BAE Systems to build the final five of the eight-ship batch. That money includes the price of the first three ships as well as investment to ensure that the next ones are built as well.

On the question of the support ships, it is only warships that have to be built inside the United Kingdom, for security reasons, but there is absolutely nothing to prevent yards in England or Scotland from bidding for the fleet solid support ships as well. Indeed, there is every reason to encourage them to do so.

Rebecca Pow (Taunton Deane) (Con): I welcome the approach that has been announced today. We are a maritime nation and we should be ambitious. This demonstrates that we are being ambitious with not only our security, but the economy, and I am delighted that there might be some spin-offs for the south-west. With 40 Commando in my constituency, may I highlight the need for the general purpose frigates to be designed with maximum utility in mind, so that they will be able to accommodate and project Royal Marines as and when necessary?

Sir Michael Fallon: I am delighted that my hon. Friend shares my ambition for the Royal Navy. I want it to be bigger and stronger, and to have the ships that it needs so that it can protect our trade routes, promote our prosperity and contribute to security on each of the seven seas. That is our ambition as a Government, and I am going to do everything I can to drive that forward with the new ships and submarines that we are now setting out to build.

I note my hon. Friend's point about the Royal Marines. The frigate will have to be adaptable and flexible, and amphibious fighting capability is something that foreign navies might be looking for. I will certainly ensure that that is further considered.

Dan Jarvis (Barnsley Central) (Lab): The Defence Secretary did not say much in his statement about the strategic context in which these decisions are being taken. Given that the Government have decided not to conduct a strategic defence review in this new Parliament, will he say more about the long-term planning assumptions that underpin the publication of this strategy?

Sir Michael Fallon: In the light of the deteriorating international situation and the intensification of the threats identified in the 2015 review, we have undertaken to look again at the specific capabilities available not just to the MOD but to the Home Office and the other Departments, to ensure that as the threats intensify we have the right capabilities in the right places to meet them. I hope to report further to the House on how that review develops later in the year.

Rishi Sunak (Richmond (Yorks)) (Con): I commend the Secretary of State for his Department's being the leader across Government in the employment of apprentices, especially at Catterick garrison in my constituency. Will he reassure the House that the use of apprentices will be a key factor in the procurement process to ensure that this exciting new national shipbuilding strategy can support the aspirations of young people across the UK?

Sir Michael Fallon: I can certainly give my hon. Friend that undertaking. We will be looking carefully at the commitment to apprenticeships from the yards that tender for this ship. He is right to remind the House that the armed forces are the single biggest employer of apprentices in the entire country. We play a huge role in developing apprenticeships as a fully valued alternative to more academic studies and as a pathway to a rewarding career.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): I welcome the statement by the Secretary of State and, yes, even the naming of HMS Glasgow, but for the record in *Hansard*, I must point out that Glasgow is not the Clyde. As the son of a former shipyard worker at John Brown's, the greatest shipyard ever to grace these islands, I will take no history lesson on the utter disinvestment in the Clyde since 1945 by every successive British Government. Given that the cost of the Type 31 has been capped at £250 million per frigate, before we take into account the depreciation of the pound, which the National Audit Office says poses a severe risk to the equipment plan, will the Secretary of State reassure the armed forces, especially the Royal Navy, that we will see

a credible timetable for raising the Royal Navy from the position in which it now finds itself—with more admirals than frigates?

Sir Michael Fallon: Twenty years of guaranteed work—

Martin Docherty-Hughes: Forty five years of disinvestment.

Sir Michael Fallon: Twenty years of guaranteed work for the Clyde is a peculiar definition of disinvestment.

Martin Docherty-Hughes: Unbelievable!

Sir Michael Fallon: On the contrary, the Government are investing in the Clyde—

Martin Docherty-Hughes: A scandalous lack of historical knowledge.

Sir Michael Fallon: We invested £3.7 billion in July, and there are five more frigates to follow. This is a massive investment in the skills present on the Clyde. The Government are investing in the Clyde.

Martin Docherty-Hughes: Not in Glasgow.

Madam Deputy Speaker (Mrs Eleanor Laing): Order. The hon. Gentleman had his say when he was on his feet. He must not continue to try to have a say while sitting down.

Sir Michael Fallon: I think the hon. Gentleman is probably faintly embarrassed by the scale of our commitment to the Clyde and of the investment there.

The hon. Gentleman asked me a serious question about the affordability of the equipment programme more generally. Yes, part of the equipment programme will have to be funded through the efficiency savings that we in defence have to realise and put back into the equipment programme. That means being more efficient, modernising our processes—for example, getting rid of barracks and land we no longer need—and continuing to work more effectively. All of that gain will go back into the equipment programme and help to fund the frigate that his constituents are building.

Mark Pawsey (Rugby) (Con): I welcome the Secretary of State's announcement, particularly the commercial latitude of his Department in procuring a vessel that can compete in export markets. The issue of procurement has been raised many times by Members. Will he confirm that the high UK content of the vessels means that the cost will not be affected by the depreciation of the pound post-Brexit and that there will be benefits across the UK, including for manufacturers of propulsion systems, such as GE Energy in my constituency, which, incidentally, is as far from the sea as one can possibly get?

Sir Michael Fallon: It might be far from the sea, but it is a very important firm and a key maker of the propulsion systems we will need. Of course, by definition, the higher the British content of these frigates, the less the price will be affected by the depreciation of sterling, but I will not speculate as to where the level will eventually settle.

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I would like to entice the Secretary of State to the calm of the Scottish highlands. He referred to modular

[*Jamie Stone*]

construction as having achieved value for money in the Queen Elizabeth-class carriers. The Nigg yard in my constituency, where I used to work, has great expertise in this field. Will he instruct his officials to consider the Nigg yard as and when these vital new contracts are drawn up?

Sir Michael Fallon: I am happy to agree to that. I hope that the Nigg yard will be included, and I will ensure that our officials include it in the discussions we will now begin on the technical details with the various yards and other companies involved. I well recall my own visit to Nigg when I was the oil and gas Minister, and I am well aware of the efforts it is making to diversify from the oil and gas sector. We will make sure that it is fully able to participate and receives all the information necessary for it to do so.

Mr Simon Clarke (Middlesbrough South and East Cleveland) (Con): I warmly welcome today's statement, as will my constituents who work at British Steel in Skinningrove. I am the deputy chairman of the all-party group on steel and metal related industries. With that in mind, I was hoping that officials from the Department might come to meet the APPG to discuss how we can deliver what has been rightly referred to as the pressing need to maximise the British steel content in the new vessel.

Sir Michael Fallon: I congratulate my hon. Friend on achieving the position of deputy chairman of the all-party group, and I am happy to agree to get an official or colleague to attend and make sure his group is fully aware of exactly how we will maximise the use of British steel in this procurement.

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op): As the MP for Devonport, where half the nation's frigates are currently based, I welcome this much delayed strategy. I am concerned, though, that the £250 million price cap for a Type 31e is an accountant's answer to a general purpose frigate, not an answer to the military question. I doubt we will get a capable frigate for that much money with a full complement of offensive weaponry. Will the Secretary of State confirm, therefore, that the new Type 31e will be equipped with more than just one main gun?

Sir Michael Fallon: I cannot confirm the exact details of the armaments and weapons systems on the frigate. We think that £250 million per ship is the right kind of cap to aim for, and we will now go into intensive discussions with the industry, but yes this is a challenge to our yards—particularly to the English yards, as well as to BAE Systems and Ferguson's on the Clyde and Babcock on the Forth—to meet for the first time a cap per ship. That is extremely important. We have seen far too many programmes where the cost has escalated year after year, to the detriment of the other parts of defence.

Mr Philip Hollobone (Kettering) (Con): I commend my right hon. Friend for his statement and invite him to describe to the House the minimum armament of the vessel, the minimum capability requirement and the minimum size of ship's complement.

Sir Michael Fallon: We will be officially launching the competition tomorrow and will be working on the technical details of the frigates, so I cannot confirm to my hon. Friend today the exact specifications that we will set out for the weapons system, but he and the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard) are right that they will be a key part of holding the bidders to the overall price cap.

Carol Monaghan (Glasgow North West) (SNP): As the MP for Scotstoun, I am beginning to see a familiar pattern here. Workers in Scotstoun and Govan were promised 12 Type 45 destroyers; they got six. They were promised 13 Type 26 frigates; we have got three so far. The Secretary of State speaks of this frigate factory on the Clyde. To be clear, a frigate factory is an indoor assembly hall; it is not putting ships together in the rain. So we see another broken promise there. Will he now keep a promise to the workers in Glasgow and give them a cast-iron guarantee that the current workforce levels will be maintained until 2035?

Sir Michael Fallon: I am not responsible for the overall number of Type 45 destroyers, and I am sure that the hon. Lady will recognise that that decision was taken by a previous Government. As for the number of Type 26 frigates, we have guaranteed the eight Type 26 anti-submarine frigates to the Clyde, and we are giving the Clyde the opportunity to tender for more. It is important, however, that other yards right across our United Kingdom are able to tender as well, and I hope she will recognise that. As for employment numbers on the Clyde, the actual number employed in either Govan or Scotstoun is a matter for BAE Systems.

Wendy Morton (Aldridge-Brownhills) (Con): I join others in welcoming today's statement, which is good news for our country, for industry and for jobs, but let us not forget that it is also good news for the Royal Navy and those who serve in it. Does my right hon. Friend agree that the construction of the new aircraft carriers demonstrates the skills and industries that exist right across the United Kingdom to build ships for our Royal Navy and, potentially, other navies around the world?

Sir Michael Fallon: I hope my hon. Friend is as proud of the two new carriers as I am. It is a permanent statement to the world of what we can make of our country's manufacturing talent that the ships were put together across six different yards, including the Clyde, which shows what we can do in a huge and important national endeavour. They will sail the oceans of this world as a reminder not simply of Britain's military power, but of what we can do with our industry and technology.

Mr Paul J. Sweeney (Glasgow North East) (Lab/Co-op): I think I am one of the few Members who has actually built a ship, so I speak with some degree of understanding of the process. When I was with BAE Systems, we looked at multiple-site block builds, which we obviously used for the Type 45 destroyers, but a key component of the terms of business agreement that we had with the Ministry of Defence was to achieve upper-quartile status in world shipbuilding. Not only did the team and I carry out a worldwide benchmarking exercise to deliver

a world-class shipbuilding capability on the Clyde, but we also developed the design of a shipyard that would deliver that world-class capability. That included an integrated fabrication or module hall, a paint cell and a 330 metre-long dock hall in a covered dock assembly facility, which have been quietly dispensed with. It is clear that even the plan B, which involved a module hall at Govan, has also been dispensed with. Is it still the Government's intention to achieve upper-quartile status in world shipbuilding on the Clyde through facilities investment? Will the design of the Type 31 involve a consistent, integrated assembly site? Given the demolition of the Scotstoun site, is there the capacity on the Clyde to deliver that?

Sir Michael Fallon: I cannot answer the hon. Gentleman's question about the upper-quartile position, but I can restate that we are open-minded about the winning solution for the procurement of this particular frigate. There are important, useful lessons from the block build involved in the construction of the two carriers, and I am sure that all those involved in the competition will want to pick up on those particular lessons and, indeed, on how the final assembly can be properly integrated, but we will not say now that there must be one solution rather than another; it is up to British industry to rise to this particular challenge.

Kevin Foster (Torbay) (Con): Representing a part of south Devon that looks forward to seeing the ships ultimately refitted and based there, I welcome today's statement, but will the Secretary of State reassure me that we have learned from past military procurement mistakes and the impact that they had on the size of the fleet, particularly during the Type 45 programme, when a £6 billion budget for 12 ships became a £6 billion budget for six?

Sir Michael Fallon: My hon. Friend is right. As I have said several times now, procurement programmes have overrun in time and in budget too often. We have to get a proper grip on that with a much more commercial approach to the delivery of such projects. We have now put that in place for the delivery of the Dreadnought and Astute-class submarines through the new Submarine Delivery Authority. We have also put it in place with BAE Systems for the delivery of the Type 26 ships, where we have a pain-share/gain-share arrangement by which the company must bear the cost if it runs behind schedule or over budget. We will do the same for the Type 31 ships, for which we will have a commercial delivery set-up to ensure that the taxpayers' interests are properly protected.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): *The Times* reports today that the new Type 31e frigate will cost about a third of the Type 26 frigate, so will the Secretary of State provide a little more detail than he has to date about the difference in capability between the two frigates?

Sir Michael Fallon: The Type 31e frigate will be about half the size of the Type 26, but we hope that it can be produced for around a third of the cost. If we can produce these ships for that particular price, that is the

prize that will enable us in the end to expand the size of the Royal Navy. The challenge that we are laying down to British industry is whether, for the first time, it can meet a particular price per ship. The difference is essentially in the weight and in the duties that the ship will carry out.

Douglas Chapman (Dunfermline and West Fife) (SNP): The Secretary of State has triggered two search parties in Scotland today. The first relates to the mythical frigate factory referred to earlier and the second is this cup that runneth over. I am sure that people are out on the streets of Glasgow looking for them today. However, I am glad that he has at long last actually found the shipbuilding strategy and that it is a step in the right direction. As for the Type 31 frigates and the fleet support ships, what steps is he taking to ensure that the build programme is accelerated to guarantee a constant drumbeat of orders for UK shipyards? With the ageing Type 23s and the need for the UK to focus all its efforts on exports, time and tide wait for no man; we need to make progress as quickly as possible.

Sir Michael Fallon: I think that that is the nearest we are going to get to a welcome from Scotland today, so let us bank that and thank the hon. Gentleman for it. He is right about one thing: the Type 23s are beginning to age and we must ensure that the Type 31e and the Type 26 are ready to replace them to keep up the overall numbers of frigates and destroyers. That is why we aim to insert real pace into the programme through the new procurement process by accelerating the design phase, running the tender next year, placing the orders towards the end of next year and starting, as he says, the regular drumbeat of orders to replace the Type 23 frigates. He will know that they were not all built at the same time and that the older ones will soon need to be taken out of service. Our aim is to have the first Type 31e in service by 2023.

Mr Deputy Speaker (Mr Lindsay Hoyle): Last, but certainly not least, I call Alan Brown.

Alan Brown (Kilmarnock and Loudoun) (SNP): They used to tell me that when I was the last pick at football as well.

In the 2015 strategic defence and security review, an extra £16 billion was found for the successor nuclear submarine project's budget, which clearly led to a cut in orders for the Clyde and to the disappearance of the frigate factory. If the costs for the successor submarine programme continue to spiral, what effect will that have on the national shipbuilding strategy and on today's promises?

Sir Michael Fallon: We have set aside some £31 billion for the construction of the four new Dreadnought submarines, but we have also put aside £10 billion as a contingency to meet any further requirement. With the greatest respect, I think the hon. Gentleman has this the wrong way around. If we had not set aside the money for the successor programme and if this Parliament had not voted to renew the Trident submarine programme, we would not need the frigates that we are already building on the Clyde.

Point of Order

2.49 pm

Dan Carden (Liverpool, Walton) (Lab): On a point of order, Mr Deputy Speaker. Following the announcement of eight jobcentre closures across Merseyside, my hon. Friends the Members for Liverpool, Wavertree (Luciana Berger) and for Liverpool, West Derby (Stephen Twigg) and I wrote to the Minister for Employment on 18 August asking him to consider colocation proposals drawn up by the Mayor of Liverpool and the city council to save some key services in our constituencies and, most importantly, to pause the closure plans and open a window of negotiation. Norris Green jobcentre in my constituency is due to close on 15 September, yet we have not had a reply from the Minister.

Mr Deputy Speaker, can you help me win a response from the Department for Work and Pensions on this important matter?

Mr Deputy Speaker (Mr Lindsay Hoyle): In fairness, that is not a point of order for the Chair, but I want to agree that it is unsatisfactory for Back Benchers not to get a reply. Whatever party we are from, we represent constituents who expect a reply. I hope the Government Front Bench will take that on board. I suggest that the hon. Gentleman has put it on the record, and people will reflect on it. I would like to believe that a letter will be winging its way as we speak.

BILL PRESENTED

TERMS OF WITHDRAWAL FROM EU (REFERENDUM) BILL

Presentation and First Reading (Standing Order No. 57)

Geraint Davies, supported by Mr David Lammy, Caroline Lucas, Thelma Walker, Daniel Zeichner and Tom Brake, presented a Bill to require the holding of a referendum to endorse the United Kingdom and Gibraltar exit package proposed by HM Government for withdrawal from the EU, or to decide to remain a member, following the completion of formal exit negotiations; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 3 November 2017, and to be printed (Bill 103).

Ways and Means

TAXABLE BENEFITS

Mr Deputy Speaker (Mr Lindsay Hoyle): Before I call the Financial Secretary to the Treasury to move the first Ways and Means motion, I make it clear to the House that motions 1 to 48 will be debated together.

2.51 pm

The Financial Secretary to the Treasury (Mel Stride): I beg to move,

That—

(a) provision (including provision having retrospective effect) may be made amending Part 3 of the Income Tax (Earnings and Pensions) Act 2003, and

(b) (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) provision may be made taking effect in a future year amending Chapter 6 of that Part (taxable benefits: cars etc).

The motions on the Order Paper provide the basis for the second Finance Bill of 2017. They will define the scope of the Bill and allow the Government to introduce it for further debate and consideration in the normal way. The motions ultimately represent a number of measures that will refine our tax system to make it fairer and more sustainable.

As the House will be aware, Finance Bill resolutions are typically the formal subject of the Budget debate and are considered at that point. That was the case earlier this year, when the Government introduced the first Finance Bill of 2017 after the spring Budget. The general election, however, meant that time to consider that Bill was curtailed. We proceeded on the basis of consensus, taking a number of important provisions, including the soft drinks industry levy, through to Royal Assent before Parliament was dissolved, but a large volume of legislation on other announcements at the spring Budget and earlier fiscal events was withdrawn. At that point, my predecessor clarified to the House that there was no change of policy and that the Government intended to legislate for the withdrawn measures at the first opportunity. The written statement I provided on 13 July again confirmed that intention.

These motions now pick up where we left off and legislate for the provisions that were introduced and withdrawn due to time constraints. The areas of tax legislation that they provide for will not be a surprise to right hon. and hon. Members, who passed resolutions corresponding to these tax changes after the spring Budget and debated them on Second Reading of the earlier Act.

In fact, Members who are aficionados of tax legislation—I note that a few usual suspects are here today—will find a lot of the Bill to be even older news. Before they were introduced after the spring Budget, many of the clauses had been published in draft and the policy design had been consulted on with tax professionals, businesses and the public. Such an open and consultative approach is an important part of the tax policy making process; it helps to ensure that legislation achieves its intended effect and means that those who will be affected know in advance what to expect.

Lady Hermon (North Down) (Ind): I am grateful to the Minister for allowing me to make an early intervention. So that the House can understand the voting patterns later tonight, will he clarify whether the motions before us are covered by the deal done between the Democratic Unionist party and the Conservative party? That answer will be very informative to the House and, indeed, to our constituents.

Mel Stride: I assure the hon. Lady that the process at the conclusion of this debate will be exactly the same as the one we go through on any consideration of Ways and Means measures in respect of such fiscal matters.

An open and consultative approach is important to our tax policy making process, and our commitment to a single major fiscal event each year is a further valuable step to improving the process for making fiscal policy. Just as with most other major economies, people will no longer face a host of tax changes twice a year.

The transition to the new Budget timetable will, of course, mean that a further Finance Bill will be introduced following this autumn's Budget. In line with our past practice, the Government will next week publish drafts of some clauses that we plan to introduce in the next Finance Bill. The transition means there are fewer clauses than in recent years, but pre-legislative scrutiny will again help consideration of the Bill.

On that subject, Members may notice that there has been a slight change to the motions on today's Order Paper. The Government have withdrawn a motion covering changes to the definition of a taxable disposal within landfill tax. That motion and the corresponding clause will no longer be taken forward in the current Bill.

Mr Kevan Jones (North Durham) (Lab): Can I ask why?

Mel Stride: The hon. Gentleman has brilliantly pre-empted my next comments. If only he were a little more patient, all would be revealed. Her Majesty's Revenue and Customs has been consulting on related changes to the taxation of illegal waste disposals over the summer, and we will set out our proposals in this area on 13 September when draft clauses for the winter Bill are published.

Mr Jones: Is the Minister saying that those proposals will actually come forward? I will address this in my speech, but I have been in discussion with HMRC's policy department, which has given certain commitments to making some serious changes in order to collect more landfill tax and stop avoidance.

Mel Stride: The hon. Gentleman is right about the importance of those measures, and they will go forward. The policy has not changed; it will just come forward at a different time with other measures in this area.

Mr Jim Cunningham (Coventry South) (Lab): Does the Minister have the staff to do the job on addressing tax avoidance?

Mel Stride: Our record on addressing tax avoidance speaks for itself. HMRC has raised £160 billion from clamping down on avoidance, evasion and non-compliance since 2010, which is a vast improvement. Given that our

current deficit is running at about a third of the 2010 level, this Government have brought in a huge amount of money. In terms of having the resources, we have invested £1.8 billion in HMRC since 2010 to focus exactly on tax avoidance.

Mr Kevan Jones: As the Minister knows, HMRC's landfill tax figures show a £150 million tax gap. Will the future proposals be published for further reaction and consultation? What I hear from the industry is that some of the proposals it wants are being ignored by HMRC.

Mel Stride: All the measures relating to the motions we are debating will be out there and will be clear. They will be brought forward along with other measures later in this Session.

Moving back to the Bill at hand, the motions on the Order Paper give little mystery as to the provisions that we will be introducing. I look forward to debating them in more detail as the Bill progresses, and I will say more about the overall aims of the Bill on Second Reading. For the moment, I will provide a brief outline of some of the main measures.

The Bill that the motions provide the basis for will make significant changes to the corporation tax regime for large companies. Building on work that this Government have championed internationally and the recommendations of the OECD, the Bill will limit the extent to which big multinational corporations can reduce the tax they pay in the UK through excessive deductions for interest expense. That measure will address a significant area of corporate tax avoidance, and is forecast to raise £5.3 billion over the next five years by ensuring those corporations pay a fair contribution.

The Bill will also change the treatment of losses within corporation tax; it restricts the extent to which past losses can be set against taxable profits, ensuring that companies with profits over £5 million in a year must pay some corporation tax. At the same time, the Bill will provide for allowances recognising donations to grassroots sport and to museum and gallery exhibitions, and for new £1,000 allowances so that those earning small amounts from trading or property will not have to pay tax on this income. The changes to tackle avoidance of corporation tax by multinationals are part of a number of changes that take further steps in tackling tax avoidance and tax evasion.

Rachel Maclean (Redditch) (Con): Does my right hon. Friend agree that Labour's plans to raise corporate and personal taxation will damage real incomes and investment in the UK?

Mel Stride: My hon. Friend is relatively new to this House but she makes an important and insightful point, which is that, as we know, we should be under no illusions that under Labour's plans corporation tax will rise. We have seen it fall from 28% to 19%, and it will continue down to 17%—

Mr Kevan Jones: On a point of order, Madam Deputy Speaker. I thought this debate was about the Government's proposals. The Minister, following a set-up question from a Back Bencher, is now talking about what proposals Labour might have. Is that in order? Should we not be sticking to the—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I thank the hon. Gentleman for his point of order. It is right that we must keep a careful eye on these matters, which of course I am doing. I am sure the Minister is, in the remarks he is making, using as an illustration other policies that may not be his policies. Of course, if he is replying to points raised in the debate, I will always encourage that, because it is important that every Member in this House has a say in the debate. *[Interruption.]*

Mr Jones It is a set-up—

Madam Deputy Speaker: The hon. Gentleman must not add more from a sedentary position to his point of order, so I will not take up that point, which in any case I cannot answer. The Minister has barely begun, and I am sure that in his wide-ranging speech he will cover everything he ought to cover and everything the House requires him to cover.

Mel Stride: Thank you, Madam Deputy Speaker. I could not have put that better myself. *[Interruption.]* And I will get on with it, too. I am not surprised that Labour Members are slightly shy about our discussing their tax plans, because they are not good for our country. Having a plan to raise corporation tax to 26%, with an increase for small companies as well, and to change the tax threshold to bring many, many more people into the higher rate of tax is not a way of incentivising jobs, wealth and economic growth, as the hon. Gentleman well knows.

Our changes to tackle avoidance of corporation tax by multinationals are part of a number of changes that take further steps in tackling tax avoidance and tax evasion. Others covered by these resolutions will introduce a penalty for those who enable tax avoidance, a penalty for transactions connected with VAT fraud and measures to tackle disguised remuneration tax-avoidance schemes.

The Government's aim to make the tax system fairer is further supported by the Bill's provisions on the taxation of those with non-domiciled status. A number of changes will be made, and these are forecast to raise £1.6 billion over the next five years. Most importantly, permanent non-dom status for people resident in the UK will be ended, so that they pay tax in the same way as everybody else. That major reform makes the tax system—

Mr Kevan Jones: I wish to make a point about tax avoidance and fraud. When it comes to landfill tax, will that extend to companies or public organisations which know that the price they are paying for the collection of their waste cannot possibly include the disposal rates of landfill tax? Or will it cover those accountants and others who are involved in a landfill tax company and know what is actually going on? Will that be covered by the definition of fraud and avoidance?

Mel Stride: I will ask the relevant Minister in the relevant Department to get back to the hon. Gentleman on that very specific point.

I was discussing a major reform that makes the tax system fairer and supports the public finances, increasing, but not jeopardising, the contribution that non-doms make to tax revenues. Other clauses will legislate for the changes—

Steve McCabe (Birmingham, Selly Oak) (Lab): Will the Minister explain how long the Government have been working on this major concession and when he anticipates that there will actually be some change that means non-doms experience the same arrangements as ordinary taxpayers in this country?

Mel Stride: The answer to the hon. Gentleman's question is that that is precisely what this Bill will be achieving. We will be putting an end to permanent non-dom status, so that those who are "deemed domicile" are treated on the same basis for taxation purposes as other residents in our country. Let me gently remind him that his party was in government for 13 years and very little happened then on the issues to which he now professes objection. So we should not be taking too many lessons from Labour on the issue of non-doms.

Charlie Elphicke (Dover) (Con): Does my right hon. Friend recall, as I do, that for the best part of a decade the Labour party kept saying every year that it would do something about non-doms and then did nothing whatsoever because it was so into the prawn cocktail circuit and pandering to big business, and that Labour only ever took any action when it was humiliated by our previous Chancellor, George Osborne, when he was in opposition? Does my right hon. Friend also agree that this Government have been leading the way consistently on making sure that a fair share of tax is paid by non-doms and others?

Mel Stride: My hon. Friend is entirely right about that. We currently raise £7 billion a year from non-domiciled individuals, which is £1 billion more than was the case a decade ago. The provisions in this Bill will ensure that we raise a further £1.6 billion over the next five years, so this Government are serious about this issue and are acting on it.

Other clauses will legislate for the changes we have announced to the dividend allowance, reducing the differential between taxation of different individuals, and to the money purchase annual allowance for those who have accessed their pensions under the flexibilities that this Government have provided.

Finally, these resolutions provide for the Finance Bill to legislate for the Making Tax Digital programme.

Lady Hermon: I was provoked to my feet by the word "finally". I am very concerned that a number of the resolutions before us include the words "including provision having retrospective effect".

I have waited patiently for the Minister, guided by Madam Deputy Speaker in his extensive contribution on this crucial piece of legislation—we are discussing the Budget and the Finance Bill, for goodness' sake—to tell us why on earth so many provisions are having retrospective effect.

Mel Stride: The answer to the hon. Lady's question is that many of these things relate to the fact that this Bill has been, in effect, interrupted; we now have a second Finance Bill because we had a general election some time ago, as a consequence of which not all of the measures that were going through Parliament at that time were proceeded with. The second point I would make to her is that the fact that some measures are

retrospective does not mean that they have not been fully consulted on or that draft legislation has not been out there to inform the public and stakeholders.

Lady Hermon: I raise this point because where there is late payment of tax, for whatever reason, be it carelessness or inattention to a particular detail, penalties and fines will be imposed. When we are considering things having retrospective effect, we may well find that such provisions will not comply with our commitments under the European convention on human rights about the retrospective creation of fines and penalties. The Government will not want to hear that, but I just bring it to the Minister's attention when we talk about the retrospective effect of any provisions in a Bill such as this, which involves fines and penalties.

Mel Stride: I thank the hon. Lady for her further thoughtful point, but I just return to my comments, which are that those who will be affected by the retrospective measures in this Bill will have had an opportunity to be fully apprised of them prior to their coming into force under an Act of Parliament.

In conclusion, the resolutions provide for the Finance Bill to legislate for Making Tax Digital. The Government are committed to creating a tax system fit for the digital age. Businesses increasingly interact with customers, manage their purchasing, organise their payroll and undertake a host of other functions online. It is the future for keeping their accounts and reporting their tax affairs. Moving to a digital system will help us to address the £9 billion annual cost of taxpayer errors. It is right that we act.

Kit Malthouse (North West Hampshire) (Con): As one of the Conservative Members who was gently trying to persuade the Government to take a more staged approach to Making Tax Digital, may I take this opportunity to thank the Minister for his announcement in July of the changes to the scheme? Those changes have been greeted in particular by the small business community with some relief and gratitude, and I speak as a small business owner myself. The prolonged nature of introducing the full-throated Making Tax Digital programme means that business has time to adapt. Will he confirm that that means the Government have plenty of time to tweak the system for some of the perhaps unforeseen burdens that may still arise?

Mel Stride: I thank my hon. Friend for his kind remarks. By way of mutual appreciation, I thank him for his input around the discussions I held immediately prior to taking the decisions to which he alludes. He is right that we now have the time to ensure that the measures are sufficiently piloted, are robust and are not overly onerous on the businesses and individuals to whom they will apply, and that they work to make businesses more efficient and effective in themselves while reducing the tax gap further and raising much needed revenues.

I have heard the representations from businesses and from members of the House about the speed of the transition to Making Tax Digital. To ensure that businesses are ready, I announced a new timetable for the programme before the summer recess. In the first instance, from April 2019 participation will be required only for businesses

that have to register for VAT and they will be required to provide only updates on their VAT liabilities, which they already report quarterly. We will extend mandatory participation further only once the programme has been shown to work well, and at the very earliest in April 2020. As my hon. Friend the Member for North West Hampshire (Kit Malthouse) suggested, I know that will be welcomed by Members from all parts of the House who have raised such concerns with me.

As I have outlined, the purpose of the resolutions we have tabled is to enable the introduction of a Finance Bill that will legislate for a number of tax changes announced before the general election. The changes the Bill will make are important. They will make a major contribution to the public finances, tackle tax avoidance and evasion and address areas of unfairness in the tax system. We will doubtless debate the principles of the changes fully on Second Reading and consider them in detail in Committee. Today is an opportunity to begin that process and take forward again the tax legislation curtailed at the end of the last Parliament. I commend the resolutions to the House.

3.13 pm

Peter Dowd (Bootle) (Lab): I noted the Minister's comment that there is no change in policy. From that statement it is clear that the Government have learned absolutely nothing from the result of the general election, which is a terrible shame. The Opposition welcome the Government finally laying before the House the Ways and Means resolutions, which will comprise the so-called "summer" Finance Bill, but the clue is supposed to be in the name. I find it rather odd, as I am sure many of my parliamentary colleagues do, that we stand here in early September debating a summer Finance Bill that was expected to be introduced and passed before the summer recess. Alas, it was not.

I recall the Minister's predecessor standing at the Dispatch Box only four and a half months ago assuring the House that if the Government were returned, they would immediately bring forward measures dropped from the previous Finance Bill due to lack of parliamentary time. However, they have an excuse for the procrastination: it is called chaos. We have a chaotic Government, chaotically stumbling from crisis to crisis, not knowing one part of their anatomy from another. After the election, we returned to a zombie Parliament where little in the way of business was put forward to be debated in the House. Mr Speaker referred today to the whole question of the scrutiny that we are supposed to be doing, but the Government are not putting anything forward for us to scrutinise.

Not only is the Prime Minister one of the walking dead, but she wants Parliament to join her. On a number of occasions, my colleagues and I wrote to the Treasury to ascertain the date for the Finance Bill. In addition, the issue was raised twice in business questions and the Chancellor was asked about it in Treasury questions, all to no avail and no answer. It was the fifth amendment approach to answering questions. It was only in the waning hours, as Members packed up before the House rose for summer recess, that the Government were forced to publish the date for the Bill's return.

I know the Treasury lost two Ministers in the election—to rework Oscar Wilde's observation, losing one Minister is a misfortune, but to lose both looks like carelessness—but

[Peter Dowd]

surely the country cannot simply hang around because the Government are in meltdown. The Government are making an art form out of uncertainty. We have uncertainty about Brexit, uncertainty about the country's finances, as the resolutions indicate, and now uncertainty about the Prime Minister's job prospects. The only certainty we have is the inability of this vacuous, hapless Government to govern with any scintilla of competence or compassion.

The Government had five weeks after the general election to introduce measures dropped from the previous Finance Bill and bring certainty to taxpayers and businesses. Many of those businesses have already undertaken the administrative and financial burden of ensuring that they meet the stipulations of the measures included in the Ways and Means resolutions being debated today. The Minister could have brought forward the resolutions and published the Bill before the House rose for summer recess. That would have allowed Members and the businesses and taxpayers affected time to read through the proposals and examine them thoroughly. Instead, the Government have cynically restricted the debate by scheduling the Second Reading of the European Union (Withdrawal) Bill for tomorrow.

Next week, the Minister intends to push ahead with the Second Reading of the Finance Bill only four days after its publication, with the explanatory notes being published on the day of Second Reading. Once again, the Chancellor and the Treasury are deliberately shying away from the parliamentary scrutiny that we should be having on these resolutions. This is a time of great political and economic uncertainty, and the measures included in the resolutions do little to address the problems at hand. The global economy is on the move, while Britain under the Tories is being left behind. The resolutions are defined more by what is not in them than what is. There is nothing about investment, nothing about productivity and nothing about public services—much ado about nothing.

Charlie Elphicke: Will the shadow Minister give the House his view on the points made by his Back-Bench colleague the hon. Member for North Durham (Mr Jones) on the landfill tax question?

Peter Dowd: I would not proffer advice to my hon. Friend the Member for North Durham, because he is an expert on that issue, but I will listen clearly to what he says. Unlike the Government, I listen to my colleagues on the Back Benches.

We need only look across the channel to see that every European economy outgrew Britain in the GDP figures for the first quarter. Our productivity rate remains one of the worst in the G7 and is lower than it was 10 years ago. Real wages continue to fall behind inflation. More than ever, we need bold and radical solutions to stimulate growth, raise productivity and encourage investment in our economy. None of the resolutions before us will do that. Even the Archbishop of Canterbury has made that point. Rather than focusing on balancing the budget or tackling our growing debt to GDP ratio, we have a Chancellor who spent the summer in the witness protection programme, rearing his head only to brief against his boss when the coast was clear and the Prime Minister was abroad.

The measures before the House represent the Government's failure to take the opportunity to begin seriously to tackle the challenges that our economy and country face. For example, it is clear that the Tories have no answers on how to raise productivity and no answers on how to tackle the growing inequality in pay. We are now experiencing the longest period of wage stagnation for 150 years, with nurses having to demonstrate in Parliament Square to make their point. The Tories have no answers when it comes to creating an economy that works for the many and not just for a privileged few.

Simon Hoare (North Dorset) (Con): The hon. Gentleman's former noble friend Lord Sugar, who knows a little about productivity and running a business, poured a huge amount of cold water on the prospectus that the Labour party put before the electorate a few months ago, which was clearly rejected by the largest number of businesses and business owners. Rather than the vaudeville that the hon. Gentleman seems to be going on about—it is like the Labour party conference speech that he might give, if he is given a platform—why does he not address the issues before the House?

Peter Dowd: I remind the hon. Gentleman that businesses are coming to Labour because of the mess that the Conservative party is making of Brexit.

Graham Stuart (Beverley and Holderness) (Con): Name them.

Peter Dowd: I can name them.

None of the measures before the House address the growing black hole in the public finances, which is the direct result of the Government's mismanagement and economic incompetence. As things stand, there is a £3 billion black hole in the public finances, made up of the Chancellor's U-turn on the proposed increases to class 4 national insurance contributions for the self-employed on low and middle incomes; the unlawful employment tribunal fees the Government have been forced to repay; and, yes, the £1 billion bung to the Democratic Unionist party to buy its silence and compliance. Nor do the Government acknowledge the added cost to the taxpayer of delaying the implementation date for "Making Tax Digital", which they were warned was problematic by all and sundry.

Make no mistake: this is no ordinary Finance Bill we are talking about. If passed, a number of its measures will create a charter championing tax avoidance and leaving billions of pounds of tax uncollected. Using smokescreens and false titles, the Treasury has hidden to the unsuspecting eye giant loopholes for offshore trusts in complicated tax measures. While claiming to end non-domicile status, the Chancellor is at the same time encouraging people to bend the rules and siphon off money overseas into tax haven trusts. He has excluded from one of the Bill's key deeming measures non-doms who have inherited their status. The Government are on the side of tax dodgers, not taxpayers.

There is nothing in the measures before the House that will address the resource crisis that HMRC is facing as the Government plan to cut £83 million from its budget, along with the debacle that is its 10-year modernisation programme.

Rachel Maclean: Contrary to what the hon. Gentleman just said, the Government have raised more than £9 billion from non-doms. Those funds contribute to the Exchequer, enable us to fund public services and raise the country's productivity rate.

Peter Dowd: The reality is that the Tories support tax dodgers. Full stop.

Several of the measures before the House will create even more work for the falling number of people employed by HMRC and put further strain on them. The Government's actions will ensure that many of the so-called anti-avoidance measures trumpeted by the Minister will fail before they even begin.

Mr Jim Cunningham: My hon. Friend has just touched on how the Minister is going to implement these measures, which is what I asked about earlier. He will probably know that the Government are closing tax offices throughout the country, with a reduction in staff as a result. How can they honestly say they are going to implement legislation to go after tax dodgers?

Peter Dowd: My hon. Friend is absolutely right. The proposals for reorganisation will do nothing to help that—they are in a chaotic state.

Victoria Atkins (Louth and Horncastle) (Con): I urge caution on the hon. Gentleman before he throws around wild accusations about the Government supporting tax dodgers. For what it is worth, in my previous life I used to prosecute massive tax fraudsters. I am very happy with the fact that I have helped fraud prosecutors to put a lot of nasty people into prison, so I take great offence at the hon. Gentleman's attempt to cast all Conservative MPs in that way. The best way to deal with tax evasion and tax dodging is not to throw empty words across the Chamber but to work with the Government to reduce and stop something that we all want to see the end of: tax dodgers not paying their dues.

Peter Dowd: I hope the hon. Lady will be busier in her job.

I find it baffling that, at a time when the Government are introducing some of the most complex plans to make tax digital, and while there is so much uncertainty about how taxation and customs will work post-Brexit, they are choosing to fire HMRC staff rather than hire them. To put it simply, were the Government truly serious about wanting to close the tax gap, which costs the UK taxpayer a minimum of £36 billion every year, they would give it the resources it so desperately needs. Given the thousands of accountants and lawyers across the world whose sole occupation is to advise and enable tax avoidance, it will never be a fair fight.

The sieve-like measures on non-doms which I have mentioned are perforated even further by the plan to loosen the rules on business investment relief. That measure will allow non-doms to remit funds into the UK without paying the usual taxes. There is little evidence that such relief has been effective in encouraging greater investment in business, so expanding it is only a giveaway to non-doms. If any of us wish to invest, we have to pay the appropriate taxes. There should not be different rules for a privileged few, which maintains the Government's

view that the UK can only ever be attractive as a tax haven. The Government's race to the bottom begins in earnest and enthusiastically.

Steve McCabe: On business investment relief, it was suggested a moment ago that we should work with the Government. Does my hon. Friend agree that they should publish details of which companies and businesses benefit from such investment, and what part of the country they are located in? That way, we will be able to see whether there is anything to work with.

Peter Dowd: My hon. Friend makes a good point; I hope the Government will listen carefully to what he says and, more importantly, act on it.

The devolution of corporation tax rates to Northern Ireland has been debated in the Chamber many times, and we do not seek to reopen the debate. Nevertheless, we have not debated and will not welcome the clear attempts by the Government to loosen the definition of a Northern Irish employer and water down the requirements for claiming the lower corporation tax rate in Northern Ireland. Under the measure before us, corporations would effectively use Northern Ireland as an onshore tax haven. They would set up small offices with a brass plate on the door, but bring in little of the real investment and jobs that Northern Ireland needs.

We see special treatment for corporations and non-doms, but the news is less good for workers at risk of losing their jobs. The proposed measures on termination payments, if they reflect what was before the House before the election, will target sacked workers as a source of revenue. If there is genuine evidence of the abuse of payments in lieu of notice, that needs to be acted on, but the Government have tacked on a power for the Treasury to reduce the tax exemption on termination payments without primary legislation. That would be a U-turn on their previous statements about dropping such plans. If there is no intention to use the power to reduce the exemption, then the measures should be amended so that it can only be uprated, not reduced. The Government also heartlessly want to enshrine the taxable status of "injury to feelings" compensation. Even when that reflects HMRC's practice, why is it seen as a priority for legislation?

So there we have it: these motions will introduce a summer Finance Bill that stretches the meaning of summer and will leave taxpayers and businesses with months of uncertainty. It is a Bill that will do nothing seriously to tackle tax avoidance, with the Government claiming to take on non-doms while in the same breath legislating to protect the offshore trusts; a Bill that fails to address the growing black hole and the Conservatives' mismanagement of our public finances; and a Bill that will protect the privileged few while doing nothing for the many.

This is a dark, miserable, barren winter Finance Bill with a wrathful nipping cold. We have waited a whole season for these resolutions, and they only reaffirm what we already knew: that the country can wait no longer for this disastrous and divided Conservative Government to step aside and make way for a Labour Government who will invest to grow our economy, balance our public finances and take on the tax dodgers—which the Conservatives won't do.

3.30 pm

Nicky Morgan (Loughborough) (Con): This is the first time that I have spoken in a debate in which you have been in the Chair, Madam Deputy Speaker, so may I welcome you to your role? It is a real pleasure to see you in the Chair, and I thank you for calling me in this important debate.

First, let me welcome my right hon. Friend the Member for Central Devon (Mel Stride) to his new role as Financial Secretary to the Treasury. I know that he has already spoken at Question Time, but I think that this is his first formal debate. It is just about right to say that he has already been in that post for longer than I was before I was moved on to the Department for Education. As I shall explain shortly, and as we have already heard this afternoon, my right hon. Friend has already made a positive impact through his decision on the Making Tax Digital work. I look forward to working constructively with him and other Treasury Ministers over the next few months and years.

This is my first speech in the Chamber as the incoming Chair of the Treasury Committee, so it is right that I should pay tribute to my predecessor, the former Member for Chichester, the indefatigable Andrew Tyrie. During his seven years as Chairman, he took Select Committee scrutiny into new territory, successfully pressing for new powers over appointment hearings, securing fundamental reform of the Bank of England's governance and accountability to Parliament, and conducting forensic cross-examination of Ministers, officials and senior figures in the financial services industry. His work on the Parliamentary Commission on Banking Standards led directly to vital reforms to restore public trust and personal accountability in our banking industry. I know that he will be a hard act to follow, but I will try my best to maintain his rigorous standards of scrutiny and to increase further the reputation and influence of the Treasury Committee.

It is unfortunate that we are having the debate before the Treasury Committee has been formally constituted. After a four-month hiatus, many of the incoming Select Committee Chairs are impatient for the normal business of Select Committee scrutiny to resume. I should note that until the other members of the Treasury Committee have formally been appointed, my remarks are made in a personal capacity.

The economic context for the resolutions is complex and uncertain, and some of it has already been highlighted. Employment is at record levels, but productivity is in the doldrums. Consumer spending and confidence seem resilient, but unsecured borrowing is rising rapidly. The deficit continues to fall, thanks to the efforts of the Chancellor and his predecessor, but the fiscal rules have had to be relaxed to insure against rising economic uncertainty. I am sure that over the coming months the Treasury Committee will consider this complex picture in detail, and we will want to hear from the Governor of the Bank of England and the Chancellor as part of that process. However, with the terms on which the UK will leave the EU as uncertain as they are, nobody can predict with confidence the path for our economy and public finances.

There is one thing that we can be certain about: the country's economic success and fiscal credibility depend on the Government sustaining their commitment to

economic openness—openness to trade, openness to investment and openness to migration. Leaving the European Union must not become a retreat into economic nationalism and isolationism. Global Britain must not just be a slogan.

Let me turn to the resolutions. In 2011, the Treasury Committee set out some principles of tax policy, and I expect that the new Committee will want to hold the Treasury to account for its adherence to them. In fact, I hope that we will be very interested in how future tax policy is made and the Treasury's work on the overall tax base, given the changing nature of our economy and employment patterns.

Two of the principles identified in 2011 were that tax should provide certainty and stability, as was highlighted in an intervention by the hon. Member for North Down (Lady Hermon), who is not in the Chamber at the moment. It is alarming to see that 27 of the 48 Ways and Means resolutions are marked as

“including provision having retrospective effect”

because the principle of retrospective taxation undermines the certainty and stability of our tax system, so it should be deployed sparingly and only with good reason.

I acknowledge that in this case—the Minister has highlighted this—the Government have been quick to confirm their intentions. The previous Finance Bill was originally published in March, before the start of the tax year but, because many of its provisions were not passed before the June general election, they are coming back before the House in September. The shadow Minister complained that what is promised to be published in the summer comes forward in September. Well, it has always seemed rather strange to me that an autumn statement happens in December. There are always rather odd vagaries regarding when Government announcements are made, but perhaps that will be solved by our having just one major fiscal event in any one year.

The Financial Secretary stated in July that a number of the provisions from the original Bill would apply retrospectively to the start of this tax year when they were reintroduced in

“a Finance Bill as soon as possible after the summer recess”—[*Official Report*, 13 July 2017; Vol. 627, c. 11WS.]

It is therefore true to say that the retrospection in this case is not as bad as it might appear. The provisions were outlined before the start of the tax year and have been reiterated as soon as possible after the election.

As we heard from one of the former members of the Treasury Committee, my hon. Friend the Member for North West Hampshire (Kit Malthouse)—I am delighted to say that he has been re-elected—the Committee also had a strong interest in Making Tax Digital, to which resolutions 38 and 39 apply. It produced a valuable report on the subject in January, shortly before the Government announced their plans following a consultation. No one I have spoken to objects in principle to the idea of digital interaction with HMRC over tax, but widespread concerns were raised about the speed with which Making Tax Digital was being implemented and the fact that it would be mandatory for even the smallest businesses.

Mr Kevan Jones: Like the right hon. Lady, I think that the digital movement is an improvement, but has she come across examples—I have one in my constituency—of when there is a problem and small businesses particularly

need to speak to somebody? Following the closure of tax offices, it takes a long time before one is actually able to speak to someone on the phone. Although the digital movement is welcome for many businesses, does she think we also need an element of personal interaction?

Nicky Morgan: The hon. Gentleman is absolutely right. We have agreed that people want more digital interactions. They are now much more used to them, and that is how people do their banking and lots of ordering. However, when there is a problem—we have seen this with the introduction of free childcare, which was the subject of the urgent question earlier today—people do need to speak to someone. That is particularly true for the smallest businesses, for which dealing with HMRC can be stressful and something they want resolved as quickly as possible. HMRC will want to consider whether that is done through face-to-face contact at offices, or by ensuring that there is a really good phone helpline system or another way of speaking online to people who are able to respond rapidly. I do not want to pre-empt what the Committee will look at, but as constituency Members of Parliament, we have all heard about cases when people have found getting hold of HMRC frustrating. HMRC is aware of that, and it has done a lot of work to improve customer service, but that is something that Members of Parliament could certainly look at further.

I welcome the deferral that the Financial Secretary announced on 13 July. It means that digital record-keeping and reporting for income tax and national insurance will not become mandatory until at least 2020. Although his statement kept open the possibility that Making Tax Digital would never be made mandatory for income tax and national insurance, resolution 38 suggests that that remains the Government's medium to long-term ambition. His statement confirmed that the process will start with VAT in 2019. Most businesses already file their VAT returns quarterly and online, so it is sensible to start with a tax for which Making Tax Digital will not require such a significant change in businesses' practice. Smaller businesses in particular will have breathed a huge sigh of relief when the concession was announced in July, so I thank the Minister for that.

Kit Malthouse: I congratulate my right hon. Friend on her election as the Chair of the Treasury Committee. Does she think it would be sensible for the Government—notwithstanding the fact that they are not planning at the moment to include income tax for sole traders in Making Tax Digital—to make provision for voluntary participation, so that they would see the popularity of the scheme if people did volunteer in numbers, as they did with the introduction of online self-assessment? The Government might find that 60% or 70% of businesses participate anyway within the timeframe they are proposing, so making participation mandatory would become relatively painless.

Nicky Morgan: I thank my hon. Friend very much for that suggestion. What he says has much merit, and it may well be something we want to explore in Committee. It would be fair to say that a common view among Conservative Members, and the reason why we are on this side of the House, is that we believe in encouraging, not compelling, people to do something that the Government and the state want them to do. If there are ways of encouraging and incentivising people to get online and to use this system, and if it becomes clear at

some stage in the future that that is the way forward, many businesses and sole traders will already be online and used to using the system.

Deferring the change for some taxes for a couple of years or more will give everybody welcome time to prepare, but it will not solve all the problems. I therefore suspect that the new Committee will want to explore the costs and benefits fully, as its predecessor had started to do. There is definitely scope to scrutinise the Government's published estimates for the administrative costs to business and for the supposed reduction in the tax gap as a consequence of businesses making fewer mistakes because they are reporting digitally and quarterly. But that, you will be pleased to hear, Madam Deputy Speaker, is for another day.

Meanwhile, the forthcoming Finance Bill, which the House will consider shortly, will pave the way for the implementation of Making Tax Digital. The Bill that was introduced before the election was called did little more than pave the way; nearly every paragraph in the relevant schedule contained a regulation-making power. This meant that the Bill would have delegated nearly all the key details to secondary legislation under the negative procedure. Compounded by the fact that the draft statutory instruments were not published for consultation, that does not make for good parliamentary scrutiny, and the House will return to the overall principle of the scrutiny of secondary legislation when we consider the European Union (Withdrawal) Bill tomorrow, before we even get to the Finance Bill.

At a more general level, I suspect that the new Committee will also want to scrutinise Budgets, Finance Bills and possibly even spring statements in a similar way to its predecessor. It is important that tax policy gets adequate parliamentary scrutiny, and I hope that the new Treasury Committee and Public Bill Committees will get more chance to scrutinise the Treasury's proposals at autumn Budgets than the Select Committee did with the last spring Budget, given the circumstances of the general election.

Kirsty Blackman (Aberdeen North) (SNP): Organisations have suggested that Finance Public Bill Committees should be able to hear evidence, which has not happened in the past. What is the right hon. Lady's view on that? Will she consider looking at it?

Nicky Morgan: I might be guided by you on this, Madam Deputy Speaker, but I suspect that that is actually a matter for the House authorities, the usual channels and the Front Benches, although the House and Ministers will have heard the hon. Lady. Obviously, the more constructive evidence that can be given on legislation, the better legislation we have.

I will finish by saying that I look forward to seeing the Minister before the Treasury Committee. He might not be looking forward to it so much, but I promise that we will be firm but fair in our questioning of him. I wish him all the very best as he embarks on his first Finance Bill.

3.43 pm

Kirsty Blackman (Aberdeen North) (SNP): I appreciate the chance to take part in this Ways and Means debate, which is one of the few not to follow a Budget—somebody told me it is the first since 1987, when I was 1.

[Kirsty Blackman]

From the shadow Front Bench, the hon. Member for Bootle (Peter Dowd) talked about some of the process issues and timelines involved in how we got to where we are now, and I want to briefly mention them. The spring Budget was presented to the House on 8 March. We are looking at introducing the Finance Bill, which takes up some of the measures from that spring Budget, now, which is a pretty long time from 8 March. We have seen some changes from what we expected to happen, and what the Office for Budget Responsibility suggested might happen is not necessarily what has happened in the intervening period, so it is a bit strange that, in the main, the measures we are looking at are almost exactly the same as the ones introduced in the Finance Bill back in March. I understand that there needs to be a consultation, but I am concerned about the length of this process and about whether the changes to legislation in this Finance Bill are wholly appropriate.

In my intervention on the Chair of the Treasury Committee, I mentioned the Public Bill Committee taking evidence. I have raised the issue before and I will not stop raising it. The Finance Bill Committee should take evidence from external organisations so that it is in the best possible position to make the best decisions. I have been on a Finance Bill Committee and found it a useful experience whereby Members on both sides of the House had an in-depth debate about the matters raised. Enabling the Committee to take evidence would only add value to the scrutiny provided both by the Opposition and by Back Benchers, particularly those from the Conservative party.

The Minister will probably be surprised to hear that I welcome some of the Government's proposed Ways and Means resolutions, including the changes to the treatment of corporation tax with regard to museum and gallery exhibitions. However, I wish to raise the issue of the Value Added Tax (Refund of Tax to Museums and Galleries) (Amendment) Order 2017. The intention was that it be laid before the House in advance of the summer recess, but then the general election happened. The order has not been mentioned and I am concerned that some museums and galleries may lose out on the VAT that they had expected to get back. They expected it to be paid to them, but the amendment has not yet been laid before the House. I know that that is a slightly different matter from that in the Ways and Means resolutions, but it is related to it. I would appreciate it if the Minister or his team could look into the order.

I also welcome the changes to grassroots sports and to pensions and legal advice. It is particularly important that people have better access to legal advice, especially when they are not the accused and are entering legal situations. That is a scary prospect for a number of people, so it is incredibly positive that they will get easier access to appropriate legal advice.

The Scottish Government's programme for government was announced yesterday and they are incredibly positive about changes to enable electric vehicles to become more prevalent on our roads and petrol and diesel vehicles to be phased out. I am therefore pleased that there are likely to be changes to electric vehicle charging points. I hope that this Government will continue to make changes to allow electric vehicles and their associated infrastructure to become more affordable.

I support the Government on a couple of other things. If the proposed changes in the Ways and Means resolutions on petroleum revenue tax are the same as those proposed in the previous Finance Bill, they are positive because the oil industry has asked for them. I am pleased that the Government have acted on that. I am also pleased that the Government will take action against people who have been found to be enabling tax avoidance schemes, not just those who participate in such schemes. That is really positive and I hope that it will achieve the Government's intention and discourage people from being clever and coming up with tax avoidance schemes. My fingers are crossed and we will wait to see what happens.

Members would not expect me to be positive about all of the Government's proposals. I am concerned that there is a lack of evidence for the Government's desired outcome regarding some of the proposals. Resolution 13, on business investment relief, sends a mixed message. Whereas the Government's changes under resolutions 24 and 26 intend to make it more difficult for non-doms to benefit from their tax status, resolution 13 will make it easier for them to do so in a way that their next-door neighbour may not. Now, I would be less concerned about that if the Government had provided appropriate evidence to show why the scheme is a good thing. They have made it clear that they want to increase the use of the scheme, but I have not seen any evidence to explain why. They have not shown me that the scheme is working as it was intended to work, nor that it is having a particularly positive impact on the businesses that are receiving funding from it. I understand that 200 to 400 people take part in the scheme every year, which means that a pretty significant amount of legislative effort and time is being put into making a change that enables a very small number of people to make this investment. I would be interested to see more of the Government's figures.

I am concerned about resolution 41, which deals with errors in taxpayers' documents. It specifically includes changes that may result in people who seek tax advice getting into trouble for having errors in their documents. The onus is now on an individual to ensure that the person from whom they seek tax advice is suitably qualified, which is rather difficult for people to understand. I have had people come into my surgeries and tell me that they have sought immigration advice from somebody they thought was a solicitor, but who turned out not to be a solicitor. I am concerned that some people who have tried their very best to stay on the right side of the law, to pay the amount of tax that they should pay and to fill in the forms appropriately with the help of an adviser will be caught by the measure accidentally. I would appreciate it if the Government could look at that.

I am interested to see how the Government will play another couple of issues, if they look exactly as they did in the Finance Bill. One is the changes to gaming duty. I understand that the Government are trying not to penalise casinos with the changes to the duty that casinos pay, and that they are trying to change the rules around remote gaming to make it clear how much tax the companies should pay. That is welcome. But when the Government are doing things such as increasing alcohol duty to discourage negative behaviour, it seems strange to me to allow casinos to pay less tax—or not to increase the amount of tax that they pay—because it

will achieve the opposite of what the Government are trying to do in encouraging positive behaviour. I will be interested to see how that looks, and we will continue to scrutinise it.

We will also continue to look at the dividend nil rate. The Ways and Means resolution allows the Government to change things in either direction. If the dividend nil rate allowed people to have more dividends before they paid tax, I would be particularly concerned about it; but if it allowed people to have less in dividends before they paid tax, as was the situation in the previous Finance Bill, I would be much more positive about it.

Those are the main proposals that I have concerns about, but I would like to see the detail that the Government will produce. I am pleased that the Minister has made changes to digital reporting, which was in our manifesto. We have particular concerns about the smallest companies, especially those in particularly rural areas, who struggle to get access to the right digital infrastructure. Both Governments have made commitments about digitisation and access to superfast broadband, so having this slightly further down the line makes more sense. I am pleased that the Government listened and made changes, but we will be scrutinising the proposal and making sure that the business community is as happy with it as it can be.

Moving to digital reporting will make the process easier for people, but I reiterate that, as the hon. Member for Coventry South (Mr Cunningham) has said, the closure of tax offices is a concern, even when it comes to Making Tax Digital. Computer systems can be quite black and white, and they often give yes/no answers when the answer should actually be “maybe”. Especially in the initial period, people who are trying to fill in the forms may need to phone the tax office to ask for assistance about what to put in each box. I am not convinced that businesses can access enough support to find out about that.

The Government will expect me to raise the issue of VAT on police and fire services, because such a debate would not be complete without my raising it. We would very much like the Government to bring forward VAT changes for police and fire services in Scotland. They have done so for organisations such as the London Legacy Development Corporation—the legacy body from the Olympic Games—and for Highways England, both of which are national organisations in the same boat as the Scottish police and fire services.

Luke Graham (Ochil and South Perthshire) (Con): On the point about VAT on Police Scotland, does the hon. Lady recognise that the SNP Administration in Edinburgh knew that they would incur VAT charges by centralising the police forces? They knew that would be one of the repercussions before that action was taken.

Kirsty Blackman: Such a policy was in the Conservative party manifesto for the Scottish Parliament election that year, so the centralisation of Scottish police and fire services was also supported by the Scottish Conservatives. Yes, we knew that that would be the case, but we do not think it is fair, and we have made the case that it is not fair on numerous occasions. Organisations such as Highways England and London Legacy do not have the same VAT treatment as the Scottish police and fire services, and that is why we are asking for such a change.

I know that this legislation has been cobbled together—it is just the bits that did not get through last time—but none of the changes the Government are making will combat the current increases in inflation, and the Government are not increasing wages so that ordinary people can afford such increases in the cost of living. In Scotland, we are lifting the 1% public sector pay cap, and I very much hope that the UK Government will take the same decision to lift the public sector pay cap in England and that when they do so—if they do so—they will ensure that that is fully funded.

I have one last thing to mention, particularly in relation to tax raising and tax avoidance, which is about customs officers and customs checks. I am slightly concerned that the UK Government are losing out on some of the revenue they could receive because they no longer use customs officers in the way they used to, but instead make them dedicate most of their time at borders to making sure that people are travelling legally rather than to ensuring that goods are being transported legally. I know that some stuff is in place—but not enough. I want the Government to be scrutinised more effectively on this, and for the Government to monitor what happens at ports more effectively to ensure that the appropriate tax is paid on things coming into and going out of the country. Making a change to ensure that they are checked appropriately and are therefore taxed appropriately can only bring in more revenue.

In summary, there are a number of good things in the Ways and Means resolutions, but I have concerns about several of them. I have significant concerns about some resolutions, such as resolution 13 on business investment relief, and I am also pretty concerned about resolution 4 on termination payments, because I have not seen any evidence to show that the issue is as significant as the Government are suggesting. The likelihood is that the SNP will vote against those resolutions if there is a vote. I appreciate that I have used up my time, and I am grateful to hon. Members for listening.

3.58 pm

Luke Graham (Ochil and South Perthshire) (Con): I want to build on what my right hon. Friend the Member for Loughborough (Nicky Morgan) said about resolutions 39 and 40 on Making Tax Digital. As the co-founder of a small accounting firm and as MP for Ochil and South Perthshire, it is clear to me that many small businesses had concerns about the initial proposals made before the recess. Although I certainly welcome some of the concessions that have been made, I hope that the Financial Secretary recognises some of the additional cost burdens that the reporting requirements will place on small businesses. The Federation of Small Businesses estimates that they amount to about £2,770.

As I have said, I welcome the Government's concessions—especially excluding companies with revenues below £85,000, and pushing out the timeline for companies to have to enrol in a digital reporting scheme in future—but may I ask the Government to continue to consult widely with Members of the House and business bodies across the United Kingdom, including in Scotland? In addition, will they look to work with some of the new technology providers and cloud accountancy services providers, which could provide the Government with more efficient and effective ways of getting the information they seek without necessarily requiring a manual reporting submission quarterly?

[Luke Graham]

My second point is about VAT and Police Scotland. In my intervention, I pointed out that it was a result of the actions of the SNP Administration in Edinburgh, but we may have some cross-party agreement on the fact that the outcome for Scotland is less beneficial, so colleagues and I will ask the Government to review the matter as part of the forthcoming Budget process.

4 pm

Mr Kevan Jones (North Durham) (Lab): I begin by welcoming you to the Chair, Madam Deputy Speaker. I know that you were in the Chair before the recess, but it is the first time that I have had the honour of speaking when you are in the Chair and I wish you all the best in the coming years.

I would like to speak rubbish—[*Interruption.*] Somebody asks, “What’s new?” I could not possibly comment on my contributions in the Chamber. I actually want to talk about landfill tax and why it has not been included in the resolutions. It is a serious matter, and the Financial Secretary alluded to the reason for its omission. I want to put some of my concerns on record.

In the 2016 Budget and after consultation last summer, provisions were earmarked to be included in the 2017 Finance Bill through secondary legislation to amend taxable disposal for landfill tax purposes. The Financial Secretary explained that many things had been disrupted because of the general election. We cannot change that and I accept that certain matters were taken out of the Budget in the wash-up, which is standard practice. However, the measure on landfill tax was not. It was included until last week. The Financial Secretary said that the consultation on landfill tax will be included, but will now be published in September.

I will explain why landfill tax is so important in the context of the tax avoidance and fraud agenda that the Government say they wish to progress. I am not making party political points: the position is not all the fault of the current Conservative Government; it is as a result of the way in which successive Governments have implemented landfill tax. However, there are things that we can and must do, because the problem is not just that people do not pay the tax that they should to the Exchequer; it is that, in some areas, avoidance funds organised crime and leads to huge costs for local authorities and the taxpayer in cleaning up some of the issues.

The Government estimate in a 2014-15 report that some £150 million a year is not being paid in landfill tax. The Environmental Services Association reckons that the figure is nearly £1 billion a year. From my work in looking at the sector, £150 million seems a conservative figure. If we take HMRC’s figure, that represents 12% of lost revenue, which is on a par with tobacco and alcohol tax avoidance. One would think that it was easier to track landfill tax avoidance than alcohol and tobacco tax avoidance—so it should be. I accept that issues affect tobacco and alcohol sales that sometimes make it difficult to claim tax. However, with landfill tax, we are talking about large consignments of domestic and commercial waste, and its destination should not be hard to track.

The system was introduced as an environmental measure. The policy that Labour and Conservative Governments have pursued to try to reduce the amount of rubbish going to landfill and increase recycling is right. I will

come on to the policy in Scotland, which creates a problem in England. The Scots are now dumping their rubbish in England to avoid the SNP Government’s so-called PR stunt in introducing 100% recycling, which we all know is impossible.

At present there are two rates of landfill tax: the standard rate of £84.40, which is due to rise to £88.95 in the 2018 Budget, and the lower rate of £2.65, which is due to rise to £2.80 in 2018. Successive Governments have, I think rightly, increased landfill tax over time—to generate revenue, obviously, but also to try to encourage people to recycle more. There is nothing wrong with that, and I do not criticise it at all; the problem lies in how the tax is avoided. It is paid by those who collect and dispose of waste. Some operators own not just the collection system, but the hole in the ground where the waste will go. That leads to clear cases of fraud, in which what actually goes into the ground is not declared to HMRC or to anyone.

Another issue is the type of tax that landfill operators pay. Some claim that tax on inert waste should be paid at the lower rate and pay that rate, although the tax should, in fact, be paid at the higher rate. What has made the situation worse is the mistake that was made in 2015, when the Government basically gave the industry a licence to print money by making it responsible for determining what type of waste was involved by means of something called the loss on ignition test. If a pile of rubbish, or a sample of rubbish, has a loss on ignition of 10% or less, it is classified as being subject to the £2.65 rate; otherwise, it will be subject to the full standard rate. There is thus a clear incentive for operators to declare waste to be subject to the lower rate, which means that the tax avoidance amounts to a little over £80 per tonne.

I am told that, in most areas where that is going on, if inspectors are looking around, operators will have a sample box of rubbish. In the majority of cases, what actually goes into the landfill site could be anything, and the higher rate of tax that the operator should be paying is being completely avoided because HMRC has extracted itself from the process and left the decision to the industry. It may be said that the aim is to attack red tape, which would be fine if the people concerned were responsible and law-abiding.

Let me put it on record that I am not accusing everyone in the industry of this practice. Some are clearly behaving correctly. However, there are a great many rogues, and, in some cases, not rogues but criminals, who have become involved in the practice because they see it as a good way of doing two things: making easy cash, and laundering money through what is a very high-volume business, given the amount of cash that goes through it. I shall say more about that shortly, but giving the responsibility to landfill operators, with no checks, is basically saying, “You decide what tax you pay.”

Another aspect that concerns me, and should concern everyone, is the issue of what is going into landfill sites. What is being classed as inert waste, or as waste that will not catch fire or is not dangerous, is paid for at a certain tax rate. That is declared as going into landfill sites, but what is in fact going in could be very different. I have a simple question: what records do people check? Again, it is very much a matter of self-regulation: the operators fill them in, and a toothless tiger of an organisation called the Environment Agency does spot checks on them.

I have been told that one operator deliberately sent in the previous year's returns and they were just accepted. That is what this comes down to: a lack of co-ordination in the way the HMRC and other Government agencies are tackling the problem.

The other way of avoiding tax entirely is for someone to buy a hole in the ground, to set themselves up as a landfill tax operator and to go around advertising their wares by asking for tenders from organisations, and when the process gets to the weighbridge to determine the amount, to bypass it and just put the waste straight in—paying no tax at all, not even the lower rate. There are quite a few examples of that happening, but again there are no HMRC checks. I will come on to some proposals that I hope the Minister will consider.

Robert Jenrick (Newark) (Con): The hon. Gentleman is making a valuable contribution. I want to emphasise a point he made at the beginning of his remarks: the rise of serious organised crime from this tax. In Nottinghamshire—which I know he knows very well, as a son of Worksop—there have been large-scale frauds where huge rubbish dumps have been put on private property, often with the agreement of the owner, who of course denies it to the police, and the Environment Agency provides absolutely no prosecutions. A number have fallen down; multimillion pound prosecutions have collapsed. It is becoming one of the easiest ways to conduct serious organised crime in this country.

Mr Jones: The problem is not only that the hon. Gentleman's constituents have to live next door to those illegal dumps, but that there is the expense of clearing them up, which falls back on the taxpayer.

There is another widespread scam. This morning I tried to find the figure for the number of fires at waste transfer stations, but I could not. For the uninitiated, I will explain. Having been a chair of public health in Newcastle, I could bore on about waste: when waste is being transferred, it usually does not go straight to the actual site, but goes first to a waste transfer station where it is either sorted or graded into different things. The number of fires that occur at waste transfer stations is out of all proportion to the probability of that happening. The reason for that is that once there is just a pile of ash, there is nothing to dispose of. That is the problem, and, again, organised crime is involved in that.

We have had some instances in County Durham of the point raised by the hon. Member for Newark (Robert Jenrick). There are frauds such as those he describes—to be fair to Durham police, they have cracked down on some of the individuals concerned—but there are some people who have bought into this business. If we look back at what they did or how they got their money, we find serious questions about whether they should be allowed anywhere near the waste industry.

We all know why, for example, in the 1970s the mafia got control of waste in New York: because there is money to be made in it. It is the same in this country, but unfortunately we are not taking the robust approach needed to address that.

One of the issues is about who is responsible for that. The hon. Gentleman mentioned the Environment Agency. It is a good organisation in one respect; it is full of some very good and committed people, but they do not have the killer instinct to be enforcers. The agency needs to

have a certain mindset and to take robust action, rather than just looking at the odd illegal site. It needs to closely monitor some of the existing organisations. Without that mindset and enforcement, this will never succeed.

This is also a matter that falls between the Environment Agency and HMRC. I give credit to Durham police for taking a lead in trying to get people together and for saying, "Look, wait a minute. We know that the people behind this are involved in x, y and z, which has mostly nothing to do with rubbish. It is to do with other serious organised crime." The police have worked with HMRC and others and tried to concentrate on these issues.

I have a concern about HMRC's approach to this problem, and the Minister might want to reflect on it. I shall not go into details because the case is ongoing, but when I raised one particular matter with HMRC, I was told that no enforcement action would be taken because the fraud was not worth more than £20 million a year. That seems like a lot of money to me. Another case that is ongoing at the moment involves fraud totalling £78 million a year. I wonder whether these decisions are the result of a lack of resources. I have spoken to a lot of the investigators in HMRC and I pay tribute to them for the work they do. Some of the people they are dealing with are very dangerous, and it is a complex matter to put these cases together. What we need in this country is a joined-up approach by HMRC, the Environment Agency and the police. I had a meeting earlier this year with the Minister for Security, the right hon. Member for Wyre and Preston North (Mr Wallace), to discuss where all this money goes. The amounts being generated are huge, and I have seen evidence that it is going into the drugs trade or other illicit organisations. That has an impact on society.

There are some things that could be done. As I have said, we need to adopt a joined-up approach—dare I say the Eliot Ness approach—and take a robust line on this. As the hon. Member for Newark has just said, the people who have to pay for the clear-up are the taxpayers. In many cases, that involves local authorities that are already under a lot of pressure. We need to adopt a hard-headed approach, and the Minister needs to look at the figure of £150 million. I think that the figure is way more than that.

Self-certification and the loss on ignition test just need to be binned. I know that there are pressures, and people have talked about cuts in HMRC—*[Interruption.]* Oh, there is more yet, don't worry! The hon. Member for Chelmsford (Vicky Ford) is looking exasperated. What is needed is one single rate for landfill, whatever it is. That test is not enforceable; every shipment going into a landfill site would have to be tested. People have talked about leaving this up to the industry, and I am not besmirching the reputation or integrity of any particular party, but it is open to anyone who wants to do so to abuse the system. I therefore think that those tests need binning, and that we need one single rate.

People ask whether landfill sites could be monitored. Yes, we have the technology. I have raised the matter with the Minister's policy people and asked whether we could have a system similar to those at weighbridges and slaughterhouses in which cameras can record how many vehicles are going into a site. In one case that I have examined, the owner was clearly not paying the

[Mr Kevan Jones]

landfill tax despite the fact that a ridiculous number of vehicles were going into the site. If we had people in Revenue and Customs checking these things, I think it would pay back very quickly.

The other thing is the checking of sites. The Environment Agency has responsibility for most of the checks, but I do not get the sense from HMRC that there is robust enforcement even when questions are asked. The right hon. Member for Loughborough (Nicky Morgan) raised the issue of retrospection. Can I suggest to the Minister, if he wants to get some back tax in, how he might do it? Once a landfill operator has finished with a site, it puts a cap on it, and that is the end of it. I have been told of an operator in the north-east that has done that, and I know from evidence I have seen that it did not pay the right tax. The question was raised with the Environment Agency and HMRC of how to make sure the right tax is paid. The easiest thing is to put a borehole through and check what is actually in there. If we did that on a few sites, I think we would find that what incurs the lower rates is not what is there. That is an important point.

In policy terms, as I have said to the Minister's policy officer, we need to make the producers of the waste responsible for where it goes. At the rates that some waste collection organisations advertise, they could not possibly make a profit if they were paying landfill tax. The problem is that because local government and others are being squeezed, many local government organisations have got into bed with these operators because they charge the lowest rates, but they can do that only because they are either not paying landfill tax or paying it at the incorrect rate. The onus should be on large organisations to take responsibility for what happens to their waste; their responsibility should not end once the waste operator has taken it away. The rates being paid by quite a few public bodies in the north-east of England make one wonder how these organisations can be making any money, if they are paying landfill tax.

Operators are also making claims that are completely unachievable, such as 100% or 98% recycling of commercial waste, which is not possible. If that is the case and they are collecting at a certain price, what is happening to the 10% or 15% they cannot recycle? Its collection would be completely uneconomic if they were paying landfill tax. If HMRC had its eyes open and looked at some adverts, it would be thinking, "Wait a minute. There's something wrong here."

Bambos Charalambous (Enfield, Southgate) (Lab): Does my hon. Friend agree that local authorities and the Local Government Association could play a greater role in monitoring the amount of waste going to landfill?

Mr Jones: Yes, I do, but the problem is that local authority budgets are under tremendous pressure, so they are going for the cheapest price. If somebody goes to them and says, "I can get rid of your waste for less", what are they going to do? One council in Wales was trucking its waste up to the north-east. Can someone tell me, if the operator was paying the proper amount of landfill tax, how that could be economically viable? It cannot be. The onus is on local authorities to start asking questions about who they are contracting with.

There is also an issue with the individuals who can now operate licences. It does not take a genius to look at some operators who get involved in the industry and ask, "What is their experience? Where is the money suddenly coming from to set up a business?" This is fraud, but it is also an environmental concern.

Scotland has huge great policies about zero landfill waste and things like that, but the reason for that is very simple: the waste is coming over the border. Operators in Scotland are avoiding the cost of having to dispose of waste and of separating it at source, which the Scottish Government pride themselves on, by taking it to the north-east of England or anywhere else where things are cheaper. Parts of the UK are becoming Scotland's rubbish tip because the Scottish Government have no control over where Scotland's waste is going. There is some evidence that we may be making money through the landfill tax that is paid when it comes over the border, but I suggest that quite a lot of landfill tax is not being paid. That is the problem, and there are things that need to be done.

What the Minister would find if he spoke to the industry is that, behind closed doors, everyone knows that this is going on. It is no great secret. If he is going to come back with regulations later in September, I want them to be robust, because I have a niggling feeling that the policy people at HMRC see the problem as one that will go away of its own accord. In 15 or 20 years' time, when we are no longer using landfill, we may not have large-scale problems, but we will have lost millions if not billions of pounds in the meantime and, as the hon. Member for Newark said earlier, many communities will have been blighted by unscrupulous operators. I ask the Minister to talk to the Minister for Security, because this is not just about waste, but about the cost to society as a whole.

When I asked the Minister whether the regulations would be published, I was not being provocative; I just want to see what they are and know what the process will be. The industry and others who have been involved should be able to react to them before they come into force. One simple thing that could stop a lot of fraud would be the ignition test, for example, so if the Minister lets me know when the regulations are coming up, I would be happy to meet him or even make some suggestions about the proposals.

I now want to change the subject entirely and talk about air travel. The resolutions include a commitment to look at air passenger duty. We have been promised reform for a long time—I looked it up this morning, and this matter has been raised at least since 2011. I do not want to be accused of raising problems relating to Scotland this afternoon, but air passenger duty is of great concern to the north-east due to the Scottish Government's new air departure tax. That decision is entirely up to them as part of the devolution settlement, but the new tax will reduce air passenger duty in 2018, which will have an impact on regional airports such as Newcastle. As I say, that is no criticism of the Scottish Government, because they have the devolved responsibilities and can do that, but if they abolish air passenger duty altogether, that could have a devastating impact on those airports. Members from Northern Ireland have also made representations because the same situation applies there to Belfast International, Dublin City and City of Derry airports due to differential rates in the Republic of Ireland.

Why does that matter? The north-east of England is the poorest region in the UK with, sadly, the highest unemployment. Newcastle airport has been a success, for which I give credit to the local authorities that own it and their private sector partners. It sustains some 7,800 jobs, 3,200 of which are directly at the airport, but the knock-on effect throughout the region is also important. The airport brings some £57 million of tourism a year to the north-east, sustaining some 1,750 jobs.

London has four airports, so the economic impact of each is possibly not as great as the impact of an airport in a region such as mine. Regional airports provide connectivity for people who want to travel not only for leisure but for business—some £173 million of exports go through Newcastle airport each year, nearly £150 million of which go through just one airline. The Emirates flight from Newcastle to Dubai moves goods not just into the middle east but into the far east and Asia. The airport is important not only in carrying people but in supporting the region's businesses.

At the 2015 general election the then Prime Minister, David Cameron, said that he would not allow regional airports such as Newcastle to be at a disadvantage if Scotland were to reduce the rate of APD. We all know what happened to a lot of David Cameron's promises, so I will not hold the present Minister to that one, but it is important that the issue is addressed.

The Government could use APD more imaginatively. Obviously it was introduced for environmental reasons, but we all know that it is now a big cash cow for the Exchequer. If we had differential rates to try to encourage airlines to relocate to regional airports, it might help to reduce the overcapacity at airports in London and the south-east. It would also be a cheap way of regenerating regions such as the north-east.

The present rate of APD puts Newcastle airport at a disadvantage because, unlike London Heathrow, we have a relatively small number of business travellers. If we wanted to think creatively, we could introduce an incentive. I understand from the media that the new metro Mayor of Tees Valley made an election pledge to nationalise, reopen or somehow expand Teesside airport, which is a little ambitious. He may find that that election promise is difficult to translate into action. Again, if the APD rate goes down in Scotland and Newcastle airport is affected, trying to get any new flights to a place like Teesside will be virtually impossible. The issue is important to the north-east, and it is not just about passenger travel and tourism flights; it is about the broader economy. Our regional universities need access to international students, and a region where jobs have not boomed would be severely affected if the airport's passengers leaked to Scotland.

Let me turn to small business and some of the issues raised earlier. I am not opposed to the use of new technology or to recognising that we have to change the way we do things. My party made mistakes when it was in Government by closing a lot of DWP offices and going directly to doing things by phone, which made it difficult for people to have interaction, and we are in danger of making the same mistake on tax offices.

A constituent who came to see me last year runs a one-person business. If she had a problem with her tax, she would drive to Durham tax office and meet somebody she knew, and they would explain the situation to her. I am not saying we should keep tax offices open just for

that one person, but if we are going to go into the digital age—I have no problem with that, as it might be easier for some businesses—we need to ensure that we have either telephone access or dedicated processes whereby people can at least get assistance. I believe it was the right hon. Member for Loughborough who mentioned webchats, which are a way of doing this and are used by a lot of service providers. That needs to happen before any roll-out of the changes, because there is nothing more frustrating than not being able to get through. My constituent told me that when she eventually did get through, she got through to three different people. I do not know whether this could be done, but perhaps we could use a case-management approach, with individuals taking control of certain areas. People might think personal relationships between small businesses and their tax inspectors would be hostile, but in my experience they are not. If the relationship works well, it helps the business in terms of how it operates and it helps how HMRC can collect.

I now wish to discuss HMRC's priorities. HMRC comes in for a lot of criticism, but it has a huge task to do. Even so, I sometimes wonder whether it gets its priorities wrong and I wish to give an example from my constituency. I have just spoken about the lack of enthusiasm for cracking down on landfill tax fraud, but an overzealous approach is taken to some small businesses. I have written to the Chancellor about a constituent of mine, Mr Marshall, who runs a bathroom business in Chester-le-Street. I have not yet received a reply, even though I have written twice—obviously, the Chancellor has been very busy. This is an example of where HMRC uses a sledgehammer to crack a nut. Mr Marshall and his family—it is a family business—have a showroom, where people can order and pay for a bathroom, and then they will organise everything that needs to be done. They do not employ anyone—they fit bathrooms, but they do not employ the plumbers, electricians and so on. Mr Marshall subcontracts the work to plumbers and electricians, and the client then pays them, as is common in the industry.

Last year, Mr Marshall had a visit from HMRC, which said that he is now responsible for the VAT payable by those individuals, even though he does not directly employ them, because they are small businesspeople. He freely admits to me that he does not use the same person every time; it depends on who is available. He is now being hit with a tax bill for some £24,000, which to a small, well-respected business is a little harsh. As I say, I have written to the Chancellor twice without receiving a reply. HMRC will not discuss this because it is under its veil of secrecy, as it always is, but I want to know why one person has taken it upon himself to deem that the VAT liability of these individuals—if there is one—should fall on someone who is procuring a service. If that is the case, and if I was regularly employing someone to do some work on my behalf and they went above the VAT threshold, would HMRC suggest that I, as the person employing them, should pay their VAT?

I would like the Minister to look at that case. As I said, I have tried writing to the Chancellor, without success. I am happy to email him the details and copies of the letters I have. I was going to say that such cases give HMRC a bad name, but that is not hard to do. No one likes to pay taxes, but the point is the disproportionality between a family business—this is not a multinational

[Mr Kevan Jones]

corporation—and the Googles of this world and the landfill operators that completely ignore the actual tax situation without any grievance falling upon them from HMRC. It is about proportionality in some of the enforcement. The new Chair of the Treasury Committee might want to look at how HMRC deals with small businesses. It is not only about the forms, but about what is facing my constituent. The process is time-consuming, but it can cause anxiety if someone suddenly has to find such an amount of money.

There is another issue I want to raise—I have moved on from rubbish; I am going to speak about cosmetic surgery. I tabled a parliamentary question a couple of weeks ago about the Government's proposals for collecting VAT for cosmetic surgery. I have looked at the issue and got into the subject. I will not hasten to go through the whole issue of the regulation of cosmetic surgery, but it is another area I am pursuing.

Wes Streeting (Ilford North) (Lab): Declare your interest.

Mr Jones: I think even the best plastic surgeon would struggle with me.

The question is whether VAT is payable on cosmetic procedures. The problem is that such procedures vary from facelifts and tummy tucks to boob jobs, fillers and that side of the industry. I came to the issue through a constituent. I will not talk about the regulation, because that does not apply to the taxation of cosmetic surgery, but I want some clarity from the Government on the rules about whether cosmetic surgery should be VAT-registered.

There is an organisation called the Hospital Group. In a previous life, it went into administration owing the taxman nearly £9 million in VAT because there was an argument about whether VAT should be levied on the surgical procedures. The bill started at £17 million and went down to £9 million before, lo and behold, the director folded the company. HMRC is left with £9 million that it has not recovered. That company owes money and tax to quite a few other organisations, including councils.

This is an interesting issue, because while people would not pay VAT on a medical procedure, these are not medical procedures. I am not for one minute suggesting that women who have had mastectomies should pay VAT if they need reconstructive surgery, but if a procedure is purely for cosmetic reasons, it should be VAT-chargeable, as I read the regulations, but HMRC does not seem to be enforcing that. There is an argument, which I have heard from the new owners of the Hospital Group, that these are medical procedures, as people are having them because of mental health issues. If that is the case, evidence needs to be provided.

Given the amount of money that the industry generates, I wonder whether the Government are losing revenue. In the one case that I know of, the Revenue is owed £9 million, although it is never going to get that because the company has gone into liquidation. How many similar cases are there? We should consider whether VAT is chargeable on not just surgery but other aspects of the cosmetic surgery industry—things such as fillers and other products that enhance one's aesthetic beauty, on which I am sure my hon. Friend the Member for

Ilford North (Wes Streeting) will be able to enlighten me. If VAT is not being charged, we must consider that, because this is a huge industry in this country. As I said, there are regulation issues for some organisations that need to be addressed, but my parliamentary question was whether there were any proposals to look at the tax aspects of this issue, and the answer was that there were not. Will the Minister let me know what the regulations are and how they are being enforced? It could be that the Revenue is losing out on quite a large amount of money.

My hon. Friend the Member for Bootle (Peter Dowd) talked about the general treatment of tax avoidance, and he obviously hit a raw nerve with some Conservative Members with his accusation that they were the party of tax avoiders. It is in all our interests to ensure that people pay their tax. We all moan about the level of tax that we pay, but ordinary people have no way of influencing what tax they pay—the money comes off their salaries or wages through pay-as-you-earn. What grates with and hurts them is that they see hard-working people paying their tax—there are no clever schemes for them to lower their tax bill—while large corporations and others use mechanisms to generate huge profits but not pay tax. They see sporting individuals and others using mechanisms such as the film schemes that were deliberately set up so that people could avoid their tax liabilities. To be fair to the Government, they have cracked down on some schemes, but that is what irks a lot of people. They have also had austerity and the wage freeze for the past seven years, and they see the injustice of that. We need fairness and to ensure that people pay the tax that others are entitled to expect. Look at the earnings of some of the BBC's stars, which were published a few weeks ago. The idea that some people want to reduce their tax bill when their initial wages are paid for by taxation is just amazing.

Finally, I just want to—[*Interruption.*] If the Minister wants more, I can give him more. I am trying to be helpful. I have been very helpful to him and tried to work with his Department, because there are occasions on which we can co-operate to get things done. Making sure that everyone pays their tax and that the system is fair is in the public interest. The Minister was right when he said that we cannot have public services or anything else if people do not pay the right levels of taxation. The system has to be fair.

There is another issue that I think HMRC is already on to, but on which it might want to take a more proactive stance because it relates to organised crime. You might think I am strange, Madam Deputy Speaker, going from rubbish to airports to cosmetic surgery, but I am now going to talk about puppy farming. I met the Dogs Trust yesterday, which has produced a very good report—I do not know whether the Minister's Department has seen it, but it should read it, as this is another area in which organised crime is getting involved in cruel practices—and it concerns not only breeding dogs in this country but importing them. Now the importations are from Poland and Lithuania, and the Dogs Trust study is of both cases.

There are some horrendous cases, and not just as concerns the cruelty of the trade. If honourable colleagues or the Minister would like to look at it, the report is called "Puppy Smuggling: A Tragedy Ignored", and it is an investigation into the pet travel scheme. It is quite

clear from talking to the trust and the local police that this is another new way of making lots of money without paying any tax. It is a cash business, Madam Deputy Speaker. A lot of these pups are advertised on the internet and the process involves cash transactions. It has been described by one HMRC official as the new cocaine or drugs angle for some types of organised crime, as large amounts of money can be made.

Again, this is a question of co-operation between HMRC and other agencies, for example when local authorities are in charge of enforcement. I give credit to the Government for making changes to the puppy farming regulations, but we are now seeing the importation of these animals from abroad, and we need action at the port and to ensure that when sales take place, the correct amount of tax is paid. If we want to stop the trade, one way of doing so would be to use the tax system, because large amounts are being produced in cash, and if HMRC can use the system to ask where the cash is coming from, the focus is suddenly on that question.

This example demonstrates the innovative way in which organised crime works. It will look for the easiest way of making untraceable cash—landfill tax was one, and now, tragically, as some of the stories in this report are terrible, so is the trade in pups, which should not be bred in such a way or kept in such conditions. As the Bill goes through the House, the Government might want to consider this matter.

Again, this comes back to enforcement and attitudes. I am not criticising individuals at HMRC, as I say, because they have a difficult job, but we need an attitude in favour of enforcement and, on occasion, we must consider how that happens through HMRC and how it is linked with the police and other enforcement agencies. One thing that is quite clear in the examples that the Dogs Trust has highlighted concerning the scandal of puppy farming and importation, as well as what has happened with landfill tax, is that these things are not just HMRC's responsibility. There are other agencies. Durham police have very effectively come together with others to limit and crack down on these individuals, so I ask the Minister to consider taking a cross-government approach to some of these issues, if we can. On that point, I shall conclude my remarks.

4.54 pm

Wes Streeting (Ilford North) (Lab): It is a pleasure to follow my hon. Friend the Member for North Durham (Mr Jones), who gave a very comprehensive speech. I personally felt that there were some areas of the Ways and Means resolutions to which he did not do justice, but I am sure we will get a chance to return to those on another occasion.

"A revolutionary moment in the world's history is a time for revolutions, not for patching"—

those were the words of William Beveridge 75 years ago in his landmark report that paved the way for the modern welfare state. There is no doubt that we live in a similarly revolutionary moment. We are still in the long tail of the biggest economic crash since the great depression and the consequences that follow. We are on the brink of leaving the most sophisticated political and economic alliance in the history of the world, with consequences for our economy, a wide breadth of public policy and our citizens. We are also at the beginnings of an industrial

revolution of a pace and scale that the world has never seen. Against that backdrop, the resolutions we are debating and the summer Finance Bill firmly fall into the category of patching.

In the time I have today, I will: specifically address the patching provisions in the Ways and Means resolutions; talk about the issues that are not addressed by the summer Budget and the Ways and Means resolutions; and touch on areas of Government policy that run completely contrary to our national economic interest. Ultimately, the patching measures in the Ways and Means resolutions are pretty small and fairly inconsequential given the wider economic impact of Government policy if that policy continues on the course that the Government have set out.

I turn first to the issue of patching. We heard from the new Chair of the Treasury Committee, who I am absolutely delighted has been elected. I have no doubt that she will fill the enormous shoes of her predecessor. As I have been re-elected to the Committee from this side of the House, I very much look forward to working with her and other cross-party colleagues. As both she and the Minister set out today, the Treasury Committee raised a number of concerns following our evidence gathering. We listened to a wide range of evidence from tax specialists, representatives of small and medium-sized businesses and, indeed, those businesses themselves on the consequences for them of pursuing the Making Tax Digital policy as it was originally conceived.

As other hon. and right hon. Members have said, there is no doubt that there are many benefits for the Revenue and potentially for businesses against the wider backdrop and the move to digitalisation. But there was a serious concern for small and medium-sized businesses in particular about the impact, which—granted—could be unintended. None the less, it would be red tape and bureaucracy for small and medium-sized enterprises that cannot really afford the extra burden. It should be the intention of the Government in any case when pursuing policy to try to implement it in a way that is not burdensome for SMEs or large corporations. We should seek to legislate and regulate effectively, which does not necessarily always mean heavily.

There was a concern that the timing of Making Tax Digital, as it was originally conceived, would have created an unnecessary and unwarranted burden on SMEs. There are more than 5,000 SMEs in my constituency alone. Since being elected to the House two years ago, I have made it my mission to speak up in their interests. I was therefore pleased, during the summer Budget and when listening to the Minister this afternoon, to see that the concerns expressed by the Treasury Committee have been taken on board, that the deadline has been moved back and that there is still some degree of flexibility about when mandatory provisions will kick in. None the less, Ministers ought to take into account some further cautionary notes, particularly following the points made by my hon. Friend the Member for Bootle (Peter Dowd), the shadow Chief Secretary.

As the implementation timeline stands, we will be looking to implement Making Tax Digital for SMEs in spring 2019—an auspicious year because it happens to coincide with our departure from the European Union. If that departure is smooth, perhaps the Making Tax Digital process can be equally smooth, but I have yet to see any evidence that it will be, be that in Government

[*Wes Streeting*]

position papers, the reaction in the Cabinet to different Government position papers, the reaction of colleagues on both sides of the House to the Government's position, the reaction of all 27 EU member states to what the Government have put forward or the reaction of the European Commission. As far as I can see, there is currently no hope of a smooth exit from the European Union; in fact, we are in danger of crashing out of the European Union. If that is the case, and we are not able to provide stability and certainty to businesses at least over a transitional period while we exit the European Union, we will be adding Making Tax Digital on top of the new customs and border checks and the new compliance and regulatory regimes that businesses will be wrestling with—if those are, indeed, in place by that time. Ministers need to keep an eye on wider events and to think about Making Tax Digital in that context. I hope that is something the Minister will reflect on.

There was an interesting exchange between my hon. Friend on the Labour Front Bench and Government Back Benchers over tax avoidance and non-doms. No one pretends the issue is easy. There is a booming business in tax avoidance; indeed, individuals and corporations pay huge sums to very clever accountants to minimise their tax liability. Of course, much of that is perfectly legal, but that does not make it right or ethical. What is often missed in the debate about tax avoidance, particularly when we listen to the protests of people who face a larger tax liability, is that, in the aftermath of the financial crash, with everything we have seen in terms of the impact of austerity on public service provision, the burden of taxation and wage stagnation—I will come to those wider, structural economic problems shortly—there is sometimes a real sense of detachment among those who have benefited enormously from the current economic order and those who have been at the sharp end.

Mr Kevan Jones: Does my hon. Friend also think that there is a mindset in some parts of the Government—perhaps not on the Treasury Bench today—that the trickle-down effect of encouraging wealthy individuals from abroad to come to settle in London will boost the economy? In fact, it sometimes fosters corruption in those people's countries, and it also takes away flats and other valuable assets in the capital, which local people can then never hope to gain access to.

Wes Streeting: I strongly agree with my hon. Friend. This idea of trickle-down economics must surely be discredited now: it does not work. People are rather ill aware of the extent to which the benefits of economic growth have been unevenly distributed and disproportionately enjoyed by those at the very top. I do not have a great deal of time for special pleading by wealthy individuals and corporations about being asked to pay their fair share of tax, because not everyone is feeling the pinch, and it is entirely reasonable to look at what we can do to tighten loopholes in terms of tax avoidance.

That brings me to the specifics of Government policy. We have had some remarkable rhetoric from those on the Treasury Bench, even over the two years I have been a Member of Parliament. The former Prime Minister, David Cameron, lauded his global leadership on tax avoidance, but the rhetoric is rather divorced from

the reality. Even with the measures set out today, there are still means available to non-doms that enable them to enjoy tax exemptions and concessions for many years that are not available to the average UK citizen. Let me give one example: non-doms are able to keep their assets out of the scope of tax if they are held in an overseas trust that was created before they were deemed as domicile. That strikes me as rather unfair and as fairly easy to solve. That is just one example, but there are lots on which Government could clamp down further. The political rhetoric is there, but I do not think the political will is being delivered by policy.

Ruth George (High Peak) (Lab): Will my hon. Friend contrast that clamp-down on non-doms and the tax reduction policies with the clamp-down on people with disabilities? Work capability assessments of their employment and support allowance and personal independence payments are reducing their benefits from day one.

Wes Streeting: My hon. Friend makes a powerful point. She will already have seen in her casework as a new Member the impact of changes to Government welfare policy on some of the most disadvantaged people in our society.

If politics in this country and across the western world tells us anything at the moment, it is that large numbers of people feel completely left behind by the economic order and are expressing their frustration through the ballot box in a variety of ways, whether that be by voting to leave the European Union because they see it as central to a global economic order that has left them behind, or by electing Donald Trump because of his promises to the central rust belt of America, which I think he will struggle to deliver. I will talk in my concluding remarks about what the current economic order means for politics and why Government really do need to listen to the voice of the people.

It is interesting to note the enormous complacency among Government Members. Sure, they occupy the Treasury Bench and Downing Street, and Government Departments are staffed by Conservative Ministers enacting, by and large, Government policies, with the very expensive assistance of the Democratic Unionist party. However, the Conservatives lost their majority at the election, and the tragedy for Conservative colleagues who lost their seats is that the Government have not actually listened to the message of the people.

Of course, our side has some humility about the fact that we did not win the election either. Lots of new hon. Members who have been elected to this House rightly celebrate their achievements and those of their party activists, but we know that we have further to go to earn the trust of the British people. Looking at the Government's policies, we know that we have a responsibility to earn that trust to deal with the economic malaise and entrenched economic inequality that is affecting our citizens and those in many other economies. I welcome the Government's rhetoric on tax avoidance and taking on non-doms, but I just do not see it reflected substantially enough in Government policy. I strongly support the criticism set out by the shadow Chief Secretary, my hon. Friend the Member for Bootle.

There is a sad irony in the point that a number of right hon. and hon. Members have made about the provisions for retrospective changes to tax arrangements.

It seems that the provisions for non-dom arrangements in particular rule out retrospective changes. The Government are saying clearly, “If you have a trust overseas before the rules kick in, don’t worry: we’re not going to touch that money.” Of course, the nature of so many of those trusts is that they are family trusts that are passed down and inherited. In effect, the Government are acknowledging that those trusts exist and that there is an unfairness, and they are setting out to do something about it hereafter, but they are not applying retrospective changes to non-doms in the same way that other measures will affect many others retrospectively.

Mr Kevan Jones: Does my hon. Friend share my concern that wealthy individuals are found wanting when, as usually happens, a secret deal is done with HMRC to pay a certain amount to cover the liability? That is not open to many of my constituents, who are not able to argue when they have a pay-as-you-earn problem. Does he think it is fair that such deals are agreed by HMRC? They should be published if we are going to get fairness into the system.

Wes Streeting: I wholeheartedly agree with my hon. Friend. We should be putting an end to sweetheart deals. We certainly should not, as he says, allow them to take place behind closed doors without the appropriate levels of transparency; such transparency means that we at least know what is being done. What makes me angry, and what makes the individual taxpayers and the businesses that I represent angry, is the fact that we know—particularly if we have been self-employed or run a business—that if we are late with our tax return or our payment of tax due, we will be subject to fines and penalties, which will continue to accrue as long as we delay payment. However, not only can wealthy individuals and corporations pay long after they are supposed to, but they get to determine their own rate of tax. That is outrageous.

The Government have, even during the short time for which I have been a Member of this place, introduced measures to try to deal with tax avoidance by individuals and corporations, but those measures always fall short. Let us take the diverted profits tax—the so-called Google tax. Google barely paid a penny. That illustrates the gulf between the rhetoric we hear from those on the Treasury Bench and the reality of the impact of policy on the tax liability of wealthy individuals and corporations, who can effectively determine their own tax rate. People see that hypocrisy at the heart of the system, and I do not think that the measures proposed by the Government today or previously do enough to allay the concerns that people are expressing.

Mr Jones: I agree with my hon. Friend. Does he think that part of the problem is the operation of HMRC and its arm’s-length relationship with the Treasury? He speaks eloquently about people’s disillusionment with politicians and their ability to affect things. Does he agree that it is perhaps now time for Treasury Ministers to have more direct control over the operational decisions of HMRC?

Wes Streeting: I certainly feel that HMRC is insufficiently accountable to taxpayers and citizens, and I think there are two routes to redressing the problem. One is, as my hon. Friend suggests, for Ministers to take a far tighter grip on what is going on at HMRC, to rein the Department

in and make sure that its conduct is in line with the expectations of the people we are sent here to represent. The other, as my hon. Friend the shadow Chief Secretary suggested, is to make sure that HMRC is resourced effectively so that it can implement public policy as intended.

Hon. and right hon. Members who have tax offices in their constituencies complain all the time about the loss of jobs in their constituency. They are fighting for their constituents, as they should do and as we all do. However, the closure of HMRC tax offices and the loss of HMRC jobs should be a concern not just for them, but for all of us. If we do not have the tax inspectors out there in the field clamping down on tax evasion, which is illegal, identifying areas of tax avoidance and, ideally, making recommendations to Government about improvements to the system, we will continue to have repeated debates in this place about how we clamp down on illegal tax evasion and aggressive tax avoidance.

Another way in which we can improve the scrutiny of HMRC is through the Treasury Committee. There is provision for a sub-committee of the Treasury Committee to look in detail at HMRC’s work, and when the Committee meets we ought to consider that. The question is always about time and resources. We are lucky to have on the Committee a hard-working and dedicated team of Clerks, who produce reports and briefing packs at a rate of knots on some of the most complicated areas of public policy. Of course, we have a heavy agenda because of the issues facing our financial system, in particular, which have preoccupied the Committee in its work. I think it is fair to say that our new Chair and Members have ambitions to look across the breadth of economic policy and Government spending policy. From our constituents’ experiences on the phone to HMRC—if they are able to get through—right through to our issues about the resourcing of HMRC, there is a serious and significant piece of work to be done on HMRC’s performance, the adequacy of its resourcing, the scope of its powers and its focus as a public body acting in the interest of all taxpayers.

Mr Jones: My hon. Friend raises a good point about staff. The problem we have had in all Departments during the years of austerity is that the easy target is to get rid of so-called civil servant pen pushers. The actual effect of that is starkly focused in the case of HMRC, because when we start to get rid of staff whose job is to collect tax, not only do we lose those individuals’ expertise and their years of experience, but it costs the taxpayer, in that staff are no longer available to enforce the tax regulations. I have highlighted the issue of landfill tax fraud, for example. Does my hon. Friend agree that the Government should look at this as a case of “invest to save”? In other words, if they invested in civil servants to do something, the Government would be able to prove that they were getting more in revenue than it was costing to employ those civil servants.

Wes Streeting: I wholeheartedly agree with my hon. Friend. The irony of some of the swingeing cuts of the past seven years is that although on a scorecard the cuts to civil service jobs represent significant savings, when we look at the roles and responsibilities of some of those civil servants, it does not take a rocket scientist to work out that cutting the number of tax inspectors may

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well mean that the Government will lose on tax yields and will lose revenue. There is a cost saving on the one hand, but on the other hand there is a direct cost to the Government in lost income.

I had the same experience in local government. Before I was elected to the House, I was the deputy leader of the London Borough of Redbridge. There is a continuing debate in local authorities about, for example, enforcement officers. There are huge pressures on local government budgets, and staff job losses can represent some of the biggest savings because staff are the biggest cost. If a council cuts its pool of parking enforcement officers, that will certainly help it to balance the budget when it comes to the budget council meeting, but it can end up losing revenue if enforcement officers are not out slapping penalties on cars. In addition to the loss of revenue, there are also worse outcomes for citizens, because such a policy encourages the bad practices that make our communities in the case of parking, or our society in terms of effective tax revenues, a lot worse off.

I hope that Ministers will turn to some of these issues when the Budget is next before us, because as well as being pretty thin on substance, the summer Budget did not deliver against the challenges of the time. At the opening of my speech, I quoted William Beveridge's words about this being "a time for revolutions". I have been struck by the interim report of the IPPR commission on economic justice, which has been launched today. In a succinct and effective way, the IPPR has summed up a number of the issues involving the great central planks of Government economic policy that have caused me great frustration, but it has also captured the sense of injustice felt by many of our constituents.

We could go on about this ad nauseam: I have sat in the Chamber many times listening to Conservative Members talking about their economic record, but I could spend much of the time available to me this afternoon cataloguing the broken promises of Conservative Chancellors. In fact, we could spend quite a lot of time talking about the broken promises of just one Conservative Chancellor. Our SNP colleague, the hon. Member for Glasgow East (David Linden), is new to the House and was not here to listen to George Osborne's commitments, so I had better tell him about them. We were told in 2010 that the Conservatives would eliminate the structural deficit in one term, and they attacked the Labour party for lacking ambition and for not having a serious economic policy when we promised merely to halve the deficit over the course of a Parliament.

Mr Jones: Does my hon. Friend also remember that not only did George Osborne's first Budget in 2010 help crash the economy, but the economically incompetent and hamfisted way in which the cuts were made—for example, cutting budgets in-year meant that it cost councils and others more to lay people off than it saved through redundancies—sucked demand out of the economy just at the time it was turning round?

Wes Streeting: That was one of my greatest frustrations as a Labour party member, looking in on debates in the House during the 2010-15 Parliament. We could be proud of Labour's record in government from 1997 to the financial crash. There was unprecedented growth; we ran a budget surplus for four years—that has happened

in only seven of the past 58 years; we lifted half a million children and more than 900,000 pensioners out of poverty, and we rebuilt public services. Yet we were told after the 2010 general election that Labour presided over reckless spending, but George Osborne was the shadow Chancellor who, up to the crash, committed to match Labour spending pound for pound.

How on earth in 2010 to 2015 we allowed revisionist history to take hold of Labour's economic record will continue to confound me, but we must take that on. As my hon. Friend the Member for North Durham said, when we left office, the economy was growing and the initial impact of the early Osborne Budgets was to choke growth, scare away investment and suck money out of the economy through the cuts that were imposed. That did not make economic sense or even enable the then Chancellor to deliver his promises.

Mr Jones: Does my hon. Friend also agree that not only did what he describe happen, but if we had followed the Conservative party's policy of deregulation of the banking and financial sector—the Conservatives never called for more regulation; they wanted less—and if we had accepted the suggestion of David Cameron and George Osborne at the time of the Northern Rock crisis to let it crash, we would have been in a much worse situation than we were?

Wes Streeting: I wholeheartedly agree. I am proud of the contribution that UK financial services make—not just the City of London, but other economic centres, for example, in Edinburgh and Leeds.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Manchester.

Wes Streeting: And Manchester, as my hon. Friend says.

Alison Thewliss (Glasgow Central) (SNP): Glasgow.

Wes Streeting: Of course, we cannot forget Glasgow. We have several powerful financial centres in the UK. They can contribute enormously to our revenues as well as creating jobs and making the UK an attractive place to do business. However, we should never forget that the crash was a banking crisis, and the thought of politicians—not just the UK Government of the day, but Governments throughout the world—was not that they had spent too much or invested too much in schools, hospitals, teachers, dinner ladies, nurses and doctors, but that the regulatory regime that oversaw financial services was inadequate for the practices of the time. A corrosive greed took hold on Wall Street and in the City and the vast majority of people paid the price.

David Linden (Glasgow East) (SNP): The hon. Gentleman is being generous with his time. He mentioned powerful financial centres, including Glasgow and Edinburgh. Does he agree with my colleagues and me that the Government's reckless approach to Brexit is deeply damaging and will cause grave effects in cities such as Glasgow and Edinburgh?

Wes Streeting: I certainly agree with the hon. Gentleman. I shall come to his point, in the context of the motions and the extent to which they are insufficient to deal with the structural economic problems and the economic outlook faced by the country.

Ruth George *rose*—

Wes Streeting: I give way to my hon. Friend.

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Before the hon. Gentleman gives way again, I must tell him that I have been paying careful attention to what he is saying, and while I accept his explanation that he is about to discuss the motions, there are 48 of them on the Order Paper, so a fairly wide field of matters is under discussion. The hon. Gentleman has been dealing with subjects that are not relevant to the motions. He has been on his feet for 31 minutes, and I have given him quite a lot of leeway, but I am sure he will appreciate that, while it is interesting to consider the economic history of the last decade or so—and we are all fascinated—he really ought to speak to some of the motions, of which there are many before us this afternoon.

Wes Streeting: Of course, Madam Deputy Speaker, my entire speech relates directly to the Ways and Means motions, but what I will do with the time that I have left is be careful to ensure that my critique is centrally about the extent to which the motions fail to address the structural challenges facing our economy. I will now give way to my hon. Friend the Member for High Peak (Ruth George).

Ruth George: The Finance Bill proposes to extend the reliefs available to people with non-domiciled tax status, who are some of the wealthiest people in the country. [*Interruption.*] Motion 13 does that. It contrasts with the actions taken in 2012, when the then Chancellor set up the business investment relief scheme, which itself contrasted with a VAT increase that not only dampened down the economy but caused the tax burden to fall disproportionately on the shoulders of those with lower incomes while reliefs were given to the very wealthy.

Wes Streeting: I wholeheartedly agree with my hon. Friend. Let me make two points about what she has said. In the Budget and the Ways and Means motions, and in previous Budgets and resolutions, the Government have chosen to pursue particular regressive forms of taxation. There is no doubt that VAT is a regressive form of taxation, in that it is paid by everyone, both individuals and businesses, regardless of income. If I went into a shop and bought an item that was subject to VAT, I would pay the same rate as someone with a much lower income buying the same item.

If a Government's objective is to increase their tax revenues—and, of course, we understand why that would be an objective, given the context of the Budget and the revenue-generation measures in the Ways and Means motions—they should pursue revenue generators that are based on progressive taxation, and ensure that those with the broadest shoulders bear the greatest burden. We have heard those words, or a variation of those words, many times from the Treasury Bench, from successive Chancellors and in successive Budgets, but, as I have said previously, the rhetoric fails to match the reality.

As my hon. Friend has referred again to the issue of non-doms, let me again highlight the extent to which the motions fall short of what is required. Of course we welcome the Government's measures on non-doms, but

I have already criticised them for not addressing, in the Ways and Means motions, the ability of non-doms to keep their assets out of scope if they are held in an overseas trust that was created before they were deemed to be domiciled. We may also want to consider the issue of definition, because the definition of who can be deemed to be in that category seems misleading. It does give the impression that a UK-born non-dom will be deemed if they are now UK-resident, but, inexplicably, it only covers those whose parents were not non-doms, letting non-doms off the hook if their parents were also non-doms. That is very common.

Mr Kevan Jones: Does my hon. Friend agree that there is something archaic in people being able to pass down their tax advantages to their children in that way? The average taxpayer on pay-as-you-earn has no chance of having access to such measures, and they certainly cannot pass on their status to their children or get any advantage for their children in the tax system.

Wes Streeting: I wholeheartedly agree with my hon. Friend, and I am proud to be a member of the Labour party, because it is inherent in the founding principles of our party that we are here to represent the interests of labour. It should be a principle in the approach to taxation and funding our public services that a hard day's work should result in a fair day's pay and that the wealth people earn through hard work should be rewarded. There are many people covered under the Ways and Means resolutions we are discussing—particularly those on inheritance and people who enjoy non-dom status—who through chance or luck or birth have found themselves wealthy. It was not through hard work; they have just been lucky.

I understand the parental instinct that means parents or grandparents want to hand on assets of value, both financial and sentimental, to their successors. I understand that even more as someone who might benefit in the future—although, given my family background and the rising cost of social care, probably not in the way that many high-profile politicians have experienced in recent years. However, there is a problem in that people feel that the link between hard work and the rewards of hard work, and prosperity, have been loosened and weakened. Meanwhile, there are plenty of people out there who through luck, chance or circumstance have accumulated vast amounts of wealth and are seemingly untouchable by the tax collectors.

That situation is deeply regrettable, because it has a corrosive impact on the public finances and our ability to fund public services that benefit everyone, and it is also having a corrosive impact on politics itself. People feel that we gather in this place and work in the interests of a privileged few who have sharp elbows and access to Ministers and the corridors of power, while the vast majority of people, many of whom might have never even thought to email their MP, do not feel that they have a voice, and instead always feel that they are at the sharp end of things. We hear Ministers talking about the tough choices facing the Government, and of course they do face tough choices—if we had won the election we would have faced tough choices; we make no bones about that. However, tough times require fair choices: we should be operating fairly in the best of times, but when times are particularly tough we have to have social and economic justice at the heart of our programme.

Mr Jones: Does my hon. Friend agree that the privileged individuals are also the ones who will have choices come Brexit? If the Government get Brexit wrong for the economy of this country, the average person will not be able to move their wealth or savings offshore, so they will be the ones who suffer. The people my hon. Friend is referring to, however, will be able to move their capital anywhere in the world.

Wes Streeting: My hon. Friend's critique is absolutely right once again. I hope the Minister will respond in detail to the points we are raising about the technical aspects of the Ways and Means resolutions, because I think we have given them a forensic examination and a serious and substantial critique, and the Government ought to respond to that.

I want to pick up on the issue of tax avoidance in Northern Ireland and the provisions in the Finance Bill in this area. The Government seem to be using the Bill to introduce measures that will loosen the definition of a Northern Ireland employer for SMEs, which will basically enable people to establish a business in Northern Ireland and claim the lower rate. Opposition Front Benchers have argued that this will lead to brass-plating, with companies setting up a nominal office in the Northern Ireland jurisdiction to take advantage of lower taxes. My hon. Friend the Member for Bootle, the shadow Chief Secretary to the Treasury, described that situation as an onshore tax haven. We should not be in the business of allowing such a practice.

Forgive my cynicism, but it seems that since the Government lost their majority, they have lost a hell of a lot of revenue in potential tax receipts and in Government expenditure going to Northern Ireland. I am sure that is merely coincidental and has nothing to do with the Democratic Unionist party deal, but in cash terms—that is, the outlay on infrastructure and public services—most UK taxpayers saw the deal between the Conservatives and the DUP as being expensive enough. By the way, I do not begrudge the people of Northern Ireland the investment in infrastructure, education and health that they need. In fact, I do not begrudge them one penny. I do, however, begrudge the unfairness of Northern Ireland being given preferential treatment over England, Wales and Scotland for no other reason than that the Prime Minister took a gamble. She has paid a heavy personal political price for that, but I am less bothered about that. I am really bothered about the fact that the taxpayers we represent in England, Wales and Scotland are paying a heavy financial price for the Government bribing the DUP into a deal.

This measure in particular really does trouble me. We have already had constituents writing to us about the cash outlay to Northern Ireland, and it seems that a lot of hidden benefits are now being given to it, including adjustments to the tax regime. That will not be good for maintaining a strong and cohesive United Kingdom—it does not play well with our constituents in England, Wales and Scotland when they see one part of the United Kingdom being given preferential treatment over the others. I am sorry to disappoint Scottish National party Members present today, but I am a strong Unionist. I strongly support the United Kingdom, but it has to be a partnership of equals. The way in which the Government are now treating Northern Ireland is particularly uneven, as we can see in the Ways and Means resolutions before us this afternoon. I am very disappointed by that.

Resolution 13 allows provisions to be made to expand the scope of business investment relief, which allows non-doms to remit funds to the UK tax-free if they are investing in certain categories of UK business. We have a serious structural problem in our economy when it comes to investment. As I have said, we have one of the world's largest financial sectors, yet we have a lower rate of investment than most of our major competitors. Public and private investment accounts for about 5% of our GDP, which is below the average for developed economies, and that figure has been falling not only under this Government but for the past 30 years. That is a structural economic problem that we need to deal with. Corporate investment has fallen below the rate of depreciation, which means that our capital stock is falling, and investment in research and development is now lower than that of our major competitors.

There are a lot of causes of that, including the way in which the banking system is insufficiently focused on business lending. That has been picked up by the Treasury Committee and by Members throughout the House in recent years. Also, private equity markets are increasingly focusing on short-term returns, which is not leading to the kind of investment that we wish to see. If the Ways and Means resolutions had set out provisions to stimulate, support or benefit business investment in general terms, I would certainly have supported them. It seems, however, that resolution 13 is not about business investment in the broadest sense but about a special category of business investment that benefits non-doms. I do not understand how this measure sits with the rhetoric from the Minister about other Ways and Means resolutions that are meant to target non-doms.

The shadow Chief Secretary to the Treasury and other colleagues on the Opposition Front Bench will well remember that during the general election, which caught everyone unawares, including Ministers, a raft of Government measures in a wide range of Bills were dropped in the wash-up process. I was closely involved in the Higher Education and Research Bill and saw the consequences for that Bill. It was interesting that the changes to the business investment scheme in the March Budget resolutions were withdrawn in the wash-up process. The Government knew that there was no way we would have allowed the measure through and that we would have been prepared to talk it out—something we never hope to do, because we want to engage constructively with the Government, but only so long as they enable time for appropriate and thorough scrutiny of policy. That measure seemed particularly unfair. If the Government are serious about stimulating business investment and attracting foreign investment, I think there are better ways to do it than with a measure that benefits a particular category of individual. I am not sure it will generate the increased business investment that Ministers want, and it seems particularly unfair.

I understand the pressures around business taxation—it is sometimes all too tempting to turn to corporation tax as the answer to every public policy spending commitment one wishes to make—but whenever we suggest modest increases in corporation taxation, the Government's reaction is to attack Labour as anti-business. It is important to remember that under Labour we had some of the most competitive corporation tax rates in the OECD and that we have maintained that commitment in every election manifesto since in order to keep the UK

competitive, but I come back to the basic issue of fairness and making sure that people pay their fair share.

Mr Jones: Does my hon. Friend agree that the Government's fixation with corporation tax being as low as possible, and the belief that somehow that will give us a competitive advantage, is blown out of the water by the very successful economies, such as Germany and others, that have corporation tax rates a lot higher than those in the UK?

Wes Streeting: I wholeheartedly agree—again—with my hon. Friend. It is almost as if he wrote my speech. I only wish I could have written his. I have learned a great deal this afternoon about landfill taxation policy and its importance, and I look forward to studying his speech later as we prepare to grill Ministers on the Treasury Committee.

I turn to resolution 4, relating to clause 14 of the pre-election Finance Bill, which introduced amendments to tighten the income tax treatment of termination payments. I made a point early in my remarks about the sense of unfairness and injustice that people feel about the way the rules are rigged. Many people fear, particularly in the current political and economic climate, and in the context of the Brexit process, that attempts will be made to erode workers' rights. I was particularly concerned to learn, therefore, when I studied resolution 4, that the measure narrowed the scope of tax relief on redundancy and termination payments, removed any exemption for payments in lieu of notice, enshrined it in statute that injury to feelings—a main aspect of compensation in discrimination cases—was excluded from the tax-free scope of payments for injuries, and gave the Treasury the power to vary the tax-free amount.

Lloyd Russell-Moyle (Brighton, Kemptown) (Lab/Co-op): Does my hon. Friend agree that this is perhaps a return to the nasty party, in the sense that this measure will mean that people who may have suffered discrimination as a result of being LGBT or a woman may now be taxed on the compensation they received after being dismissed? That is a real indictment of what is meant to be a modern Conservative party.

Wes Streeting: Absolutely. I welcome my hon. Friend to the Chamber. I am unsure whether it is a return to the nasty party or more of a doubling down on being the nasty party. Indeed, I am unsure for how many more debates we can see the nastiness of the Conservative party reflected in public policy. On this or any other measure, if the Government's intention is to clamp down on the abuse of a particular tax measure, provision, break or exemption, we will welcome that where the problem is genuine, but the Opposition believe that this measure targets termination payments more widely. It therefore follows that there is an obvious concern that workers who are losing their jobs are seen by the Government as a source of increased revenue.

What an outrage it is if the Government are seeking a power to reduce the £30,000 tax-free amount for termination payments without the requirement for primary legislation. That runs contrary to assurances that the Government had abandoned their plans to reduce that exemption, which was consulted on in 2015. Those of us who were in the 2015 Parliament will remember that one of the

first measures with which we were confronted was the Bill that became the Trade Union Act 2016, which was an appalling attack on the rights of people at work. The Government consulted on this proposal then, but dropped their plans because they were strongly resisted both by the people and by the organisations that champion the rights of and protections for ordinary working people. Now, early on in the 2017 Parliament, the plans are back, but buried in these motions, with the Government presumably hoping that we would not notice. I bet the Government did not count on such scrutiny of their Ways and Means measures.

Ruth George: Many workers are obviously losing their jobs as a result of the continued austerity programme. Does my hon. Friend agree that it is ironic that those who are losing their jobs at HMRC due to the rationalisation may well be hit by this increase in taxation on their compensation when they could be helping us to increase our tax revenue from those who should be taxed?

Wes Streeting: I am grateful to my hon. Friend, who brings to the House enormous expertise and experience from her work championing the rights of working people at the Union of Shop, Distributive and Allied Workers, as part of the trade union movement. We should listen carefully to what she has to say.

On behalf of their members—ordinary working people—trade unions made it clear when the Government consulted that the measure should not be pursued. I think everyone in the Opposition thought that the Government had listened and dropped the provision, but we now see motion 4 on the Order Paper, and it is not fair to workers. We might have thought that the Government would learn from the embarrassing debacle over the summer about what happens when they try to clamp down on people's access to justice and fair treatment. The Government have form here, and I am disappointed and only too sorry that they do not seem to have learned their lesson or listened to people.

I want to begin to draw my remarks to a close by—

Hon. Members: More!

Madam Deputy Speaker (Mrs Eleanor Laing): Order. We cannot have such expressions from around the Chamber. The hon. Gentleman has only spoken for one hour and five minutes. There are 48 motions, and I dare say that he still has more to say. As long as he sticks rigorously to speaking about the 48 motions, it is perfectly in order for him to go on speaking. However, now that he has surpassed the time taken by the previous speaker, I am sure that the incentive for him to speak for much longer is not great.

Wes Streeting: Madam Deputy Speaker, I can assure you and hon. Members on both sides of the House that my intention is certainly not to surpass the speaking time of my hon. Friend the Member for North Durham. My intention is merely to make sure that Government economic policy and the Ways and Means motions are given a thorough and forensic examination.

As I said at the beginning of my speech, revolutionary times call for a revolutionary response. What we see in today's provisions is tinkering around the edges. Although the Whips' briefings often give Conservative Members the ammunition—

Mr Kevan Jones: There aren't any.

Wes Streeting: There is no one here—even Conservative Members have given up defending the Government's Ways and Means motions. We have the poor Minister, his Whip and his poor Parliamentary Private Secretary in the Chamber, but there we are. I thank everyone else for paying attention this afternoon. The serious point is that the Ways and Means motions do not actually address the fundamental structural weaknesses in our economy.

I will now draw heavily from today's report by the Institute for Public Policy Research, which I commend to the House and which I hope people will read. The fact is that the UK has the most geographically unbalanced economy in Europe. Although I am proud to be a London and Essex MP, I understand why colleagues from other regions and nations of the UK want a more balanced approach to regional economic and infrastructure investment, which is in the interests not only of their constituents but of my constituents. If we are to build a stronger, more resilient, more prosperous and fairer economy, it has to be one that is fairly balanced across the UK.

As Conservative Members tell us, we have a high employment rate and unemployment has been kept low, which I acknowledge and welcome, but Ministers and Conservative Members must have some humility about the fact that the high employment rate has been accompanied by an increasingly insecure and casualised labour market. Fifteen per cent. of the workforce are now self-employed, and many of those self-employed people will be hit by the Ways and Means motions, particularly those relating to Making Tax Digital.

We welcome self-employment. I have been self-employed, and I admire people who pluck up the courage to take the plunge and the risk of starting their own business, but there are many people who are not self-employed in the conventional sense—the sense that is to be encouraged and welcomed—but are in enforced self-employment, driven either by businesses seeking to duck their employer responsibilities or, worse still, by a punitive welfare regime in which people seek to declare themselves as self-employed so that they do not lose their tax credits while they scramble to find a real job. That is not properly understood.

Of course, there is also an unequal distribution of economic wealth. Between 1979 and 2012, only 10% of overall income growth went to the bottom half of the income distribution; almost 40% went to the richest tenth of households. Small wonder that we see this outcry from significant parts of our population, concentrated in certain parts of the country in particular, who are not just angry about the injustice they feel but are completely aware that it is a genuine injustice. It is not just a feeling of resentment—an irrational emotional response—as they are being left behind.

Let us be honest about the fact that we have, as the IPPR says,

“both world-leading businesses and world-lagging productivity.”

We have a lower rate of investment than most of our major competitors, as I have already said. Yes, we have a trade surplus in services, but our overall current account deficit as a percentage of GDP is the largest of all the G7 countries. The extent of manufacturing in our economy should make Ministers blush.

In the past seven years, the Government have been far too reliant on monetary policy levers. They have been over-reliant on quantitative easing, over-reliant on extremely low interest rates and over-reliant on growth that is fuelled by record consumer spending and consumer debt. We are building a new debt crisis in this country—it is a consumer debt crisis, and it is here. All it will take is a marginal interest rate increase for people to be unable to service their debt, and they are barely able to service that as it is. There are real questions to be answered about irresponsible lending, and the Treasury Committee needs to examine that.

These structural weaknesses in our economy ought to be at the forefront of the motions, but they are not. That would be irresponsible in the best of times, but let us look at what we face down the track. We are going to see deeper globalisation, and a shift of economic power to the south and to the east, with a requirement on us to become far more competitive, particularly in seizing opportunities in the service economy. We face enormous and fundamental technological change. The rate of such change is now vastly outstripping the rate at which regulators, government and businesses are able to respond to it. I am not someone who sees the rise of the robots as the beginning of human serfdom in the age of the machine; as with globalisation, there are huge opportunities here to deal with enormous inequality and with big issues facing the planet, such as climate change. Automation presents huge possibilities, but let us learn the lesson from globalisation. This is not something that we can slow or stop; it is happening, and it is a process. We must make sure that this new industrial revolution, the fourth one, works in the interests of everyone, rather than a select few. Otherwise, we will end up back where we are with Brexit, which is the biggest risk facing our country.

When we think about what could happen in the next couple of years as the UK leaves the EU or comes crashing out, we see that the idea that these Ways and Means motions would make any bit of difference is fanciful—it is not serious. When we look at policy coming from the Treasury and the Department for Business, Energy and Industrial Strategy, we see that it is insufficient to meet the challenges of the time. Worse, it seems that far from pursuing policies that will address these big challenges, the Government are pursuing an approach that would make things even worse, relegating the economy to a second-order issue. As George Osborne said from the Government Back Benches after he left office as Chancellor, in a debate about our relationship with the EU,

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

Can you imagine that? Can you imagine a Government not making the economy the priority? As I have said throughout this debate, that would be inexcusable in the best of times, but it is absolutely outrageous in the worst of times.

In conclusion, I hope that the Government not only take on board the detailed critique that has been made of their Ways and Means motions, but reflect on the structural weaknesses in our economy, the challenges that lie ahead and how they can meet them. Let us think about the biggest political event this country has seen in post-war history: the decision to leave the EU. We know that the referendum was lost because of a coalition of voters. I accept that there were a lot of committed

Eurosceptics who always wanted out come what may, but the referendum was won thanks to the votes of millions of people who simply felt left behind, who felt unheard and who wanted to send a clear message. They are the people who have been at the sharp end of globalisation; they are the victims of economic inequality and social injustice. When we campaigned in areas where people turned out in droves to vote leave and we told people they may be voting to make themselves poorer, time and again we heard the same reply: “Things cannot get worse than this.” The thing I fear more than anything else about the economic outlook in this Parliament is that things can, and indeed may well, get worse. It would be a tragedy if the very people whose voices cried out to demand change, and who expect that change, were once again the ones who bore the brunt of short-term economic thinking, and of a politics and economics that works in the interests of the privileged few.

I did my democratic duty in honouring the referendum by voting to trigger article 50. What I will not do during this Parliament is pretend that I think the right decision has been made or that the warnings we gave will not come to pass. It is my responsibility, and the responsibility of us all, to protect the interests of our nation and our constituents. If we want to deal with what we are seeing across western democracies—the consequences of people abandoning their faith in mainstream politics—and we want to see off that trend and process, the only way to change course is to change our country. There is no shortcut to achieving change. It has to be meaningful, serious and a lot better than the measures the Government have presented this afternoon.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): On a point of order, Madam Deputy Speaker. Following the point of order made by the right hon. Member for New Forest East (Dr Lewis) earlier today about the establishment of Select Committees, it has come to my attention that every party has a list of names of members of Select Committees. Will you and Mr Speaker use your good offices to encourage the Government to table a motion tonight with those names—if there are any gaps, they can be filled at a later time—so that the Committees of this House can scrutinise this Government as swiftly as possible, hopefully starting next Monday?

Madam Deputy Speaker (Mrs Eleanor Laing): I appreciate the point that the hon. Lady is making. In her position as the Chair of one of the senior Committees of the House, she is right to draw the matter to the House’s attention. She refers to the point of order made earlier this afternoon by the right hon. Member for New Forest East (Dr Lewis), to which Mr Speaker gave a very thorough answer, making it very clear that he is of the opinion that it is in the best interests of the House that the Committees are established as soon as possible. My understanding from what he said is that the Leader of the House is in agreement with him. I take it from the general demeanour of the Chamber now, and earlier this afternoon during the point of order from the right hon. Member for New Forest, that the House agrees that it would be in the best interests of our democratic system that the Select Committees are established as soon as possible.

I have every confidence in the Leader of the House. Obviously she is not present in the Chamber at the moment, because nobody knew until a moment ago

that the hon. Lady was going to raise this point of order. I am giving a rather lengthy reply in the hope that the Leader of the House will arrive in the Chamber, but I cannot enter into the long speech tradition that has been established this afternoon, as it is not my duty to speak for more than a few seconds on such a matter, and I think that this is all I can do. The point has been noted by those on the Treasury Bench, and I would expect the Leader of the House, who would have the best interests of the House at the front of her mind in all she does, to take note of what the hon. Lady said and the Chamber’s reaction to it.

6.3 pm

Ruth George (High Peak) (Lab): I pay tribute to the remarks made by the two preceding speakers, my hon. Friends the Members for North Durham (Mr Jones) and for Ilford North (Wes Streeting). I promise that having been in this House for only a short time, I cannot yet seek to match them for speaking stamina. I am sure that the rest of the House will not be too disappointed by that.

I would like to address how the Bill fits with the Government’s stated priorities. Earlier this year, the Prime Minister, writing in *The Sun*, promised

“to build a stronger, fairer Britain that works for everyone, not just the privileged few. A Britain...that works for ordinary working people.”

If those words are not mere rhetoric, they need to be backed up by legislation, and where better to put that legislation than in a Finance Bill? It is an opportunity for the Government to make our tax system and our society fairer. I am concerned, though, that the Bill will not only not make Britain fairer, but make our society more unequal.

I wish to concentrate on the effect of motion 4, which is on termination payments, and of motion 13, which is on business investment relief. Business investment relief applies only to non-domiciled UK taxpayers—120,000 people who are some of the wealthiest in our society. They are already able to choose whether their income is only taxed when it is brought into the UK. That gives a huge advantage to those who spend most of their lives outside our country, and whose income can be held in offshore accounts, trusts and shares.

Although, as my hon. Friend the Member for Ilford North said, I worked for the past 20 years or so for a trade union for working people, prior to that I worked as a tax accountant. On leaving school, I went to work in London for an international tax accountancy firm that specialised in advising non-domiciled individuals. These people were enormously wealthy, and included some well-known names. Even if their income was earned in the UK, if their earnings went directly into a non-UK account, they were not subject to UK taxation. In recent years, we have seen how that sort of manipulation of high incomes still goes on. It enables the very wealthiest people to pay a minimal contribution to the UK, even if they are deemed resident here. It is not the fault of this Government, but non-domiciled status was essentially created to avoid UK taxation.

For many people who travel globally, the system is not actually adaptable. For all their enormous wealth and jet-set lifestyles, I used to feel sorry for our non-domiciled clients when I was a teenager in a junior tax accountancy position. They were able to spend only a

[Ruth George]

set number of days in the UK, and the enormous tax consequences of their overstaying that time limit meant that they felt they needed to adhere to it strictly, regardless of their own personal needs or wishes. Our accountancy firm used to keep a schedule in the front of each client's file, setting out the number of days that they had set foot in the UK that tax year. The clients used to have to plan their personal and business engagements around the limits. When they got close to the limit, it was my job to write to inform them to be careful with their travel arrangements until 5 April, when the tax year came to an end and a new limit began. That is no way for people to have to live their lives or for a country to run its tax system.

The Government say they are cracking down on non-domiciled status, but, as I said to my hon. Friend the Member for Ilford North, it seems to be different from their crackdown on benefits for disabled people living on the breadline. Will the Minister confirm that non-domiciled individuals will see their status change only if they have not complied in 15 out of 20 years? Disabled people would love to have 15 years to show how their disability affects their lives and how it changes over time, but they are assessed on one day, at one particular time when they have managed to attend an assessment centre, and they are penalised immediately if they cannot do so. If there is a change in circumstance for non-domiciled residents, instead of their hugely beneficial tax status being changed immediately, the Government have given them two years in which to transfer their money to an offshore trust to again avoid paying any tax on it.

As if the tax benefits of non-domiciled status were not already generous enough, in 2012 the then Chancellor introduced business investment relief. I am sure that had nothing to do with the number of people of non-domiciled status with whom he spent his holidays on yachts, but it was certainly welcomed by their investment advisers. Firms such as Sapphire were pleased to advertise the benefits of business investment relief to their clients. The article on its website says:

"Unfortunately for the vast majority of us, when we earn money we have to pay tax...However, for those individuals who are resident in the UK but are considered non-domiciled this basic rule does not have to apply...From 6 April 2012, the government introduced the very attractive Business Investment Relief...Put simply, if you are resident in the UK but are...a "non-dom"...and you want to bring your overseas money into the UK to make an investment and NOT pay tax in the process—then Business Investment Relief is your answer...the UK Government is effectively giving non-doms a subsidy...on their investments"—then it was 50%, now it is 45%. The company says:

"But wait—it gets better—you can also use the other reliefs when making an investment using offshore monies remitted to the UK"—

such as the enterprise investment scheme or the seed enterprise investment scheme, which will also potentially save 40% on an income tax bill. The advice that is given sets out how great the tax advantages are. An investment of £500,000 by someone with non-domiciled status would attract tax relief of £400,000.

Sapphire advertises how wide the opportunities are under business investment relief, saying:

"the rules for what makes up a qualifying company...are very wide. Quoted companies are excluded, but virtually any other

company...carrying out a business may qualify...investment into property development or property with a rent is allowable."

Do we really need more overseas investors increasing our property prices? It does not even have to be an arm's length or transparent investment, as money

"can be invested in a company in which the investor is or associates are involved in".

If someone wants to dispose of that investment and is worried about capital gains tax, they are advised:

"When the investment is sold, if there is a gain it will be subject to UK Capital Gains Tax—but the original funds can be taken back offshore again (within a 45 day or 90 day time period) in order to avoid being taxed".

It is no wonder that despite all the rhetoric about cracking down on non-doms, their number has increased since 2010. The Government now want to make business investment relief even more generous through this Bill. This time, I quote the reputable KPMG, which sets out the benefits of the Government's proposals, which have "the objective of making the BIR scheme more attractive to non-UK domiciled investors...BIR will be extended to include investments made in a new qualifying entity, a 'hybrid company'...not exclusively a trading company or a stakeholder company...but...a hybrid of the two"—

just in case someone could not fit their investment into one or other of them. It goes on:

"At the same time...the period during which an eligible trading company must start to trade,"

or

"an eligible stakeholder company must start to hold investments...will be increased to five years...Where a company becomes non-operational and a BIR investment ceases to qualify, the grace period during which action must be taken...will be increased to two years"

to manage the risk of a tax change more effectively. It also states:

"Another extension to BIR sees acquisitions of existing shares already in issue potentially qualifying for BIR... there will be no requirement for shares to have been newly issued...Rules which withdraw BIR will be narrowed".

An already exceedingly generous scheme will be widened and extended in scope to enable more companies to be invested in and to enable more people to make those investments, be it in a trading company or a property. May I ask the Minister how that squares with the Prime Minister's promise that we will create a fairer society by breaking down the barriers of privilege and making Britain a great meritocracy?

The treatment of non-domiciled taxpayers in the Bill contrasts with the treatment of ordinary working people. The Government's huge cuts to public services have largely been on the back of those ordinary working people, none more so than the hundreds of thousands in the public sector who have lost their jobs.

Under the Government's continued austerity programme, thousands more hard-working public servants will lose their employment. In many cases, they have given the majority of their working life to their job and will find it extremely hard to get another. As the state pension age increases, people made redundant later in their working life have to try to get by on their payment for termination of their employment for as long as possible. It is an extremely worrying time for them.

Two hospitals in my constituency are earmarked for ward closures, with dozens of experienced NHS staff worried about whether they will still have a job. To those

hard-working hospital staff, who continue to give excellent care to their patients for which they are renowned, the Bill brings added uncertainty. The Government want Parliament to give them the power to vary the £30,000 tax-free limit for payments on termination of employment, but people will see less of that payment if that tax limit is reduced. The long-standing limit, which gives ordinary hard-working people the ability to make the most of the final payment from their job at a time when they need it most, is under threat. I hope the Minister can assure me that the Government will at no point seek to reduce the £30,000 tax-free limit on termination payments.

In another example of hitting hard-working people when they are down, the Bill seeks to tax the compensation for injury to feelings caused by a proven case of discrimination at work. Does the Minister realise what an employee has to go through to receive a compensation award for discrimination? Not only do they originally suffer that serious and long-lasting discrimination at work, but they also have to have made a complaint unsuccessfully through their employer's procedures, having their claims refuted and exacerbating the hurt and distress. They then have to go through the whole process and complaint yet again, this time through an employment tribunal procedure. The process takes years of emotional distress and it is not surprising that only a handful of cases get through this arduous process.

Only 144 individuals were awarded compensation for discrimination in the past year, including 72 cases of disability discrimination, 33 cases of sex discrimination and nine cases of sexual orientation discrimination. Bearing in mind the small number of cases, this is not an effective revenue-raising measure. Until now, claimants have had to pay an employment tribunal fee of £1,250 to take a case of discrimination to an employment tribunal. Now that those fees have been ruled unlawful, does the Minister agree that victims of sustained and damaging discrimination will feel that taxation of their compensation payment will simply add financial insult to their injury? It is a worrying principle for the Government to commence taxing compensation—a measure to give redress from unfairness—which inflicts further unfairness on those who have already suffered enough.

I am relatively new to the House, but the Bill shows me and our wider electorate that, in spite of changing Ministers, the Government have not changed their spots. They are seeking to rush through these important measures with very little parliamentary scrutiny. These measures give even more to the wealthiest and take even more from hard-working people at the times they need it most. The Prime Minister has been long on rhetoric for tackling privilege and helping ordinary working people, but the Government speak a very different story in their actions in this Bill. Before the final Bill comes to the House, I urge the Minister to address the imbalance between rhetoric and action. He can either ensure that the Bill addresses the issues that his leader claims to seek to address or the Government can be straight with voters and say that their actions actually encourage privilege and knock working people when they are down.

6.19 pm

Bambos Charalambous (Enfield, Southgate) (Lab): Although any attempts to clamp down on tax avoidance schemes are welcome, I do not feel that the proposed

measures go far enough or that HMRC has the capacity to go after corporations that have in the past paid less tax than their cleaners.

By 2021, HMRC is projected to have lost 34% of its staff since 2010, including those in departments dealing with the very largest corporations. That is a huge number, and with the big accountancy firms willing to take on former HMRC employees for their knowledge and expertise, is it any wonder that the tax-avoiding corporations are one step ahead of the game?

The Bill makes no reference to dealing with offshore tax havens, which, as we all know, are a popular device for avoiding tax wherever the profits have been made. That scam has been estimated to be worth £13,000 billion worldwide in avoided tax. Some of those profits will have been made in the UK, and some in other countries, including many developing countries. Oxfam has estimated that the cost of tax avoidance to developing countries is £78 billion. That money could go a long way to providing schools, healthcare and clean water, and it could actually save lives.

What is required is greater transparency and a mandatory requirement for public, country-by-country reporting on where profits have been made, so that multinational companies pay their fair share of tax along with everybody else and make a contribution to society in the countries in which they operate. It is estimated that unpaid tax could be worth as much as 16% of Government revenue in some developing countries. It cannot be right that multinational companies should be able to choose where they pay tax or whether to pay it at all.

In the UK alone, tax avoidance was estimated to be approximately £11.4 billion for the last fiscal year. It is scandalous that some of the corporations using tax avoidance measures in the UK benefit from having been granted lucrative Government contracts. At a time when public sector workers have to go to food banks to survive, it is hard to imagine a more insulting parody of fairness than greedy corporations directly profiting from the public purse, using every trick in the book to avoid paying tax.

At a time when there is massive underfunding of the NHS and schools, as well as of local authorities for the services they provide, we cannot allow half-measures to prevail. More needs to be done to secure the money for our much needed cash-strapped public services. Everyone knows that further investment in HMRC is needed to recover these large sums and that any additional staff who are brought in would, in effect, pay for themselves within weeks. More needs to be done, but action is needed right now, because these measures do not go far enough.

6.22 pm

Steve McCabe (Birmingham, Selly Oak) (Lab): I am grateful for the opportunity to make a brief contribution to this debate.

I cannot help but feel that the Government seem a little embarrassed by this whole Budget, this whole set of measures and the state of the economy. Presumably, that is why there were so few people on the Government side to make a contribution today. We did have a fleeting, cameo appearance from the Chancellor earlier, but he is still taking his vow of silence. I understand that, because I used to work with unemployed people

[*Steve McCabe*]

and people who feared losing their jobs, and I know about that sense of needing to keep your head down sometimes.

In the time available, I want to pick up a couple of the issues that have come up in the debate and to try to understand where the Government are at the moment. To be honest, the Minister gave very little detail in his opening remarks—it was not so much broad brush as “Don’t blink or you’ll miss it.”

I particularly want to ask about the proposal that has come up again to tax people’s redundancy pay and termination payments. My understanding was that there had been a discussion on this and that the Government had conceded, so I am not quite clear why we are back looking at what looks like virtually the same proposal. I want to ask a straightforward question: if this proposal is the right thing to do—I have grave doubts about the way we are proceeding—should Parliament not decide that? Is it really right that HMRC should be given the power to make the decision? I think that that is Parliament abdicating its responsibility, but more importantly it is another grab by Government to transfer power elsewhere so that they do not have to be accountable or scrutinised. We really should look again at whether that is appropriate.

I have a very simple request on business investment relief. It behoves the Government to place in the House of Commons Library details of where that business investment is going. We need to know which businesses and companies are benefiting; how evenly it is being spread around the country; and which regions and nations are seeing benefits. Otherwise it looks like another attempt to give someone a tax cut on the side. As long as people have that suspicion and do not have the evidence or an explanation, is it any wonder that they will adopt that view?

I intervened on the Minister earlier on the issue of non-domiciles. He was quick to tell me that I had nothing to say on the subject because Labour was in power before the present Government and the coalition. It is true that past Governments have struggled on the question of non-domiciles, but my memory is that the Conservative party could not have been clearer about its position in 2010. In fact, the former Chancellor was absolutely crystal clear about what it was going to do when it came to power. The question we have to ask is, having had all this time to work it out, how come there are so many exemptions, exclusions and difficulties in tackling a problem which, according to the Conservative party, has been at the centre of its own thinking for seven years? How is it so difficult? If the object of the exercise is not to try to avoid doing it—it was quick to say that that was not the case and that it was the party that would deliver—how come there are so many exclusions, exemptions and get-out routes for the people involved?

On the wider question of tax avoidance, the Conservative party seems to wonder why people do not believe, trust or have faith in it. Is it normal that those lobby groups and people who have spent time arguing against tax provisions to limit the amount of tax paid by individuals and organisations should then be given the power to scrutinise whether what individuals are doing is right and appropriate? That does not sound right to me, and when I try to explain it to my constituents it does not sound right to them either. They have a straightforward

understanding of the rules: the Government set the rules, they are laid out in black and white, and we are expected to pay. However, when it comes to other people being expected to pay, the very same lobby groups and organisations that advise and assist them and lobby against paying are given the power to scrutinise what they are doing. That is why people do not have faith in what is going on.

I want to turn to the air passenger duty measure. The Minister was quick to use his crystal ball when tackled on corporation tax earlier. He quickly moved the issue away from what the Government are doing to what he foresaw a future Labour Government doing. I wonder whether he will go back to his crystal ball and reflect on two things. First, on the air passenger duty arrangements we are being asked to approve, what are the Government doing about the changes happening elsewhere in the country? When the Scottish Government set their rate for air departure tax, that could have a phenomenal impact on the airline industry and every regional airport and regional economy in this country. What is the point of the Government setting a rate in complete isolation from what is happening about 600 miles up the road? What is the value in that? Why do they not look at that and give us a coherent response?

Secondly, I am interested to know from the Minister’s crystal ball what is going to happen with corporation tax. Once Northern Ireland has to make a decision about corporation tax—presumably in relation to the Irish Republic—it cannot but have a knock-on effect on corporation tax rates in the rest of the country. How come there has not been a single comment about that from the Government? Will it be a case of them waking up after the event, as they have done at every stage in the economic management of the country so far, and telling us that they are going to think about it?

6.30 pm

Anneliese Dodds (Oxford East) (Lab/Co-op): Sadly, today’s debate on the Ways and Means resolutions has confirmed in the field of taxation something that many of us feared about the Government’s general approach to public policy: no genuine attempt is being made to face up to the enormous challenges facing our country, from our yawning productivity and investment gaps to the haemorrhage of public funds caused by tax dodging and, as many have noted, the uncertainty caused by the Government’s shambolic approach to Brexit.

We end this debate with new revelations, hot off the press, that the Government have been pleading with businesses to publicly back their Brexit negotiating strategy—pleas that have been met with “fury” and “incredulity” from business. Against that backdrop, rather than the wide-ranging changes that are required, we have a clutch of measures that I would describe as piecemeal, although I have to say that I liked the epithets used by my hon. Friend the Member for Ilford North (Wes Streeting), who described them as thin and patchy. Many of the measures are, sadly, ill thought through, and they could have a range of negative consequences.

The process is also flawed. Despite repeated calls from tax experts for more detailed scrutiny of tax measures, the House is being rushed into Second Reading of the Bill containing these measures just next week. I accept the Minister’s comments that all these measures

were published previously. However, several of them have been pulled, some at very short notice. As my hon. Friend the Member for North Durham (Mr Jones) set out—at length, I must say—some of those measures were important ones.

Such is the lack of coherence in this package of measures that some might describe the current coalition of chaos as rudderless, but I would say that is unfair, because the resolutions show that the Government's shaky ship tends to list in one direction: towards the protection of the most privileged. As so many of my hon. Friends have mentioned, we see that first of all in the Government's approach to non-dom status. That anomalous and old-fashioned status was created by William Pitt the younger, and it provides for some of the very richest in society privileges of which British mere mortals cannot avail themselves. Rather than fundamental abolition or reform, here we have the introduction of more and more complex rules.

We heard repeatedly today from the Government that they are closing the front door to tax avoidance from non-doms, but, as others have mentioned, that front door will close at a glacially slow pace. It will be open for another 15 years. In any case, while the Government maintain that they will—albeit very slowly—close the front door to tax avoidance, some of the measures proposed here open up new, hidden back doors through which non-doms can shift their tax responsibilities.

Many Labour Members have talked about the mechanism of business investment relief, which will be extended substantially beyond its initial remit. We have asked repeatedly for evidence of its efficacy, but evidence came there paltry little, and only very late in the day. It was only last Friday that we received a statistical commentary providing some very basic figures on the use of business investment relief, and the figures that we were initially given were rounded up to the nearest hundred. That is surely rather unusual when we are talking about fewer than 450 new individuals taking up that relief in 2014-15. In fact, according to my calculations, less than 1% of non-doms currently appear to be taking it up.

Furthermore, as many others have mentioned, the Government have provided no indication of which sectors or businesses are benefiting from this relief. Without that information, it is unclear why the Government have chosen to extend its remit. As my hon. Friend the Member for High Peak (Ruth George) mentioned, we also need to know why the Government are now enabling non-doms to buy shares traded in secondary markets, not just new shares, under the remit of the relief. How exactly will that benefit the real economy and generate the investment that we desperately need?

The new measures have been proposed in a context where, according to a statistical release we have only just received, more than 54,600 non-doms have been in the UK for seven of the past nine years, but only 5,100 seem to have admitted remitting income to the UK. Having said that, the exact number of non-doms in Britain seems to go up or down by 200 depending on which table is looked at in the statistical release, so we should perhaps take some of the figures with a pinch of salt. I must say that I struggle to understand how exactly all the remaining non-doms are surviving and living here. It is all very well trumpeting the funds obtained through the non-dom charges—we heard the

same again today—but for high net worth individuals claiming non-dom status, those charges might be dwarfed by the taxes they would have paid if they were treated like ordinary Brits. Furthermore, while the Financial Secretary claimed that the proposals would end permanent non-dom status, that, as many Labour Members have mentioned, is not the case for those whose parents are non-doms.

It is difficult to avoid the conclusion of firms aiding individuals to attain non-dom status, such as the Tax Advisory Partnership, that non-dom status is, in its words, “generally advantageous to taxpayers”, although not of course to British ones. The firm also notes that “trust planning is a valuable option for many non-doms”,

yet the Government's new measures protect income that is already locked into trusts. As my hon. Friend the Member for Ilford North said, this is big business for the many firms engaged in enabling people to avoid tax.

I am very sorry that rather than promoting investment in our country, the non-dom system seems for many just to be a mechanism for tax avoidance. Now more than ever, we really need more business investment in Britain. Several Labour Members made the case for that today. I have looked at the figures provided by the OECD: last year, the increase in investment in Britain was half the G7 average, a third of the OECD average and a sixth of the EU average. Labour Members have heard nothing in this debate to convince us that the Government's measures presented in the resolutions will provide the investment that our country desperately needs.

Generally, we find that while the Government may talk the talk on tax avoidance, the measures they produce are frequently watered down and insipid in practice. Just as with their measures on non-doms, we find that their commitment to crack down on those enabling aggressive tax avoidance fails to include the really strong deterrents called for by experts. Indeed, the Government initially proposed such measures, but they have now been watered down.

As several Labour Members have said, the treatment in these measures of non-doms and enablers of tax avoidance contrasts with the treatment of people who have been discriminated against in employment cases or made redundant. I must say that I share the concerns of my hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe) about the fact that the Financial Secretary did not mention those issues in his opening speech, and I very much hope that he will cover them in his concluding remarks. They are incredibly important for many people in Britain, particularly as we see more employment cases being brought and more people being made redundant. Take the issue of injury to feelings payments becoming taxable. I have looked at the figures and seen that we are not necessarily talking about very large awards. In 2014, the median award for injury to feelings across all categories of discrimination was £6,600. Over the three years to 2014, median awards for discrimination on the basis of sexual orientation actually diminished to just £1,000, and awards on the basis of other characteristics have generally come in at about the £6,000 mark.

I must say that I find it churlish of the Government to focus on the people who, after all, as my hon. Friend the Member for High Peak detailed, have been forced to pursue their case at many different levels, often at

[Anneliese Dodds]

considerable expense to themselves and causing considerable concern to themselves and their families. When they are found genuinely to have had a case—because their age, race, religion, sexual orientation, disability or pregnancy has been used against them—they then find out at that stage that any award is taxable. We find penny pinching that is focused on discriminated-against workers and those made redundant rather than an attempt to tackle large-scale tax avoidance head-on.

Colleagues have asked many other questions, to which we have not received adequate responses. One of the most important issues, which many colleagues mentioned, is the resourcing of HMRC, particularly with new cuts on the horizon through the removal of local offices. I am concerned that we find no commitment by the Government to grasp the nettle and properly resource HMRC so that it can feasibly assess whether high net worth individuals and multinational corporations will comply with the new rules.

I remind the Financial Secretary that there are still 10,000 fewer HMRC staff than in 2010—a 16% cut, despite the Government's professed concern about tax avoidance. In that context it is no surprise that, as the hon. Member for Aberdeen North (Kirsty Blackman) said, proposed new powers for HMRC to enter premises and inspect goods, as well as to search vehicles or vessels, have not been repeated in the resolutions despite discussion of them before the election. In this matter as in others, an ideological commitment to reducing the size of HMRC can lead to a focus on punishing smaller businesses that have transgressed minor rules, while some of the biggest players escape their liabilities. As my hon. Friend the Member for Ilford North said, the principle of proportionality is already under pressure. That could become an even bigger problem with additional cuts.

The matter is also deeply concerning in the context of Making Tax Digital. We welcome the fact that the Government have ceded to pressure and that they are climbing down on making tax digital to an accelerated timetable, but I am worried that the Financial Secretary said that electronic reporting would be extended only when it had been shown to work well. I remember similar discussions on the introduction of digital reporting for services that suddenly had to pay VAT when the system changed to operating on the basis of where the buyer rather than the seller was. The Government said then that all the arrangements would be in place; businesses would know how to pay their VAT, and there would not be concerns about testing the system—the so-called VAT MOSS system. Many Opposition colleagues will remember it as the VAT mess system, because that is what we got.

Cuts to HMRC resources are incredibly important. One Conservative Member shouted, "With digitalisation, we don't need HMRC staff." In some cases, we need those staff precisely to help people through the digital process. Those staff were not there for VAT mess, and I am worried that they will not be there for elements of Making Tax Digital if the Government go ahead with their plans.

Ways and Means resolutions may be technical, as the Chancellor said in his brief intervention in the discussion, but they offer an opportunity to deal with some of the

fundamental problems with the British economy. Fiscal matters are incredibly important—Opposition Members accept that, and that is why so many of us have been present, intervened in the debate and posed questions. Sadly, instead of the genuine engagement that we should have had with many of our concerns, they have not been dealt with seriously. Overall, the measures imply that the very best-off people are likely to be rewarded, with little left for everyone else.

6.44 pm

Mel Stride: The debate has been engaging and I thank all Members for their contributions. I will touch briefly on the points that have been raised. As I said in my opening speech, there will of course be further opportunities to debate the principles behind the Finance Bill, not least on Second Reading next week.

The measures to be included in the Finance Bill have been consulted upon widely and scrutinised by the public, key stakeholders, tax professionals and, to some extent, the House. The shadow Chief Secretary, the hon. Member for Bootle (Peter Dowd), said that the Bill was being rushed through. I remind him that we have already debated the Second Reading of a Bill which, substantially, contained nearly all the measures that we will debate in the weeks and months ahead.

The Bill will raise some £16 billion over the next five years, but, far from what the hon. Members for Bootle and for Oxford East (Anneliese Dodds) would have us believe, much of that revenue will be raised from large multinational corporations—and, yes, from non-domiciled individuals. On the issue of the taxation of non-domiciled individuals, let me make it clear that we are abolishing permanent non-dom status. It is this Government who have presented proposals, consulted on them widely, and delivered a fair and balanced package. During the debate I heard Opposition Members criticise offshore trusts. Let me be clear again: if funds are taken out of trusts, they will be taxed in the normal way. In recent years, we have reached important international agreements on the automatic exchange of information to ensure that we can effectively monitor those movements.

Overall, we have developed a balanced policy that promotes fairness in the tax system and, importantly, protects vital revenues for our public services. Those non-doms bring in about £9 billion per year in tax revenues, which is up from £8 billion about a decade ago. We expect, in addition to those revenues, to raise a further £1.5 billion over the next five years as a direct result of this Finance Bill.

The Bill introduces important changes in corporation tax, implementing rules agreed internationally and recommended by the OECD. They will ensure that big companies pay corporation tax when they make large profits, no matter what their past losses might have been, and will prevent them from using artificial borrowing to avoid the tax that they owe. I remind the House that those matters have been the subject over some years of intense international work—international work that the Government have been instrumental in driving forward. These changes represent real results, which Labour Members never seemed to get around to when they were in office.

The hon. Member for Bootle also criticised measures relating to termination payments. The £30,000 tax-free allowance will still be available and statutory redundancy

will be tax-free. However, we must face the fact that, while it may be a particularly easy argument to prosecute that we are somehow beating up those who are losing their jobs, the reality is that that situation is being used as a vehicle for tax avoidance, and when the Government find tax avoidance, we will clamp down on it.

Let me now deal with the points raised by the hon. Member for Bootle about the Government's record on tax avoidance and evasion, and the work of HMRC. He suggested that somehow HMRC was not doing enough. I remind the House that in 2016-17, HMRC brought in £574.9 billion in tax revenue, and that was the seventh record year in a row. It generated £29.9 billion of compliance revenue in one year, and in 2016-17 it prosecuted 886 criminals for tax avoidance and evasion, more than double the number six years ago. The hon. Member for Oxford East criticised our commitments to HMRC. Since 2010 we have invested £1.8 billion in HMRC for the purpose of clamping down on tax avoidance and evasion, and we have brought in £160 billion by clamping down on avoidance since that date.

Members have rightly made much of the need to narrow the tax gap. The Government are committed to that as well, but many have failed to recognise that the gap now stands at 6.5%. That is one of the lowest figures in the world, and it is lower than the figure that applied every year in which Labour was in office. We can pride ourselves on having one of the most robust and transparent tax gap estimates in the world, with the methodology scrutinised by the International Monetary Fund and the National Audit Office.

The hon. Member for Bootle suggested that Labour would do more than any other party to tackle the tax gap, but let us judge Labour on its record. The latest tax gap is 6.5%. In 2004-05, after two terms of a Labour Government, it was around 9%. That is not a record to shout about. The tax gap for corporation tax in particular is 7.6%, but a decade earlier, under Labour, it was around double that figure. For large businesses, the tax gap for corporation tax we that inherited was 11.1%; now it has almost halved to 5.8%. And let us look at the receipts: onshore corporation tax revenues last year hit a record of around £50 billion. In 2004-05, after two terms of a Labour Government, they were almost £20 billion lower.

I want now to turn to some of the other contributions to the debate. My right hon. Friend the Member for Loughborough (Nicky Morgan) made some very pertinent points, and I congratulate her on her election to her new position as Chairman of the Treasury Committee—I look forward in due course to appearing before her, with a mixture of excitement and some trepidation, I have to say. I also thank her for her comments about Making Tax Digital. The work of her Committee's predecessor certainly informed my previous judgment on that matter. She made some important points about the UK being truly open for business. I also subscribe to those points, and the Government are determined to ensure that that remains the case. She made important points on certainty and stability in our tax regime, too, and she will have noted the answer I gave to the hon. Member for North Down (Lady Hermon) in respect of retrospective legislation.

When I was listening to the speech made by the hon. Member for Aberdeen North (Kirsty Blackman), I thought for a moment that I was in a dream where she

was not a member of the SNP, but a Conservative—a fellow traveller. She is always welcome on this side of the House. She welcomed the measures for tax deduction of employee legal costs and for electric vehicle charging point tax reductions. She also welcomed our measures on petroleum revenue tax and to clamp down on enablers of aggressive tax avoidance, as well as the changes we have made to the MTD regime. The hon. Lady raised some points about VAT refunds for museums, and I will be happy to look into them and come back to her in due course.

My hon. Friend the Member for Ochil and South Perthshire (Luke Graham) made some important points on MTD. I can say to him that the Government will certainly consult very widely as we go forward with this approach.

As for the hon. Member for North Durham (Mr Jones), who has a flicker of a smirk about his face on the Back Bench there, what can I say? He started his speech by telling us he was going to speak rubbish, and I think it is fair to say that he amply met his objective, not in terms of the content of what he said—he was as eloquent and erudite as always—but in terms of his apparent inability to speak to the matters in question, because of course landfill tax, important though it is, will not form part of the current Bill. He then mentioned APD, for which I was grateful, because that is in the Bill, but I fail to see how I could get puppies in by any possible stretch of the imagination.

The hon. Member for Ilford North (Wes Streeting) gave a thoughtful speech, although I have to say that there were limited areas of agreement between us. I was pleased that he welcomed our changes to MTD. He stressed the importance of the wealthiest paying their share of tax. He is right, but he will know that the top 1% of earners in this country pay 27% of all tax, that the most wealthy 3,000 pay as much tax as the poorest 9 million, and that income inequality is at its lowest level for 30 years.

Wes Streeting: Will the Minister give way?

Mel Stride: I will not on this occasion, as I have very little time—I apologise.

The hon. Gentleman mentioned non-dom trusts. I have made it clear that funds remitted out of non-dom trusts will be taxable. He also, however, flirted with the idea of politicians getting directly involved in the tax affairs of individuals, which would be a dangerous road to go down. I do not want politicians interfering in people's tax affairs; I want to protect tax confidentiality. He also talked about the resourcing of HMRC which, as I have said, has received £1.8 billion since 2010, and is bringing in record levels by clamping down on tax avoidance.

The hon. Member for High Peak (Ruth George) mentioned termination payments and said that she hoped we would not be reducing the £30,000 allowance. That is certainly not our intention at present, and if there were any move to change the figure, it would have to be the subject of a statutory instrument subject to the affirmative procedure, meaning that it would come back to the House for approval or otherwise.

The hon. Member for Enfield, Southgate (Bambos Charalambous) made the point that we need to raise money to pay for public services—he is absolutely right.

[Mel Stride]

That is why we are clamping down on tax avoidance and pursuing our policies. The hon. Member for Birmingham, Selly Oak (Steve McCabe) also mentioned termination payments, and I refer him to my earlier remarks about that. He talked about business investment relief, which will be available and made more flexible for those who have non-domiciled status. That should not be criticised. This is money coming into our country to invest in businesses, in British jobs, in wealth creation and in creating the taxes that, in turn, will fund the public services on which we all depend.

While we consider the action being taken in this Finance Bill, let us not forget what we inherited from the Labour party and the important actions that we have taken. Foreigners did not pay capital gains tax when they sold houses in the UK, but we stopped that in April 2015. Private equity managers could pay minimal rates of tax on their performance fees, but we stopped that in the summer Budget of 2015. Thousands of the richest homeowners did not pay stamp duty, but we stopped that in 2013. On corporation tax, banks did not pay tax on all their profits, but we stopped that in December 2011. Investment companies could cut their tax bill by flipping the currency that their accounts were in; we stopped that in 2011. On income and inheritance tax, people avoided paying tax by calling the salary from their own company a loan; we stopped that in 2013. Non-doms could avoid paying UK tax by splitting their employment contracts; we stopped that in 2014. Hedge fund managers could use partnerships to avoid paying tax on their income; we stopped that in 2014. People could claim inheritance tax relief twice on some assets; we stopped that in 2013. On the economy more generally, and perhaps most importantly of all, the Labour party wanted us to go on bankrupting Britain, but we stopped that in 2010.

That record on tax avoidance and fairness shows that this Government have delivered, and we will continue to deliver with this Bill. Opposition Members have accused the Government of using smoke and mirrors, but the record shows that it is they who talk tough but take little action. The upcoming Finance Bill continues our work to deliver a fair and competitive tax system. It implements measures that will raise £16 billion for our public services. It clamps down on avoidance and evasion, and addresses the challenges that the Labour party chose to duck. I commend the motions to the House.

Question put and agreed to.

Resolved,

That—

(a) provision (including provision having retrospective effect) may be made amending Part 3 of the Income Tax (Earnings and Pensions) Act 2003, and

(b) (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) provision may be made taking effect in a future year amending Chapter 6 of that Part (taxable benefits: cars etc).

The Deputy Speaker put forthwith the Questions necessary to dispose of the remaining Ways and Means motions (Standing Order No. 51(3)).

2. PENSIONS ADVICE

Resolved,

That provision (including provision having retrospective effect) may be made for an employment-related exemption from income tax in connection with pensions-related advice or information.

3. INCOME TAX TREATMENT OF CERTAIN LEGAL EXPENSES ETC

Resolved,

That provision (including provision having retrospective effect) may be made about—

(a) the deductions from earnings that are allowed under section 346 of the Income Tax (Earnings and Pensions) Act 2003,

(b) the exceptions from the application of Chapter 3 of Part 6 of that Act provided for in sections 409 and 410 of that Act, and

(c) the payments that are deductible payments for the purposes of Part 8 of that Act by virtue of section 558 of that Act.

4. TERMINATION PAYMENTS ETC

Question put,

That (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) provision may be made taking effect in a future year 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.

The House divided: Ayes 317, Noes 276.

Division No. 10]

[6.58 pm

AYES

Adams, Nigel	Chalk, Alex
Afolami, Bim	Chope, Mr Christopher
Afriyie, Adam	Churchill, Jo
Aldous, Peter	Clark, Colin
Allan, Lucy	Clark, rh Greg
Allen, Heidi	Clarke, Mr Simon
Amess, Sir David	Cleverly, James
Andrew, Stuart	Clifton-Brown, Geoffrey
Argar, Edward	Coffey, Dr Thérèse
Atkins, Victoria	Collins, Damian
Bacon, Mr Richard	Costa, Alberto
Badenoch, Mrs Kemi	Courts, Robert
Baker, Mr Steve	Cox, Mr Geoffrey
Baldwin, Harriett	Crabb, rh Stephen
Barclay, Stephen	Crouch, Tracey
Baron, Mr John	Davies, Chris
Bebb, Guto	Davies, David T. C.
Bellingham, Sir Henry	Davies, Glyn
Benyon, rh Richard	Davies, Mims
Beresford, Sir Paul	Davies, Philip
Berry, Jake	Davis, rh Mr David
Blackman, Bob	Dinenage, Caroline
Blunt, Crispin	Djanogly, Mr Jonathan
Boles, Nick	Docherty, Leo
Bone, Mr Peter	Dockerill, Julia
Bottomley, Sir Peter	Dodds, rh Nigel
Bowie, Andrew	Donaldson, rh Sir Jeffrey M.
Bradley, Ben	Donelan, Michelle
Bradley, rh Karen	Dorries, Ms Nadine
Brady, Mr Graham	Double, Steve
Brereton, Jack	Dowden, Oliver
Bridgen, Andrew	Doyle-Price, Jackie
Brine, Steve	Drax, Richard
Brokenshire, rh James	Duddridge, James
Bruce, Fiona	Duguid, David
Buckland, Robert	Duncan, rh Sir Alan
Burghart, Alex	Duncan Smith, rh Mr Iain
Burns, Conor	Dunne, Mr Philip
Burt, rh Alistair	Ellis, Michael
Cairns, rh Alun	Ellwood, rh Mr Tobias
Campbell, Mr Gregory	Elphicke, Charlie
Cartlidge, James	Eustice, George
Cash, Sir William	Evans, Mr Nigel
Caulfield, Maria	Evennett, rh David

Fabricant, Michael
 Fallon, rh Sir Michael
 Fernandes, Suella
 Field, rh Mark
 Ford, Vicky
 Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fysh, Mr Marcus
 Gale, Sir Roger
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Ms Nusrat
 Gibb, rh Nick
 Gillan, rh Mrs Cheryl
 Girvan, Paul
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Luke
 Graham, Richard
 Grant, Bill
 Grant, Mrs Helen
 Gray, James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Gyimah, Mr Sam
 Hair, Kirstene
 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
 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, Adam
 Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jack, Mr Alister
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, rh Boris
 Johnson, Dr Caroline

Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Keegan, Gillian
 Kennedy, Seema
 Kerr, Stephen
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lamont, John
 Lancaster, Mark
 Latham, Mrs Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Letwin, rh Sir Oliver
 Lewer, Andrew
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Little Pengelly, Emma
 Lord, Mr Jonathan
 Loughton, Tim
 Mackinlay, Craig
 Maclean, Rachel
 Main, Mrs Anne
 Mak, Alan
 Malthouse, Kit
 Mann, Scott
 Masterton, Paul
 Maynard, Paul
 McLoughlin, rh Sir Patrick
 McPartland, Stephen
 McVey, rh Ms Esther
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Moore, Damien
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew

Perry, Claire
 Philp, Chris
 Pincher, Christopher
 Poulter, Dr Dan
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Ross, Douglas
 Rowley, Lee
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Seely, Mr Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory

Streeter, Mr Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Sir Hugo
 Syms, Mr Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt
 Watling, Giles
 Whately, Helen
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williamson, rh Gavin
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
Mrs Heather Wheeler and
Andrew Griffiths

NOES

Abbott, rh Ms Diane
 Alexander, Heidi
 Ali, Rushanara
 Allin-Khan, Dr Rosena
 Amesbury, Mike
 Antoniazzi, Tonia
 Ashworth, Jonathan
 Austin, Ian
 Bailey, Mr Adrian
 Bardell, Hannah
 Barron, rh Sir Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Berger, Luciana
 Blackford, Ian
 Blackman, Kirsty
 Blackman-Woods, Dr Roberta
 Blomfield, Paul
 Brabin, Tracy
 Bradshaw, rh Mr Ben
 Brennan, Kevin
 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 Ronnie
 Carden, Dan
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Charalambous, Bambos
 Cherry, Joanna
 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
 David, Wayne
 Davies, Geraint
 Day, Martyn
 De Cordova, Marsha
 De Piero, Gloria
 Debonnaire, Thangam
 Dhesi, Mr Tanmanjeet Singh
 Docherty-Hughes, Martin
 Dodds, Anneliese
 Doughty, Stephen
 Dowd, Peter
 Drew, Dr David
 Dromey, Jack
 Duffield, Rosie
 Eagle, Ms Angela
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Furniss, Gill
 Gaffney, Hugh
 Gapes, Mike
 George, Ruth
 Gethins, Stephen
 Gibson, Patricia
 Gill, Preet Kaur
 Glindon, Mary
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Grogan, John
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh David
 Hardy, Emma
 Harris, Carolyn
 Hayes, Helen
 Hayman, Sue
 Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hermon, Lady
 Hill, Mike
 Hillier, Meg

Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Howarth, rh Mr George
 Huq, Dr Rupa
 Hussain, Imran
 Jarvis, Dan
 Johnson, Diana
 Jones, Darren
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Jones, Sarah
 Jones, Susan Elan
 Kane, Mike
 Keeley, Barbara
 Kendall, Liz
 Khan, Afzal
 Kinnock, Stephen
 Kyle, Peter
 Lake, Ben
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Lee, Ms Karen
 Leslie, Mr Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Linden, David
 Lloyd, Tony
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 MacNeil, Angus Brendan
 Madders, Justin
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marsden, Gordon
 Martin, Sandy
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCarthy, Kerry
 McDonald, Andy
 McDonald, Stuart C.
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahan, Jim
 McMorrin, Anna
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Moon, Mrs Madeleine
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 Norris, Alex

O'Hara, Brendan
 O'Mara, Jared
 Onasanya, Fiona
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Owen, Albert
 Peacock, Stephanie
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillipson, Bridget
 Pidcock, Laura
 Platt, Jo
 Pollard, Luke
 Pound, Stephen
 Qureshi, Yasmin
 Rashid, Faisal
 Rayner, Angela
 Reed, Mr Steve
 Rees, Christina
 Reeves, Ellie
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Rodda, Matt
 Rowley, Danielle
 Ruane, Chris
 Russell-Moyle, Lloyd
 Ryan, rh Joan
 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, Angela
 Smith, Cat

Smith, Eleanor
 Smith, Laura
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Snell, Gareth
 Sobel, Alex
 Spellar, rh John
 Starmer, rh Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Sweeney, Mr Paul J.
 Tami, Mark
 Thewliss, Alison
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turner, Karl
 Twigg, Stephen
 Twist, Liz
 Umunna, Chuka
 Vaz, Valerie
 Walker, Thelma
 Watson, Tom
 West, Catherine
 Western, Matt
 Whitfield, Martin
 Whitford, Dr Philippa
 Williams, Hywel
 Williams, Dr Paul
 Williamson, Chris
 Wilson, Phil
 Wishart, Pete
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Noes:
Vicky Foxcroft and
Jeff Smith

Question accordingly agreed to.

5. PAYE SETTLEMENT AGREEMENTS

Resolved,

That (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) provision may be made taking effect in a future year amending sections 703 and 704 of the Income Tax (Earnings and Pensions) Act 2003 (PAYE agreements).

6. PENSIONS: MONEY PURCHASE ANNUAL ALLOWANCE

Resolved,

That provision (including provision having retrospective effect) may be made about the money purchase annual allowance.

7. DIVIDEND NIL RATE

Resolved,

That (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) provision may be made taking effect in a future year about the dividend nil rate of income tax.

8. 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.

9. THE “NO PRE-ARRANGED EXITS REQUIREMENT”

Resolved,

That provision (including provision having retrospective effect) may be made about the “no pre-arranged exits requirement” for the purposes of the enterprise investment scheme and the seed enterprise investment scheme.

10. VENTURE CAPITAL TRUSTS (FOLLOW ON FUNDING AND EXCHANGE OF SHARES)

Resolved,

That provision (including provision having retrospective effect) may be made amending Chapter 6 of Part 6 of the Income Tax Act 2007.

11. SOCIAL INVESTMENT TAX RELIEF

Resolved,

That provision (including provision having retrospective effect) may be made about social investment tax relief.

12. THE “NO DISQUALIFYING ARRANGEMENTS REQUIREMENT”

Resolved,

That provision (including provision having retrospective effect) 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.

13. BUSINESS INVESTMENT RELIEF

Question put,

That provision (including provision having retrospective effect) may be made about the conditions under which business investment relief in Chapter A1 of Part 14 of the Income Tax Act 2007 is available.

The House divided: Ayes 320, Noes 287.

Division No. 11]

[7.15 pm

AYES

Adams, Nigel	Benyon, rh Richard
Afolami, Bim	Beresford, Sir Paul
Afriyie, Adam	Berry, Jake
Aldous, Peter	Blackman, Bob
Allan, Lucy	Blunt, Crispin
Allen, Heidi	Boles, Nick
Amess, Sir David	Bone, Mr Peter
Andrew, Stuart	Bottomley, Sir Peter
Argar, Edward	Bowie, Andrew
Atkins, Victoria	Bradley, Ben
Bacon, Mr Richard	Bradley, rh Karen
Badenoch, Mrs Kemi	Brady, Mr Graham
Baker, Mr Steve	Brereton, Jack
Baldwin, Harriett	Bridgen, Andrew
Barclay, Stephen	Brine, Steve
Baron, Mr John	Brokenshire, rh James
Bebb, Guto	Bruce, Fiona
Bellingham, Sir Henry	Buckland, Robert

Burghart, Alex	Girvan, Paul
Burns, Conor	Glen, John
Burt, rh Alistair	Goldsmith, Zac
Cairns, rh Alun	Goodwill, Mr Robert
Campbell, Mr Gregory	Gove, rh Michael
Cartledge, James	Graham, Luke
Cash, Sir William	Graham, Richard
Caulfield, Maria	Grant, Bill
Chalk, Alex	Grant, Mrs Helen
Chishti, Rehman	Gray, James
Chope, Mr Christopher	Grayling, rh Chris
Churchill, Jo	Green, Chris
Clark, Colin	Green, rh Damian
Clark, rh Greg	Greening, rh Justine
Clarke, rh Mr Kenneth	Grieve, rh Mr Dominic
Clarke, Mr Simon	Gyimah, Mr Sam
Cleverly, James	Hair, Kirstene
Clifton-Brown, Geoffrey	Halfon, rh Robert
Coffey, Dr Thérèse	Hall, Luke
Collins, Damian	Hammond, rh Mr Philip
Costa, Alberto	Hammond, Stephen
Courts, Robert	Hancock, rh Matt
Cox, Mr Geoffrey	Hands, rh Greg
Crabb, rh Stephen	Harper, rh Mr Mark
Crouch, Tracey	Harrington, Richard
Davies, Chris	Harris, Rebecca
Davies, David T. C.	Harrison, Trudy
Davies, Glyn	Hart, Simon
Davies, Mims	Hayes, rh Mr John
Davies, Philip	Heald, rh Sir Oliver
Davis, rh Mr David	Heapey, James
Dinagen, Caroline	Heaton-Harris, Chris
Djanogly, Mr Jonathan	Heaton-Jones, Peter
Docherty, Leo	Henderson, Gordon
Dockerill, Julia	Herbert, rh Nick
Dodds, rh Nigel	Hermon, Lady
Donaldson, rh Sir Jeffrey M.	Hinds, Damian
Donelan, Michelle	Hoare, Simon
Dorries, Ms Nadine	Hollingbery, George
Double, Steve	Hollinrake, Kevin
Dowden, Oliver	Hollobone, Mr Philip
Doyle-Price, Jackie	Holloway, Adam
Drax, Richard	Howell, John
Duddridge, James	Huddleston, Nigel
Duguid, David	Hughes, Eddie
Duncan, rh Sir Alan	Hunt, rh Mr Jeremy
Duncan Smith, rh Mr Iain	Hurd, Mr Nick
Dunne, Mr Philip	Jack, Mr Alister
Ellis, Michael	James, Margot
Ellwood, rh Mr Tobias	Javid, rh Sajid
Elphicke, Charlie	Jayawardena, Mr Ranil
Eustice, George	Jenkin, Mr Bernard
Evans, Mr Nigel	Jenrick, Robert
Evennett, rh David	Johnson, rh Boris
Fabricant, Michael	Johnson, Dr Caroline
Fallon, rh Sir Michael	Johnson, Gareth
Fernandes, Suella	Johnson, Joseph
Field, rh Mark	Jones, Andrew
Ford, Vicky	Jones, rh Mr David
Foster, Kevin	Jones, Mr Marcus
Fox, rh Dr Liam	Keegan, Gillian
Francois, rh Mr Mark	Kennedy, Seema
Frazer, Lucy	Kerr, Stephen
Freeman, George	Knight, rh Sir Greg
Freer, Mike	Knight, Julian
Fysh, Mr Marcus	Kwarteng, Kwasi
Gale, Sir Roger	Lamont, John
Garnier, Mark	Lancaster, Mark
Gauke, rh Mr David	Latham, Mrs Pauline
Ghani, Ms Nusrat	Leadsom, rh Andrea
Gibb, rh Nick	Lee, Dr Phillip
Gillan, rh Mrs Cheryl	Lefroy, Jeremy

Leigh, Sir Edward
 Letwin, rh Sir Oliver
 Lewer, Andrew
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Little Pengelly, Emma
 Lord, Mr Jonathan
 Loughton, Tim
 Mackinlay, Craig
 Maclean, Rachel
 Main, Mrs Anne
 Mak, Alan
 Malthouse, Kit
 Mann, Scott
 Masterton, Paul
 Maynard, Paul
 McLoughlin, rh Sir Patrick
 McPartland, Stephen
 McVey, rh Ms Esther
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Moore, Damien
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pincher, Christopher
 Poulter, Dr Dan
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew

Ross, Douglas
 Rowley, Lee
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Seely, Mr Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Sir Hugo
 Syms, Mr Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt
 Watling, Giles
 Whately, Helen
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williamson, rh Gavin
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
 Mrs Heather Wheeler and
 Andrew Griffiths

Abbott, rh Ms Diane
 Alexander, Heidi
 Ali, Rushanara
 Allin-Khan, Dr Rosena
 Amesbury, Mike
 Antoniazzi, Tonia
 Ashworth, Jonathan
 Austin, Ian
 Bailey, Mr Adrian
 Bardell, Hannah
 Barron, rh Sir Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Berger, Luciana
 Blackford, Ian
 Blackman, Kirsty
 Blackman-Woods, Dr Roberta
 Blomfield, Paul
 Brabin, Tracy
 Bradshaw, rh Mr Ben
 Brake, rh Tom
 Brennan, Kevin
 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 Ronnie
 Carden, Dan
 Carmichael, rh Mr Alistair
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Charalambous, Bambos
 Cherry, Joanna
 Clwyd, rh Ann
 Coaker, Vernon
 Coffey, Ann
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 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
 David, Wayne
 Davies, Geraint
 Day, Martyn
 De Cordova, Marsha
 De Piero, Gloria
 Debbonaire, Thangam
 Dhesi, Mr Tanmanjeet Singh
 Docherty-Hughes, Martin

NOES

Dodds, Anneliese
 Doughty, Stephen
 Dowd, Peter
 Drew, Dr David
 Dromey, Jack
 Duffield, Rosie
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Furniss, Gill
 Gaffney, Hugh
 Gapes, Mike
 Gardiner, Barry
 George, Ruth
 Gethins, Stephen
 Gibson, Patricia
 Gill, Preet Kaur
 Glindon, Mary
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Grogan, John
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh David
 Hardy, Emma
 Harris, Carolyn
 Hayes, Helen
 Hayman, Sue
 Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hill, Mike
 Hillier, Meg
 Hobhouse, Wera
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Howarth, rh Mr George
 Huq, Dr Rupa
 Hussain, Imran
 Jardine, Christine
 Jarvis, Dan
 Johnson, Diana
 Jones, Darren
 Jones, Gerald
 Jones, Graham

Jones, Helen
 Jones, Mr Kevan
 Jones, Sarah
 Jones, Susan Elan
 Kane, Mike
 Keeley, Barbara
 Kendall, Liz
 Khan, Afzal
 Kinnock, Stephen
 Kyle, Peter
 Laird, Lesley
 Lake, Ben
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Lee, Ms Karen
 Leslie, Mr Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Linden, David
 Lloyd, Stephen
 Lloyd, Tony
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 MacNeil, Angus Brendan
 Madders, Justin
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marsden, Gordon
 Martin, Sandy
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stuart C.
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahan, Jim
 McMorrin, Anna
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Moon, Mrs Madeleine
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 Norris, Alex
 O'Hara, Brendan
 O'Mara, Jared
 Onasanya, Fiona
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Owen, Albert
 Peacock, Stephanie
 Pearce, Teresa
 Pennycook, Matthew

Perkins, Toby
 Phillips, Jess
 Phillipson, Bridget
 Pidcock, Laura
 Platt, Jo
 Pollard, Luke
 Pound, Stephen
 Powell, Lucy
 Qureshi, Yasmin
 Rashid, Faisal
 Rayner, Angela
 Reed, Mr Steve
 Rees, Christina
 Reeves, Ellie
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Robinson, Mr Geoffrey
 Rodda, Matt
 Rowley, Danielle
 Ruane, Chris
 Russell-Moyle, Lloyd
 Ryan, rh Joan
 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, Angela
 Smith, Cat
 Smith, Eleanor
 Smith, Laura
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Snell, Gareth
 Sobel, Alex
 Spellar, rh John
 Starmer, rh Keir
 Stevens, Jo
 Stone, Jamie
 Streeting, Wes
 Stringer, Graham
 Sweeney, Mr Paul J.
 Tami, Mark
 Thewliss, Alison
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turner, Karl
 Twigg, Stephen
 Twist, Liz
 Umunna, Chuka
 Vaz, Valerie
 Walker, Thelma
 Watson, Tom
 West, Catherine
 Western, Matt
 Whitehead, Dr Alan
 Whitfield, Martin
 Whitford, Dr Philippa
 Williams, Hywel
 Williams, Dr Paul
 Williamson, Chris

Wilson, Phil
 Wishart, Pete
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Noes:
Vicky Foxcroft and
Jeff Smith

Question accordingly agreed to.

14. BASIS OF CALCULATION OF PROFITS FOR INCOME TAX PURPOSES

Resolved,

That provision (including provision having retrospective effect) may be made for income tax purposes—

- (a) about the calculation on the cash basis of profits, and
- (b) in other respects about the basis of calculation of profits.

15. TRADING AND PROPERTY ALLOWANCES

Resolved,

That provision (including provision having retrospective effect) may be made for new reliefs available in respect of, and of amounts determined by reference to—

- (a) an individual's trading income and miscellaneous income, or
- (b) an individual's property income.

16. CORPORATION TAX RELIEF FOR LOSSES ETC

Resolved,

That provision (including provision having retrospective effect) may be made—

- (a) about how corporation tax relief is to be given for losses, deficits, expenses and other amounts, and
- (b) for counteracting the effect of tax avoidance arrangements concerning corporation tax relief for such amounts.

17. CORPORATE INTEREST RESTRICTION

Resolved,

That provision (including provision having retrospective effect) 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.

18. MUSEUM AND GALLERY EXHIBITIONS: TAX RELIEF AND TAX CREDITS

Resolved,

That—

(a) provision (including provision having retrospective effect) may be made for relief from corporation tax in connection with the production of museum and gallery exhibitions, and

(b) (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) provision may be made for tax credits to be paid to museums and galleries exhibition production companies in respect of expenditure on the production of exhibitions.

19. CORPORATION TAX RELIEF FOR EXPENDITURE ON GRASSROOTS SPORT

Resolved,

That provision (including provision having retrospective effect) may be made for relief from corporation tax for expenditure on grassroots sport.

20. PROFITS ARISING FROM THE EXPLOITATION OF PATENTS

Resolved,

That provision (including provision having retrospective effect) may be made amending Part 8A of the Corporation Tax Act 2010.

21. HYBRID AND OTHER MISMATCHES

Resolved,

That provision (including provision having retrospective effect) may be made amending Part 6A of the Taxation (International and Other Provisions) Act 2010.

22. TRADING PROFITS TAXABLE AT THE NORTHERN IRELAND RATE

Question put,

That provision may be made—

(a) about the extent to which trading profits are chargeable to corporation tax at the Northern Ireland rate,

(b) amending the Capital Allowances Act 2001 in connection with Part 8B of CTA 2010 (trading profits taxable at the Northern Ireland rate), and

(c) to reflect changes to the Northern Ireland departments and the creation of new Ministerial offices.

The House divided: Ayes 320, Noes 249.

Division No. 12]

[7.29 pm

AYES

Adams, Nigel
Afolami, Bim
Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Badenoch, Mrs Kemi
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Bebb, Guto
Bellingham, Sir Henry
Benyon, rh Richard
Beresford, Sir Paul
Berry, Jake
Blackman, Bob
Blunt, Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bowie, Andrew
Bradley, Ben
Bradley, rh Karen
Brady, Mr Graham
Brereton, Jack
Bridgen, Andrew
Brine, Steve
Brokenshire, rh James
Bruce, Fiona
Buckland, Robert
Burghart, Alex
Burns, Conor
Burt, rh Alistair

Cairns, rh Alun
Campbell, Mr Gregory
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, Colin
Clark, rh Greg
Clarke, rh Mr Kenneth
Clarke, Mr Simon
Cleverly, James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Costa, Alberto
Courts, Robert
Cox, Mr Geoffrey
Crabb, rh Stephen
Crouch, Tracey
Davies, Chris
Davies, David T. C.
Davies, Glyn
Davies, Mims
Davies, Philip
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Docherty, Leo
Dockerill, Julia
Dodds, rh Nigel
Donaldson, rh Sir Jeffrey M.
Donelan, Michelle
Dorries, Ms Nadine
Double, Steve
Dowden, Oliver
Doyle-Price, Jackie

Drax, Richard
Duddridge, James
Duguid, David
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellwood, rh Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Mr Nigel
Evennett, rh David
Fabricant, Michael
Fallon, rh Sir Michael
Fernandes, Suella
Field, rh Mark
Ford, Vicky
Foster, Kevin
Fox, rh Dr Liam
Francois, rh Mr Mark
Frazer, Lucy
Freeman, George
Freer, Mike
Fysh, Mr Marcus
Gale, Sir Roger
Garnier, Mark
Gauke, rh Mr David
Ghani, Ms Nusrat
Gibb, rh Nick
Gillan, rh Mrs Cheryl
Girvan, Paul
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Luke
Graham, Richard
Grant, Bill
Grant, Mrs Helen
Gray, James
Grayling, rh Chris
Green, Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gyimah, Mr Sam
Hair, Kirstene
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
Hayes, rh Mr John
Heald, rh Sir Oliver
Heappey, James
Heaton-Harris, Chris
Heaton-Jones, Peter
Henderson, Gordon
Herbert, rh Nick
Hermon, Lady
Hinds, Damian
Hoare, Simon
Hollingbery, George
Hollinrake, Kevin
Hollobone, Mr Philip
Holloway, Adam

Howell, John
Huddleston, Nigel
Hughes, Eddie
Hunt, rh Mr Jeremy
Hurd, Mr Nick
Jack, Mr Alister
James, Margot
Javid, rh Sajid
Jayawardena, Mr Ranil
Jenkin, Mr Bernard
Jenrick, Robert
Johnson, rh Boris
Johnson, Dr Caroline
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Keegan, Gillian
Kennedy, Seema
Kerr, Stephen
Knight, rh Sir Greg
Knight, Julian
Kwarteng, Kwasi
Lamont, John
Lancaster, Mark
Latham, Mrs Pauline
Leadsom, rh Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward
Letwin, rh Sir Oliver
Lewer, Andrew
Lewis, rh Brandon
Lewis, rh Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Little Pengelly, Emma
Lord, Mr Jonathan
Loughton, Tim
Mackinlay, Craig
Maclean, Rachel
Main, Mrs Anne
Mak, Alan
Malthouse, Kit
Mann, Scott
Masterton, Paul
Maynard, Paul
McLoughlin, rh Sir Patrick
McPartland, Stephen
McVey, rh Ms Esther
Menzies, Mark
Mercer, Johnny
Merriman, Huw
Metcalf, Stephen
Miller, rh Mrs Maria
Milling, Amanda
Mills, Nigel
Milton, rh Anne
Mitchell, rh Mr Andrew
Moore, Damien
Mordaunt, Penny
Morgan, rh Nicky
Morris, Anne Marie
Morris, David
Morris, James
Morton, Wendy
Mundell, rh David
Murray, Mrs Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah

Nokes, Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pincher, Christopher
 Poulter, Dr Dan
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Ross, Douglas
 Rowley, Lee
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Seely, Mr Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna

Spelman, rh Dame Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Sir Hugo
 Syms, Mr Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt
 Watling, Giles
 Whately, Helen
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williamson, rh Gavin
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
Mrs Heather Wheeler and
Andrew Griffiths

NOES

Abbott, rh Ms Diane
 Alexander, Heidi
 Ali, Rushanara
 Allin-Khan, Dr Rosena
 Amesbury, Mike
 Antoniazzi, Tonia
 Ashworth, Jonathan
 Austin, Ian
 Bailey, Mr Adrian
 Barron, rh Sir Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Berger, Luciana
 Blackman-Woods, Dr Roberta
 Blomfield, Paul
 Brabin, Tracy
 Bradshaw, rh Mr Ben
 Brake, rh Tom

Brown, Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen
 Burden, Richard
 Burgon, Richard
 Butler, Dawn
 Byrne, rh Liam
 Cable, rh Sir Vince
 Cadbury, Ruth
 Campbell, rh Mr Alan
 Carden, Dan
 Carmichael, rh Mr Alistair
 Champion, Sarah
 Chapman, Jenny
 Charalambous, Bambos
 Clwyd, rh Ann
 Coaker, Vernon

Coffey, Ann
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 Coyle, Neil
 Crausby, Sir David
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 David, Wayne
 Davies, Geraint
 De Cordova, Marsha
 De Piero, Gloria
 Debonnaire, Thangam
 Dhesi, Mr Tanmanjeet Singh
 Dodds, Anneliese
 Doughty, Stephen
 Dowd, Peter
 Drew, Dr David
 Dromey, Jack
 Duffield, Rosie
 Eagle, Maria
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Fovargue, Yvonne
 Furniss, Gill
 Gaffney, Hugh
 Gapes, Mike
 Gardiner, Barry
 George, Ruth
 Gill, Preet Kaur
 Glindon, Mary
 Goodman, Helen
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Grogan, John
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh David
 Hardy, Emma
 Harris, Carolyn
 Hayes, Helen
 Hayman, Sue
 Healey, rh John
 Hendrick, Mr Mark
 Hepburn, Mr Stephen
 Hill, Mike
 Hillier, Meg
 Hobhouse, Wera
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Howarth, rh Mr George

Huq, Dr Rupa
 Hussain, Imran
 Jardine, Christine
 Jarvis, Dan
 Johnson, Diana
 Jones, Darren
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Jones, Sarah
 Jones, Susan Elan
 Kane, Mike
 Keeley, Barbara
 Kendall, Liz
 Khan, Afzal
 Kinnock, Stephen
 Kyle, Peter
 Laird, Lesley
 Lamb, rh Norman
 Lammey, rh Mr David
 Lavery, Ian
 Lee, Ms Karen
 Leslie, Mr Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Lloyd, Stephen
 Lloyd, Tony
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 Madders, Justin
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marsden, Gordon
 Martin, Sandy
 Maskell, Rachael
 Matheson, Christian
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahan, Jim
 McMorris, Anna
 Mearns, Ian
 Miliband, rh Edward
 Moon, Mrs Madeleine
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Nandy, Lisa
 Norris, Alex
 O'Mara, Jared
 Onasanya, Fiona
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Owen, Albert
 Peacock, Stephanie
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby

Phillips, Jess
 Phillipson, Bridget
 Pidcock, Laura
 Platt, Jo
 Pollard, Luke
 Pound, Stephen
 Powell, Lucy
 Qureshi, Yasmin
 Rashid, Faisal
 Rayner, Angela
 Reed, Mr Steve
 Rees, Christina
 Reeves, Ellie
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Robinson, Mr Geoffrey
 Rodda, Matt
 Rowley, Danielle
 Ruane, Chris
 Russell-Moyle, Lloyd
 Ryan, rh Joan
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sherriff, Paula
 Shuker, Mr Gavin
 Siddiq, Tulip
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, Angela
 Smith, Cat
 Smith, Eleanor
 Smith, Laura
 Smith, Nick

Smith, Owen
 Smyth, Karin
 Snell, Gareth
 Sobel, Alex
 Spellar, rh John
 Starmer, rh Keir
 Stevens, Jo
 Stone, Jamie
 Streeting, Wes
 Stringer, Graham
 Sweeney, Mr Paul J.
 Swinson, Jo
 Tami, Mark
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turner, Karl
 Twigg, Stephen
 Twist, Liz
 Umunna, Chuka
 Vaz, Valerie
 Walker, Thelma
 West, Catherine
 Western, Matt
 Whitehead, Dr Alan
 Whitfield, Martin
 Williams, Dr Paul
 Williamson, Chris
 Wilson, Phil
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Noes:
 Vicky Foxcroft and
 Jeff Smith

Question accordingly agreed to.

23. CHARGEABLE GAINS

Resolved,

That provision (including provision having retrospective effect) may be made amending the Taxation of Chargeable Gains Act 1992.

24. DOMICILE

Resolved,

That provision (including provision having retrospective effect) may be made for tax purposes—

(a) for or in connection with 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.

25. VALUE OF CERTAIN BENEFITS

Resolved,

That provision (including provision having retrospective effect) may be made about the value of benefits for the purposes of Chapter 2 of Part 13 of the Income Tax Act 2007.

26. INHERITANCE TAX (OVERSEAS PROPERTY)

Resolved,

That provision (including provision having retrospective effect) may be made as to the extent to which overseas property with value attributable to residential property in the United Kingdom is excluded property for inheritance tax purposes.

27. DISGUISED REMUNERATION SCHEMES

Resolved,

That—

(a) (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) provision may be made taking effect in a future year 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;

(b) (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) provision may be made taking effect in a future year about the income tax treatment of loans, or acquired rights, in cases where there is an arrangement in connection with a trade;

(c) provision (including provision having retrospective effect) may be made about the income tax treatment of benefits arising in pursuance of an arrangement in connection with a trade;

(d) provision (including provision having retrospective effect) 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.

28. DISGUISED REMUNERATION SCHEMES (RELEVANT TAX PAYMENTS)

Resolved,

That—

(1) In section 554XA of the Income Tax (Earnings and Pensions) Act 2003 (employment income provided through third parties: exclusion for payments in respect of a tax liability), in subsection (2), omit paragraphs (a) and (b).

(2) The amendment made by paragraph (1) has effect in relation to relevant steps taken on or after 21 July 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.

29. FIRST-YEAR ALLOWANCE FOR EXPENDITURE ON ELECTRIC VEHICLE CHARGING POINTS

Resolved,

That provision (including provision having retrospective effect) may be made for a first-year allowance under Part 2 of the Capital Allowances Act 2001 for expenditure on electric vehicle charging points.

30. TRANSACTIONS IN LAND IN THE UNITED KINGDOM

Resolved,

That provision (including provision having retrospective effect) may be made in relation to the amounts in relation to which the amendments made by sections 76 to 80 of the Finance Act 2016 have effect.

31. CO-OWNERSHIP AUTHORISED CONTRACTUAL SCHEMES

Resolved,

That provision may be made about co-ownership authorised contractual schemes.

32. AIR PASSENGER DUTY (RATES)

Resolved,

That (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) provision may be made taking effect in a future year increasing the rates of air passenger duty.

33. PETROLEUM REVENUE TAX: ELECTIONS*Resolved,*

That provision (including provision having retrospective effect) may be made amending Schedule 20B to the Finance Act 1993.

34. GAMING DUTY*Resolved,*

That—

(1) In section 11(2) of the Finance Act 1997 (rates of gaming duty), for the table substitute—

“Table

Part of gross gaming yield	Rate
The first £2,423,500	15%
The next £1,670,500	20%
The next £2,925,500	30%
The next £6,175,500	40%
The remainder	50%”.

(2) The amendment made by paragraph (1) has effect in relation to accounting periods 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.

35. REMOTE GAMING DUTY*Resolved,*

That provision (including provision having retrospective effect) may be made about remote gaming duty.

36. 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) provision may be made conferring 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.

37. 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) provision may be made for the approval and registration of persons carrying on a third country goods fulfilment business.

38. DIGITAL REPORTING AND RECORD-KEEPING*Resolved,*

That provision may be made for and in connection with digital reporting and record-keeping for businesses within the charge to income tax and for partnerships.

39. DIGITAL REPORTING AND RECORD-KEEPING FOR VAT*Resolved,*

That—

(a) provision may be made for and in connection with reporting and record-keeping for value added tax, and

(b) (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) provision may be made taking effect in a future year for and in connection with digital record-keeping for value added tax.

40. PARTIAL CLOSURE NOTICES*Resolved,*

That provision may be made in relation to enquiries made by Her Majesty’s Revenue and Customs into tax returns.

41. ERRORS IN TAXPAYERS’ DOCUMENTS*Resolved,*

That provision may be made amending Schedule 24 to the Finance Act 2007.

42. PENALTIES FOR ENABLERS OF DEFEATED ARRANGEMENTS FOR AVOIDING TAX OR NICS*Resolved,*

That—

(a) provision may be made about penalties for persons who enable arrangements for avoiding tax which are defeated, and

(b) (notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills) provision may be made about penalties for persons who enable arrangements for avoiding national insurance contributions which are defeated.

43. DISCLOSURE OF TAX AVOIDANCE SCHEMES: VAT AND OTHER INDIRECT TAXES*Resolved,*

That provision may be made about the disclosure of avoidance schemes relating to VAT or other indirect taxes.

44. REQUIREMENT TO CORRECT OFFSHORE TAX NON-COMPLIANCE*Resolved,*

That provision may be made for and in connection with requiring persons to correct offshore tax non-compliance which relates to income tax, capital gains tax or inheritance tax and subsists at the end of the tax year 2016-17.

45. PENALTY FOR TRANSACTIONS CONNECTED WITH VAT FRAUD*Resolved,*

That provision may be made for and in connection with the imposition of penalties in cases where a person enters into a transaction connected with the fraudulent evasion of VAT by another when the person knew or should have known that the transaction was so connected.

46. DATA-GATHERING POWERS*Resolved,*

That provision may be made amending Part 2 of Schedule 23 to the Finance Act 2011 in relation to money service businesses.

47. NORTHERN IRELAND WELFARE PAYMENTS*Resolved,*

That provision may be made amending section 44(2) of the Finance Act 2016 so as to take account of the Housing Benefit (Amendment No. 2) Regulations (Northern Ireland) 2016.

48. 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 or consequential provision (including provision having retrospective effect) relating to provision authorised by any other resolution.

Ordered,

That a Bill be brought in upon the foregoing Resolutions;

That the Chairman of Ways and Means, the Prime Minister, Mr Chancellor of the Exchequer, Secretary Boris Johnson, Secretary Sajid Javid, Secretary Justine Greening, Elizabeth Truss, Mel Stride, Stephen Barclay and Andrew Jones bring in the Bill.

FINANCE BILL

Presentation and First Reading

Mel Stride 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 provision in connection with finance.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 102).

PETITION

Local Bus Services in Torbay

7.44 pm

Kevin Foster (Torbay) (Con): I am delighted to have such an audience for the presentation of a petition.

I rise on behalf of residents in my constituency in relation to a petition they have gathered about the loss of their valued bus services. The petition has been organised by my constituent, Val Baker, and has been signed by 1,278 residents. I am pleased to be able to present this petition in the Chamber, given that some jobsworths at Torbay Council have decided that they wish to reject it. It is welcome that this House is more responsive to my residents' views than some of the officers at their local council.

The petition declares:

The petition of users of the No.65 bus service in Torbay,

Declares that the cancellation of the number 65 bus service between The Willows to Torquay via Hele, Babbacombe, Quinta, Ellacombe and St Marychurch will have a detrimental impact on local residents, in particular, elderly residents.

The petitioners therefore request that the House of Commons urges Torbay Council to commit to providing a similar service to the previous No. 65 service for the sake of the local residents as soon as possible.

And the petitioners remain, etc.

[P002052]

Knife Crime

Motion made, and Question proposed, That this House do now adjourn.—(*Chris Heaton-Harris.*)

7.46 pm

Sarah Jones (Croydon Central) (Lab): Thank you, Mr Deputy Speaker, for allowing this debate following a summer in which once again we have seen the devastating impact of knife crime.

A month ago tomorrow, 15-year-old Jermaine Groupall was stabbed to death in Croydon. Jermaine was the 15th teenager to die in a knife attack in London this year—15 young lives wasted. These devastating stories are in the news every time we switch on the TV or open a newspaper, but behind every headline is a family ruined; a local community in shock; more parents afraid to let their children out of their sight; and, tragically, a generation of young people who are becoming increasingly anxious and, in many cases, desensitised to the existence of dangerous weapons in their communities.

I asked for this debate because I believe, as I am sure everyone in this House believes, that every single life matters and that the epidemic of youth violence in this country will continue to escalate unless we do more to intervene.

I spent much of the summer talking to people in Croydon about knife crime, trying to understand why it has almost doubled in the past year. I spoke to young people involved in criminal gangs, youth workers who work with young people, local organisations that go into schools, mentor children, help provide advice and support or just give some love, and to the police, the local council, football clubs in local communities, large charities and tiny, two-person organisations in Croydon. I want to thank them all for their time and for what they do. They are all incredibly inspiring and strong.

I heard stories which broke my heart, including about policemen battling to save a life by putting their fingers in a wound to stop the streaming blood. The boy survived only to be picked up the very next week while out looking for revenge. I heard about young people who have been in care all their lives and find their only sense of love and belonging when they are in a gang; girls whose boyfriends ask them to carry their knives, and they do it because they believe that is what is expected of them; and horrific images of stabbings, of strippings, shown far and wide on social media. I was told of older men grooming young boys to carry drugs or commit other crimes with the promises of great riches that never materialised.

But this summer I also met towering figures who are giving their all to fight this problem, and some amazing young people who, against the odds, have turned their lives around. I was inspired and I learned a huge amount.

This is what I know: first, knife crime and knife carrying are increasing, and although they are greatest in London, they are increasing across the country. They are up by one fifth across England and Wales, according to recent statistics provided by the Office for National Statistics.

Jim Shannon (Strangford) (DUP): I sought the hon. Lady's permission to intervene. I thank her for giving way and congratulate her on speaking on a massive issue. Northern Ireland has a relatively small amount of knife

crime, with only 789 crimes involving knives and sharp objects in 2015-16. The fact remains, however, that there is a real need to educate our young people on the dangers of even bringing a knife out of the house. Does the hon. Lady agree that the Department of Justice and the Ministry of Justice must do more work with the Department for Education to target attention on the 12 to 17-year-old age bracket, because that is where the problem is?

Sarah Jones: The hon. Gentleman is absolutely right, and I will refer later in my remarks to education, which is key.

Knife crime is increasing. Comparative data from NHS hospitals show us that there was a 13% increase in admissions for assault by sharp object between 2015 and 2016. The Minister will be aware of the growing concern about county lines operated by urban criminal networks.

Will Quince (Colchester) (Con): I congratulate the hon. Lady on securing this important debate on the scourge of knife crime, which is one of the most important issues facing the country. She mentioned county lines. Does she agree that we need to get police forces outside London to work far more closely with the Metropolitan police to try to break some of those county lines, and particularly to tackle the practice of cuckooing, which preys on the most vulnerable in our society?

Sarah Jones: Yes, I agree with the hon. Gentleman that we need to do more. County lines is a new and developing issue that I have learned about in Croydon. Gangs go out as far as Cardiff and down to the south coast from London and other UK cities. They are spreading out, and we need to do more. Police resourcing is absolutely key, but we need to work together even more. Children from Aberdeen to Cardiff and Margate are carrying knives; it is a UK-wide problem.

The second thing I know is that the age of the young people involved is getting lower and lower. Every single agency I spoke to over the summer said that it was used to seeing young people between the ages of 16 and 24, but that the age of the children it saw was dropping to 12, 13 and 14.

Mr Steve Reed (Croydon North) (Lab/Co-op): I echo the words of congratulation to my hon. Friend on securing this important debate. To what extent does she believe that the severe cuts to council services—they have led to cuts in services such as crime prevention, early intervention and family support—and the severe reductions in neighbourhood policing have contributed to Croydon having the second highest level of knife crime in London?

Sarah Jones: My hon. Friend is absolutely right. Over the summer, I walked around with the police looking for knives, and I talked to senior police officers and many others about the impact on their work of the cuts to their budgets and to other services. I heard about policeman buying food for children whom they had picked up before taking them home, because those children did not have enough food to eat. There are a huge range of issues that we need to tackle, but police cuts and local government cuts are an important part of the picture.

The third thing that I discovered over the summer is that the problem stretches beyond the children who are involved in crime and who carry knives themselves. Teenagers are growing up attending the funerals of school friends, with parents who are under-supported or overworked, and often both. Those children have growing anxiety and fewer ways to express it. A counselling service in my borough described deep-seated traumas among a growing number of young people, with half of the people who made up its case load having experienced suicidal thoughts. Many of our children now see the carrying of knives and the exploitation of men and women as normal. They see a world that, in many ways, we do not see.

The fourth fact that I learned is that the issue is complex. We cannot just say, “This is about kids in gangs who want to make money.” In fact, most knife crime is not gang-related. The causes range from policing, to jobs and training, to education, mental health and youth service provision; from silos in the care system to social media, parenting and street design. Every crime is different, every cause is different and every response must be adapted.

My fifth finding is that we know what works. A lot of people are already showing us the way, working hard and finding the answers. Although the picture is complex and the scale of the problem pretty big, there is a lot of evidence about what works and what needs to be done. I would not be standing here today if I did not think we could develop cross-party consensus about what needs to happen and how to tackle knife crime. The case that I want to make today is that we are simply not doing enough to tackle this blight on the lives of individuals and communities. I say that while welcoming the Home Secretary’s recent promise to crack down in law on the online sale of knives. I also welcome the continued commitment to Operation Sceptre by police forces up and down the country.

Helen Hayes (Dulwich and West Norwood) (Lab): I congratulate my hon. Friend on securing a debate on such a critical issue and on her truly excellent speech. Although the causes of and the solutions to knife crime are complicated, does she agree that the absolutely first base needed to solve it is properly resourced neighbourhood policing? Such policing builds trust, and is the bedrock of the trust between the police and local communities. It is absolutely critical in fostering a culture in which our young people believe that the police are there to keep them safe, and that they therefore do not need to carry weapons of their own.

Sarah Jones: My hon. Friend is absolutely right. When I was walking around with the local police looking for knives on a local council estate, I talked to them about the impact of the cuts on their job, and they said the impact was very severe and that they could not do the things they wanted to do. For example, one of the things they do not have the resources to do is to go into schools to normalise the relationship between children and the police so that a bit more trust can be built up between them. Such interventions are absolutely crucial, but at the moment they are not happening in the way they should.

I welcome the Mayor of London’s recent knife crime strategy, as well as the work of many colleagues, such as that of my hon. Friend the Member for Lewisham,

[Sarah Jones]

Deptford (Vicky Foxcroft), in setting up the Youth Violence Commission. The Home Office's flagship scheme on ending gang violence and exploitation is well intentioned, but with just under £100,000 of funding for this year, it does not have enough money, and it also focuses predominately on gangs. It does not reflect the complex reality that has developed during the past few years, and it requires cash-starved local authorities to fund half the cost of the programme if they want it to be implemented in their areas.

I want to press the Minister to give this issue the breadth of focus it deserves. The Metropolitan Police Commissioner, Cressida Dick, has herself said that

"we absolutely cannot deal with this problem through enforcement alone."

Specifically, I am calling on the Government to develop a coherent, 10-year knife crime strategy that co-ordinates work across departmental and party lines, puts preventive and acute resources on an equal footing, and recognises the interdependent nature of the public services in play. The hugely successful teenage pregnancy strategy implemented by the previous Labour Government resulted in record lows of teenage pregnancy, with a 51% drop over 16 years. Two things characterised that programme: the first was the length of time devoted to it—10 years; and the second was the recognition that no single Department could solve the problem alone.

I will not set out tonight, nor could I, what a 10-year strategy should look like, but I know plenty of people who could help us to write one. I want to highlight four things that must be part of the mix. The first is resources. At many stages of a young person's life, the help they need is to be shown that they have choices, that getting involved in violence is not the way, that they can have a future and that people care, but such interventions simply do not exist. Such interventions might be in schools, to teach people about positive relationships and emotional responses, or through child and adolescent mental health services. They might take the form of a conversation with a policeman or a youth worker, or someone who can help them to think about their CV and their job options. Funding cuts across our public services—policing, youth work, education and health—have left a huge vacuum that social media and criminal gangs are filling, so we cannot duck the issue of resources or the lack of them. It comes up at every turn when we talk to anyone with first-hand experience of the problem.

My second point is that when I ask young people what has changed over the past couple of years, the conversation repeatedly returns to social media and the online world. Social media is undeniably fuelling an escalation in the cycle of violence among young people. There is a growing trend of documented attacks and threats between rival groups, of violating others and of widespread bullying through tools such as Snapchat and Instagram. We should look not just at hosting sites such as YouTube, but at channels that share and spread this content, often distributing it to thousands of people without consideration of the messages behind it or the age of those viewing it. All this provides the catalyst for an ever more extreme and condensed revenge cycle of violence. The smallest violation can now be broadcast to hundreds if not thousands of people, and it can escalate to face-to-face confrontation in a matter of hours.

I urge the Minister to raise this issue with the Home Secretary. The Government have taken a strong approach to extremist content online, but this type of content is in many ways equally alluring and damaging.

My third point is that there are widespread concerns that schools are being overwhelmed by the scale of the issues they face and, as with the police, the spill-over issues of other services not being able to cope. Funding is absolutely key in that respect, but there are also increasing pressures to do with academic attainment. We have to ask whether some schools are bypassing their broader social responsibilities in the drive to make good on their bold claims about pass rates. There is particular concern about some academy chains. Every single agency that I have spoken to over the summer reports increasing levels of managed moves or expulsions, often for children with undiagnosed behaviour or mental health disorders, when the school simply cannot cope or does not want the child there.

Moving children to other schools or pupil referral units is a worrying trend. One organisation described to me the straight line between PRUs and gangs. We should look hard at whether there is sufficient accountability, particularly in academies, before condemning a child to a PRU.

Voluntary groups are an important bridge to young people, but they report increased difficulties in accessing schools. Again, academies seem particular culprits, preferring internal processes and systems to the learned experience and cultural competence that many voluntary sector organisations offer.

Ross Thomson (Aberdeen South) (Con): I congratulate the hon. Lady on bringing this important debate to the Chamber. Sadly, a young boy in my constituency lost his life while at school because another pupil had taken a knife with him. Every parent should be able to send their child to school in the knowledge that they will be safe there. Does the hon. Lady agree that there is some merit in looking at teachers' powers and whether they should have the right to search pupils if they are suspicious or concerned that there could be a weapon in the classroom?

Sarah Jones: It is something that we need to look at. Teachers are overstretched in many ways: many support staff posts have been cut and teachers have to deal with children with special educational needs without the necessary resources. It is therefore hard to give them extra responsibilities for intervening if they believe a knife has been brought into school. However, we have to take action. The 10-year knife crime strategy, which would comprise a suite of actions and many different interventions, is the solution rather than one thing or another. There is talk of screens to walk through to go into school, but to me and many others that is an alarming prospect that we need to try to avoid if we can. However, if people are taking knives into school, we have clearly reached the point when intervention is required.

My final point is that we might look at the growing body of evidence that suggests we should view knife crime and youth violence as a public health issue. There is much good work on that in this country and abroad. The Minister will know that in America, across major cities such as Chicago, Boston and New York, youth violence is approached as a major public health issue,

and tackled as an infectious epidemic. That includes interrupting activity at source, with people from the local community trained to intervene and work with young people; outreach workers working intensively with young people for six months or a year; and a programme of community and education activity to shift the norms around behaviour and expectation.

Luke Graham (Ochil and South Perthshire) (Con): I congratulate the hon. Lady on winning the ballot to hold the debate this evening, and I thank her for raising the issue, which affects the whole United Kingdom. It is especially pertinent to Clackmannanshire in my constituency, where there has been a significant increase in knife-related incidents in the past year alone, including one incident involving samurai swords in Alloa town centre. I welcome many of the measures that the hon. Lady has suggested and I hope to work with my hon. Friends to help to progress them. However, does she agree that measures on knife sales and imports of weapons to the UK should also be included in a future strategy?

Sarah Jones: The hon. Gentleman is right. I welcome the steps that the Home Secretary has already taken and I think we could do more. It is abhorrent that young people—children—find it easy to buy knives online or in shops. We should do everything we can to prevent that.

The direct intervention in America and in pockets here works and has high levels of success. I have visited projects and met people running projects here who are ex-gang members mentoring children, youth workers working with children in hospital directly after they have been stabbed, or former offenders working with kids in PRUs on training for job interviews and looking for other options in life. Those sorts of direct intervention work, and those pockets should become our response across the board. They need to be funded and co-ordinated.

Mrs Kemi Badenoch (Saffron Walden) (Con): I congratulate the hon. Lady on securing the debate. I agree that the Government should do all that they can, but policing is a devolved issue, and the first line of defence is the Mayor of London. As a member of the London Assembly, I scrutinised much of the work that he did in the Mayor's Office for Policing and Crime, and I know that he has some leeway in addressing issues relating to funds for neighbourhood policing. Does the hon. Lady feel that his knife crime strategy addresses the problem, and if so, how?

Sarah Jones: I support the Mayor's knife crime strategy. I do not think he is in a position to bridge the funding gap in the way that is required both for policing and for interventions in youth services and other services throughout the capital, but I know that he too is lobbying the Government for the funds that we need to tackle the problem. I know that he is doing absolutely everything he can, as are Cressida Dick and the Metropolitan police in London. I have met representatives of the Met, and have discussed the issue with them.

Let me end by returning to my original plea to the Minister for a cross-Government knife crime strategy. Governments have the job of deciding where and how resources should be allocated, and that is not an easy job, but this issue has been sidelined by the present

Government for too long, and the consequences are very real. I hope that the Minister will commit herself to considering the proposals that I have outlined, meeting me to discuss them further, and hearing about the work of the APPG that I have set up and will be launching next week.

There are people here tonight who are working on the front line with children in Croydon to give them routes away from violence and crime. If we can match their commitment and bravery, we shall be doing a good thing.

8.6 pm

The Parliamentary Under-Secretary of State for the Home Department (Sarah Newton): I welcome the debate, and pay tribute to the work done by the hon. Member for Croydon Central (Sarah Jones) over the summer recess. She has obviously not had a holiday at all, but has spent a huge amount of time living up to the clear commitment that she made during the general election campaign, when she said that she would do everything she could to stamp out knife crime in Croydon. I am delighted that she has shared all her learning in the House this evening. I am also grateful to the wide variety of colleagues on both sides of the House who have stayed behind, and have made such important contributions.

I entirely share the hon. Lady's passionate determination that we should do all that we can to stamp out the appalling knife crimes that we have been seeing. She talked about the horrendous instances in her constituency; however, this is happening far too frequently, not just here in London but in other parts of the country. I welcome the creation of an all-party parliamentary group, which will enable me to work with the hon. Lady and other Members, sharing local experiences and the work that we are doing nationally so that together we can try to make the differences and changes that we all want so much to see.

Sandy Martin (Ipswich) (Lab): The Minister has said that she would be happy to do everything to stamp out the growth of knife crime. Does that include reversing the cuts in police officer numbers that we are seeing in constabularies around the country? In Suffolk, for instance, in one of the least policed areas in the country, the number of officers has been cut by 300 over the past 10 years.

Sarah Newton: Of course resources are important, but let us be clear: the Government are not cutting the money that goes to police forces. Since 2015, their money will have been going up in cash terms, especially if they use their precepting powers. It is not fair to say that we are cutting that money. Police officers—police leaders, with the police and crime commissioners—make the operational decisions. It is the Mayor of London, working with the Metropolitan police, who decides how London is to be policed and how communities are to be kept safe. Of course the Home Office has a role to play in supporting them, and, since 2016, our modern crime prevention strategy has focused on the reduction of violent crime, including knife crime. That strategy is very clear. When we meet the all-party group—in the few minutes I have got this evening, I cannot do justice to the breadth of work the Government are doing to bear down on this issue—I will, with officials, explain to

[Sarah Newton]

the hon. Member for Croydon Central and other members of the APPG across the House who want to come along our strategy and the actions that we are taking now. As the hon. Lady says, the Home Secretary announced a whole series of measures that we are about to consult on, and of course her contribution to that will be very welcome.

Mr Reed: The Government have directly reduced funding for youth offending services and indirectly reduced funding for early intervention and family support through the cuts delivered to local government. This has become so severe that those working in youth offending services can no longer devote the time necessary to prevent young offenders from reoffending, so we are still seeing reoffending at extremely high levels. That is putting those young offenders at risk and risking future victims. Will the Government look again at these very short-sighted cuts which are not only causing such damage to young people's futures, but will cost more in the long run because of the consequences of the crimes they commit?

Sarah Newton: I absolutely agree with the hon. Gentleman that prevention is vitally important—working with young people to explain the risks they are taking if they carry a knife and, once they get into the criminal justice system, making sure they get all the support they need to be diverted from such harmful behaviour. A key part of the announcement we made in July was that we will be doing more work at a community level. We are setting up the new £500,000 community fund to support those very successful grassroots organisations we have heard about this evening, which are key partners for us in the Home Office, such as St Giles and Redthread. I am sure the hon. Member for Croydon Central has had meetings with those excellent organisations in London. We work with and partner such organisations and part-fund them, along with the Mayor's Office for Policing and Crime and the Mayor of London, to make sure the services are there, and that we are identifying the most vulnerable young people and giving them the support they need to make different choices in their lives.

Building on that evidence base and what we have learned in London, services are being expanded across the United Kingdom. We have heard about the excellent work done in A&E departments—the “teachable moments” that happen in our major trauma centres here in London. The Government are part-funding the expansion of that into cities around the UK this year. So we are working at pace with determination using the evidence base of what works—a lot of that has been learned in London—to make sure other parts of the country and communities that are experiencing such problems are getting the support they need.

That brings me back to the hon. Lady's primary ask that we work together across the House to look at both a national and a local response. Since we launched our

strategy, we have been building the capacity in the system to understand this very complex issue: it is sometimes driven by gangs, and sometimes by organised and serious crime; and whereas carrying knives and participating in knife crime disproportionately involves young people, people of other ages are involved as well. We have funded a whole series of local and area-based reviews. One was done in Croydon; the hon. Lady might not have had a chance to speak to the chief executive of her local authority or her borough commander about that work, but it was very useful. We have had very good feedback from boroughs and places all over the country, enabling all the agencies in the community—social services, youth offending services, schools and teachers, voluntary groups, communities and counsellors—to share data and build a picture of what is happening in their communities, so that they can properly target their resources to join up those services to support young people in the communities to make different choices.

That work extends beyond the immediate localities to deal with the county lines issues. This sort of crime is being exported out of London, Manchester and Liverpool to other parts of the country, so we are funding not only local area reviews but national strategic reviews. With that better intelligence and data, we are making a real difference by joining up the different parts of the public services with businesses and voluntary sector organisations, which are so capable of working with young people, to restrict access to knives. That work is being scaled up at pace to meet the challenge that we undoubtedly face today.

Ross Thomson: The Minister talks about knife crime being exported out of London and other cities; it plagues the whole of the United Kingdom. Education, justice and health are devolved matters in Scotland, but will she commit to engaging with the Scottish Government to look at how we could adopt a consistent approach to dealing with this issue across the United Kingdom?

Sarah Newton: I can absolutely assure my hon. Friend that I am already doing that in relation to all the new measures on preventing young people from getting access to knives and on banning zombie knives. We have asked the Scottish Government to do those things. I have not had time to do justice to the huge amount of information that we have been given this evening, but I want to carry on this discussion. I very much welcome the way in which the hon. Lady has presented the debate. This is a nationwide issue that requires all of us in this place to reach out and work with each other to bring an end to these appalling crimes—

8.16 pm

House adjourned without Question put (Standing Order No. 9(7)).

Westminster Hall

Wednesday 6 September 2017

[ALBERT OWEN *in the Chair*]

Letting Agent Fees (Tenants)

9.30 am

Kevin Hollinrake (Thirsk and Malton) (Con): I beg to move,

That this House has considered the proposed ban on letting agent fees to tenants.

It is a pleasure to serve under your chairmanship once again, Mr Owen. I must first draw the House's attention to my entry in the Register of Members' Financial Interests. I worked in the property sector for 30 years prior to joining this House. I started my business in the property sector 25 years ago. It has grown into a national business, which I am still involved in as non-executive chair and a principal shareholder. Like many in this sector, my business and its revenue would, on the face of it, be significantly affected by the proposed changes; nevertheless, for reasons I will outline, I am in favour of the ban on lettings fees, but it needs to come with effective enforcement, and we need to cater for unintended consequences, in particular for those whom we are most trying to help in this House: tenants on low incomes.

Why am I in favour? I have declared my interest in this sector, but think that all Members with any outside interests should leave them in the Members' cloakroom when they join this House. We should first look to ensure that we represent our constituents' interests. Of course, our constituents include letting agents, landlords and tenants. For me, in business, as in politics, the consumer has to be put first. The free market is ultimately the best regulator that we can ever have. It creates so much opportunity. It created opportunity for my business 25 years ago; there were no protections, entitlements or privileges for the businesses in our market that we sought to compete against then. The consumer, our landlords and our sellers could simply choose which agent delivered the best service at the best price.

Siobhain McDonagh (Mitcham and Morden) (Lab): May I ask the hon. Gentleman what an unfettered free market, where supply is limited, does for first-time buyers and people on low incomes who have to resort to the private sector?

Kevin Hollinrake: The first-time buyer difficulty is huge. We are not debating that today—we are talking about tenants—but as I stated, we need to consider the plight of those on low incomes, and I will do that shortly.

The point is that tenants do not have a choice. This is not a free market for tenants in terms of levying fees on them. Landlords choose agents; tenants choose properties. When a tenant has chosen a property, the agent can charge them whatever they feel is the right fee. It is a completely closed market at that point. Most agents take a very responsible view of that and provide their services at fair rates, but from the research done in the

consultation by the Department for Communities and Local Government, we know that there is huge variation in those charges. DCLG suggests that the average tenant fee is £318; the industry says that it is much lower. One thing that we would all agree on is that there is huge variation. DCLG says that tenant fees are between £120 and £747.

I was recently at a roundtable of letting agents discussing this issue. A high-profile London agent said that they charge a £400 tenant fee, which they justified on the basis that they provide viewings for tenants. To me, that is clearly a service they provide for their landlords. Another leading figure in the estate agency industry talked to me about his daughter, who went to college in Manchester. She rented a house with four fellow students, and they were charged £500 each as a tenant fee. That is simply unfair.

Some agents exploit this opportunity. They use it as a way to compete unfairly in the marketplace, which is not good for people who operate a fair system of charges. They use it to lower their charges to landlords, so that they attract more of them, and transfer that cost to the tenant. That cannot be right. Others use it simply to maximise profits. There is a loophole, and I welcome the Government's action in looking to close it. I think that tenants should welcome that, as well as housing charities and Members across this House.

However, it is right that we consider the potential impacts of this change, and there are impacts and unintended consequences. First, there is the issue of rent increases. All rules and regulations have a price tag. A similar ban was introduced in Scotland in 2012. It was a kind of secondary ban, because a ban was put in place some years earlier that had not been totally effective. Having talked to agents in Scotland, I know that they had to make more efficiencies after the ban. They cut jobs and transferred some of the costs and charges to landlords, which is bound to result in higher rents. In terms of landlords and the private rented sector, the lettings market is an effective free market, and those markets do not lead to excessive profits if there is sufficient competition, which there is. Research by LSL Property Services—a property company that looked at the Scottish situation—said that there was a 4.3% increase in rents in 2013, compared with a nil increase in 2012.

The likelihood is that there will be a rise in rents, and that will disproportionately affect some tenants. Tenants who move more frequently will probably be better off; tenants who stay in properties for longer—usually tenants on lower incomes—would potentially be worse off if the fees go into rents. Overall, in their consultation, the Government recognise that this is a potential, if not desirable, outcome. The housing charity Shelter, which has been campaigning on this matter, also sees it as a potential outcome. On the forum that we held on Money Saving Expert, we asked tenants about that, and they said that the transparency of that is better than the lack of transparency and the closed market regarding tenant fees.

I see in the Gallery a number of people who are involved in the industry. The industry is very concerned about the impact on jobs and businesses. The industry position is that we should have a cap, rather than a ban, on fees. I understand that, and at one point argued for it, but the trouble with a cap is that it is a contrived device. Putting a cap in place potentially allows for a

[Kevin Hollinrake]

race to the top. It does not afford the opportunities of a free market, which I see as the best regulator. What charges would we allow and where would those be capped? That was one of the issues with the original Scottish scheme that was supposed to ban fees. It created a loophole that allowed other types of charges. The Government's position is clear, and the reality is that the direction of travel is towards a complete ban.

We must consider businesses, which are hugely important. Their investment in our economy and the jobs and wealth that are created are very welcome, and we should do whatever we can to ensure that we create a fair, level playing field for business. According to Companies House, the number of letting agents in Scotland has increased since 2012, so some of the worries about businesses seeing difficulties are probably overblown. One of the leading lettings-only agents in Scotland has had no office closures since 2012.

As somebody who believes in competition, I see market failure and closed markets as protecting weak companies that do not compete on a level playing field, and that do not really work, in terms of their services and in terms of efficiencies, which businesses are so good at.

Julian Knight (Solihull) (Con): My hon. Friend is making an excellent and balanced speech. He mentioned that there has been no decline in the number of letting agents in Scotland since the new regime. How does he account for that? What is the key reason why the industry has continued to prosper?

Kevin Hollinrake: I like to think, although I have no definitive evidence, that a dynamic market has been created. New entrants have come into the market that are willing to work harder and provide different, more efficient services. Some agents will find it difficult and there will have to be job losses, but hopefully those jobs will be transferred to new businesses that come into the market and compete. We should see this as a definite challenge, but also as an opportunity within the sector.

One of the biggest concerns is the unintended consequences, particularly for tenants on low incomes. Agents are allowed to charge tenants for very important services such as references and inventories, but in future they will not be, so the costs will be borne by the letting agent. When faced with a tenant whom we might call borderline—somebody who is on a lower income, who might fail a credit check or who is on housing benefit—the letting agent may not want to carry out a reference check, if they will not get paid for if the tenant fails it, so they may plump for a safer bet. This may result in some tenants being unable to rent the properties they seek.

Dr Rupa Huq (Ealing Central and Acton) (Lab): I draw the hon. Gentleman's attention to a quotation from an article in *The Daily Telegraph* on 27 August. This touches on the point that my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) made about young people. Does he agree with this?

"If you are under 35, it's likely there is little chance of you ever owning your own home. No doubt you are also fed up of living in overpriced rented accommodation, often of a standard that can best be described as a dump."

Is this not part of a wider malaise? Our leader would be proud of that article, since a lot of it seems to be pilfered from the 2015 Labour manifesto.

Kevin Hollinrake: Well, nobody has a monopoly on the best ideas. The Government absolutely believe in the power of market forces and want to ensure that they apply universally. However, I do not recognise the hon. Lady's description of the private rented sector. There are 4 million properties in that sector in the UK, of which about 1 million—a significant number, but a minority—are considered substandard. I will move on later in my speech to how we might deal with properties of substandard quality and condition, but I do not recognise them as characteristic of the industry, of landlords or of agents.

Dr Huq: I neglected to say that the article I mentioned was written by the Minister's former colleague Rob Wilson, the former MP for Reading East who was defeated at the last general election. He writes that the Conservatives should get a grip on housing if they are ever to win again.

Kevin Hollinrake: That is exactly the purpose of this legislation. I will move on shortly to how we tackle substandard properties, but the point is that they are a minority. The hon. Lady characterises rented properties as universally substandard; I do not accept that at all. When I started in the industry 30 years ago, the only homes for rent in the middle of York were shabby, damp, dark terraced houses. There was very little choice in the private rented sector. Since then, the private sector has delivered excellent accommodation throughout the country. Yes, there are difficulties, including rogue landlords and rogue agents, and we need to deal with them. The Government have legislated and are legislating on that basis.

Sandy Martin (Ipswich) (Lab): Will the hon. Gentleman give way?

Kevin Hollinrake: One last time, but after that I had better make some progress.

Sandy Martin: The hon. Gentleman talks about the delivery of rented sector housing in the free market. Does he accept that there is a big difference between a normal market and the housing market—a market for a service of primary importance to the continuation of human life, with a massive gap between demand and supply? That has put the tenants in an impossible position vis-à-vis the agents. In any normal market, such as groceries, demand meets supply. Someone who goes into a supermarket does not get charged its advertising and transport costs on top of the price of the groceries. The customer knows what they are paying, and we need the same in the lettings market.

Albert Owen (in the Chair): Order. Interventions need to be slightly shorter.

Kevin Hollinrake: The hon. Gentleman makes some good points. In the main I support them, though I do not agree with them all. I have made it clear that there is an issue here that we need to deal with.

I have a couple of further points on unintended consequences. It is welcome that holding deposits will remain, and that if a tenant offers false documentation, the letting agent can retain it. I wonder who adjudicates on whether that process is fair; I think it is part of the redress schemes that apply to letting agents. There are also exemptions for tenants' actions, so that tenants can be charged if they lose keys or break a contract. Again, I believe that that is fair.

The consultation suggests limiting security deposits to one month's rent. The difficulty with that is that a number of tenants will try to use their security deposit as their last month's rent. We know that around 50% of tenancies end with condition issues and work required. Limiting the security deposit to only a month's rent raises the possibility of leaving the landlord out of pocket, because it is very difficult to chase a tenant for a debt once they have left. One month may be too short a limit; we need to look at that.

We really need to consider enforcement. The consultation proposes that local authorities enforce and oversee the regulations, but we know that most local authorities simply do not have the time to do that effectively. We need proper enforcement to ensure that we deliver a level playing field for all companies, in which rogue agents cannot continue to charge while good agents do not. In a recent survey, 45% of local authorities said that they took a "reactive only" approach to regulation in the sector.

The rules will also apply to landlords who let directly to tenants. England is the only part of the UK that does not have a central register of landlords. Who will monitor landlords to ensure that letting agent fees are not simply being transferred to direct charges from landlords? Who will regulate that area? There is a chance that more landlords will self-let after the changes.

There is a simple solution: extending the redress schemes, which have been very effective in raising standards, to landlords, so that tenants who rent directly from landlords have somewhere to press a claim for unfair treatment, rather than going to their local authority. That would be a light-touch way of regulating the sector. It would also have the benefit of improving rental standards, to which the hon. Member for Ealing Central and Acton (Dr Huq) referred. Redress schemes could apply a national rental standard and oversee it to ensure that we raise standards. The Government have been proactive in raising standards, having introduced measures on smoke alarms, carbon monoxide detectors, electrical checks and client money protection.

Siobhain McDonagh: Will the hon. Gentleman give way on that point?

Kevin Hollinrake: For the final time.

Siobhain McDonagh: The hon. Gentleman is very generous in giving way. We can have what laws we like; if local authorities do not have the funds to do works in default if a landlord does not do them, the laws are pointless. In the last year, only 19 of the 33 London boroughs have done any works in default.

Kevin Hollinrake: I accept that point; I made it earlier. A far more effective way to regulate this would be to have a redress scheme, backed up by a lead enforcement

agency for prosecutions and higher fines. At the moment, the fines are £5,000, which is insufficient. Fines for rogue agents should be up to £30,000, as in the Housing and Planning Act 2016, and we should also allow for the possibility of banning orders for rogue landlords and agents. Again, that would potentially provide a funding stream for local authorities and the lead enforcement agency.

In conclusion, the way forward is to make sure that we deal with unintended consequences and deliver a considered and strategic solution, using a combination of market forces, the best regulator and light-touch regulations, which would lead not only to a level and fair business playing field but—crucially—a fair deal for tenants.

9.52 am

Siobhain McDonagh (Mitcham and Morden) (Lab): Thank you, Mr Owen, for calling me to speak and I also thank the hon. Member for Thirsk and Malton (Kevin Hollinrake) for securing this important debate.

At one stage, the private rented sector was the stop-gap for people before they owned their own home. Now in the UK, one in four families with children privately rent, which is up from one in 10 just 10 years ago. In fact, the total number of households privately renting has increased by more than a third since 2010. The under-supply of new houses, particularly social homes and affordable homes, is forcing those households into the private rented sector and extortionate costs have left them trapped and unable to save for a home of their own.

Let us start with the letting fees. Every month, renters pay more than £13 million in unfair fees. On average, each tenant is expected to pay more than £200, with one in seven being charged more than £500. I have heard of tenancy agreements that are as high as £480 and referencing fees that are up to an eye-watering £550. Fees have risen faster than inflation and it is no wonder that, as a result, more than half of tenants have had financial problems. About 27% of tenants have had to borrow or use a loan to pay fees, while 17% cut down on heating and food to cover costs. Can anyone explain why a referencing could possibly necessitate such an extraordinary expense?

Let us take my constituent David as an example. He rents a small room in what was originally a three-bedroom house. There are now two further bedrooms in the loft and the two reception rooms on the ground floor are also used as bedrooms. There are currently 10 households in that house and David is charged £550 a month for his room. That is not the highest rent in my constituency, but it is still high enough, and he was further charged an astounding £1,250 in letting fees, as well as an additional £50 simply to get a letter that explained how much his deposit was and what he had paid for. How can anyone possibly justify such a disgraceful fee? Such fees are exploitative and the market is completely lacking in transparency, with fees being set and charged by individual agents.

I appreciate that I am coming at this issue very much from a London point of view, but the owner of the property that David lives in is taking in a rent of £3,850 per calendar month for an unregistered house in multiple occupation.

[*Siobhain McDonagh*]

Despite the Consumer Rights Act 2015 making it mandatory for letting agents to publish their fees in full, 12% of them still do not do so. One in five tenants expect to have to pay an average of £80 to renew their tenancy, with letting agents preferring short tenancies, so that they can impose fresh extortionate fees on a new tenant. Since the proposed ban on letting fees, one agent has even introduced an additional fee, named a “legal document charge”, as compensation in the short term before the proposed ban hits. Capping those fees would not limit the number of different charges that a tenant might face and I agree with the hon. Member for Thirsk and Malton that they should be banned once and for all.

However, a ban on letting fees will not solve the country’s housing crisis; it would not even solve the crisis in the private rented sector. Since 2010, the cost of private rents has risen by 22%, making tenants increasingly reliant on support from the state. In fact, the amount of housing benefit going to private tenants has more than doubled in the last 10 years, with a quarter of private renters now claiming it. Similarly, the average cost of a deposit in London is a staggering £1,760.30. A ban on letting fees will not solve those spiralling financial issues.

Renters are lost in our housing crisis. They are unable to afford their own home but are unlikely to qualify for social housing. They face paying rents that on average take 41% of their household income, compared with homeowners, who pay 19% of their income on mortgage payments. How can a private renter ever be expected to afford their own home? Extortionate costs have left almost two-thirds of private renters without savings or investment, them precariously close to homelessness if rents continue to rise. It is no wonder that private renters are now the biggest group being made homeless, with one in three homeless cases involving a tenant at the end of their tenancy.

I hold my advice surgery every Friday and the biggest group of people who come to me because they are threatened with homelessness are mature families with three or four children, and they have lived in their private rented home for 10 or 15 years and never miss their rent. They have done nothing; they come to me because of the fact that their landlords can receive higher rents by renting to people who are not even partially on housing benefit. When my mum and dad came to London, they regularly saw signs in the windows saying, “No blacks, no Irish, no dogs”. Today the equivalent signs say, “No one on housing benefit or universal credit”.

Considering the extraordinary costs, it is unforgivable that almost a third of private rented homes in England fail basic health and safety standards. In fact, a private landlord is more than twice as likely as a social landlord to be renting out a property containing a serious safety hazard. But tenants are petrified of voicing their concerns, with 820 renters per day in 2014 being threatened with eviction for highlighting poor conditions in their home. Councils have the power to fine failing landlords but are strapped for cash themselves and simply cannot afford to enforce the regulations. Next month, the Government’s register of rogue landlords will become active, but unless tenants can access the register it will be worthless to them.

After hearing these statistics, few will be surprised to hear that the level of home ownership in Britain is at its lowest since 1985. When I became an MP in 1997, homeowners could expect to pay just over three and a half times their annual earnings to buy a house; now, it is over nine times. Newly built houses are out of reach for 83% of working private renting families and the vast majority of those families are simply unable to afford a home of their own.

Dr Huq: Does my hon. Friend also agree that this problem is also an outer London problem? It used to be the kind of thing that was associated with inner cities. In my constituency of Ealing Central and Acton, 34.4% of people are in private rented properties, compared with 16% nationally. We have a landlord register, which is a good idea. Does she agree?

Siobhain McDonagh: I totally agree with my hon. Friend. We both represent outer London constituencies and we are seeing rents that are completely unimaginable. I was looking for a home for a constituent who had to leave her previous home in shocking circumstances. We spoke to a very good local landlord, who told me that a one-bedroom flat in the street I was born and brought up in and where my 93-year-old mother still lives would cost £1,250 per calendar month. My constituent is a young woman who has a good job as a civil servant—she works very close to where we are now—but there is no prospect of her having access to such a home.

For those who cannot afford private rents, nearly 76,000 households are now in temporary accommodation, while not a single starter home has been built since the Government announced their flagship programme three years ago. Our housing market is broken. The lack of housing supply is at the heart of our housing problems, from homelessness to falling home ownership and soaring house prices.

Kevin Hollinrake: The hon. Lady has highlighted serious abuses of the private rented sector, particularly in terms of some of the conditions and charges that she referred to. Does she accept that there is life outside London? The property market in the rest of the country can be completely different to the one she describes. Does she also accept that the vast majority of landlords and agents do a very good job in their provision of the private rented sector and making sure tenants get a fair deal?

Siobhain McDonagh: First, I accept the hon. Gentleman’s point about London. Our problem is that London is such an important driver for the country’s entire economy and London is getting bigger. Merton is no longer an outer London borough; it has become inner London because London is becoming Reading or Milton Keynes. The pricing out of the people who do the important jobs that we need to be done from ever having an opportunity to live in our city is an important issue for the whole country.

Wera Hobhouse (Bath) (LD): Does the hon. Lady accept that the issue is not only a London problem? I represent Bath and the problem spreads around the country from London, so it is not just a London problem.

Siobhain McDonagh: I appreciate what the hon. Lady says. I imagine Bath is becoming part of Greater London as well as people make ever further attempts to be able to afford the sort of home in which they want to bring up their children. I accept that most private landlords and letting agents are good people simply doing a job, but that does not solve our housing crisis. Buying to let causes problems for young people in good jobs who simply want the opportunity that many of us had to own a home, and we have to do something about that. The problem is not bad motives on the part of people, but the fact that buy to let has an implication for the wider housing market, our wider economy and our wider society.

A homeless family turning up in Merton today will be placed in temporary accommodation in Birmingham or Burnley, away from their wider family and away from their support and their children's schools. That cannot be right for anybody. Let us ban letting fees, but let us not believe that that will help us to resolve our housing difficulties.

Albert Owen (in the Chair): I do not want to impose an official time limit, but I will call the Front Benchers at half past. Those who wish to speak have about four minutes.

10.2 am

Mr Charles Walker (Broxbourne) (Con): I congratulate my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) on securing this debate this morning.

There are many good landlords, but it is clear that there are some pretty shocking ones as well. It is in the interests of good landlords to get a grip and ensure that the bad landlords and letting agents are pushed or driven out of the market. It is perfectly reasonable for landlords to fund searches and referencing. I do not think that is a problem; it is a price that landlords should pay.

There is a competition out there among letting agencies for those with properties to let. So if someone goes along to a landlord and says, "We will let your property, but we will charge you £1,000 for referencing," they will probably get short shrift. However, if they say, "This is a market. We do thorough and good referencing that will cost you £250," the landlord is probably more likely to use that agency. Landlords will do their research, look online and see an agency has positive endorsements, but with the great internet it is possible to find the agency out there that will let their property to tenants.

I think we need to go a little further because check-in and check-out can cause problems. It is hugely important that check-in and check-out is done by an independent person. My hon. Friend mentioned that 57% of properties are self-let, which creates a problem when the owner—the landlord—checks the tenant in and checks them out. That is not an independent check-in and check-out. It is possible that some landlords allow self-interest to interfere with what is fair and just. I want to see independent check-in and check-out so that when a property is let there is certainty that the person looking at the inventory does not have a stake in the game. It would be reasonable for the landlord to fund that.

Julian Knight: I take my hon. Friend's point entirely; I am greatly in sympathy with him. However, in the case of an independent landlord doing the checking in and

checking out, if it is not done properly and agreed with the tenant at the time, under the tenant deposit scheme any withdrawal of money or holding back of the deposit means it becomes null and void, so there is an onus on the landlord to ensure the tenant agrees with the check-in and check-out process.

Mr Walker: That is a very important point. At the time, the tenant may agree with the landlord that something was damaged before they moved in, but there is no guarantee that the landlord will fix it and then in 12 or 24 months' time—this is particularly prevalent in student accommodation at universities—try to charge the tenants again for it. Of course, the landlord is often in an economically stronger position. I welcome the fact that there is a third-party deposit scheme, but it only works properly where a letting agent is used. If the landlord is self-letting, they are not obliged to lodge the money with a third party. They keep the money, but are required to insure it with a third party. So at the end of the tenancy, the landlord still has the cash, can hold back what he or she wants and can then say, "If you want to contest it, go and contest it with my deposit."

I have spoken to Mr Hooker, the chief executive of MyDeposits, and we have a meeting coming up. He sees the flaw in the system. If someone is self-letting, they keep the cash and simply insure against it if there is a claim against them. A lot of tenants have not got the time, the wherewithal or the understanding to challenge the deductions. We particularly see that in student accommodation. I welcome what we are doing, but we need to do more.

10.7 am

Helen Hayes (Dulwich and West Norwood) (Lab): It is a pleasure to serve under your chairmanship, Mr Owen. I commend the hon. Member for Thirsk and Malton (Kevin Hollinrake) for securing this debate and welcome his support for the ban, drawing on his extensive experience in the industry.

The UK has a housing crisis that is unprecedented since the end of the second world war. By the Government's own admission, the housing market is broken and they are failing to repair it. The number of new homes being built in the UK is well below the 300,000 homes a year that need to be built to address the shortfall, and the number of genuinely affordable social homes being built with Government funding has atrophied, dropping by a staggering 95% since 2010.

The crisis is manifest in the thousands of people on the waiting list for a secure social tenancy and the thousands who are unable to afford to purchase a home. The number of people renting privately while they wait for a secure social tenancy or try to save to purchase a home has grown enormously in recent years, and increasing numbers of people are living in the private rented sector for the medium to long term, including 1.5 million households with children—three times the number of a decade ago.

We have a private rented sector that is entirely unfit for purpose, in which tenants pay above the odds for lower levels of security and often lower quality accommodation. Private renters spend a higher proportion of their income on rent—41% on average, compared

[Helen Hayes]

with 19% on average for people with a mortgage—leaving many unable to save and struggling to make ends meet. The ending of a private tenancy is now the single biggest cause of new cases of homelessness. Both my local councils, Lambeth and Southwark, tell me that the number of residents seeking help from the council because their tenancy has come to an end or they face an impossible increase in their rent has gone up by hundreds of cases every year, and I see struggling tenants living in impossible circumstances in my surgeries every week.

The situation is made much worse by the introduction by the coalition Government of the local housing allowance cap, which increasingly means that almost no private sector housing is affordable to people on low-to-average incomes in central London boroughs. The pernicious right-to-rent regulations are increasing prejudice and discrimination in the private rented sector. Councils in London are now seeing people who in the past would never have needed to ask the council for help with their housing being threatened with homelessness as a result of a combination of high rents, the coalition Government's local housing allowance cap and insecure tenancies.

We urgently need wholesale reform of the private rented sector. We need longer, more secure forms of tenure; intervention to curb spiralling rents; new requirements on the standard of accommodation to make every home fit for human habitation; and an end to the iniquitous practice of section 21 no-fault evictions. Tenants, of course, have contractual obligations to pay rent and keep their rental property in good order, but the balance of power between landlords and tenants in the UK is completely unjust. It needs to be reformed to provide security and stability for the many thousands of residents who are forced to rely on it.

In the context of the need for radical reform, the proposal to ban letting agents from charging fees to tenants is a vital first step. Those fees are presently completely unregulated, and the letting agents are chosen and appointed by landlords. The majority of the services they provide are on behalf of landlords. In the purchase of a home, estate agents—often the same agents who provide lettings services—charge only the vendor. Many tenants move every six to 12 months, so fees are not a one-off cost as they are when buying a home, but a recurring and unaffordable burden. A situation where tenants are spending more than 40% of their income on rent makes it very difficult to save, and paying hefty fees to letting agents on a regular basis is simply another blow that prevents many people from adding to their savings either for a deposit or to create a bit more financial breathing space to cope with unexpected bills.

Some concerns have been voiced by letting agents, but I am not convinced that they are supported by the evidence. The first thing to say is that there are letting agents, including at least one in my constituency, that already do not charge fees to tenants, so it is clear that a successful business model for letting agents can be achieved without the need to charge tenants. The regulation of fees should, in fact, benefit responsible and professional agents, since it is often the least scrupulous agents who charge the highest fees.

Some have argued that tenants will face higher rents as landlords seek to pass any increased costs on to them. I agree with Shelter on that point, which states

that predictability beats up-front costs. Although it is to be hoped that landlords would not pass on additional costs to tenants who already pay high levels of rent, an increase of a few pounds a month is clearly preferable to having a small amount of savings obliterated every six to 12 months.

Concerns have been raised that some agents would refuse to check references, resulting in an increase in the number of tenants facing discrimination. Discrimination is already common in the private rented sector. Again, I agree with Shelter: there are better methods, most notably a tenant passport scheme, that would allow checks to be undertaken in an efficient manner and refreshed periodically—rather than taken from scratch at the start of every tenancy—and that would safeguard the interests of both tenant and landlord, while enabling letting agents to operate more efficiently. Any passporting scheme should also apply to tenants' deposits, which should be transferable from one tenancy to the next, to reduce further the burden of up-front costs.

The Government must act urgently to address the housing crisis, to invest directly in genuinely affordable social housing and to bring forward low-cost homes for first-time buyers. For as long as they fail to do so, more and more people will be living in the private rented sector. We need urgent comprehensive reform of the private rented sector to make it fit for purpose and to address the impact of housing insecurity and homelessness on families across the country. The proposed ban on letting agents' fees is the minimum first step in that process. I urge the Government to follow through on their commitment.

Albert Owen (in the Chair): I ask Members to be a bit more disciplined. I call Derek Thomas.

10.13 am

Derek Thomas (St Ives) (Con): Thank you, Mr Owen. I am grateful for the opportunity to speak, and I commend my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) on securing this important debate.

I welcome the Government's action. When I first became a Member of Parliament in 2015, I was amazed at the number of prospective tenants who came to see me about this issue. We surveyed all the letting agencies and my office was surprised by the sheer scale and variation of charges, so I completely welcome the opportunity to get rid of charges altogether. I have three points to raise for consideration and clarification, and I hope, Mr Owen, that they will not take too long.

First, is there the potential or a plan to cap the deposit? The deposit is often set at a month's rent. The difficulty of finding the deposit is often the greatest barrier people face in looking for a home. However, rents vary dramatically from region to region. As a result, a deposit that relates to rent can be thousands of pounds in London and a few hundred elsewhere. If the Government plan to cap the amount of deposit that can be charged, will the Minister indicate how the figure will be established? In my view, the deposit should reflect what would be a reasonable amount to bring a property back to its former condition, rather than a typical month's rent.

I have spoken with letting agents and tenants about what the deposit might be and how that might be regulated, and it is still necessary to have some flexibility. That is in the interest of the tenant. For example, a prospective landlord may consider allowing a pet into a property in return for a slightly increased deposit. If there is no flexibility or consideration given to accommodate a pet, a person who relies on the companionship of a dog or a cat may find it hard to secure a rental property and, as a result, be discriminated against by the cap on what deposit can be charged. I would be interested to hear the Minister's thoughts on that issue.

Finally, consideration and clarification are needed on how changes are made during a tenancy and who pays for them. If a tenant requires a change during a tenancy, such as removing a name from a tenancy agreement, that will inevitably incur a cost. Tenants need to feel that changes to their agreement can be made easily and when necessary. We must be careful not to create further barriers for tenants and, when bringing in legislation, we need to be careful that we understand clearly who will cover the cost of changes to a tenancy.

I again commend my hon. Friend the Member for Thirsk and Malton for securing this debate. I am grateful for your patience, Mr Owen, and I look forward to the Minister's response on how deposits will be capped and on who pays for changes during a tenancy when those changes are in the interest of the tenant.

Albert Owen (in the Chair): I am grateful to the hon. Gentleman. I have not put a specific time limit on speeches, but if people keep to what we have just had from Mr Thomas, we will get everybody in.

10.16 am

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Thirsk and Malton (Kevin Hollinrake) on securing this debate. Although it is clearly about England and Wales, there is a Northern Ireland perspective. The concerns that Members have expressed are concerns that I have as well. There are people on the waiting list who will never be housed, and that is the reason that the housing benefit system for people who need help to live independently is available for private rental households. The difference between renting from the Northern Ireland Housing Executive and a private landlord is not only the protection that is offered, but the cost.

Since the Government's decision to pay tenants housing benefit instead of paying it directly to landlords, many more landlords have made the decision to work through letting agencies in order to have less hassle. However, that also means that tenants are swallowing the cost increase.

I thank the Library for the evidence in the background information, which notes that 93% of local authorities have failed to issue a single penalty for non-compliance by letting agents. Only three penalty notices have been issued and only one has resulted in the full costs being repaid. We can see clearly where the issues are.

The fact is that when the Government bring in legislation to give protection, the cost ends up resting mostly with the tenants, many of whom can ill afford it. Although a £25 per month increase may not seem much to many people, it would be very hard for a constituent of mine who works 16 hours, lives with her young daughter and

has had no help from her husband, who left her, to pay an extra £25, upwards to £100. It would not be paid by housing benefit; it would be paid by her. Although we need more protection, we also need to ensure that the cost is accepted by those it was intended for.

Single parent families are struggling. They are receiving less tax credits, face having their housing benefit reduced depending on the number of rooms in the house, and are unable to work full-time hours and still be a loving single parent. I hate the thought that we are not protecting that type of family unit to the extent that we can and should be.

I again thank the Library for its background briefing, and I make a brief comment on the Northern Ireland perspective. Housing Rights carried out a mystery shopping exercise and went to 40 different letting agents, looking at administration costs, credit checks, tenancy renewal fees and inventory charges. The need for tighter regulation of letting agents' fees was also raised by several Assembly Members in a debate in June 2016. Housing Rights called for greater regulation of letting agents' practices, including a requirement for letting agencies to present all fees on their websites, advertisements and promotional material. In Northern Ireland, we recognise the need for that.

I read a guide to the changes, which referred to the mandatory inventory fee, the tenancy fee, the renewal fee and the agencies' own administration fee. The average tenant pays £233 in fees, and some people pay a huge £700. Some hon. Members referred to the figure of £500, but it can be as much as £700. Citizens Advice found that 42% of renters have to borrow money just to pay the fees, which is not acceptable.

I will finish on this point. It is clear that, although landlords need to cover their costs and many are still paying for the mortgage on their property, we need to ensure that a pricing increase is not met with an increase to the tenant. How does the Minister believe that can most effectively be carried out?

10.20 am

Sir Henry Bellingham (North West Norfolk) (Con): I congratulate my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) on securing this debate.

Hon. Members have given very good examples of the ways in which various agents exploit tenants. The hon. Members for Mitcham and Morden (Siobhain McDonagh) and for Dulwich and West Norwood (Helen Hayes) raised some dreadful examples. I do not doubt that there is a problem in some parts of the country—particularly London and the south-east—but no tenants have complained to me or other Norfolk MPs about letting fees in Norfolk, where we have a strong private rented market. Furthermore, contrary to what the hon. Member for Dulwich and West Norwood suggested is happening in London, since 2010 there have been 600 registered housing association starts in my constituency. A significant number of new housing association houses are coming on stream, which is due to the local council being very proactive.

I have had the chance to talk to a number of local agents, who are extremely responsible, care deeply about the work they do and take great pride in the houses they let. The average application fee in my constituency is £325, and the average renewal fee is £75. That is the

[*Sir Henry Bellingham*]

situation in Norfolk. I visited a firm of estate agents in King's Lynn called Brittons, which made it clear that the ban would have an impact on its business model and would undoubtedly lead to a loss of income and jobs. It believes that the ban would have a number of unintended consequences.

We should look at the amount of work that goes into referencing. I am told that, on average, it takes up to five hours to prepare for a tenancy, as agents have to look at all the different documentation, go through the reference requests, check the credit history and liaise with external referencing companies. I had a session with a couple of the agents in Brittons, and they told me about all the work that has to be done. They pointed out that the ban is a blunt instrument, and that it is being proposed to deal with a problem in one part of the country that is not a problem in East Anglia. I therefore ask the Minister, are there no other ways forward that could be looked at? Would a cap on fees not solve the problem? What about taking referencing fees outside the scope of the action the Government are taking?

My hon. Friend the Member for Broxbourne (Mr Walker) said that the landlord should pay the fees, but the potential tenant forms a relationship and signs a contract with the agent, who then carries out the referencing work on the tenant. The tenant then has the opportunity, through the agent, of bidding for various properties. I therefore suggest that, if the onus is put on the landlord, rents will go up, so there will be unintended consequences.

I am very concerned indeed that there could be a particular problem for tenants on low incomes—for example, those who have a particularly poor credit rating or a complex credit history. If an agent takes on the task of the referencing, it takes the onus off the tenant to some extent. If the tenant clears those hurdles, they will be in the position to have their name put forward for a property.

I entirely accept that there is a problem, and the Government are right to deal with it. They are responding to a great deal of pressure from the non-governmental organisation sector and people representing tenants and other organisations, but I believe they have to be very careful indeed that they do not do something that has unintended consequences. In parts of the country with a solid, well-performing market, they must not make changes that may disrupt the market and cause major problems for small businesses, such as the ones in my constituency.

Albert Owen (in the Chair): If Mr Knight and Mr Stewart can share the remaining eight minutes between them, that would be very helpful. I will then call the Scottish National party spokesperson.

10.24 am

Julian Knight (Solihull) (Con): I refer the House to my entry in the Register of Members' Financial Interests. I am both a landlord and, like many in this House, a tenant. I rent out my family home, and I rent a home in my constituency.

I have scribbled out part of my speech, not just because of the time limit but because of the excellence of the speech by my hon. Friend the Member for Thirsk

and Malton (Kevin Hollinrake). I agree with nearly everything he said. He took a balanced view and, drawing on his wide experience, made some very important points, which I echo.

We have all heard horror stories about letting agents' fees. I concur with what other hon. Members said; I have experienced that in my surgery and seen the advertising when I have been looking for property, particularly in the south-east of England. Some practices are, frankly, unacceptable, but we have to remember certain things about the fees. If we transfer referencing fees on to landlords, what happens if a tenant comes back with very poor references? That means that the landlord would have multiple fees to pay. That is one unintended consequence.

There is also the unintended consequence of rents going up. My hon. Friend said that there has been an increase of 4.3% in Scotland. That is not a few pounds, as the hon. Member for Dulwich and West Norwood (Helen Hayes) and Shelter said. On a rent of £1,200 a month, 4.3% is approximately £40 a month. That is a substantial sum of money, and would affect most of all those who are in the property for the long term, rather than those who shift between properties. We have to think about that.

I agree that letting agencies can shift their models and become more innovative in the services they provide and in levying charges for things such as broken keys. There is also the potential to sell insurance and products to landlords. That is an underutilised sector, which could be expanded and could bring greater guarantees to the sector, given time.

We should not be too damning of landlords. We hear a lot of propaganda about private landlords, but the environment for landlords has become much more difficult. Small landlords who own only one, two or three properties have a less favourable tax regime than they did. Perhaps it would have been better if we had targeted interest-only mortgages, rather than all landlords who have mortgages. Perhaps a higher up-front stamp duty would have been a better, more income-generating way of producing the same result.

Landlords have had a difficult time in many respects. Quite rightly, they have had to meet new higher standards, but without landlords we would end up in a bipolar world with just social housing and large faceless corporate landlords or large property owners. That would not be ideal, and could impact the property market and the most vulnerable of tenants.

10.28 am

Iain Stewart (Milton Keynes South) (Con): I congratulate my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) on securing this important debate. Many of the points I wished to make were eloquently made by my hon. Friend the Member for North West Norfolk (Sir Henry Bellingham), so I will not repeat them all.

My interest in speaking in this debate was borne from a meeting I had during the recess with the Milton Keynes Private Landlords Association, which talked me through the legitimate costs it incurs. Very often, it incurs a loss on the checks it has to do for landlords, which is passed on indirectly in higher rental costs to the tenants.

Although there is a genuine problem, and there are some rogue landlords out there, I am worried about the unintended consequences that a blanket ban would have. I agree that it could lead to higher rents. Particularly for people in long-term rentals, that extra monthly cost would significantly exceed the one-off cost they may have to pay in letting fees. I also worry that it will exclude more difficult tenants—those on lower incomes and non-EU nationals—from the market.

There is a wider issue to do with housing. Now is not the time—not in 30 seconds—but I have my own proposals for expanding shared ownership to deal with the balance of buy to let and property owning.

What is needed is better transparency. If we are to have a blanket ban on letting fees, the danger is that the cost gets passed on to the landlord and then passed on in higher rents. I am interested in exploring the tenant passport model, which could be based on the mortgage-in-principle situation—people could have what is almost a “right to rent” done in advance, with the costs taken from both the landlord and the agency. The market could deliver a very cost-effective such product, which would increase transparency and the ease with which people could rent.

Although I would like to expand on that, I am out of time. I hope it has been helpful.

10.30 am

Angela Crawley (Lanark and Hamilton East) (SNP): It is a pleasure to serve under your chairmanship, Mr Owen.

I congratulate the hon. Member for Thirsk and Malton (Kevin Hollinrake) on securing the debate, and I give credit where credit is due, because this issue affects so many people’s lives and raising it in this place is absolutely necessary. I also congratulate the Government on taking a positive step for people in rented accommodation.

The policy will bring England into line with Scotland, where the ban on tenant fees has helped to make the private rental sector fairer and easier to access. In Scotland, it is illegal for letting agencies to apply conditional charges to renters. For example, they cannot charge for registration or providing a list of properties, and they cannot ask for a deposit before having found a property for the renter. Any charges beyond the deposit and rent are unlawful, including for administrative work or credit checks.

Such measures have made the private rented sector in Scotland more transparent and fairer for tenants. However, I take the opportunity to recognise the comments of the hon. Member for Thirsk and Malton about outcomes and possible unintended consequences, and there are of course nuances in this debate. The hon. Member for Mitcham and Morden (Siobhain McDonagh) highlighted the alarming statistics and the huge impact on individuals’ lives, including the taking out of loans and people having to cut back in order to afford the cost of letting fees. Other hon. Members spoke about deposit schemes, the broken housing market and how it has affected vulnerable families and those on low incomes.

Any charges beyond the deposit are unlawful in Scotland. An estimated 4.8 million renting households in England are expected to benefit from the proposals for the tenants fees Bill, saving them between £200 and £700 per household per move. Letting agents in England are at

present able to charge for things such as tenancy reference checks, mandatory inventory fees, renewal fees and administrative fees.

Those costs come on top of a security deposit and the rent, and can therefore be difficult to cover. Research by Citizens Advice found that 42% of renters had to borrow money just to pay fees on entering new accommodation. If the new policy is able to help people avoid needlessly increasing their debt, it is a good one. It will make private renting fairer for low-income families, who are often priced out of the sector by excessive hidden fees. Members will recognise that the policy has the potential to help their constituents who are struggling with social housing lists. By widening access to the private rented sector, it might become easier for many constituents to find accommodation suitable to their circumstances and budgets more easily.

The policy is to be welcomed, but we must ensure that no loopholes allow costs to be passed on to tenants in an underhand manner. A fear covered by many Members in the debate is that landlords and letting agents will increase rents as a result of the ban on tenant fees in order to recoup the lost fees. However, research by Shelter in Scotland in 2013 found that only 2% of landlords increased rents because of the fee ban, so while such a policy can work in tenants’ favour, we must be vigilant about rent prices.

The Government’s statement on the policy reads that it will stop

“tenants having to pay fees through the back door by other routes.”

How will the Minister ensure that fees are absorbed by agencies rather than being passed on to tenants, especially in urban areas such as London and other parts of England where the private rental market is already competitive? Will the Government commit to ensuring that the policy puts tenants first?

10.34 am

Melanie Onn (Great Grimsby) (Lab): It is a pleasure to serve under your chairmanship, Mr Owen.

I thank all hon. Members who have contributed to this important debate, which was secured by the hon. Member for Thirsk and Malton (Kevin Hollinrake). It is worth recognising the points made by my hon. Friends the Members for Dulwich and West Norwood (Helen Hayes) and for Mitcham and Morden (Siobhain McDonagh) about the specific issues faced by people in London, where supply lies at the heart of many of the challenges in the rental sector, as well as population growth and the expansion of London as a defined area. The perspective of those in the rest of the country, however, is very different, and they have a different set of challenges. In my constituency, that would be to do with security of tenancy and the quality of properties available.

Over the past few decades, the number of people renting privately has increased hugely as home ownership has declined and social housing has been sold. The 4.5 million households who rent their home privately spend far more of their income on housing than either home owners or social housing tenants, with close to half of household income on average going towards rent payments. In addition, over recent years people’s incomes have stagnated, but rents have continued to

[Melanie Onn]

rise. Private renters also enjoy the least secure tenancies, often moving home after a year or even less. That is not the stability that is needed for bringing up a family, but 1.5 million of households in the private rented sector include children.

There are also the increasingly large numbers of people who cannot afford to buy but are not eligible for a council house. Whether we want to label them as “just about managing” or the “squeezed middle”, they are long overdue a break. As my hon. Friend the Member for Ealing Central and Acton (Dr Huq) mentioned, that is why Labour has been arguing for years that we need to ban letting agent fees. I am therefore pleased that the Government are now following our lead.

Tenants are charged hundreds of pounds a year for any of a variety of fees when renting a property. Before moving in, they can be charged for a holding deposit, a registration fee, an administration fee and a fee for a reference check. Another issue—highlighted by the hon. Member for St Ives (Derek Thomas)—arises when tenants wish to stay in their property beyond the initial length of the contract, because they can be charged a fee for renewing the tenancy. In practice, that might involve as simple a change as the date on the contract, but it can set tenants back by as much as £150. If private renters wish to move, they may have to pay an exit fee, and some even have to pay the letting agent to provide a reference for their new landlord.

For an average cost of £400 per household, private renters are receiving a service for which their landlord has already paid the letting agent. The fees charged by different letting agents vary hugely, which shows that those fees bear little or no relation to the service they supposedly buy. If one letting agent can charge only £6 for a reference check, how can other agents justify charging £300?

Letting agent fees are not only unfair, but distributed unfairly, with those on low incomes paying more than private renters on higher incomes, according to housing charity Shelter. A Shelter survey also revealed that one in four renters had to borrow or use a loan to pay the fees, while one in six was forced to spend less on heating or food.

The issue is not new, and the coalition Government legislated in 2014 to make the system more transparent. Since the requirement to publish details of the fees was introduced under the Consumer Rights Act 2015, however, 33% of letting agents have increased their fees, while only 19% have decreased them. According to Citizens Advice, agency fees have increased by 60% in the past five years—that is an enormous amount of money.

The reason that the reform made no difference was simply because it was tackling the wrong issue. The problem is not one of information asymmetry; everyone knows that the fees are bogus. The problem is that tenants are being charged for services for which landlords have already paid and, in an uncompetitive market, there is not a lot that renters can do to avoid paying.

The hon. Member for Thirsk and Malton expressed concerns discussed widely in the agency sector about what would happen were the fees to be banned. One fear is that the costs will be passed on, from agents to landlords and from landlords through to tenants, which will result in higher rents. Another possibility mentioned

was that job losses could occur in the agency sector, but I simply do not believe that to be true. If we look at the examples in Scotland, where letting agent fees were banned five years ago, we see that really has not happened. Rents there have increased by 5% since 2012, but in England rents have gone up by 9%. There is no direct relation between banning letting agents' fees and rents increasing. It is also worth mentioning that it is easy for landlords to shop around for agents, and if letting agents were to attempt to get away with charging landlords an extra £300 for reference checks, I suspect they would quickly lose an awful lot of business.

We welcome the Government finally coming around to Labour's policy of banning letting agency fees. Had they realised in 2014 the strain that those fees put on tenants, they might not have voted to reject the amendment to the Consumer Rights Bill proposed by my hon. Friend the Member for Walthamstow (Stella Creasy) to ban letting agency fees. The average renting household has paid an extra £400 for the past three years as a result of the coalition blocking that amendment.

When the Chancellor announced the ban in his autumn statement last year, I had hoped that the Government were seeking to right the wrong urgently. Why was the Bill to ban letting fees announced in the Queen's Speech only a draft Bill? It has been Government policy for almost a year. The Government said in the autumn statement that the ban would be implemented “as soon as possible”, following the consultation. The consultation has been completed and the policy was part of the Conservatives' manifesto in the general election, so why the cautious step of just a draft Bill? Will the Minister at least tell us when the Government's response to the consultation is due and when they plan to move ahead with this?

Will the Minister also explain why there is no action to encourage longer term tenancies in the draft Bill? The Conservatives' manifesto in this year's general election said:

“We will also improve protections for those who rent, including by looking at how we increase security for good tenants and encouraging landlords to offer longer tenancies as standard.”

However, there was no mention of that in the Queen's Speech, when seemingly it could have been easily rolled into the Bill on letting agent fees. Has that commitment gone the way of the dementia tax, workers on company boards, the energy price cap, scrapping free school lunches, cuts to the winter fuel allowance, and the reintroduction of grammar schools and fox hunting, or do the Government remain committed to addressing the scourge of short-term tenancies?

Labour has been clear. We recognise that this is a major issue for private renters. As well as banning letting fees, we would legislate to make three-year tenancies the norm, so that private renters are no longer ripped off but able to put down roots and become a part of their local community.

Albert Owen (in the Chair): Order. I call the Minister to respond to the debate, and I remind him that, if time allows, the mover of the motion may have a few minutes to conclude.

10.42 am

The Minister of State, Department for Communities and Local Government (Alok Sharma): It is a pleasure to serve under your chairmanship, Mr Owen. I start by

declaring an interest: my wife is the owner of a property that is rented out. I congratulate my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) on securing this timely and important debate. It is clear that he has huge knowledge of the sector from many years spent working in it. I think we have had a good and balanced debate in which many colleagues contributed.

A number of colleagues raised the issue of the housing market, and I agree—it is acknowledged in the housing White Paper—that it is broken. It is one of the greatest barriers to progress in Britain, and particularly to social mobility. However, we are making progress. The housing White Paper set out many of the challenges and what we plan to do, and we are moving forward with that. In terms of net additions, there has been growth—perhaps not at the rate that we would like—and we are also supporting expansion of the build to rent sector.

Fundamentally, I think we all agree that building more homes, particularly in the places where people want to live, is incredibly important. Building those homes, however, will take time. In the White Paper we set out important measures to support people with the help they need right now. Helping people now is what we are trying to address in today's debate. The hon. Member for Lanark and Hamilton East (Angela Crawley) talked about putting tenants first, and I believe that the draft Bill will be about that.

As colleagues have noted, the private rented sector now accounts for 4.5 million households in England. The Government want to see all tenants receiving a good and affordable service from their landlord and letting agents, and transparency about the true cost of renting. The hon. Member for Great Grimsby (Melanie Onn) talked about the fees being charged and increases by agents. We are aware of that, which is why we intend to ban letting fees paid by tenants in England. We believe that a ban will help to deliver a more competitive, more affordable and more transparent lettings market. As we have heard, a ban has not had the negative consequences in Scotland that some suggested it might.

Good letting agents provide a valuable service in ensuring that properties are safe, compliant and professionally managed. The problem is that the letting agent is chosen by the landlord, so tenants can be charged unfair or excessive fees with limited ability to negotiate or opt out. Evidence shows—colleagues have referred to this—that that is a problem right across England. By banning tenant fees, we will enable tenants to see what a given property will cost them in the advertised rent levels without any hidden costs. We believe that will reduce the up-front costs that tenants face when moving home, and ensure that tenants are committing only to properties that they know they can afford.

Colleagues referred to the consultation. We sought views on how the ban should be implemented and enforced during the eight-week public consultation, which closed on 2 June. We hope to publish the outcome of that shortly. We received more than 4,700 responses, which we have been analysing. Given the range of views from across the sector, we feel it is important to ensure that the fee ban is carefully considered. As the hon. Member for Great Grimsby rightly said, we announced the tenants fee Bill in the Queen's Speech, but we said that we would first publish the Bill in draft, to enable scrutiny of our proposals by Parliament and stakeholders before introducing the legislation.

Under our proposals, tenants will no longer have to pay letting fees, whether they rent through an agent or directly from a landlord. It is important that all tenants be treated equally under the ban. A number of colleagues asked whether rents may rise. Understandably, a key concern is that letting agents will simply revert their fees to landlords, who in turn will pass the cost on to tenants. The Government do not accept that rent levels will necessarily rise as a result of the fee ban, as there is evidence that some agents are charging excessive fees. Indeed, studies have been done on the potential impact on rents, and all of them show that while there may be increases in rents, they would be significantly smaller than the fees tenants are currently being charged. We will keep the impact on rents under review. All agents will need to be up front and clear about their landlord fees to secure business. As a result, the fees charged should be a fairer and more transparent reflection of the services provided.

A number of colleagues raised the issue of capping, which has been suggested as a more proportionate measure. I simply do not believe that a cap would be effective. A series of caps on different types of fees would be harder to understand and enforce.

On credit and reference checks, as raised by my hon. Friend the Member for Thirsk and Malton, I understand that many landlords and agents believe that the cost of a reference check should be met, or partially met, by the tenant. As with other fees, it is the landlord who chooses to engage the services of a referencing agency; that is essential to them being able to operate as a landlord. We believe that the landlord is better placed to negotiate and pay reference fees than tenants. I recognise that some agents and landlords are concerned that they will be at risk if a tenant withdraws from a property despite reference checks having been undertaken. To address that, we propose that holding deposits be exempt from the ban. That will also act as a deterrent to tenants from registering in multiple or unsuitable properties.

Trading standards do an important job of enforcing current regulations in the private rented sector, which can help keep tenants safe and protect them from poor practice. With their local knowledge of the industry, they are the clear choice when it comes to enforcing the ban on letting fees.

I understand the concern about the resources available to trading standards, and the Government are keen to ensure that they are well supported. In the consultation document, we proposed the creation of a lead enforcement authority in the lettings sector, similar to the one that exists in the estate agent sector, to provide guidance and support to enforcement authorities. I should point out that one of the advantages of banning fees outright is that it makes it easier for tenants to understand and enforce the ban themselves.

A number of colleagues have talked about looking at the sector more widely. The ban on tenant fees will be considered in the context of a strategic approach to the private rented sector, and there is scope to introduce wider regulation of letting agents and landlords. However, at present there is not a clear consensus on what kind of regulation is needed. I am interested in considering the various options and proposals put forward by colleagues and friends in the sector, including the proposals of my hon. Friend the Member for Thirsk and Malton. It is worth pointing out—he talked about this—that we

[Alok Sharma]

intend to make client money protection mandatory for letting agents that handle client money. That will ensure that tenants and landlords enjoy the same consumer protection already in place in comparable industries. My officials are working with key stakeholders on a “How to let” guide that would complement the existing “How to rent” guide, giving landlords a single source of information for rules, regulations and best practice.

Perhaps I might address some of points raised today. Measures in the Housing and Planning Act 2016 tackle rogue landlords. There are penalties of up to £30,000, the database of rogue landlords comes into effect shortly, and banning orders will be implemented in due course. My hon. Friend the Member for Broxbourne (Mr Walker) raised the issue of deposits and what happens in the case of self-letting landlords. All landlords who take a deposit must put it in a protection scheme; that has been the case since April 2007. The hon. Members for Dulwich and West Norwood (Helen Hayes) and, of course, for Great Grimsby, raised issues about longer tenancies. Of course we encourage the offering of longer, family-friendly tenancies of three years or more in build-to-rent schemes, and we have set that out in the White Paper. My hon. Friend the Member for St Ives (Derek Thomas), among others, raised the question of the capping of deposits. Our view is that the cap needs to strike the right balance. As well as affordability for tenants, there is a need for landlords to feel that it is at the appropriate level. We shall continue to engage on that via the draft Bill.

Mr Charles Walker: I hate to press the Minister on this, but a self-letting landlord is not required to lodge the deposit with a third party. The requirement is only to insure the deposit. They can keep the cash in their own account and, at the end of the tenancy, deduct money from that cash and challenge the out-of-pocket tenants, who are often university students, to come and get it back. We need to look at that; it is not a perfect situation.

Alok Sharma: I know that my hon. Friend cares deeply about that point, which he made with great passion. I should be happy to sit down with him to have that discussion after the debate, perhaps with my officials as well.

There was discussion during the debate of whether certain fees for tenants should be allowed. Our view is clear: all fees on tenants need to be banned. My hon. Friend the Member for Milton Keynes South (Iain Stewart) raised the question of the tenant passport. Of course a ban will not prevent tenants from securing their own references if they want to. Agents and landlords will not be able to require tenants to pay for such a reference check or passport, but tenants can of course choose to procure it. The hon. Member for Lanark and Hamilton East also raised the issue of rent caps. I think the evidence, from the UK and around the world, shows that rent controls lead to fewer properties on the market, and higher rents as a result.

We have had an excellent debate; as I said, we shall publish the outcome of the consultation shortly and there will be an opportunity for colleagues to engage in

the draft Bill process, which I hope will result in legislation that as well as being workable will make a difference to tenants’ lives. We believe that the proposed ban on letting fees for tenants is the right approach, and we shall publish the tenant fee Bill in draft form in due course.

10.55 am

Kevin Hollinrake: Thank you for your excellent chairing of the debate, Mr Owen. I also thank the Minister for his comments; he has a clear understanding of the issues. He has had many challenges in his short time as a Housing Minister, and I understand that publishing a draft Bill will allow proper consultation and debate, but I felt that it would be useful to seek today’s debate at an early stage, so that views from across the House could be considered. I thank Members on both sides for their contributions, which have helped to further the debate. It is refreshing to hear Members on both sides accepting that, in the main, landlords and agents do a professional job and are part of the solution, not the problem. [Interruption.] That is certainly how I read the comments of the hon. Member for Mitcham and Morden (Siobhain McDonagh), who shakes her head. It is my clear understanding of the position. However, there is also clearly recognition across the House—and in the industry—of a problem. That is crucial to the ability to reach a well-considered solution.

One of the phrases heard most commonly in the debate has been “the law of unintended consequences”. That law applies far more prolifically than any that we could pass in the House. We have considered issues such as the potential for rent increases, which is debatable, and for job losses, which we must of course take into account. My hon. Friend the Member for Broxbourne (Mr Walker) talked about landlords who enter into direct relationships with tenants, how we supervise that and whether the relationship is fair. My hon. Friend the Member for North West Norfolk (Sir Henry Bellingham) talked about issues relating to rural agents, and I think that was relevant. I agree with the sentiments of my hon. Friend the Member for Solihull (Julian Knight) about ensuring that the future of the private rented sector will be about not just institutional investors but small and medium-sized enterprise landlords, who provide much of the diversity in the location and type of private rented accommodation. Not everyone wants to live in a two-bedroom flat at a high rent in the middle of Manchester, which is what institutional landlords would tend to prefer over properties in more rural areas, which are also important. My hon. Friend the Member for St Ives (Derek Thomas) spoke about the level of deposits, and I share his concern.

The debate was constructive. We are looking for a considered, strategic solution that is fair to landlords and agents, who put their hard-earned money into investing in the private rented sector, but principally, of course, to the consumers. We want something that provides a fair deal for tenants.

Question put and agreed to.

Resolved,

That this House has considered the proposed ban on letting agent fees to tenants.

Solar Panels: Residential Properties

10.58 am

John Stevenson (Carlisle) (Con): I beg to move,

That this House has considered solar panels on residential properties.

It is a pleasure to serve under your chairmanship, Mr Owen. I am delighted that the House has the opportunity to debate solar panels and their potential benefits to consumers and the wider community.

Quite simply, energy matters. It heats and lights our homes. It drives industry and commerce and, of course, is central to transportation. Therefore, energy policy also really does matter. The Government have recently taken the initiative with their proposed industrial strategy, which is a potentially welcome development. However, central to any industrial strategy must be an energy policy—and an effective energy policy, at that.

It is obvious that in any industrial strategy we would want to see the plentiful supply of energy and the security of such supply, and competitive prices for the industrial, residential and private sectors. Our energy policy must seek to achieve those goals. Part of achieving those goals will undoubtedly be the energy mix. From the Government's perspective, it is entirely logical that we want to have a healthy base-load to ensure the supply, particularly through the busy periods of demand or times when some renewables will be less able to generate energy. Such an energy mix will be made up of carbon, which I think we all accept is declining—indeed, I think there was acknowledgment recently that, for the first time ever, we had not used coal—and, of course, nuclear and renewables.

As an aside, it is interesting from my perspective in Carlisle that my county of Cumbria can be very much at the centre of our energy policy, because of the nuclear on the west coast and the proposed new build there, and also because there are a large number of renewables in Cumbria, particularly wind. There are opportunities with tidal power and technology with regard to rivers. Cumbria has a real opportunity to be very much part of any future energy policy and of the energy mix.

Any energy policy must allow for innovation—new ideas, new concepts and new systems. That can take many forms, but one clear example right now is battery technology. I think it is accepted that battery technology has the potential to transform not only the renewables industry but the whole energy industry, including the transport sector. An emphasis on battery technology and the research that needs to go into it must be a priority of our energy policy. It must be accepted that promoting innovation is central to any energy policy and industrial strategy.

The questions that then arise are: how are we to achieve that laudable aim; should this be centrally planned; should Government take the lead; and should the taxpayer be the key investor? Some undoubtedly would argue that it is the Government's job to drive this potential change and that it is the responsibility of the taxpayer to be central to the investment required. I accept, as I think most people would, that there has to be Government involvement; that is required, particularly regarding regulation and standards. However, my view is that the market can provide the solution to many of these issues.

The Government need to take an active role to create an environment in which the market can provide many of the solutions.

Alex Chalk (Cheltenham) (Con): Does my hon. Friend accept that it was the intervention of the Government, particularly in subsidising the rates that could be received for the use of solar panels, that kick-started the industry, and that Government intervention can be expected to do the same for battery technology, ultimately securing an industry that might not have prospered but for Government intervention?

John Stevenson: To a certain extent, I agree with my hon. Friend. Clearly, where Government intervention is channelled properly, it is worth while. Sometimes, subsidy and Government funding are required. I just think we have to be a little bit careful about getting the balance right, and there are times when Government involvement in the regulation or standards can create as great a benefit as subsidy. I will come to that point in a minute.

Through simple regulation, the Government can create an environment that will allow for much-needed competition and certainty for the market. Businesses, as we all know, lack a degree of certainty, and creating a market that has certainty would be beneficial. Regulations can also create innovation, with new ideas and products coming to the market. They can avoid, where possible, the need for subsidy by the taxpayer. They can create a market that is sufficiently large to entice new businesses to enter it and, indeed, encourage existing businesses to expand and invest in it.

I come to the issue of solar panels and residential properties. Solar is now, as my hon. Friend the Member for Cheltenham (Alex Chalk) highlighted, an accepted and established form of renewable energy. Indeed, I believe that somewhere in the region of 850,000 houses up and down the country have solar panels on their roofs. The UK turnover for the solar industry was estimated at £3.2 billion in 2015. The number of full-time employees involved in the industry is estimated at more than 16,000, and the amount of energy created by solar was around 15% of that created by renewables generally. The industry has enormous potential to grow much further and become a far greater part of the energy mix in this country.

We, as a society and a country, want clean energy. We want sustainable energy, and of course we want that energy at an affordable price. To date, we have had mixed success with regard to renewables, and in particular solar panels. For example, they have been heavily subsidised. I accept the point that kick-starting the industry was a requirement, but perhaps we have reached the point where it has become unnecessary.

We build more than 150,000 new properties per year. As we all know, there is a requirement to build many, many more houses, probably towards 300,000 a year. Housing, as we recognise, is a major issue for this country. It is also a huge industry. By bringing together a variety of issues, with a simple change to building regulations, we can create a market for solar panels that will be enormously beneficial and not require any taxpayer subsidy.

Alex Chalk: Is it not important to recognise how far we have come? The fact is that cloudy Britain generates more energy from solar panels than sunny Italy. Does that not say something about what has been achieved in this country, in this vital sector?

John Stevenson: Yes, I agree wholeheartedly. Indeed, that demonstrates the importance of technology and innovation. We are a cloudy country, particularly in Cumbria at times, but if we have the right technology, we can maximise the benefit of sunlight, which can have a huge benefit for the energy sector.

We already use building regulations as a vehicle to ensure high-quality windows, high-quality boilers and other aspects of construction. It is an accepted fact that building regulations are a critical part of the construction industry and have the ability to drive up standards and change. I hope the Minister will comment on that. I believe a review of building regulations will go on very shortly, so I will be interested to hear what he has to say on that point.

My suggestion is that we make it compulsory that all new residential properties built from some point in the future have solar panels and appropriate connections. I accept that the date would have to be two, three or maybe more years hence, so that the industry has enough time to prepare and adjust, to allow businesses already in the industry to either expand or invest, and to allow new entrants to come into it. That would give the building industry enough time to prepare to have solar panels and appropriate connections in each and every property.

What are the benefits? As I have said, there is a market of 150,000-plus new units every year, and it could be up to 300,000. Therefore demand for the product would not be an issue; there is a ready-made market. The sheer size of the market will drive down prices. The market and the volume involved will, without a shadow of a doubt, lead to innovation. It will lead to cheaper and more attractive panels. I think we all agree that some of the solar panels on top of roofs are not particularly attractive, and the opportunity for aesthetic innovation and new ideas is undoubtedly there. In many respects, solar tiles would become the norm, rather than solar panels. Without a doubt, we would see more efficient panels as well. My hon. Friend the Member for Cheltenham touched upon that. We have lots of grey skies, but with more efficient panels, we could still generate plenty of electricity.

This proposal would help in other ways. The large solar panel market would have consequences for other parts of the sector, such as the battery industry, which I have touched on. I was contacted by the Hot Water Association, of all things, which indicated that with improved solar panels and a bigger market there would be improvements in boilers. There is a connection between solar panels, boilers and so on.

There would be no need for Government subsidy. I accept that initially there may be a slightly higher price for properties, but the time to put in solar panels is when the property is being built, the scaffolding is up and workmen are on site. That drives down costs and, more importantly, in the long run there will be a saving in electricity bills. Changing building regulations would create and achieve many worthwhile objectives: sustainable energy, help with battery technology, lower energy prices for households, a contribution to the national grid and an undoubted boost for UK industry through jobs, research and development. We could create a market in this country and I would like to see British industry and British business at the forefront of this technology.

We must not forget the second-hand market. Some 850,000 houses have solar panels. If the price drops and there is innovation, the second-hand market would seize the opportunity to install solar panels, particularly when properties are being re-roofed. I like to think that in five years, well over 1 million houses would have benefited from this simple change. There would be other opportunities for the Government to consider: commercial property, which I have not even touched on, and Government properties such as schools and hospitals. In time, policy could be adapted to incorporate such buildings.

I acknowledge that the Minister is not about to congratulate me and announce a policy change with immediate effect, but I suggest that sometimes in life, a simple adjustment to policy can bring the greatest benefit. Opening up a market creates new commercial opportunities, innovation and benefits for our society. I believe this policy would benefit thousands of homeowners up and down the country. It would be good for the environment and it would be good for the country. It would be a win, win, win situation.

Will the Minister consider this policy initiative and ask his Department to consider the implications and benefits that would flow from it? It should seek the views of the solar panel and renewables industry and, of course, the construction and building sector. Will the Minister report to the House the Government's conclusion and, if the proposal proves to be realistic, which I believe it will, confirm that they will introduce the appropriate changes to regulations to enable this to happen? I look forward to the Minister's comments.

11.13 am

The Minister of State, Department for Communities and Local Government (Alok Sharma): It is a great pleasure, Mr Owen, to serve again under your chairmanship this morning. I thank my hon. Friend the Member for Carlisle (John Stevenson) for bringing forward this debate. During his time in Parliament, he has shown an incredibly keen interest in the energy sector, and he has done so again in this debate.

It is clear that all of us in the Chamber share the common goals of wanting new homes to be energy efficient and their occupants to have low energy bills. I recognise that there is a desire among homeowners and the wider public to contribute to sustainable development and to generate their own green energy. As my hon. Friend will be aware, the Government have just helped to secure new investment in solar panels to produce electricity for affordable homes across England and Wales.

John Stevenson: The Minister is making an interesting point and he is absolutely right. It is interesting and bizarre that in a mixed build of social and private sector housing in Carlisle, the social housing ended up with solar panels on the roof, but the private sector housing did not. That seems to be an anomaly. Why was it not done for both?

Alok Sharma: I will address my hon. Friend's point about whether we should mandate a particular technology, but in an announcement last weekend, the Minister for Trade Policy, my right hon. Friend the Member for Chelsea and Fulham (Greg Hands), welcomed £160 million

of capital investment in UK renewable energy, backed by Dutch investors. This first step is a £1 billion programme to give 800,000 lower-income households access to cheaper solar electricity.

My hon. Friend talked about building regulations. Our building regulations and planning reforms encourage the use of renewables without mandating any particular technology. In the previous Parliament, we twice strengthened the energy requirements in building regulations, introducing tough but fair minimum standards. Home builders are now required to deliver highly energy-efficient homes that typically reduce energy bills by £200 a year, compared with homes built before 2010.

The energy requirements do not prescribe the technologies, materials or fuels to be used. That allows builders the flexibility to innovate and select the most practical and cost-effective solutions in the circumstances. Those solutions could indeed include solar panels—my hon. Friend talked about the example from his constituency—but they may not be appropriate for some types of building or location. For example, the use of solar panels is more limited on high-rise blocks, because there is of course proportionately less roof space available per apartment in the block.

The Government are carrying out a review of energy standards for new homes. We are examining the costs of making energy improvements and the benefits in fuel bill and carbon savings. That will allow us to consider the impact on housing supply, as more costly regulatory requirements may make housing development less viable in some areas.

My hon. Friend talked about building regulations more widely. The recent tragic event at Grenfell Tower shocked us all deeply, and we want to ensure that such an event never happens again in our country, but we also need to learn any broader lessons that may emerge. That is why an independent review of building regulations and fire safety is being carried out by Dame Judith Hackitt. We are waiting to see the outcome of that.

Planning reforms are also contributing to more deployment of solar panels on rooftops. In April 2015, we introduced new planning measures that allow for a twentyfold increase in the amount of solar that can go on to the roofs of non-domestic buildings without a full planning application having to be submitted, through the exercise of permitted development rights.

Of course, regulation and planning are not the only ways to increase the installation of renewable systems; incentives play an important part. My hon. Friend the Member for Cheltenham (Alex Chalk) talked about

how the solar sector has been assisted during the past few years through Government incentives. The feed-in tariff scheme is a Government programme designed to promote the uptake of a range of small-scale renewable systems, including solar panels. Homeowners who install solar panels receive payments for the electricity generated, use that to save money on their bills, and sell any surplus electricity not used back to their supplier. Similarly, homeowners can be paid under the renewable heat incentive scheme for hot water provided by solar thermal panels. Feed-in tariffs have proved highly popular with homeowners. The scheme was introduced in 2010, and there are now close to 1 million solar panel installations on homes. The economy of scale has helped to reduce the cost of a typical domestic solar panel installation from about £20,000 to £7,000.

Smart meters will offer a range of increased functionality, including the ability accurately to measure exported electricity from solar panels. The Government are committed to ensuring that every home and small business in the country is offered a smart meter by the end of 2020. More than 1 million smart meters were installed in the first quarter of 2017, and almost 7 million smart meters are now in operation across the country.

As our energy system and the way we interact with it changes, installing storage technologies such as batteries, to which my hon. Friend the Member for Carlisle referred, as well as solar panels can help consumers to use energy when it is cheapest, and they can be rewarded with smart tariffs for being flexible about when they use energy. As hon. Members may be aware, in July my right hon. Friend the Secretary of State for Business, Energy and Industrial Strategy announced a plan to give homes and businesses more control over their energy use and to support the development of innovative battery technologies.

The Government recognise the important contribution that solar panels on buildings are making in creating a low-carbon future, and we have a range of current and planned policies to promote their uptake further. However—I hope that my hon. Friend the Member for Carlisle will not be too disappointed when I say this—ultimately we do not want to mandate the use of specific technologies. The decision on the use of renewable technologies needs to be determined by what is most practical and cost-effective in the circumstances in which builders find themselves.

Question put and agreed to.

11.20 am

Sitting suspended.

International Day of Democracy

[MR CLIVE BETTS *in the Chair*]

2.30 pm

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): I beg to move,

That this House has considered the International Day of Democracy.

It is a pleasure, as ever, to serve under your chairmanship, Mr Betts. In 2007, the UN General Assembly resolved to observe 15 September as the International Day of Democracy. The aim of the day is the promoting of and recommitting to the principles of democracy. Member states are invited to mark the day as one for celebrating our achievements in democratisation, but also for recognising the shared challenges in nurturing democracy at home and abroad. While we are not quite yet at 15 September, I do not believe there is any harm in kicking off the celebrations early.

I turn first to article 21(3) of the universal declaration of human rights, which states:

“The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.”

That simple but powerful principle, expressed as a human right, seems common sense to us all here today, but for most of our history it was quite the opposite, and it remains disputed by too many regimes across the world. I hope the debate will be outward looking in considering the challenges facing democracy across the globe and what we, both as a state and as parliamentarians, can do to support democracy abroad. However, the debate should also be self-reflective, as we look at the steps we need to take here to help democracy flourish.

This year, the theme of the International Day of Democracy is democracy and conflict prevention, focusing on the need to strengthen democracy not only as a good thing in itself, but also so that we can manage and reduce the risk of violence and conflict. That can be seen at all levels of polity, whether we look at the global level, across our European continent or within these islands. Even the briefest of surveys suggests that, where democracy, rights and civil society are disregarded—often for short-term gain—peace and stability are undermined in the long term and conflict ensues.

The link between democracy and peaceful societies is recognised by goal 16 of the sustainable development goals, which seeks to:

“Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.”

Such institutions play a vital role in preventing the spread of violence, which can have destructive and disastrous impacts on a country’s development. In the context of war and violence, it becomes virtually impossible for a country to combat challenges such as extreme poverty, lack of access to education or gender inequalities, for example. Goal 16 and the prevention of violence are therefore fundamentally important to achieving the ambitions and the ambitions agenda set out by all 17 global goals for sustainable development. I am sure the Minister will be eager to update us on the UK’s progress in achieving those goals—goal 16, in particular—both internationally and at home.

It is appropriate to turn to what the UK is doing to support democracy abroad and on conflict prevention, and to ask where there is still room for progress. In 2016, the House of Lords International Relations Committee published a report on co-operation between the UK and UN, and outlined priorities for the UN’s new Secretary-General. It concluded that:

“The UN needs to invest more in conflict prevention. Member states should consider awarding more financial resources, intelligence and analytical capacity to support the ‘good offices’ of the Secretary-General. The UK should take the lead in this field.”

It would be helpful to hear from the Minister what progress has been made in that regard.

The report identified a number of ways in which the UK could further assist UN peacekeeping operations, including by increasing our contribution and stepping up support for the training of other forces. It also suggested that:

“The UK might provide ‘greater and more systematic general and specialist training, which could be expanded to special training’ to address the issue of sexual exploitation and abuse by UN peacekeepers.”

Similarly, it would be useful to hear from the Minister about what work is under way to take forward that recommendation.

Another significant development in the past few years is, of course, the conflict, stability and security fund, which is overseen by the National Security Council. In terms of budget, it is potentially now one of the world’s largest mechanisms for addressing conflict and instability. I think there are questions over the accountability of that fund, and it is early to say how effective it has been and whether its role is defined appropriately, but we should recognise some of its important contributions. Over the past couple of years, it has funded a doubling of the UK’s troop contribution to peacekeeping through two new deployments: providing essential logistical support for the African Union mission combating al-Shabaab, and providing 370 UK military personnel to give engineering and medical support to the UN mission in South Sudan. I pay tribute to the personnel undertaking that work. Again, it would be helpful to hear more from the Minister about how the CSSF will aim to support democracy and conflict resolution in the years ahead.

Another way in which the UK can play its part is in promoting democratic values through its participation in the Community of Democracies, which is an international organisation founded in 2000 that aims to strengthen democratic norms and values around the globe by combining the expertise of Governments, civil society and the private sector. The next Community of Democracies conference is scheduled for later this month in Washington DC. However, I understand that there are concerns that the meeting will not take place as President Trump is still to commit to hosting the event. As a member of the governing council, I hope the UK Government will make representations to ensure that the conference takes place. I will be grateful if the Minister will comment on whether that is under way.

It is also important to remember the great strides taken by the UK’s devolved nations in promoting peace and security around the world. Aside from playing its role in welcoming refugees fleeing violence in Syria, and providing funding to aid agencies in that region, Scotland will be working with the UN to host an international women’s summit in Edinburgh. That will support Syrian

women by providing training in communication, negotiation and post-conflict planning, to help ensure that women play a key role in building a lasting peace in the region when the opportunity arises.

Alison Thewliss (Glasgow Central) (SNP): My hon. Friend rightly mentions the role of women in making peace. The Finnish Crisis Management Initiative found that, since 2000, fewer than 2% of peace agreements were signed by women and fewer than 9% of peace negotiators were women. Does he agree that a whole lot more needs to be done to bring women into that process, to bring a lasting peace that works for everybody in society?

Stuart C. McDonald: I absolutely agree with my hon. Friend. I very much hope that the Scottish Government's work with the United Nations will at least set that ball rolling in the context of the crisis in Syria and the middle east. That work certainly has to be done on a far greater scale in relation to conflicts around the world.

As well as asking questions of our Government, I will turn to the work of individual parliamentarians and what we can do to support peace and stability through strengthening democracies abroad. I freely confess that, until the debate, that is probably not something I had given enough thought to, never mind participated in, so what follows will really be a tribute to the work of colleagues across all parties who are taking action where I have merely made speeches. By way of a very immediate example, Iraqi Kurdistan will hold an independence referendum on 25 September. The Scottish National party will share its experience of holding a peaceful, democratic referendum, and members will attend as observers.

The SNP's Westminster Foundation for Democracy project liaises directly with the Kurdish regional Government and the three main political parties there. Each of them has agreed to a cross-party delegation to Scotland and London in 2018, to review and learn from the processes of the UK and Scottish Parliaments. The main objective is to strengthen the case for resuming the normal parliamentary processes of the Kurdish Parliament, which was disrupted following violence in 2015. I pay tribute to my colleagues—and former colleagues from the previous Parliament—who have already been in Kurdistan, met politicians there and worked to strengthen the understanding of the operations of our Parliaments here. I know that other parties have had similar experiences with their own projects, and it is right that we take the time today to reflect on what we, as a Parliament, can offer to people elsewhere, by means of training and capacity building, as they seek to enhance or even restore democratic rule.

The International Day of Democracy is not only about what we can do to support democracy elsewhere, but is a chance to look at where we are going wrong here. Indeed, it undermines our arguments for there being democracy elsewhere if we are not seen to pursue best practice at home. I had the privilege of meeting Maina Kiai, the former UN special rapporteur on the rights to freedom of peaceful assembly and of association, on his last official visit to the UK. He said in his report on that visit:

“It is imperative that the same standards that the UK calls for internationally...are implemented domestically.”

Building democracy must be an ongoing process of renewal, not just an historic roll-call of celebrated achievements along the road to where we are today.

Everyone here today will have their own ideas about what more can be done. My party will continue to advocate for the abolition of the House of Lords. In Scotland, we implemented votes for 16-year-olds and put in place the Community Empowerment (Scotland) Act 2015. We also opposed the Trade Union Act 2016 in Westminster because of its attack on the democratic right of freedom of assembly and association, and we stood against the oversized powers of the Investigatory Powers Act 2016 because of their invasion of privacy. Ultimately, my colleagues and I would argue that our goal of independence is about enhancing democracy and the accountability of political decision-making in Scotland.

Putting all that to one side, today I want to focus briefly on another piece of legislation. My party has repeatedly voiced concerns about the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014, having heard about some of its impact on genuine charities that are trying to inform debate. Everyone in the House can appreciate that there is a difference between charities working to fight injustice and a commercial lobbying firm seeking to shape a debate in their client's favour. Treating lobbying firms and charities as the same seems to be entirely the wrong way to go about it. Registered charities are regulated in a different manner than lobbying firms, so the elision that occurs in their treatment under this Act seems very much to be a backwards step. We know from various reviews that it caused serious problems for charities at both the 2015 and 2017 elections. I therefore ask the Minister, who might not know himself, but can raise it with colleagues, when will the Government respond to Lord Hodgson's report on the Act? How do they plan to implement its recommendations and what is their timeframe for doing so?

In concluding, I am grateful as a parliamentarian to have had the opportunity offered by the International Day for Democracy to reflect on what we can do to support democracy abroad and nourish it at home. It is a human right that we should never take for granted, and I look forward to hearing the contributions from other Members today.

2.40 pm

Andrew Bowie (West Aberdeenshire and Kincardine) (Con): Thank you for your chairmanship today, Mr Betts. I also thank the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Stuart C. McDonald) for introducing the debate.

Clement Attlee said:

“Democracy means government by discussion, but it is only effective if you can stop people talking.”

It is a sentiment that we in this House might do well to heed from time to time.

Over the summer I was lucky enough to spend a few days in Honduras through the Westminster Foundation for Democracy, at a conference of young political leaders drawn from around Latin America. It was, I have to say, inspirational and incredibly humbling. In a part of the world where the threats of communism and military dictatorship are all too real, these young leaders, who were all aged between 18 and 30, shamed me and would shame many of us here today with their confidence, passion and enthusiasm for democracy and the rule of law. I was taken aback by how, out there, so many still

[*Andrew Bowie*]

look to this place as a source of hope and inspiration. More than once people out there described this place as still the mother of Parliaments. To them, freedom and liberty are not abstract notions or taglines for the next Marvel Avengers film; they are genuine, live and emotive topics, and so too is democracy.

If we look around the world today, we see far too many countries where the right of individuals to choose freely, without let or hindrance, those who govern them—the ability to hold their Government effectively to account—simply does not exist. In the west, and in Europe and North America in particular, where the idea of getting a say, having a voice and choosing to vote has been the norm in some form or another for centuries, we take democratic freedom too much for granted.

One of the most common refrains in the past two or three years in Scotland in particular is that we have had too many elections and too many referendums—in fact, too much democracy—and that people are getting fed up of voting. I think that that is highly depressing. In modern parlance, what a first-world problem to have. Although I am no fan of referendums, I have recently become a huge convert to unexpected general elections; but imagine telling the oppressed peoples of the world that one of the problems in our country is that we have to vote far too often.

David Linden (Glasgow East) (SNP): The hon. Gentleman mentions being a convert to snap general elections. May I push him a bit further and ask whether he would join us in being a convert to the concept of votes at 16—the idea that if someone is old enough to pay tax, get married and join the Army, they are old enough to vote? Is that something he is willing to welcome?

Andrew Bowie: I absolutely will. I have gone on the record in the past saying that I would welcome votes at 16, and I am willing to stand by that again today. I also think that it is very important in a democracy that we learn to respect the results of referendums and elections—something that the hon. Gentleman's party might do well to remember.

I am for more democracy, and would argue that we could start with directly elected provosts or police and crime commissioners in Scotland following the UK Government's excellent example. I am not sure that I expect cross-party support for those, however. I am very proud of this country's role in helping to strengthen and spread democracy around the world. The UN and Inter-Parliamentary Union International Day of Democracy, which we debate today, does great work in attempting to drive positive democratic change through political dialogue and action. I believe that it is our duty as democratically elected representatives to champion, defend and encourage the spread of participation in government, through initiatives such as this one and others, to ensure that, in Abraham Lincoln's words,

"government of the people, by the people, for the people, shall not perish from the earth."

2.44 pm

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Cumbernauld, Kilsyth and Kirkcubbin East (Stuart C. McDonald) on presenting this debate. It is just a pity that we did not have more contributions.

We are all here because we are democrats, we believe in democracy, freedom and liberty, and we were elected—that is the democratic process. The fact that the numbers are not great does not take away from the importance of this debate and of the issues that the hon. Gentleman and the hon. Member for West Aberdeenshire and Kincardine (Andrew Bowie) have presented.

The theme of this year's International Day of Democracy, on 15 September 2017, is democracy and conflict prevention. If someone were to do a quick check of the contributions that I have made in Westminster Hall and the Chamber, they would see that a surprising amount of them refer to democracy. That is because I believe it is so important, and that is why I am here to speak and support the hon. Member for Cumbernauld, Kilsyth and Kirkcubbin East. It is a principle that is dear to my heart, and the very heart of this place. This is the world's greatest seat of democracy, and it is an honour to be a servant of that democracy as the Member of Parliament for Strangford.

One of my great heroes—I quote him often in this House, and the girls in my office say that I am becoming more and more like him, but I hope not in a facial and visual sense—is Winston Churchill. As he so famously said,

"democracy is the worst form of Government except for all those other forms that have been tried from time to time."

We have got the best system, though it is not ideal. It is in no way perfect—indeed, it is inherently imperfect because we as individuals are imperfect—yet I am proud of the democracy at work in this great nation of the United Kingdom of Great Britain and Northern Ireland. I am proud that no matter how the media have spun Brexit, the underlying fact is that we are in a democracy; the majority of people exercised their democratic vote to vote out, and that is something that we and the media must respect. Many of those who had a different opinion from me have accepted that and moved on, but some have not. That is how democracy works: we will not agree on every decision, but it is incumbent on all elected representatives to carry out the work that democracy dictates.

I can remember, at the time of the Belfast agreement, being fundamentally opposed to prisoners being excused for their terrorist activities, and voting against the agreement. I can even remember wearing a badge afterwards that said, "Don't blame me, I voted No". At the same time, democracy dictated that I went into government with those people, who had a mandate, and I worked within the parameters of the Belfast agreement despite my heart-held view. That is the democratic process at work. We accept the will of our constituents and of democracy and move forward. That is the position that all remainers find themselves in today. I understand that the International Day of Democracy is a fact—I will shortly turn my eyes externally—but even when we do not agree, we must accept democracy and work hard to achieve the best we can within its parameters.

In my role as chair of the all-party parliamentary group on international freedom of religion or belief, I see so many countries around the world where there is what may loosely be labelled a democracy, yet where there is no freedom, which is something that we completely take for granted here. We have a right to speak out on things that we believe in or disagree with, as long as we do so in a safe and respectful manner. Hopefully all

debates in this House will be held in a safe and respectful manner. There are too many who do not have that protection, and on the international day of freedom, it is only right and proper that we give thanks for our freedoms and democratic rights. We also need to ask ourselves—in this House and this debate, and outside—whether we are doing all that we can to see those same rights preserved in other countries.

I will reiterate some facts that illustrate what we have here and what others do not have. I have already highlighted some of these in the Chamber, but they are worth repeating in this debate. Many of these are from countries with a nominal democracy, yet if we see that no freedom exists, we can rightly question the presence of real democracy. In more than 100 countries around the globe, more than 215 million Christians continue to face intimidation, imprisonment, forced conversion or assault. The so-called Islamic State's attempts to eradicate the Christian communities in Iraq and Syria have nearly succeeded. The Christian population has plummeted from more than 1 million to less than 200,000 in Iraq, and from 1.25 million to half a million in Syria. Many of those people remain displaced and face discrimination that prevents them from gaining equal access to food, shelter, education, employment and the ownership of houses and property—just normal life for the rest of us.

In Eritrea, 122 Christians, including entire families and disabled people, were rounded up from their homes in May and detained. This escalation in the crackdown on Christians coincides with the Orthodox Archbishop's 10th year under incommunicado house arrest.

In Russia, the Supreme Court issued a decision in April that declared a Christian sect, the Jehovah's Witnesses, an extremist organisation. It banned its headquarters and all 395 local organisations from operating, and ordered that its property be seized by the state. These are countries that say that they have a democratic process, but clearly their definition of democracy is different from ours in this House.

It is not just Christian groups that are targeted because of their religious identity. Other groups deemed a threat are often targeted as well. I have already raised in the House the fact that a few months ago in Pakistan a Shi'ite man, Taimoor Raza, was charged with blasphemy and handed the death sentence for his comments on social media—the first time that has ever happened in the history of Pakistan.

In Myanmar, which we debated in this House just yesterday, almost 170,000 Rohingya Muslims have fled the country since 2012. They are fleeing attacks by the military that include the burning of homes and the rape of women. We have seen illustrations on television over the last few weeks of the height to which Myanmar's problems have escalated. There have been fires in forests, villages have been burned and people have been displaced. Yesterday, in the main Chamber, we had the opportunity to question the Minister on behalf of the Rohingya Muslim people in the province of Rakhine. Myanmar masquerades as a democracy, but it is quite clear that its definition is different from ours. People have walked for days up the bay of Bengal, and some have been smuggled in boats to Malaysia and even Australia. Bangladesh has almost 90,000 of those displaced people.

It is clear that the democratic rights that we enjoy do not exist worldwide. That is why the International Day of Democracy is so important, as the hon. Member for

Cumbernauld, Kilsyth and Kirkintilloch East said. We believe in it wholeheartedly, and we need to instil that belief in others so that they, too, understand what it means. It is also clear that we can and must do something to help by using our connections and our ability to grant aid and promote international development. The Government should be proud of what they do through the Department for International Development; I support wholeheartedly their contributions to the betterment of people in so many places in the world. We always hope that people will not only see the practical benefits, but look to us for an example of how the democratic process can work. As well as granting aid and promoting international development, we must use our embassies and ambassadors.

We also have a role to play ourselves. I look forward to the reply from the Minister and his Department, which is always fruitful and helpful, but I have three questions not just for him to ask himself, but for all of us to ask ourselves. First, is the promotion of democracy important to me? Secondly, what I have I done to help the democratic process? The hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East has helped it today by introducing the debate, and so have others who have contributed or who have to come to support it. Thirdly, what more can I do? We all have a role, and we can all do more.

I truly treasure democracy—even when it works against me, as I said. I am proud to take my seat in this seat of democracy, and I urge everybody to support democracy all over the world. On the International Day of Democracy, I pledge again to play whatever role I can to achieve that goal.

2.53 pm

Tommy Sheppard (Edinburgh East) (SNP): It is a pleasure to serve under your chairship, Mr Betts—for the first time, I think. I fear we may have scheduled more time for this debate than we require.

My brief as a spokesperson for the third party—the Scottish National party—relates to the Cabinet Office and the constitution, rather than to international development. However, I have been asked to speak in this debate on the UN International Day of Democracy because we see it as an opportunity not to exhort others to catch up with us, but to reflect on how we can improve our own democracy within this Parliament and on these islands. That is what my comments will address, but I appreciate that the Minister may be unable or unlikely to respond to them all.

Over the summer, I was privileged to be asked to give the Thomas Muir memorial lecture. Thomas Muir was a radical Scottish lawyer in the late 18th century who formed an organisation called the Friends of the People. He was an associate of Thomas Paine, Wolfe Tone and many other radicals of the time. He argued for universal adult male suffrage, as well as for annually elected Parliaments—an idea that some hon. Members may not like. He was accused of sedition, sentenced, and transported to the colonies for 14 years. Such was life in the 18th century; they do not do that to us today.

I thought I would reflect on what Thomas Muir might make, if he were alive today, of the imperfect democracy we have achieved in the several hundred years since his death. I think he would be surprised by some aspects of our democracy in the United Kingdom

[Tommy Sheppard]

in 2017. First, given that he argued for elected Parliaments, he would be very surprised that the majority of parliamentarians in the United Kingdom are not elected by anyone. The House of Lords is an affront to democrats. It has more than 800 Members, and apparently its numbers are set to be increased with no upper limit. It is now the second-largest legislature in the world, after the National People's Congress in the People's Republic of China. Nobody has any say over who the Lords are, what they do or how they can be held accountable. We are long overdue a major reform of Parliament that abolishes the House of Lords and replaces it with an elected second Chamber that can properly revise legislation and do the business of Parliament.

I think Muir would also be rather shocked that on 8 June, 14 million people in the United Kingdom chose not to exercise their right to vote, for which he and many others died several hundred years ago. It is incumbent on all of us who value the democratic system to ask why not, because it is a serious problem. Are great numbers of people apathetic, and happy to leave decisions to others and consent to them? Or is there a degree of alienation, so that many people feel that there is no point in participating in the political system because it does not represent their views or seem to do anything to change the lives of those around them? I think there is a bit of both. I do not know what we can do about the apathy, but there are certainly some things we can do to improve the electoral system.

First, we should completely overhaul how we teach civics and democratic participation in our school system and in our society more generally. We have to see politics as something that people actively participate in—something they do, rather than something that is done to them. The teaching of elections, electoral processes and politics needs a radical overhaul at all levels, from primary school upwards.

Secondly, we could overhaul the process of voting. In this day and age, it is bizarre that people can vote only in a very defined period, in a defined place and a defined way. We need to look at using 21st-century technology to allow people to vote in much greater numbers than ever before. I see no reason why people cannot be given a secure ID number to allow them to cast their vote online. For Conservative Members, that would have the added benefit of dealing with one of their greatest concerns, the threat of personation—people voting when they are not entitled to. Giving people a unique ID would take care of that problem.

Thirdly, we need to do something about the electoral system. The first-past-the-post system is another affront to democrats, because it quite simply does not allow the representation in Parliament of people's views in the proportion in which they exist in society. It has created a two-party system that obliges people to have their views compromised rather than represented. I firmly believe that modernising our electoral system through a form of proportional representation would allow the growth of many more parties, a much more pluralistic debate in our country and the emergence of better Governments. To those who complain, as some do, that PR gives unstable Government, I point out that on two of the last three occasions on which first past the post

was used for elections to this House, it has produced an inconclusive result, and, I would argue, an unstable Government, so we urgently need to look at electoral reform.

Alison Thewliss: My hon. Friend is giving an excellent speech, and I very much support the points he makes. Before he moves on from the process issues around elections and electoral set-ups, does he agree that we also need to look at a better system of electoral registration in this country, perhaps going to auto-enrolment? It struck me during the independence referendum that we saw people registering to vote who had not voted since the poll tax. We really need to make sure that we reach everybody and allow them, as much as we can, to have their say in elections.

Tommy Sheppard: I thank my hon. Friend for her intervention. Yes, I do agree, in short. It is ridiculous that people have to apply for the right to vote. For citizens of the country, that should be automatic; it should be given, and people should not have to apply for it. If the state is capable of interacting with its citizens when it comes to issuing driver licences, collecting taxes and in many other areas, it really ought to be possible, when there is an interaction between a citizen and the state, to check whether that person is on the register, and if they are not but are entitled to be, to automatically put them on it. It seems to me that the technology is available to us to do that.

The Minister of State, Department for International Development (Rory Stewart): I would be very grateful if the hon. Member, having spoken about the House of Lords, could share his personal and honest view on the institution of monarchy.

Tommy Sheppard: My personal view on the issue of the monarchy is that we need to review the relationship between the monarchy and Government. The extent to which powers still lie with the monarchy in terms of the apparatus of state is questionable. I realise that many people will consider even looking at the issue highly controversial, but it seems to me that the succession—I do not know when it will come, but perhaps not many years from now—should be taken as an opportunity by everyone in society to look again at the relationship between monarchy and Government. I hope that most people would agree that if someone is to exercise executive power over someone else, they really ought to be accountable. That is the definition—is it not?—of a democracy.

I do not want to go on much longer, but I wanted to mention another aspect of democracy, which is the notion of empowerment. Democracy is not just a matter of structures and the right to vote once every four or five years. A democratic society is also one in which people feel that they are empowered to control the things around them, whether that be the litter on their street, what is taught in their local school or many other things.

We really need to do something about the degree of political centralisation in this country; I mean the United Kingdom, but it applies equally to Scotland. We are long overdue a look at how we can have better provincial and local government throughout these islands. One of the things that we need to do—

Andrew Bowie: Does that mean that the hon. Gentleman would be in favour of what I would call real devolution, from centralised, devolved Administrations in Edinburgh, Cardiff and Belfast, down to the local level as much as possible, rather than holding Government centrally?

Tommy Sheppard: I am in favour of—what was the word that the Eurocrats used to use? I have forgotten.

Alison Thewliss: Subsidiarity.

Tommy Sheppard: Subsidiarity, yes. I was a big fan of that in its day. Basically, it is the principle that power should be exercised at the level closest to people at which it can be exercised and at which it is practical to do so. I am all in favour of power and governance being transferred to the most local level possible.

I will make just one other suggestion. We tend to get hidebound in these debates and conflate two things that ought not to be conflated. One is the question of community participation and communities setting their own priorities; the other is the management of things. For example, there was a headline in the *Edinburgh Evening News* that it would be possible to have at least a dozen—if not more—local councils in a city the size of Edinburgh. However, that does not mean that there must be a dozen refuse departments or a dozen education departments. We could separate the process of running and managing services from the process of deciding on the priority of the things those services should achieve. If we could do that, we could make big strides forward and we would emulate some of the much more successful schemes in Europe, including in Scandinavia, and in other parts of the world that allow much better local governance and setting of priorities.

I conclude by saying why this issue is important, including why it is important for the United Nations, and why we often talk about democratic rights and human rights being intertwined. It is because all the studies show that there is a clear relationship between people's participation in society, the control they have over their everyday lives, and their happiness. Improving democratic rights and the way that people can participate and run their own lives is also about improving the human condition. It is about becoming a more civilised, more progressive and better, more modern society. This opportunity to discuss the UN's day—I hope that our discussion is the beginning of the debate, rather than its conclusion—allows us to reflect on these issues and consider how we can improve our processes here, because we cannot just wait for an election in another two, three, four or even five years before we get round to considering these issues.

3.6 pm

Dr Roberta Blackman-Woods (City of Durham) (Lab): It is a pleasure to serve under your chairmanship again, Mr Betts.

I am very pleased that this debate has been called to mark the International Day of Democracy, which takes place next Friday. I know that the Westminster Foundation for Democracy is hosting an event in Parliament next week, which I will attend in my capacity as shadow Minister for International Development, and that many other events will take place around the world, including at the UN, to mark the day and to reaffirm our commitment

to democratic values. So I really thank the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Stuart C. McDonald) for securing this debate.

I also pay tribute to the hon. Member for Strangford (Jim Shannon), who made a really passionate defence of democracy and the need to uphold our democratic values in this institution and beyond. I will come back later to some of the points he made.

I was not sure whether I would find that I had any common ground with the spokesperson for the Scottish National party, the hon. Member for Edinburgh East (Tommy Sheppard). Actually, however, I did indeed find common ground. His comments on the House of Lords were very well made, as were his points about how we, as legislators, need to make it easier for people not only to register to vote but to vote.

I think what we have seen this afternoon is an outbreak of support for the principle of subsidiarity. We are all signing up to that principle, because there seems to be common agreement that our system of governance is much too centralised and that we need to think about how we can devolve matters more effectively than we are doing at present.

The past few years have shown that we cannot take it for granted that democracy is on an upward trajectory. Therefore, it is vital that we continue our efforts to embed democracy around the world, in order to combat many concerning trends. There has been some good news for democracy over the past year, for example in Africa, where countries including the Gambia, Nigeria, and Burkina Faso held elections that led to a change of Government. On the whole, however, the trend globally could be better.

In its report last year, Freedom House spoke of “a worrying lack of self-confidence and conviction”

within leading democracies, so it is right that leading democracies, including Britain, take the opportunity presented by the International Day of Democracy to make a full defence of our system in the face of its critics, both at home and abroad, as their arguments become louder and, for some people, more compelling.

Democracy and dictatorship are not binary states; they are points on a spectrum. So, while the number of pure dictatorships worldwide has thankfully decreased, democratic norms continue to be undermined in many states, perhaps putting those countries on a path towards having more autocracy than they have at present. Some of that is pretty close to home. Hungary and Poland, for example, have real challenges on the freedom of their media and judiciary. We need to make sure that that does not continue and does not support those who are losing faith in representative democracy.

We must continually reaffirm not only the importance of free and fair elections, but of all the institutions that underpin democracy, including legislative checks on the Executive; the rule of law; a free media; an informed citizenry; and the independence of the judiciary. Outside Parliament the freedoms of assembly, expression and association and a free and vibrant civil society are crucial components of democracy, but they are all aspects of our democratic system that we do not talk enough about in this institution and certainly do not do enough to uphold. A Labour Government would repeal the lobbying Act because, as outlined earlier by the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch

[*Dr Roberta Blackman-Woods*]

East, it undermines the way in which charities and others can actively campaign in this country. The Act was a backward step. We need to properly fund civil society organisations and work with trade unions, because all those different agencies are a vital and vibrant part of our democratic system. Their work should be supported and not curtailed.

Our democracies face new threats, particularly from foreign interference in election results. We have already seen some of that in the US, although I will not go into it in too much detail. Such threats work only in so far as they magnify an underlying polarisation in our societies. In upholding our democracy we have to try to work against that. That is extremely difficult for us as parliamentarians because we often have to take time to explain to people how complex our decision-making process is. Also, in a representative democracy it is not a simple case of a group of residents coming to us with a particular opinion and then we speak in support of that opinion and act in favour of it, because another group of residents might come with the completely opposite opinion. So we parliamentarians need to explain the complexity of the world that we inhabit, and how we negotiate a path through that will likely take on board what the majority of our constituents believe, and will also take account of what is in our party manifesto and our own convictions on a particular subject.

We need to respond to what we saw in the previous election, particularly from young people: a desire for radical change in how Britain is run, which gives more weight not only to the key aspects of representative democracy that I have already outlined, but to democracy at more local levels. It is a real pity that we often spend a lot of time—all of us do this—complaining about councils and bodies at local level, but they are really important to our system of governance. Perhaps when we celebrate democracy we should take time out to think about local councillors, particularly local parish councillors who do such a lot for absolutely no money. They are volunteers who give a huge amount to their local communities, and they consult a lot with local people about their priorities.

I am not as generous as the hon. Member for Strangford and I will have some asks for the Minister this afternoon. What will the Government do to support our parishes and councils better? We should not have a discussion on our local councils and the important work that they do for their communities without saying to the Government that it would be helpful if they stopped strangling our local councils with austerity measures that mean they cannot respond to the needs of local communities, because that does not help us uphold our democratic values. We have not put it to the test in many cases, but local people might want to pay more tax to have better services or they might have a set of priorities that are not shared by the Government. In reflecting on our democracy it is really important to think about how to support our councils further.

The hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East talked about the importance of devolved Administrations. He is right to make such points. Since we are having so many discussions about what is happening through Brexit, we might also want to put on the agenda the important work that the European Union does in supporting democratic values and nascent democracies

across the world. It does a lot of work on election observation and supporting new Governments. I have not heard that discussed at all by any Minister or anyone in Parliament so far. I hope the Minister will be able to comment on that point. What will the Government do to ensure we continue to work with our European partners on embedding democracy worldwide if Brexit takes place?

On the role of democracy in conflict resolution, both the Minister and I have some experience of working in Afghanistan and we know how difficult it is to embed democracy in post-conflict situations. The UN is clear that,

“democracy, development and respect for all human rights and fundamental freedoms are interdependent and mutually reinforcing”,

and such work is a key part of the UN’s peacekeeping efforts. Initiatives such as the UN Democracy Fund focus specifically on programmes to support democracy worldwide, but their commitment to democracy is at the heart of the UN’s work globally. We should recognise that.

However, the introduction of elections in post-conflict situations must be done well so that it does not exacerbate existing societal tensions and lead to an increase in political violence. Institutions need to be effective and hold legitimacy in the eyes of the people, and every effort should be made so that elections are as pluralistic as possible. Also, we must not lose sight of the goal that democracies and Parliaments should reflect and look like the people they seek to represent. We all have a lesson to learn in this. Our Parliaments need a better gender and ethnic balance. If Britain is going to support the UN in calling for better embedding of democratic values, we need to put our own house in order, too. That goes right across the board. It is not only about gender and ethnicity, but how we carry out our business in this institution. If we look at what leads to good governance, we need to speak strongly and passionately for our communities and our values, but we also need to respect the fact that others have a different point of view.

When we celebrate the International Day of Democracy, we should pay tribute in this place to the work that the Commonwealth Parliamentary Association and the Inter-Parliamentary Union do to support democracies across the Commonwealth and through the IPU more widely. They do the difficult day-to-day work of providing training courses, sharing best practice and trying to work out the problems that individual Governments face, and help them through those difficulties. As the UN charter states, democracy is a process, and often what those organisations do is help Governments to improve processes, and oppositions to be more effective, so that we have better democratic systems across the Commonwealth and, through the IPU, more widely.

We have had a number of discussions this afternoon about the importance of involving young people in the democratic process, and I agree that we should move to votes at 16. There is a Youth Parliament here once a year. I do not know whether anyone in the Chamber listens to the debates, but they are brilliant—incredibly well researched and articulate. There is so much evidence against the proposition that they would not understand, or whatever the argument is against votes at 16. I think we should have votes at 16. The CPA runs an international Youth Parliament, which is equally amazing. I hope that the Minister will think about that. It is vital to

support young people, in terms of not only politics but communities generally, to get more involved in public and civic life at local level. That would enrich our democracy a great deal.

We heard something earlier about sustainable development goals. SDG 16 is incredibly challenging for all Governments, in terms of embedding democratic values. They must ensure a responsive, inclusive, participatory and representative decision-making system at all levels. I do not think that we have that. I do not think that many Governments in the world have it. It is incredibly difficult. What will the Government do to monitor how we live up to SDG 16, in its various aspects? What will they do to support votes at 16, and how are we to give better support to institutions in the UK, so that we get more devolution and real decision making at the appropriate level?

3.23 pm

The Minister of State, Department for International Development (Rory Stewart): It is a privilege to serve under your chairmanship, Mr Betts.

In 2003, George W. Bush, making his State of the Union address, provided one of the great optimistic statements about democracy. He said that because democracies respect their own people and their neighbours, freedom would bring peace. At that period, 14 or 15 years ago, many academics believed that democracy would have that extraordinary instrumental effect. People wrote articles arguing that democracy was the best guard against terrorism, the best guarantee of economic growth and prosperity, and the way to cease sectarian violence—that democracies could be guaranteed not to go to war with each other.

Following that high day of optimism we have faced, over the past 10 to 15 years, a series of bewildering setbacks. We discovered in Afghanistan and Iraq that attempting to create democracies and holding elections, driven by the government of people such as George W. Bush, did not deliver the instrumental benefits that people had hoped for. It turned out that it was possible to hold formal elections in a country and still end up with a corrupt judiciary, an extremely unpopular Government, nothing resembling civil society, the media barely operating, sectarian violence exploding, terrorist groups establishing themselves and, indeed, countries at the edge of war with their neighbours.

The situation has got worse, as has been pointed out in the debate. For example, the hon. Member for City of Durham (Dr Blackman-Woods) has pointed out that the move to authoritarianism has accelerated in the past five to seven years. Many states have gone through a process whereby I can hardly visit them, as a Minister, without hearing about the closing space for civil society. That is jargon for the fact that regimes are increasingly locking up Opposition politicians, shutting down newspapers and closing down civil society groups. They do so for a range of reasons. It does not seem to matter whether we talk about societies in east or south Asia, sub-Saharan Africa or, indeed, Latin America. There appears to be a consistent admiration for either the economic model of China or the authoritarian model of Russia.

That poses a major challenge to us in the United Kingdom and the west, in terms of how we talk about democracy; but we have no choice. Democracy is and must remain the answer for our society and other people's

societies. Why? First, because it does not matter where one travels in the world: whatever the cultural differences that divide us from someone in a village in the back end of Somalia, I challenge anyone to find an individual who does not want a say in who governs them. I have never met anyone who has said, "I am quite happy to let someone else decide who governs me." I also challenge anyone to find someone who does not want their basic human rights to be respected. I have never met an individual who has said, "I am quite happy to be arbitrarily arrested or tortured."

In that sense, those values are universal; but they are moral values. They are not instrumental values. We should not argue for democracy because we believe that it is a cunning technique for making oneself wealthier, or a cunning trick for guaranteeing peace. The reason we believe in democracy is that we believe fundamentally in the equality and dignity of humans. The idea of one person, one vote is simply a mathematical expression of the fact that my view or your view, or the view of anyone outside this room, is worth exactly the same: it is the formal embodiment of the moral idea of equality. That is what gives it its strength and universality, and that is what will in the end make democratic societies more resilient than any others.

To move forward, we need to consider how we talk about democracy, and what, specifically, the British Government do for democracy. We were encouraged by the hon. Member for Strangford (Jim Shannon) to look at ourselves. I join the hon. Member for City of Durham in paying tribute to his speech, for its humility and introspection; the hon. Gentleman pointed out that if there are flaws in democracy, that is because there are flaws in us humans. Democracy is, in the end, a mass expression of the fact that each of us, as an individual, has flaws in our judgment: there are flaws in the information to which we have access and there are flaws in the way we respond to the world around us. Democracy, however, like any important moral consideration, is not a state but an activity—a way of behaving. It is a form of active, lived contract between the politician and the citizen.

If democracy is to work in this or any country, in terms of looking at ourselves—and I was struck by the challenges to look at ourselves raised by the hon. Member for Edinburgh East (Tommy Sheppard)—it needs to be based on a fundamental contract of honesty, under which politicians are prepared to be honest with the public. There are so many temptations and risks in democracy that lead us not to be honest. They lead us to construct a political narrative that says the majority of our potential voters are victims; that there is a small group of evil people—an elite, or some ethnic or sectarian group—that is somehow responsible for our ills; or that we are supermen and heroes who will transform and save the world with a brand new platform that will lead people to a promised land.

Not only do we engage in that practice; politicians here and elsewhere appear to suffer from an even more profound problem in admitting that we do not know things. We present ourselves as endlessly omniscient and omnipotent. We are incapable of admitting things to the public. For example, when I stand at the Dispatch Box and am asked exactly what we are doing in Togo or Benin, perhaps we are not doing a great deal in Togo or Benin. We may not know a great deal about the situation there or, indeed, about our own society. Our knowledge is actually limited.

[Rory Stewart]

The second consideration that we need to take forward is the idea of difference, which is where the arguments of the hon. Member for Edinburgh East were particularly powerful. Democracy is based on a fundamental principle of equality and dignity, but we need to recognise that different societies have different responses to democracy. Even within a single cultural society, there can be a completely valid set of disagreements, equally democratic, about the kind of institutions that we want to have.

The hon. Member for Edinburgh East, who comes from a particular rational, radical tradition, has profound differences from myself, as a Conservative, when it comes to issues such as the monarchy, the House of Lords and our electoral system. This is perhaps not the place to go through why I happen to disagree with him, although I can gesture in that direction: the idea that a second elected Chamber is going to perform better than the House of Lords needs to be judged more on the basis of performance than rational principles. It is very flattering to politicians to believe that the answer to the ills of their country is to generate more democratically elected politicians.

I could also, if we had the time, engage in an argument about proportional representation. I feel very strongly that the links with our constituents that are embedded in the first-past-the-post system are deeply precious. I am worried by colleagues in European states I go to that have full proportional representation systems, who say, "I can't understand why you visit your constituents so much. I don't need to; I am on a party list. That isn't part of my life." I think the geographical link—the link to place—is very precious.

However, it is perfectly valid for us to argue about those things. It is perfectly valid for our constitution to be changed through a democratic process. Where I actively and energetically agree with my hon. Friend the Member for West Aberdeenshire and Kincardine (Andrew Bowie) and the hon. Members for Edinburgh East and for City of Durham is that one of the great failings of our democracy is in respect of decentralisation. We could learn a great deal about difference from France and the ways in which its mayors operate at a local level. I feel that Cumbria would be deeply improved if we had directly elected local mayors. I also agree with the hon. Member for City of Durham that we can do an enormous amount more to give financial autonomy, as well as theoretical political autonomy, to devolved bodies.

The reason for that is that the secret of democracy is the genius of our citizens. We live in a unique democratic age. It was quite easy 800 or 900 years ago to suggest that a small elite could decide what was best for people. The reality now in this country is that we have never been so well educated. We have never been so well travelled—more than 43 million people in this country now have passports. We have never known so much about the outside world. All of us are living lives far broader and far more engaged with the world than our parents and our grandparents did, and that is true not just of Britain but of the developing world. I was struck on my recent visit to Tanzania by just how different young Tanzanians are. That is what should create much better democracies.

That is what the republic in Athens was looking for: the citizenry that we have; a citizenry that can engage, and in which every single one of the people in the

United Kingdom could be in the House of Commons and do just as good a job as we can. I have not met a constituent who could not do the job as well as I am doing it now. That is the genius of our society, and somehow we are not tapping it. Somehow, we are less than the sum of our parts. Somehow, instead of feeling that we now have more than 60 million educated, engaged people and are creating a wonderful democracy, we end up in a world where the more we know and the more engaged our citizens are, the more disappointing our democracy seems to feel.

Moving on to Britain's place in all of that, there are various things that Britain should do at home and abroad in the way that it thinks about and approaches democracy. The hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Stuart C. McDonald), to whom I pay tribute for securing this debate, focused on this year of democracy and the dimensions of peacekeeping. He raised some important points that are a real challenge to the British Government. We are beginning to move on them and I hope that we have some good news, but there is more to be done.

Sexual violence and peacekeepers are a huge priority for the Secretary of State and the Department for International Development. We have just put additional money into the UN special rapporteur on sexual violence and are hoping to make that an important theme as we move forward to the UN General Assembly. As the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East pointed out, our contributions to UN peacekeepers have increased both in Somalia and South Sudan.

We are also pleased to say that the Community of Democracies event, which the hon. Gentleman raised, is going ahead in Washington DC. Sustainable development goal 16 on inclusive societies, which the hon. Member for City of Durham raised, is something that Britain was very proud to work on in the drafting process to get included, but it remains really tough. The language of that SDG contains within it the tensions of trying to convince many different countries with different governmental systems that they want to sign up to what is fundamentally a democratic vision.

There are six things I think Britain should do as general principles moving forward. The first is not to panic. We should not give up on democracy or on the basic fundamental moral insight that equality and dignity require democracy, and that there is nothing more capacious, resilient, inspiring or successful than a democracy.

Secondly, we should put our money where our mouth is and support states that are moving in a democratic direction, such as Ghana. We should celebrate the fact that Sierra Leone is going to go through a civilian democratic transition, and we should recognise and acknowledge the huge progress made in Nepal from civil war through a series of democratic elections.

Thirdly, we should play a waiting game in the authoritarian regimes. There will be places where it will feel completely miserable and where, as the hon. Member for Strangford pointed out, Christian and minority groups are abused, sexuality is abused, disability is abused, minority ethnic groups are abused and pastoral communities are abused. In those situations, the obligation of the British Government is to stick with those civil society organisations and back them, not betting that this year or next year necessarily the Governments of those countries are suddenly going to say, "We acknowledge

and embrace those minorities”, but acknowledging that those Governments will eventually go. When they do, the seeds that we have continued to nurture and the civil society organisations that we have continued to support will be able to re-emerge. Without the support from Governments such as the United Kingdom’s, it will be very difficult to rebuild civil society or defend minority rights in any of those contexts.

Fourthly, we should work with others. The hon. Member for City of Durham pointed out the important work that the European Union is doing, but that is not enough. It is not enough for the European Union, the United Kingdom and the United States to go around telling other people to be democracies. In fact, it goes down extremely badly and discredits our project. We need to embrace other countries, above all those such as Brazil and India, which are huge democratic successes in the most challenging developmental contexts—countries struggling internally with corruption and huge problems of sectarian violence that are still keeping democratic systems alive.

The fifth point is about young people and was raised by many Members. Clearly, anything that we are doing in a democracy needs to think about how we engage with young people. That may be about voting age, but it is also about the massive technological transformation and the way in which all of us have just emerged bewildered from an election in which we have suddenly discovered that everything we believed about Facebook and Instagram and Twitter in 2015 no longer seem to be valid in 2017, and everything we had assumed about newspapers and television was turned on its head. That is just the beginning. Engaging young people with politics will involve thinking very nimbly about new technological media and, probably, new messages to fit those media.

Finally, we need to redevelop our confidence in ourselves. The only way in which we are going to be able to project democracy to the world is if we rediscover faith in our own democracy, while recognising all the things that depress us. Many things are deeply wrong in our society, such as when I see in my constituency an 88-year-old woman looking after a 93-year-old doubly incontinent man, struggling to get up every two hours through the night to look after him, or when I open a door and see somebody who is mentally ill behind it who is not receiving the support they need. When we see illegal immigrants struggling to access Government services and get the support that they require, we are seeing things that are deeply wrong in our society.

However, there are also things that we need to rediscover our pride and confidence in. There is the precious blessing of peace—the fact that this country has been at peace for hundreds of years, and the fact that we are able to do really difficult things in the face of hugely difficult political challenges, and perform them peacefully, nimbly and adeptly through an electoral process. We should be grateful, above all, for the fact that our democracy is not elections-only and does not stop in this Parliament: it is our media, our civil society and our citizens. It is on that note that I want to conclude.

If the International Day of Democracy is about anything, it is about not Parliaments but citizens. If democracy is to flourish in Britain and the world,

we need to discover a mutual trust—a trust of citizens in their politicians and, perhaps most difficult of all, a trust of politicians in their citizens.

3.40 pm

Stuart C. McDonald: We may not have had a huge number of contributions, but we have definitely had some very powerful, thoughtful and varied ones. The hon. Member for West Aberdeenshire and Kincardine (Andrew Bowie) put me to shame: within three or four months of his election he has already participated in a trip to try to help support democracy abroad. It has taken me more than two years since my election even to speak about it, but I am inspired to put that right.

As ever, the hon. Member for Strangford (Jim Shannon) made an incredibly powerful speech. He reminded us that democracy is about not just having a vote, but having a voice and other fundamental rights, including, of course, freedom of religion. In a previous life, I acted as an immigration and asylum lawyer, and I met clients from a number of the countries he mentioned. As ever, I pay tribute to the work he does in championing freedom of religion and other fundamental freedoms through his all-party parliamentary group and during debates.

I was very sorry to miss the Thomas Muir lecture of my hon. Friend the Member for Edinburgh East (Tommy Sheppard), so I was very grateful to have the opportunity to hear some of it today. He was as eloquent and powerful as ever in raising questions about the democracy we have here—particularly relating to the House of Lords and the electoral system. More fundamentally perhaps, he spoke about the link we should see between democracy and other issues relating to empowerment.

The hon. Member for City of Durham (Dr Blackman-Woods) warned about the crisis of confidence that is emerging in some democracies—some very close to home, in eastern Europe—while rightly highlighting the EU’s good work abroad. I was very grateful to hear that we can work together to repeal the lobbying Act just as soon as we get rid of the Government—whenever that may happen.

Speaking of which, I am very grateful to the Minister, who made an incredibly thoughtful and eloquent speech. He answered most—not all—of the questions that were put to him in the course of the debate, but that is better than most Westminster Hall debates. We will perhaps get back to him about the lobbying Act on another occasion. Like the Opposition spokesperson, he highlighted the huge challenges we face in reversing the democratic slide in some countries. He also said that we should take pride in some of the institutions we have established here. He laid down a challenge to us all as parliamentarians to be honest, to engage our constituents properly, to support developing democracies abroad and, more than anything, to build trust among all those institutions. That is a task for us all, and I feel inspired to get on with it after our debate. I hope everybody else does, too.

Question put and agreed to.

Resolved,

That this House has considered the International Day of Democracy.

3.43 pm

Sitting suspended.

British Citizens: Consular Support

[STEVE McCABE *in the Chair*]

4 pm

Justin Madders (Ellesmere Port and Neston) (Lab): I beg to move,

That this House has considered consular support for British citizens.

It is a pleasure to serve under your chairmanship, Mr McCabe. I am grateful for the opportunity for this debate. My interest in this important issue was sparked by two of my constituents, who approached me with different issues but with one common theme: the help they had hoped would be provided by our consular services was not there when they needed it.

The first issue relates to my constituent David Greenaway, a former member of the British armed forces. Mr Greenaway contacted me by email on 28 October 2016 to tell me that he was being held in Iraq against his will and was not receiving assistance to remedy the situation. To summarise the case, Mr Greenaway was working in the city of Basra for Hannaford Construction, a company with headquarters in the United States. Unfortunately, after he started work in Iraq, he discovered that his employer had failed to pay a succession of outstanding invoices for his accommodation and an office that the company was using. By the time Mr Greenaway contacted me, it had also failed to pay his salary for four months, leaving him without the financial means of addressing his situation. That resulted in the owner of the hotel that Mr Greenaway was staying in confiscating his passport and holding him against his will until the arrears could be paid. At that stage, Mr Greenaway was also informed that he was banned from travelling out of the country until the debt was paid.

Mr Greenaway contacted the British embassy to request urgent assistance, but unfortunately the officials there did little more than advise him to seek legal advice, which of course he could not afford because his salary had been withheld for a significant time. No assistance with funding for legal fees or other ways of obtaining pro bono advice were offered.

On 31 October 2016, I wrote to the right hon. Member for Bournemouth East (Mr Ellwood), then Minister with responsibility for the middle east, to request that urgent assistance be provided to my constituent. I followed that up with a question to the Leader of the House on 3 November, who undertook to raise the matter with his colleagues in the Foreign and Commonwealth Office. Following my intervention, an official from the FCO was able to speak with the chief executive of Hannaford, Shane Hannaford, on 4 November, who undertook to resolve the matter as soon as he could. However, that proved to be no more than another empty promise by Hannaford, like those Mr Greenaway had received on many occasions previously.

Mr Greenaway was again informed that he could not be assisted with access to legal advice, obtaining a replacement passport or funding to obtain an exit visa. Mr Greenaway had of course also been informed that even if he obtained a passport, he would be prevented from leaving the country due to the outstanding debts in his name. In the meantime, the situation in the UK was also becoming difficult, with Mr Greenaway and his wife unable to meet mortgage payments and struggling to keep food on the table for their two young children.

When I spoke to the FCO official handling the case, I was extremely disappointed that he kept coming back to the matter being a commercial dispute for Hannaford to resolve, and did not offer anything that I considered to be concrete assistance. I found that particularly concerning given that Mr Greenaway was being subjected to a travel ban, which I understand is unlawful. The FCO did however eventually undertake to speak with colleagues in the US embassy. In the meantime, I made a number of telephone calls to Hannaford in the United States.

Eventually, on 14 November I received an email from Shane Hannaford in response to my calls telling me that the funds were being transferred imminently. Sadly, that was much like his other promises; the money did not materialise. Fortunately, in the meantime, Mr Greenaway, with the assistance of his family, managed to obtain a sum of money that the hotel accepted as a down payment on the arrears that had been accrued, and it agreed to return his passport.

By 18 November, Mr Greenaway had finally managed to leave the hotel, but he was still unable to leave the country due to the travel ban remaining in place. I continued to lobby my constituent's employer on his behalf for the funds, which were finally transferred by Hannaford on 7 December, enabling Mr Greenaway to return to the UK two days later.

I hope that the Minister will understand from the circumstances I have outlined why I am so concerned about the response that my constituent received. Despite having served his country in the armed forces for a number of years, at times Mr Greenaway felt that he had been left completely isolated. Sadly, I do not see that the matter would have been resolved without my intervention. Simply advising an individual who is subject to an unlawful travel ban and who has had his salary withheld for four months to speak to a lawyer is really not good enough. I hope that the Minister can assure me that the right lessons will be learned.

How can it be right that an individual who has done nothing wrong can be effectively detained in another country, without any judicial process and without access to legal advice? I accept that there are times when diplomatic channels mean that a direct approach may not be the best route, but in this situation there cannot be any justification for the lack of a robust approach. I hope that the Minister will acknowledge that the support my constituent received was just not good enough. I also hope that the debate will serve as a warning to anyone thinking of working in Iraq for Hannaford Construction, which acted outrageously at all stages and had no regard to my constituent's safety or wellbeing at all.

The second situation relates to my constituent Paul McCann, and sadly it is still unresolved. Paul, along with his twin brother Gary, founded the charity Twin Vision, which undertook work in India with disadvantaged children. Tragically, on 30 October 2004, while on the way to a meeting with an American charity in New Delhi to discuss establishing an outreach photography project with the city's impoverished street children, Gary was involved in a hit-and-run incident. After arriving at New Delhi following a lengthy train journey, Gary hailed a rickshaw to take him to his hotel, but at around 6 am a 30-seater bus jumped a red light and

collided with the rickshaw, killing him instantly. The driver did not stop at the scene, but he was later apprehended by a witness and subsequently arrested.

I cannot imagine the hurt and distress that the incident caused Paul and the rest of his family, but sadly, 13 years after that tragic incident, Paul is still on a painful journey to obtain justice for his brother. Despite making very simple requests on repeated occasions, he has not been aided in that journey either by our high commissioner in India or by the Indian high commissioner here in London. Because of the intransigence of the authorities in India, it took him more than a decade just to obtain his brother's death certificate. Sadly, despite multiple requests, he was not aided in that by our consular services. Despite us being almost thirteen years on from the tragic incident, he has still not been able to obtain any details at all about the status of the case against his brother's killer.

Mr McCann initially approached my predecessor, Andrew Miller, before I took up the matter when I was elected to this place just over two years ago. However, despite the best efforts of us both over a number of years, and innumerable letters to both the Indian high commissioner and FCO officials, we have been unable to make significant progress. Mr Miller attended a meeting some years ago with a previous high commissioner, and I have met with another, who has also since moved on. We also both engaged in numerous exchanges with our own officials. However, what should be a simple request for information has still not been met, and none of this has resulted in anything more than promises for follow-up correspondence, which subsequently fail to materialise. To deny Mr McCann any sense of closure all these years on is a tragedy on a tragedy, and one that I am determined to help him address, however long it takes. All this is compounded by what he feels is a failure of our consular services to do anything to assist him.

I will first ask the Minister, as I have asked his predecessors in the past in writing, whether he will instruct his officials to make representations on Mr McCann's behalf to the authorities in India, asking them to provide him with an update as soon as possible. I also ask him to look into this matter personally and assure us that he is satisfied that everything that can be done has been done.

I would also like to put on the record my anger and frustration with the Indian high commission in London, which has either given me undertakings that updates would be provided and then not met them, or ignored my correspondence altogether. I hope that today's debate will be the final spur it needs to provide Mr McCann with meaningful information in the very near future. It may be that it will still not respond, and it may be that a more assertive approach from our consulate would not reap any rewards either, but if it could make a personal approach out in India, then at least my constituent would know that every avenue had been explored.

Brendan O'Hara (Argyll and Bute) (SNP): I commend the great work and the service that the hon. Gentleman is doing on behalf of the Greenaway and McCann families. He will be aware, as will the Minister, of the fate of the six British ex-service personnel languishing in jail in Chennai in India, including my constituent Billy Irving. Will he join me in asking the Minister to put pressure on the Foreign Office and the consular

service in India to give as much support as they can to the families, and to seek a speedy resolution—the release of those innocent men?

Justin Madders: I certainly echo those sentiments. My hon. Friend the Member for City of Chester (Christian Matheson) also has a constituent in that dreadful situation. It looks like it could drag on for many years, which is intolerable for the families. I understand that sometimes these things cannot be best discussed in an open forum—that does not always reap the best results—but we are in a much more open society now. Channels of communication across the world are much easier, and the information needed should be getting to those in this country, so that they can feel that some progress is being made. I understand the frustration and anxiety of the hon. Member for Argyll and Bute (Brendan O'Hara) that things do not seem to be moving as swiftly as we would like.

I know that the Minister is also aware of the very serious cases of British dual nationals Nazanin Zaghari-Ratcliffe and Kamal Foroughi, who are imprisoned against their will in Iran, and that a request has been made of the Government in Iran for Mr Foroughi to be released.

Tulip Siddiq (Hampstead and Kilburn) (Lab): I am grateful to my hon. Friend for mentioning the case of my constituent Nazanin Zaghari-Ratcliffe, who has been imprisoned in Iran for 18 months, separated from her daughter and husband. She is a dual national, as he said. She has been refused consular access countless times. Does my hon. Friend agree that where there is a pattern of a country denying consular assistance, the Government should commit to bringing cases before the International Court of Justice?

Justin Madders: I thank my hon. Friend for her intervention and agree with her suggestion. It seems that only certain countries play by the same rules, and it is frustrating when what we think is the right way to deal with things is not replicated in various locations around the world. I know that she has been an assiduous supporter of her constituent, and I hope that the Minister can give some assurances on that case.

In conclusion, as we have heard from the two cases I mentioned and from other hon. Members today, these situations are complex, difficult to navigate and far from easy to resolve. Some of the situations I have referred to have been stretching on for years. I am sure that every Member of this place wants the assurance and confidence of hearing from the Minister that consular support, the Foreign Office and individual Ministers and Members are doing absolutely everything they can to assist our citizens when they are in these difficult situations abroad.

4.13 pm

The Minister for Africa (Rory Stewart): It is a pleasure to serve under your chairmanship, Mr McCabe.

Consular support is fundamental to British foreign policy. It is probably the very oldest element of British foreign policy. Before we had a Foreign Office, protecting British citizens abroad was in our DNA, and it remains for us a very fundamental responsibility. That is why we have hundreds of consular staff working across the world in very difficult circumstances. That obligation is going into a new world—a world that is changing.

[Rory Stewart]

When our consular in Aleppo set up in 1570, he saw 12 British citizens in a year. Today, 70 million trips are made by British residents in a single year. Nearly 43 million British citizens currently possess passports. This is one of the most travelled countries on earth, and we wish it to remain so. It is an adventurous trading nation. It is a nation where a lot of our citizens are dual nationals, and many are living in other people's countries. There are 100,000 British nationals living in South Africa alone, and more than 600,000 British nationals living in the United States. It is not simply that we have more people travelling than ever before; it is that the world is changing. The world is becoming more dangerous.

There are people in this room who will have contemporaries who would have been able to take a bus from Victoria station to Delhi in the 1970s. They would have been able to drive across Syria, Iraq and Iran. They could have gone across Afghanistan, from Herat to Kabul. They would have been able to travel to the north-west frontier province of Pakistan. None of that is possible today for a British citizen. In fact, nearly 50 countries in the world are in a fragile or conflict-affected state. It has never been so dangerous.

At the same time, our relationship with other people's countries is changing. In the 1850s, Lord Palmerston stood up in this House and established the principle that any British citizen getting in trouble would involve the deployment of a British gunboat. When a British dual national in Athens in the late 1830s was not paid for some damage to his property, an entire squadron of the Royal Navy deployed to Athens to try to deal with it. Today, we have a situation where even the United States of America—a country that is able to deploy 105,000 troops on the ground and spend more than \$100 billion a year—frequently struggles to get even quite small countries to provide the respect to its citizens that it wishes. That is not just a problem for the United States, for Britain or for Europe; it is a problem for every country in the world.

Given the 70 million-odd trips that British citizens make around the world every year, the challenge for our consular staff is dealing with a huge variety of problems. For example, I have been to see the consular activities run out of Marbella, where we have to deal with hundreds of British citizens who end up in Spanish jails, frequently because they have had too good a night out. Consular assistance needs to extend from that to British citizens who are captured by Islamist terrorist groups and end up in a boiler suit in the desert, about to have their heads chopped off, in some of the most difficult and inaccessible countries on earth. In between, they have to deal with the fallout of Hurricane Irma, with earthquakes and with military coups. The cases that have been brought up by hon. and right hon. Members show exactly how difficult it is. Members of Parliament have advocated for these cases very powerfully. They are difficult cases. They show exactly where Britain is having to respond. Let me take them in turn.

The first case raised was that of a British national who, as we heard, travelled to southern Iraq. I served in southern Iraq. It is not a safe place. We advise against travelling there on our websites. British embassy staff basically cannot travel to those areas of southern Iraq; it is too dangerous. He went there with an American

construction company. We absolutely support the commercial drive and adventurous spirit that leads a British citizen from the constituency of the hon. Member for Ellesmere Port and Neston (Justin Madders) to wish to travel to southern Iraq. He found himself in a situation in which his company had not paid the hotel, and the hotel had taken his passport.

The hon. Gentleman then championed his constituent's case very powerfully with our Department, but our consular staff acted. They acted by calling the hotel repeatedly and pushing for the passport to be returned. They acted by calling the US embassy repeatedly, and they acted also by trying to provide support for his constituent to access legal advice. We feel absolutely the frustration of the hon. Gentleman's constituent. If I were stuck in a hotel in southern Basra in a difficult situation, with my passport held, I too would feel extremely frustrated and angry with the company, with the hotel and with my Government.

We are very fortunate that the situation was resolved. I would like to pay tribute to the hon. Gentleman for all his pressure and the telephone calls he made. I have no doubt that one of the reasons it was resolved was his very active work, but I also pay tribute to the consular staff in the embassy, because I believe that their telephone calls and the pressure they brought also contributed to it being resolved.

The second case raised is an even more difficult one, because it brings us into the Indian legal system. In this particular case, Gary McCann was in a rickshaw when it was struck by a bus in 2004. The consular staff at that moment—we are now going back 13 years through Government records, and it was not this Government but a previous Government who were then responding—identified a lawyer, tried to advise Paul McCann—Gary McCann's brother—to contact that lawyer when he visited, and were able to identify a witness who had seen the rickshaw struck and introduce him to the witness. Mr McCann understandably feels real frustration and fury at the slowness of extracting promises from the Indian High Commission, getting hold of a death certificate, getting the prosecution done and making sure the lawyer from the Supreme Court brings the case fully forward.

The British Government must balance what we feel we ought to do with what we can do. The balancing act is difficult. We must respect the fact that India is not a British colony, but an independent, proud state with a rapidly growing economy and its own legal system. It does not want to be told what to do by a former colonial power and we must balance that with our belief in the rights and justice that are due to our citizens and the sort of support we can provide for them to work within that legal system.

That brings me to the Chennai Six. Six British nationals were on a ship that had arms on it—the intention was to provide support for actions against piracy in the horn of Africa—docked in an Indian port. The Indian Government, particularly the Q branch, argued and successfully won a prosecution in court that bringing arms into India in that way was illegal and the men were detained. At the very most, these men were guilty of being on a ship that docked in Indian waters. They have been cleared once. The case was then brought a second time and they were prosecuted a second time. They have appealed and it has taken nine months for that appeal to be heard. Meanwhile, they have spent nearly four years of their

lives in jail. Some of them are very young. I went to see John Armstrong in Chennai and I met the deputy Chief Minister's family, consular staff and all the men. These men are in a really tough and unfamiliar situation. An Indian jail is a challenging place to be.

Brendan O'Hara: I know how personally the Minister has been involved in this case, but does he think the Foreign Office and the consular staff in Chennai have done absolutely everything they possibly can to help the men currently in jail?

Rory Stewart: The honest answer is that we can always do more for British citizens, but the consular staff have done a great deal and they have done a great deal recently. They have provided a lot of support for families to have access to the jail and in respect of conditions in the jail. The High Commissioner has visited, the previous Minister has visited and the consular staff are putting an enormous amount of time and energy into the case. I have met the lawyers representing the men and, without being a lawyer, I have tried to give as much advice and support as I can to the families and men to make sure they get the right legal advice.

The problem is fundamentally within the Indian legal system and I believe the Government and Members of Parliament have an obligation to be honest with people about their expectations. One of the most tragic things that can happen in such situations is to raise expectations and to pretend that the Indian legal system will move faster. I believe that again and again the men have been promised a swift resolution, but it has not come and I am not sure that that has been the most honest or kind thing we can do.

I am very aware of the number of meetings that have been held. Our own Prime Minister raised the matter again with Prime Minister Modi at their latest meeting and it was raised by the Chancellor of the Exchequer when he was Minister for the Middle East and by the current Foreign Secretary, but the fundamental problem remains with the Indian legal system and we must keep pressing.

Unfortunately, the case is similar to that of Nazanin Zaghari-Ratcliffe, who is an Iranian-British dual national who unfortunately has been detained, like many American-Iranian dual nationals and many other dual nationals in Iran, by the Iranian Government on very unclear grounds, and consular access has been refused. My right hon. Friend the Minister for the Middle East has just paid a visit to Iran and raised the case directly with the Iranian Government.

Again, we are facing a struggle with how we exercise British power and influence in these very different contexts. We have heard about southern Iraq, Iran and India, but in fact our consular work takes place in nearly 200 consulates around the world, every one of them with different, specific local conditions.

I will end by being constructive. What must we do to improve the situation? How can we do better for British citizens going forward? How do we face this new world where 70 million people are travelling? How do we face a new world with these dangers? I have three ideas.

First, we need to focus much more on how we assess vulnerability. We will never be able to deal with every one of the 70 million trips that British nationals make worldwide, even with 700 consular staff, so we need to get much better at mixing compassion, intelligence and some difficult prioritisation to make sure the people in the toughest situations receive support. That means understanding the context, their family and financial situation and, above all, what we can actually do to help.

Secondly, we must try to work with British citizens to make sure they take responsibility and precautions, such as getting adequate travel insurance, following British embassy advice and not engaging in activities that are inherently risky. That means not just personal responsibility, but industry responsibility. How do we make sure travel agencies, employers and others fulfil their obligations to citizens?

The hon. Member for Ellesmere Port and Neston asked about a company's obligation. Again, with the Chennai Six, what on earth is the obligation of the company that employed these men? It has stopped paying their salaries, has not paid their legal fees and has made no attempt whatever to represent its employees. It has left six British citizens—as well as 10 Estonians and a dozen Indians—in jail because it has not represented them.

Finally, we must be clear about prevention. What can we do in advance to stop these situations happening? If there are problems with the prison systems of other countries, how can we work in advance with those countries to begin improving their prison systems? If there are problems with the legal systems of other countries, can we do things now to start working respectfully, diligently, persistently and courageously to drive change in those legal systems so that British citizens are not caught up in these problems in future?

The issue is important because we want British citizens to travel and to keep travelling as they never did before. We want to acknowledge the fact that the 70 million trips we make abroad are just the beginning. We want British citizens to be educated abroad, to trade abroad and to enjoy themselves abroad. The entire existence of my Department is predicated fundamentally on trying to enable that spirit of adventurous trading in an outward-facing nation whose citizens feel confident that wherever they go the strong arm and watchful eye of Great Britain is with them with realism, pragmatism and humility. The connection between the citizen and the state in some of the most difficult and dangerous situations on earth is one of the most challenging foreign policy challenges of our era.

That is why I pay tribute to Parliament and the way it has today—and for nearly 200 years—championed the interests of British citizens abroad. I also pay tribute to the Foreign and Commonwealth Office and our consular staff who, for all the frustrations and bewilderment of so many constituents who feel let down, isolated and afraid abroad, continue in difficult circumstances to provide what support they can.

Question put and agreed to.

HS2: Phase 2b Route (Manchester and Leeds)

4.29 pm

Antoinette Sandbach (Eddisbury) (Con): I beg to move,

That this House has considered the route of Phase 2b of HS2 to Manchester and Leeds.

It is a pleasure to serve under your chairmanship, Mr McCabe. I am pleased to have secured this debate on a matter of immense importance to me and my constituents. If phase 2b is to go ahead, it is vital that it be done properly. At such a high cost to the taxpayer—£55.7 billion—and with budgets having risen significantly since High Speed 2 was first announced, the route must be designed so as to avoid unnecessary cost to the taxpayer and with minimum disruption to the communities that it affects.

The proposed route of HS2 through my constituency of Eddisbury will not only cause significant environmental damage and noise disruption to many areas, but come at a particularly high cost to the taxpayer because of the unique geotechnical challenges of routing HS2 through an area of current and historical salt mining and across land with a long history of significant subsidence risk. HS2's route through Eddisbury must be looked at again, and the serious and valid concerns raised by independent experts, academics and local people need to be taken into account to find a route that works better both for the local communities and for the taxpayer.

In addition, HS2 must improve the quality of engagement with communities, who feel that their voices are not being heard. That is a long-standing complaint and has been raised by my right hon. Friend the Member for Chesham and Amersham (Mrs Gillan). It is disappointing that those problems are still arising.

Moving on to the detail of the route, I wish to place on record my serious concerns and those of my constituents about the relocation of the western leg rolling stock depot from an industrial site—a former colliery—in Golborne, outside my constituency, to a greenfield site in Wimboldsley, in my constituency. The decision to site the depot in that quiet, rural area has caused a great deal of anxiety to local residents. The impacts on Wimboldsley appear to be greater than those at the Golborne site. I will add that the relocation was sprung on me and my constituents with no warning. That is no way to gain public trust and support for the project.

Sir William Cash (Stone) (Con): I very much endorse the thrust of what my hon. Friend is saying. I, too, am very much opposed to HS2 in principle and will be voting against it. On the specific points that she is raising, there are important questions about consultation; she is right about that. My constituents have similar problems, and we shall be fighting this all the way down the line, with petitions and so on.

Antoinette Sandbach: I am very grateful for that point, which my hon. Friend makes well. Having long been involved in the process, he knows exactly how frustrating it is to deal with HS2 and the lack of engagement that is apparent in many of the meetings that are held.

At a proposed length of 4 km, the depot in Wimboldsley will be a significant visual and environmental blight on that tranquil rural area. It will be in close proximity to Wimboldsley wood and cause significant disruption to prime dairy farming land. It will impact on six grade II listed buildings, as opposed to one at the Golborne site; requires five demolitions, compared with one at the Golborne site; and an obtrusive and unsightly tunnel-type structure is proposed to cross the Shropshire Union canal. That is at a spot popular for its tranquillity that is well used by locals and tourists alike.

Craig Tracey (North Warwickshire) (Con): I congratulate my hon. Friend on securing the debate. I am all too familiar with this issue, having the constituency that is arguably the most affected by HS2. Does she agree that HS2 should give more consideration to bored tunnels? They have been requested by constituents in the Kingsbury and Polesworth action groups in my constituency and would help to minimise the impact on residents and the environment, but also on the road infrastructure, which will be severely affected.

Antoinette Sandbach: I completely agree. HS2 ought to look at tunnelling much more. We know that one impact may be 375,000 lorry vehicle movements. That will cause chaos on the rural roads around Eddisbury and will significantly disrupt some of the arterial routes through Cheshire, impacting on local businesses and local towns, so I agree that much greater consideration of tunnelling is needed.

There are impacts on my constituents, particularly at Wimboldsley Primary School, which is directly next to the proposed 4-km rolling stock depot site. The HS2 sift document, which informed the decision to move the depot from Golborne to Wimboldsley, made no mention of the primary school at all, raising serious questions about the scale of the analysis underpinning the decision. I am speaking for the parents, teachers and children who will have to suffer the consequences of the construction of that large piece of infrastructure and all the associated environmental and noise impacts if my hon. Friend the Minister does not intervene.

Amanda Milling (Cannock Chase) (Con): I congratulate my hon. Friend on securing the debate. She talks about the construction phase. It has come to light that the construction phase may slow the redevelopment of the Rugeley B power station site—a key development site for new homes and new businesses that will create new jobs in my constituency. Does she agree that we are looking at many different implications from the construction?

Antoinette Sandbach: One key aspect of the business case for HS2 involved consideration of the economic benefits that it could bring. I question whether the economic blight associated with it has been appropriately considered. It appears very often that, in effect, a line has been drawn on a map and only afterwards have the problems caused by that line been adequately identified. My hon. Friend gives a very good example of how the construction impacts are not being adequately thought about at this stage.

For the reasons that I have set out, I urge HS2 and the Minister to act early in relation to Wimboldsley, where there are clearly significant issues, and to move

the rolling stock depot to a more suitable site, either its original proposed site at Golborne or a new location, such as Basford sidings, south of Crewe.

I also wish to raise the decision last year to realign the route through Eddisbury 800 metres to the west, and the concerns that have been raised about taking it through an area with a greater amount of wet rockhead—unstable ground liable to subsidence as a result of salt. HS2's decision to move the route came about because the original 2013 proposed route went through the area where the UK's strategic gas reserves are stored. It was of course practical to move the route away from the gas reserves, but moving it 800 metres to the west has caused other problems, because it still goes through an area with geotechnical challenges that are not easy to engineer around and where there will be a significant cost to the communities and the taxpayer.

TerraConsult Ltd produced an independent geotechnical report on the proposed change of route and concluded that there would be an increase of 11% in the route length over wet rockhead. HS2's lead ground engineer has called the ground conditions in the Cheshire salt area "spicy", referring to the engineering challenges of building a high-speed railway line in that area, and HS2's own consultant, Wardell Armstrong, recognises the risks of building HS2 through Eddisbury in its report on salt-related ground instability.

The Government must recognise the risks in the area and move the route away entirely. Alarmingly, before making route choice proposals, HS2 had not done any detailed ground surveys for use as a baseline to track ground movement. As far as I am aware, those surveys have still not been carried out.

The engineering challenges require significantly increased height and length of the embankments and viaducts—up to 26 metres. There will be two additional crossings of the Trent and Mersey canal, one at the location of previous subsidence at Billinge. That comes at an estimated additional cost to the taxpayer of £750 million and significantly increases the noise and visual damage for communities.

The route alternatives set out in the TerraConsult report should be looked at and given serious consideration. The decision document issued in July, following the recent consultation, does not contain any reference to the TerraConsult report or the points made in it. Was it considered in detail before a decision on the route in Eddisbury was made? If it was, why has HS2 to date failed to disclose the AECOM report, to which the Minister has referred in correspondence, despite numerous requests to do so?

In raising such serious issues, I consider the impact on Eddisbury and my constituents first and foremost, which brings me on to community engagement and the levels of communication and transparency. Progress has been made with the appointment of a new director of community engagement last December, and the publication of a residents' charter, but information on the route has been difficult to obtain and public meetings have often left local residents unsatisfied.

When my office has requested information from HS2, there has often been a lengthy delay in responding. Previously, I have had to resort to freedom of information requests. When information is provided, it often lacks the necessary detail and does not fully answer the request.

For a significant government project with huge ramifications for the public, all that must improve so that genuine local concerns can be fed into the process adequately.

Ms Esther McVey (Tatton) (Con): I congratulate my hon. Friend and neighbour on securing this important debate. I endorse all the points that she is making, in particular those about safety, security, suitability and cost. My constituency, too, is full of brine fields and wells where salt has dissolved and been pumped out, which creates craters underground. Ros Todhunter, a geologist who lives in Lostock Green in my constituency, has also discussed land movement. Railway engineers talk about permitted movement of 5 mm, but we could be looking at 0.5 metres. As my hon. Friend has said, there should be discussions with people who know the land well—their families have farmed this land for hundreds of years and they know about problems under the earth that, I am afraid, the Government have so far not looked into.

Antoinette Sandbach: I am grateful for my right hon. Friend's intervention, because I have met Ros Todhunter and am aware that Ministers and HS2 have had high-level technical reports from her explaining some of the real difficulties in my right hon. Friend's constituency and mine. A deep worry is that HS2 does not seem to be disclosing the appropriate level of technical reports to experts who are meant to be giving expert opinion highlighting proper concerns which are right to express at this stage in advance of a serious engineering project. One such expert is one of the most eminent professors in the field of salt subsidence, who wrote to the Secretary of State more than 18 months ago to emphasise that ground-level surveys ought to be started now, so that HS2 can identify subsidence and problem areas.

I say to the Minister that it would be extremely beneficial for MPs across the House who are affected by HS2 to be regularly updated by the engineering team on the detailed design of the route, to ensure that there is an appropriate level of scrutiny and to allow valuable input in the process. Reports regarding route decisions and sift documents ought to be shared with Members as a matter of course, not kept from us. There simply has to be better engagement, and with an acute awareness and understanding of local issues.

Many constituents have raised legitimate concerns about the compensation schemes for properties that lose value due to their close proximity to the route. Those schemes are failing to recognise the true extent of the blight caused by HS2, and more needs to be done for residents. A number of tenants have particular problems and, as it stands, do not stand to be compensated at all—particularly tenants with agricultural holding tenancies and a tenant in a property owned by a charitable trust, who has a secure tenancy and may not be able to secure another similar to the one that he has now.

There appears to be an increasing trend in phase 2b of need-to-sell applications being turned down. The latest figures show that, out of 139 applications received, just 25 have been accepted, with 49 rejected and 52 pending. Those living beyond 120 metres from the line have no alternative but to rely on the restrictive need-to-sell scheme. I am seeing an increasing number of cases in which constituents are unable to sell their homes due to HS2 but are not fulfilling the highly subjective and restrictive compelling-reason-to-sell criteria. They are

[Antoinette Sandbach]

then trapped and unable to move, which is extremely unfair. That really needs to be looked at again, with further consideration given to a want-to-sell scheme for those who are blighted and cannot sell. More also needs to be done for tenants who are affected.

On a more general note, I raise the issue of the destruction of woodland in phase 2b. The Woodland Trust estimates that phase 2b alone will destroy or damage at least 18 ancient woods. HS2 must be seen in the context of being a project for the future, but the current mapping along the whole route sees 98 irreplaceable ancient woodlands affected. I urge the Department for Transport to do all it can to diminish the impact on rural areas and to promote a green agenda.

I urge the Minister to reconsider the route of phase 2b through Eddisbury. It would be much more sensible to craft constructive solutions to the issues I have outlined. The new proposed location for the western leg rolling stock depot is extremely unsuitable and will cause long-lasting damage to the local area. The 2016 route realignment through Cheshire raises serious environmental, noise and safety risks and cost implications, as highlighted in an independent geotechnical engineering report, and should be looked at again.

Finally, I hope that if we shine a spotlight on examples of poor engagement and a lack of transparency thus far by HS2, the Department for Transport will look at ways of improving collaboration with communities and local MPs who know and understand their areas. Then, not only will local aspects be fully taken into account, but public trust in the project will improve.

4.48 pm

Sir Kevin Barron (Rother Valley) (Lab): I congratulate the hon. Member for Eddisbury (Antoinette Sandbach) on securing a debate once again on this matter. Some Members will have heard in meetings that we have had with HS2 directly in this House that my constituency was to have been affected by HS2, which was going to go to Sheffield Meadowhall. Last year, the consultation on Sheffield Meadowhall ended, and for some strange reason, HS2 decided to consult on another route; how much this has cost the public purse, I have no idea whatsoever. The reason given as to why HS2 did not want the Sheffield Meadowhall station in South Yorkshire was that there had been objections from Sheffield City Council and local business organisations. Indeed, they had spent thousands of pounds of public money lobbying the Government for a second railway into the centre of Sheffield. They did not want to travel 10 minutes to Sheffield Meadowhall.

HS2 Ltd has now said that it will put HS2 into Sheffield Midland station; the line lands there and goes no further. At a consultation meeting on 12 July this year, Sir David Higgins said that the electrification of the line from Sheffield to Leeds, which would see a continuation of the HS2 route, was an aspiration. We were slightly disappointed, to say the least.

Last year, when I first questioned HS2 at the consultation meetings here in Parliament, Sir David Higgins said the development would not go ahead at Sheffield Meadowhall because there was a lack of consensus, so I asked him politely, "If there is no consensus on the new line on the eastern M18 route, which goes through my constituency,

will that not go ahead?". He would not answer me. I said to him, in Committee Room 20 or 21, "You don't want to answer that question, do you?", and he just shook his head and nodded up and down. Of course he did not want to answer that question. There has been very little consensus throughout the HS2 process.

The consultation on the M18 route ended earlier this year. There were 271 people who argued for the route, and 4,157 people who voted not to stop HS2, but to put the HS2 station back in Meadowhall, so that South Yorkshire would get the benefit of an HS2 station to help regenerate the local economy; that was what HS2, which I voted for in the House quite some time ago, was about. It is quite clear that the consensus arguments are not being accepted. We would not have a motorway or a railway anywhere in the UK if we first wanted consensus.

I believe that the decision is being based on data that, to put it kindly, are wobbly at best. I have raised the issue of the properties affected numerous times, both with Ministers and with HS2, and I have still not received an adequate answer. Chris Matthewman and Simon Cross from the local HS2 campaign groups have provided the Minister and HS2 with true property impacts, which were referred to on 29 August in a *Yorkshire Post* article that starts:

"HS2 is facing paying compensation to people and businesses in almost 1,300 properties along its revised route through South Yorkshire".

It continues:

"the 'M18 route' after current official estimates said just 51 properties on the route were due to be affected".

My understanding is that it is not denied that these 1,300 properties are likely to be affected.

The fact that roads have been split in half between those who can claim compensation and those who cannot is already causing huge anxiety in my constituency. The reroute will go through three villages in my constituency: Wales, at the southern end of my constituency; Aston; and Bramley, where it goes through an estate that I live on, which was built about 20 years ago and is right next to the M18, which is a crucial part in all this. As I say, this issue is causing huge anxiety. This is a prime example of the poor community engagement that still exists, despite pleas from many Members across the House not to leave residents to worry for many, many months.

I have received an email dated 4 September from a constituent—I will not use his name because I have not spoken to him, but I will send him a copy of *Hansard*. I will not read it all out, but it says:

"We live on Sherbourne Avenue on the Broadlands estate and have done so happily for over 10 years. We have 3 young kids aged 12, 6 and 4 and it was mainly for the wellbeing of the kids that we decided to make the difficult decision to sell to HS2 under their scheme. We are only 40 metres from the proposed track and are well within their safeguarded zone... We started the process in late January and are now at serious risk of losing the new build house that we hoped to move into (in August) due to the baffling incompetence of HS2... We have had more bad news from our solicitors this morning saying that it could be another 20 days minimum before anything significant happens!"

That is just not acceptable. The people at HS2 have known about this reroute since July last year. This person has three young children; given their ages, I would be worried about their education and where the family ought to be living in years to come. I am not

saying that the children will be at school in 20 years' time. This is a disgraceful way to treat people when we have known about this situation all along.

At the 12 July consultation meeting with the HS2 chairman, Sir David Higgins, in Committee Room 20 or 21, we had a battle over issues of property impact—that is a nice way of saying it—and an HS2 senior manager named Leonie Dubois said, “The number of properties affected does not form part of the route decision-making process.” I have had reams of emails and letters from the Department for Transport and from HS2, and now HS2 says that the number of properties does not affect the route.

The Minister is new in his job, so I am not blaming him, but the Department for Transport, which obviously gets advice from HS2 from time to time, wrote to me in a letter of 23 July:

“Using this approach, HS2 Ltd’s advice is that the M18/Eastern route would require 35 residential and 16 commercial demolitions, including 16 residential properties at the Shimmer estate.”

I have written to the Minister about that, and I thank him for the letter I received, although I do not understand how somebody in a new property in Mexborough can be offered £30,000, while my constituents who have been living in their houses for 20 years are offered nothing. I still cannot work that one out, but let us leave that aside for the moment. The letter continues:

“The refined Meadowhall route would require 80 residential and 47 commercial demolitions.”

I will not bother the Minister with more at this stage. However, I am still waiting for the meeting that I should have had in April with the group and with Ministers, which was called off because of the general election. I hope the Minister will agree to have that meeting, so that he can come and listen to what people are saying about what is happening in South Yorkshire. How can the fact that 600 properties in one village will be affected by HS2 not play a role in the location of the track?

I have been very positive in this House about HS2, but I have to say that I am now a little tempted to change my mind. Last year I was at the Broadlands estate in Bramley with three HS2 engineers. We stood next to the M18 and they tried to convince me that HS2 could get within 30 metres of the motorway and the houses. HS2 has implications for hundreds of houses on that estate. Like my constituent, I would just get out now.

Antoinette Sandbach: It seems that route decisions in Cheshire were made on the basis of the number of properties affected; I think that was recorded in official documents from HS2. The problem is that one thing is being said in one location and another thing is being said in another. The only thing we have in common is that our residents are not being treated in the timely manner that they deserve. There has been a massive impact on their lives, as the right hon. Gentleman has outlined.

Sir Kevin Barron: I completely agree.

According to the article in *The Yorkshire Post*, HS2 told journalists that the figure of 51 properties affected on the whole route—it will actually affect hundreds of houses in my constituency—was a reflection of a “very early design stage”. I know that the Minister has inherited this, but as a taxpayer I have to tell him that it is not acceptable to use tens of thousands of pounds of public

money to pay compensation to those in houses on the Meadowhall route while people are using excuses of non-consensus. I hope that at some stage we will look again at what is happening in South Yorkshire, because it is doing damage. It is not in the interests of my constituents, South Yorkshire or the public purse.

4.59 pm

Maggie Throup (Erewash) (Con): I congratulate my hon. Friend the Member for Eddisbury (Antoinette Sandbach) on securing this important debate. We have already heard some of the complexities of the issue.

Like the right hon. Member for Rother Valley (Sir Kevin Barron), I have been supportive of HS2 in principle; but the more things go on, the more we start to wonder whether it is worth all the stress and uncertainty for our constituents. I hope that we can get things sorted out, because it is important. The major infrastructure project will be good for our economy, for connectivity and, above all, for people who are living and working in the midlands and the north. My main priority, however, remains securing the best possible deal from HS2 Ltd for those residents in my constituency who will be directly affected by the line of route. The line of route goes half way through the town of Long Eaton and will be on a 17-metre viaduct, so we can imagine what impact that will have.

On a practical level, because of the unique nature of the property market in Erewash, it is almost impossible for people whose homes have been acquired by HS2 Ltd for phase 2b to purchase a like-for-like property just two streets away. Houses just two streets away are too expensive for them, even with the plus 10% compensation. Many of the residents have lived in their homes for many years. They are elderly and cannot get another mortgage. Indeed, why should they get another mortgage? There is also a real lack of industrial land available to be developed for the businesses that are having to relocate. I fear that they will either move out of the area completely or end up closing, and that is the last thing that we want.

When the Secretary of State confirmed the final phase 2b route to the House just before the summer recess, he agreed with me that no one should lose out as a result of HS2. With that in mind, would the Minister consider scrapping the one-size-fits-all approach to property compensation and replacing it with a bespoke scheme that reflects the individual circumstances in each affected area? As we have already heard, it has already been done in Mexborough, so why not in Long Eaton and Rother Valley? I am sure that if we really want this project to happen, it is not beyond the realms of possibility to make sure that nobody loses out as a result of it, as the Secretary of State agreed.

Briefly, turning to the administration of the compensation scheme, I have found HS2 Ltd to be woefully inadequate. The way in which HS2 Ltd continues to treat residents and play with their lives cannot be allowed to carry on. I have witnessed the stress on the residents’ faces. That stress cannot be described. I know that my residents are awake throughout the night, night after night. They see that their neighbours are the same, because the lights are on in the kitchens. They are all making cups of tea, really concerned about what is going to happen to their futures, and end up ringing each other because they

[Maggie Throup]

know that they are all awake. That is wrong. We live in the 21st century and cannot get right a major infrastructure project so that it really looks after our residents.

It is not just the fact that the residents have to move; it is the fact that they are not being offered compensation that allows them to move without an impact on their financial security. All that people have are the houses that they live in. When the properties are being valued at vastly different amounts by the chartered surveyors for HS2 Ltd and the renowned chartered surveyors that are being put forward to my residents, something has to be wrong. That starts suspicion and makes people think that HS2 Ltd wants to buy the properties on the cheap. There is a lack of information and lack of transparency.

I know a row of really old Victorian railway cottages. HS2 Ltd will not talk to the people at one property about compensation until it has settled with those at another property. Why is that? Why can they not get on? These properties will be demolished; they are in the safeguarded zone. Why not realise that if the project is going to move forward at a reasonable pace, those people should be paid what the properties are worth?

Just a few weeks ago one couple were going through the exceptional hardship scheme and the property was valued at £185,000. They have now been offered £150,000 for the same property by HS2 Ltd. It is the same company. Something has to be wrong, and it really needs to be addressed. The compensation is based on pre-blight valuation. For another property, a lady has been offered less than she paid for it 11 years ago, and yet we know property prices have gone up since then. Something must be done because people are losing confidence in HS2. People welcome what may come in future, but if we cannot get it right now people will lose confidence very quickly.

I hope the Minister will look at the requests for compensation. He has written to me recently and things have improved, but at a slow pace, one by one, and people cannot wait. They know they have to move out of their homes and find somewhere else. They cannot put their lives on hold any longer. We have some elderly people in Long Eaton and they want to start afresh now, not by the time everything has gone through the petition stages. They want to be able to move on. They are being forced out of their homes, so why should they lose out? I request that the Minister gets a grip of HS2 Ltd and does the right thing by my and other Members' constituents.

5.5 pm

Jo Platt (Leigh) (Lab/Co-op): I thank the hon. Member for Eddisbury (Antoinette Sandbach) for securing the debate today.

There is no doubt that HS2 has the potential to deliver some benefits to the economy, but the people in my constituency are less than convinced. Many constituents are already feeling short-changed by the unsympathetic and bureaucratic process of applying for compensation, and they agree with my right hon. Friend the Member for Rother Valley (Sir Kevin Barron) and the hon. Member for Erewash (Maggie Throup) that the Minister should look again at the compensation scheme. Many are rightly asking how Leigh will benefit from the scheme and how the impact to the environment is to be minimised.

Another concern is connectivity. How is it right that it will take longer on public transport to get from Mosley Common in my constituency to Wigan—they are both in the same borough—than it will to get from Wigan to Birmingham? I recently wrote to the Secretary of State highlighting these concerns and how investment in infrastructure in our towns is essential. His response was to admit that there is no plan for the future: no plan to realise the potential that HS2 can have in smaller towns.

Places such as Leigh have been consistently overlooked. While the scheme is blinkered into seeing the benefits to major cities, people fail to see the huge benefits that could be gained by investing in greater connectivity to the wider network and places such as Leigh. We need to kick-start local economies. We need to invest in our towns and make full use of HS2. We need to ensure that places such as Leigh are connected to HS2, and that Leigh is not somewhere it simply runs through.

The Government risk disenfranchising large parts of the north from any potential benefits from this large-scale national project. With most large infrastructure projects going to London and the south-east, there is little confidence in the north that the Government are serious about delivering an economy that works for everyone.

5.7 pm

Lee Rowley (North East Derbyshire) (Con): Thank you for the opportunity to contribute to this debate, Mr McCabe. I congratulate my hon. Friend the Member for Eddisbury (Antoinette Sandbach) on securing this debate, which is an important step in making sure residents and people across the country have confidence in this controversial and difficult project, but one that has the opportunity and potential to make some difference to our country if it is done in the right way. In the same way that HS2 is controversial in this House, HS2 is controversial in my constituency of North East Derbyshire as well. I genuinely welcomed the Secretary of State's statement on 17 July, which helped to clarify matters in my constituency. The route has moved slightly further to the east, although that causes problems for the right hon. Member for Rother Valley (Sir Kevin Barron) in the constituency adjacent to mine.

I have three quick points on the change to the route. I hope the Minister will be willing to consider each of those. First, now that we are clearer about the route, following the statement on 17 July, my constituents' thoughts and conversations over the summer have turned to what that actually means on a practical level. I recognise that, for all large infrastructure projects, a long period of design and development needs to take place so we understand what the implications are for the roads, the railway network, and the traffic and transport that is required to construct them. It would be very helpful if constituencies such as mine could obtain an understanding of the likely implications when the construction works begin. Which roads will be affected and how much is likely to come down them? That will enable people to start preparing and having discussions at this early stage. I fear that if we have yet more consultation meetings in North East Derbyshire and across the country in which such basic, practical questions cannot be answered, or are deferred for a couple of years, it will add to the weight of cynicism that is already in place in constituencies such as mine.

The second issue relates to where HS2 will link to existing track. In my constituency, given the changes that the right hon. Member for Rother Valley talked about—it will move into Sheffield directly—it is proposed that existing elements of the legacy track will be used. There will need to be significant changes to the legacy track, including electrification, one assumes. It would be useful to get more detail at the earliest possible stage, because residents who think that the track has moved elsewhere and are no longer quite as affected by it as they were still need to understand the great implications of the changes and upgrades to the lines on the existing network, and the implications for the midlands main line and the franchise that runs on the existing network.

Finally, villages in my constituency, including Killamarsh, Renishaw and Spinkhill, have previously faced the real challenge that many colleagues have talked about today. They were on the previously reserved route and have suffered the blight that has been described. Happily, most of the blight has been removed, at least for the villages in my constituency, because the route has moved elsewhere, but they have suffered for a number of years. We have had four and a half years of missed opportunities, economic consequences and decisions foregone. For example, for four and a half years the Chesterfield Canal Trust has not been able to make decisions about the restoration of a very important asset in north Derbyshire. I recognise that money is tight, and I promise the Government that, as a Back-Bench Conservative Member of Parliament, I will not make a habit of coming to ask for money, but I wonder whether consideration can be given to compensation schemes for those who were affected by the blight for several years. They may be no longer affected but their lives have been changed none the less. I hope the Minister will be willing to consider those issues.

5.12 pm

Rachael Maskell (York Central) (Lab/Co-op): I thank the hon. Member for Eddisbury (Antoinette Sandbach) for bringing this debate forward. It is so important that there is proper scrutiny in this House of the plans. After all, a Bill will not be laid before Parliament until 2019, so we have a window of opportunity to scrutinise every inch of track to make sure that the right decision is being made.

The clearest comment I have heard in this debate is that the Government have got to get a grip of what is happening. After all, it is the responsibility not of HS2 Ltd but of the Government to make sure that our infrastructure is right. That is why Labour wants to see the development of the UK's infrastructure. We supported high-speed rail for that reason: to improve capacity and connectivity, and to boost the economies of cities, particularly in the midlands and the north.

We cannot have a siloed approach to HS2. It has to be embedded within a wider integrated transport strategy. Economic development across our towns and cities, which feel so ignored, has to be at the heart of everything. Therefore, while HS2 will provide a main artery, we cannot ignore that objective, which sometimes gets missed. The focus is often on the engineering expertise and the excitement around that, but that misses the point of what high-speed rail is all about. It is about moving goods and people to help the economy grow.

There is real disappointment among Labour Members at the Government's strategy of late around rail, full stop. They are turning off the power in the north and we are not going to see the investment in HS3 that we were promised to make sure that there was east-west connectivity. Part of the original plans for high-speed rail was an inverted-A route, with high speed across the Pennines. There is a serious piece of the jigsaw missing. It was a deliberate ploy by the Government to make the announcement when even Network Rail had not made the decision. The Government jumped the gun, to cut off the north. Those kind of blatant decisions are really hurting people in my constituency and across the north.

We must recognise the need for investment in rail. We need to decongest the current networks and ensure better connectivity as we move forward, but not at any cost. That is what is so important. Points have been made powerfully today about ensuring that the details are right, understanding the engineering complexities and the environmental concerns that need to be at the forefront of the project, and making sure that people are at the heart of decision making.

Yes, we do want to see the economic benefit. I ask the Minister to ensure that clear economic benefit is mapped out from this development. If we get things in the wrong order and do not put the economic investment into cities in the north, I am concerned that their economies will be sucked down to the south-east and we will not realise the potential. I fear that that could happen to my city; we would just be another commuter zone. It is really important that we understand how the plans relate to the economy and economic investment, and that we get the sequencing absolutely right, to ensure that we see the benefit of high-speed rail. I take on board the point made by my hon. Friend the Member for Leigh (Jo Platt) that HS2 cannot stop at every town along the route, but if it is well-connected—we do not even have a draft national timetable yet—it will serve those purposes.

Just south-west of my constituency, the little village of Church Fenton is now being described as a massive interchange. The origins of HS2 were very much about making sure that there was connectivity between the major conurbations of the north and the midlands. Although Church Fenton may have that elevated status, we have to look at the impact that that will have on a small village in North Yorkshire. Obviously, it does not want to just be turned into a car park. Those considerations are incredibly important.

There has been much discussion about Sheffield and that discussion must continue. I have real concerns about taking the line into the heart of Sheffield, because not having the electrification and connectivity going north makes a nonsense of HS2. We are not achieving the original aim of joining up the major conurbations, and therefore HS2 does not meet its objectives. Given the cost of the investment, if it does not even do that and is not even able to make those connections across a county, it is right that we ask serious questions of the Government. We must look again at the proposals and make sure that we get this absolutely right.

Where we place stations and routes will be crucial in how our economy grows in the future. I want to hear much more from the Minister about the connectivity issues. I also want to hear about why lines cannot be moved. As we have heard, 800 metres in one direction

[*Rachael Maskell*]

could make a huge difference to an area of environmental protection and present an engineering challenge. If we can move lines to reduce the risk to our environment and beyond—it sounds like that would reduce cost as well—the Minister has an absolute responsibility to do that.

I recognise that progress has been made on parts of the line through the consultation with HS2. We need to keep bringing HS2 back to the table time and again over the next 18 months to make sure that we make clear progress on the outstanding issues. Clearly we want to ensure that when we are making such a serious investment in the future of our country, at a time when perhaps we are most challenged as to where our economy sits in the wider sphere, there is a response on those issues.

I ask the Minister to site this issue within the rest of our investment in the rail network. The east coast main line is in urgent need of repair and upgrade, with the overhead lines needing power to run high-speed. We know that it will cost about £900 million for the southern route, but the northern route also needs a proper upgrade to take on the HS2 line heading north of Church Fenton, York and beyond. I want to know the timing of those upgrades. When will they happen? I also want to ensure that we bring real connectivity across the network, to make sure that it works.

Finally, I want to hear what the Government are doing about the cost of the project, which is, again, a matter of major concern to our constituents. It is a massive investment, particularly at a time when there are people in our constituencies who are hungry and starving. Billions of pounds are being spent on a rail service that perhaps will not connect to them. I want to hear how the Minister is keeping a lid on the costs and ensuring that the investment brings benefit to constituencies across the north and the midlands.

5.20 pm

The Parliamentary Under-Secretary of State for Transport (Paul Maynard): It is a pleasure to serve under your chairmanship, Mr McCabe. I shall do my best to cram as much as I can into the remaining 10 minutes. The hour-long debates in this place are neither fish nor fowl, I have rapidly learned.

I thank my hon. Friend the Member for Eddisbury (Antoinette Sandbach) for doughtily providing her usual list of issues for me to consider. She is a firm champion of the people of Eddisbury, and I shall try to focus on her main concerns, but I want briefly to address some of the points made by the hon. Member for York Central (Rachael Maskell) from the Labour Front Bench. I agreed with much of what she said about economic investment and the need to ensure that things all join up. However, I must gently chide her on one key point: we have not stopped work on east-west links across the north. I met only the other week with both Network Rail and Transport for the North to talk about how they are bringing forward Northern Powerhouse Rail. I have always argued that HS2's full potential will not be fully delivered unless we properly improve east-west links as well. It is not for me to determine the engineering solution that Network Rail will alight on for any particular line or stretch of line, but that work is ongoing—on a cross-party basis, as Transport for the North is also

governed by Labour local government leaders across the north, who are also setting the objectives. That seems to me to be how things should be taken forward.

Rachael Maskell: Will the Minister give way?

Paul Maynard: If the hon. Lady will forgive me, I will not; I am sure it will not be the last time we have the discussion, and I must give some time to the concerns of my hon. Friend the Member for Eddisbury. Her main concerns focused largely on some of the ground instability problems that we encounter in Cheshire, crossing the salt fields. As someone born and bred in Northwich I have been brought up on photos of houses that have collapsed because of subsidence, and have suddenly disappeared into the Bull Ring in the town centre. I am more than aware of those issues; but I reassure hon. Members that we are seeking to manage them actively.

HS2 has commissioned a specialist mining engineer, in consultation with the Cheshire Brine Subsidence Compensation Board, to undertake a study on the consultation route using available data such as those from the British Geological Survey, the salt industry and local authorities. Those light detection and ranging surveys have been completed by HS2 Ltd, identifying the wet rockhead features to which my hon. Friend referred near to the route, and will be considered with other LIDAR surveys. I think it is fair to say that between Crewe and Manchester every route option presents risks and issues. It is a matter of balancing those carefully and working out which offers the optimum solution. We carefully weighed those matters both in 2013, when we listened to concerns, and on the now-confirmed 2016 route. On our assessment those risks were more manageable on the latest version of the route. One of the key reasons for that was to avoid the gas storage caverns to which my hon. Friend referred. The route has been moved to better avoid salt brining and gas storage infrastructure, reducing underlying mining and geological risks during construction and operation. The route has also been raised to better allow for drainage and options for ground stabilisation. In terms of travel through Cheshire, other alternatives were looked at, including tunnelling options, but this was felt to be the best option of those on the table.

My hon. Friend the Member for Eddisbury referred to the report by TerraConsult. Its first report was taken into account before the November 2016 announcement, as was its second report before the July 2017 announcement. I further understand that HS2 Ltd is meeting on Tuesday 12 September with TerraConsult and Mid Cheshire Against HS2 on how HS2 Ltd came to make its recommendation on the alignment between Middlewich and Pickmere. Senior engineers with a background in geotechnical engineering will attend that meeting. I also understand that HS2, accompanied by engineers, is more than happy to meet my hon. Friend to discuss her concerns and is waiting to confirm a date with her office. Once she has had that meeting, I will still be more than happy to put myself—with my limited expertise—at her disposal also.

I recognise that this is a sensitive and complex section of the route. There is more work to be done to further assess geological risks and to provide suitable mitigations for them. HS2 Ltd plans to carry out early geotechnical investigation work in the mid-Cheshire area to gather

more advanced survey information. We will continue to work with my hon. Friend to try to ensure that the best mitigation possible occurs.

I also want to touch briefly on my hon. Friend's concerns about the siting of the depot at Wimboldsley and its proximity to the primary school. The re-siting of the rolling stock depot to Wimboldsley has taken into account both the potential risks of the previous site in Golborne, which saw the demolition of a grade I listed property, and the potential impacts in Wimboldsley. The site is strategically located on the HS2 network, south of the Manchester junction, so that it can receive empty trains from both the HS2 main line—from Preston and indeed further north—and the HS2 Manchester spur. It is also located at the point where the line deviates from the existing west coast main line, so it is also well placed to receive empty HS2 trains from Liverpool. Other locations around Basford and Crewe are less proximate to where empty trains from Liverpool and Manchester might be coming from.

While I understand that there will be impacts associated with the rolling stock depot, I very much welcome the fact that HS2 Ltd is in conversation with the headteacher at Wimboldsley Primary, and I hope that any outstanding concerns get fed into me as well, so that I am aware of them.

In particular, this proposal avoids direct impacts on the grade II listed buildings to which my hon. Friend refers and also proximity to sites of special scientific interest. I recognise that there are still concerns about the Leeds and Liverpool canal. Indeed, other canals were also mentioned. As someone born in mid-Cheshire, I have a great fondness for canals and want to ensure they do not suffer in this process.

Antoinette Sandbach *indicated dissent.*

Paul Maynard: If my hon. Friend has further information on where she thinks there might be impacts, I will happy to look into it.

Furthermore, significantly less infrastructure is required at this location than if it were at Golborne. In particular, there is no need for a northern chord from Manchester out to the HS2 junction. That reduces the overall infrastructure development requirements in the area and, indeed, creates more space in the HS2 budget for other mitigation elsewhere on this stretch of the route.

In the remaining two and a half minutes, I will not be able to do justice to everything that my hon. Friend said, so I am more than happy to meet her. I recognise her points about ancient woodlands and about some of the lowland deciduous woodland in Cheshire. There are woods around Plumley, Smoker wood and woods around Lostock Gralam. I know that HS2 is very keen to ensure that when it does the environmental assessment, it can put forward how it intends to mitigate that loss of woodland. I urge Members to look carefully at that assessment when it comes out later in the year, because it will be full of information, and I am sure that local people will want to have their say on whether the mitigation is adequate.

I want to finish on the most important point. I apologise to the right hon. Member for Rother Valley (Sir Kevin Barron) that he will not get any look-in in what I am saying, because I have run out of time, but I am more than happy to meet him as well. I know that there is an outstanding meeting, and I will be keen to meet him. There is a wider point here about how HS2 engages and consults with local communities and how it processes need-to-sell applications. This is a difficult area, but it is impossible to build infrastructure of this scale without inconveniencing someone. The key test is whether those people who are being inconvenienced and asked to sell or leave their homes feel that they are being treated in a fair and proportionate manner.

I urge all Members here today who have specific cases to come to see me personally, as my hon. Friend the Member for Erewash (Maggie Throup) did. It is only by properly understanding those individual cases that I get a more holistic sense of whether the system is working or not. I noted the concerns that my hon. Friend raised about how some specific local circumstances make the existing package not always appropriate. I have heard that message and will ask officials to look more closely at Long Eaton in particular. If Members have a specific local issue, they need to let me see the detail, because there have been examples already where I have been able to exert influence. I expect HS2 to get this right, and that will be my final word on the matter at this stage.

5.30 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

Written Statements

Wednesday 6 September 2017

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

Green Investment Bank: Employee Indemnity

The Minister of State, Department for Business, Energy and Industrial Strategy (Claire Perry): The Government completed the sale of the Green Investment Bank (GIB) to Macquarie on 18 August 2017. The Secretary of State for Business, Energy and Industrial Strategy has provided an indemnity for GIB employees in relation to a specific diligence and disclosure exercise conducted as part of the sale process. This indemnity created a notifiable contingent liability.

On 7 March 2017, Government notified the Chairs of the PAC and BEIS Committees of their intention to enter into this contingent liability in accordance with the non-standard notification procedure set out in “Managing Public Money” because the GIB sale process was subject to strict commercial confidentiality agreements that limited the information that could be disclosed publicly by either bidders or the Government. The indemnity was then entered into on 19 April 2017, the date on which the Government signed an agreement to sell GIB to Macquarie.

The indemnity is for GIB employees who were involved in a specific diligence and disclosure exercise, in their personal capacity and not for GIB as an organisation, as it was never intended that any individual GIB employee would assume personal liability for claims made as a result of the support that they have provided the Secretary of State, except where there has been fraud, wilful default or bad faith. The indemnity is uncapped and not time-limited. The prospect of a claim is assessed as remote and that of a claim against the Government’s indemnity very remote. This indemnity cannot be called upon by any of the parties to the sale as they have waived the right to bring a claim against GIB employees. A claim can only be brought by a third party.

If the liability is called upon, provision for payment will be made through the normal Supply procedure. The Treasury approved the proposal in principle prior to the then Chairs of the PAC and BEIS Committees being notified.

As a matter of record, I have today laid a copy of a departmental minute for both Houses explaining the procedure followed and containing a description of the liabilities undertaken.

[HCWS114]

Corporate Governance Reform Green Paper

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): One of the UK’s biggest assets in competing in the global economy is its reputation for being a dependable and confident place in which to do business. This has been maintained by keeping the corporate governance framework up to date.

The Government published the Green Paper on corporate governance reform last November. It focused on three specific aspects of corporate governance where the Government saw particular scope to strengthen the current framework—executive pay, corporate governance in large privately held businesses, and the steps that company boards take to engage and listen to employees, suppliers and other groups with an interest in corporate performance.

The Green Paper attracted 375 responses from a wide cross-section of business and society and have provided Government with a solid basis on which to take decisions. It has also benefited from the work of the Business, Energy and Industrial Strategy Committee which published recommendations for corporate governance reform in April.

Three key themes emerged from responses to the consultation.

First, in relation to executive pay, there were widely held concerns that a small minority of companies are not responding adequately when they encounter significant shareholder opposition to levels of executive pay and that remuneration committees need to do more to demonstrate that they are sensitive to pay and conditions across the wider workforce.

Second, a widely held view that large companies could do more to strengthen the employee, customer, supplier and wider stakeholder voice at boardroom level as a key factor in improving boardroom decision-making, delivering more sustainable business performance and building wider public confidence in the way businesses are run.

Third, there was a widely held view that there should be more transparency and accountability for corporate governance in large privately held businesses, reflecting their economic and social significance.

The Government have now published their response to the consultation setting out the proposals that they now intend to take forward to address these and other corporate governance issues. They involve a combination of secondary legislation, enhancements to the UK corporate governance code (which is overseen by the Financial Reporting Council) and voluntary, business-led action.

The Government intend to introduce secondary legislation to:

Require quoted companies to report annually the ratio of chief executive total remuneration to the average pay of the company’s UK employees, and to set out more clearly in remuneration policies the impact of share price growth on long-term executive pay outcomes;

Require all companies of significant size to explain how their directors comply with their requirements under Section 172 of the Companies Act 2006 to have regard to employee and other interests;

Require the UK’s largest companies, including privately-held businesses, to disclose their corporate governance arrangements, including whether they follow any formal code, except where they are already subject to an equivalent reporting requirement.

The Government have also invited the Financial Reporting Council (FRC), as part of their consultation on a revised UK corporate governance code later this year, to consider a number of new provisions including:

Giving company remuneration committees a broader responsibility for overseeing pay and incentives across the company and explaining how these relate to executive pay incentives;

Requiring companies to be more specific about the steps they should take to address significant shareholder dissent on executive pay (and other matters);

Requiring companies, on a comply or explain basis, to adopt one of three employee engagement mechanisms: a designated non-executive director, an employee advisory council or a director from the workforce.

The Government have asked business and professional bodies to take forward related business-led initiatives, including:

Inviting the CBI, the Institute of Directors, the British Venture Capital Association and the Institute of Family Businesses to work with the FRC to develop a voluntary set of corporate governance principles for large, privately held businesses; and

Asking the Investment Association to implement its proposal to establish and maintain a public register of companies receiving significant shareholder votes against resolutions, including on executive pay.

In addition, the Government have asked the FRC, the Financial Conduct Authority and the Insolvency Service to conclude new or, in some cases, revised letters of understanding with each other before the end of this year to ensure the most effective use of their existing powers to sanction directors and ensure the integrity of corporate governance reporting. The Government will consider, in the light of this work, whether further action is required.

Implementation of these measures will improve shareholder scrutiny of executive remuneration, strengthen the employee voice in board-rooms and build confidence in the way companies, both listed and privates are run. They will build on the UK's corporate governance strengths and help ensure that we are equipped for the economic opportunities and challenges that lie ahead.

The Government's full response to the Green Paper consultation is available on the gov.uk website and copies have been placed in the Library of the House.

[HCWS112]

TREASURY

Finance (No. 2) Bill: Draft Legislation

The Financial Secretary to the Treasury (Mel Stride): As has been previously announced, the Government will introduce a Finance Bill following the autumn Budget.

In line with the approach to tax policy making, set out in the 2010 "Tax Consultation Framework", the Government are committed, where possible, to publishing most tax legislation in draft for technical consultation before the relevant Finance Bill is laid before Parliament.

The Government will publish draft clauses for the Finance Bill on Wednesday 13 September 2017, along with accompanying explanatory notes, tax information and impact notes and other supporting documents.

The consultation on the draft clauses will be open until Wednesday 25 October 2017.

[HCWS113]

Counter-Terrorism Asset Freezing Regime

The Economic Secretary to the Treasury (Stephen Barclay): Under the Terrorist Asset-Freezing etc. Act 2010 (TAF 2010), the Treasury is required to report to Parliament, quarterly, on its operation of the UK's asset-freezing regime mandated by UN Security Council resolutions 1373 and 1452.

This report covers the period from 1 October 2016 to 31 December 2016.¹ This report also covers the UK implementation of the UN's ISIL (Daesh) and Al-Qaida asset freezing regime (ISIL-AQ) and the operation of the EU asset-freezing regime in the UK under EU regulation (EC) 2580/2001 which implements UNSCR 1373 against external terrorist threats to the EU.

Under the ISIL-AQ asset-freezing regime, the UN has responsibility for designations and the Treasury, through its Office of Financial Sanctions implementation (OFSI), has responsibility for licensing and compliance with the regime in the UK under the ISIL (Daesh) and Al-Qaida (Asset-Freezing) regulations 2011.

Under EU regulation 2580/2001, the EU has responsibility for designations and OFSI has responsibility for licensing and compliance with the regime in the UK under part 1 of TAF 2010.

A new EU asset-freezing regime under EU regulation (2016/1686) was implemented on 22 September 2016. This permits the EU to make autonomous Al-Qaida and ISIL (Daesh) listings. Once a designation is made under this regime it will appear in the table available as an online attachment.

Annexes A and B to this statement provide a breakdown, by name, of all those designated by the UK and the EU in pursuance of UN Security Council resolution 1373.

The table, available as an online attachment, sets out the key asset-freezing activity in the UK during the quarter.

Legal Proceedings

In November a Court of Appeal considered whether or not Begg met the minimum criteria for the grant of a protective costs order and concluded that he did. The Court of Appeal thereafter remitted the matter back to the High Court for the protective costs order to be granted.

Annex A: Designated persons under TAF 2010 by name* Individuals

1. Hamed ABDOLLAHI*
2. Imad Khalil AL-ALAMI
3. Abdelkarim Hussein AL-NASSER*
4. Ibrahim Salih AL-YACOUB*
5. Manssor ARBABSIAR*
6. Usama HAMDAN
7. Hasan IZZ-AL-DIN*
8. Mohammed KHALED
9. Musa Abu MARZOUK
10. Khalid MISHAAL
11. Khalid Sheikh MOHAMMED*
12. Abdul Reza SHAHLAI*
13. Ali Gholam SHAKURI*
14. Qasem SOLEIMANI*

Entities

1. Basque Fatherland and Liberty (ETA)
2. Ejército de Liberación Nacional (ELN)*
3. Hizballah Military Wing, including external security organisation*
4. Popular Front for the Liberation of Palestine—General Command (PFLP-GC)*
5. Popular Front for the Liberation of Palestine (PFLP)*
6. Sendero Luminoso (SL)*

Annex B: Persons designated by the EU under Council regulation (EC) 2580/2001³

Persons

1. Hamed ABDOLLAHI*
2. Abdelkarim Hussein AL-NASSER*
3. Ibrahim Salih AL-YACOUB*
4. Manssor ARBABSIAR*
5. Mohammed BOUYERI
6. Hassan Hassan EL HAJJ
7. Hasan IZZ-AL-DIN*
8. Farad MELIAD
9. Khalid Sheikh MOHAMMED*
10. Dalokay SANLI
11. Abdul Reza SHAHLAI*
12. Ali Gholam SHAKURI*
13. Qasem SOLEIMANI*

Groups and Entities

1. Abu Nidal Organisation (ANO)
2. Al-Aqsa E.V.
3. Al-Aqsa Martyrs' Brigade
4. Babbar Khalsa
5. Communist Party of the Philippines, including New People's Army (NPA), Philippines
6. Devrimci Halk Kurtuluş Partisi-Cephesi—DHKP/C (Revolutionary People's Liberation Army/Front/Party)
7. Ejército de Liberación Nacional (National Liberation Army)*
8. Gama'a al-Islamiyya (a.k.a. Al-Gama'a al-Islamiyya) (Islamic Group—IG)
9. Hamas, including Hamas-Izz al-Din al-Qassem
10. Hizballah Military Wing, including external security organisation
11. Hizbul Mujahideen (HM)
12. Hofstadgroep
13. Islami Büyük Doğu Akincilar Cephesi (IBDA-C) (Great Islamic Eastern Warriors Front)
14. Khalistan Zindabad Force (KZF)
15. Kurdistan Workers Party (PKK) (a.k.a. Kongra-Gel)
16. Liberation Tigers of Tamil Eelam (LTTE)
17. Palestinian Islamic Jihad (PIJ)
18. Popular Front for the Liberation of Palestine—General Command (PFLP-GC)*
19. Popular Front for the Liberation of Palestine (PFLP)*
20. Sendero Luminoso (SL) (Shining Path)*
21. Teyrbazen Azadiya Kurdistan (TAK)

¹Financial institutions update OFSI on individual account balances annually. The figures in the first row of the table are based on account balances which were last reported to HM Treasury on 30 September 2016. At the end of each quarter HM Treasury will adjust the figures to reflect any accounts that have been frozen or unfrozen in that quarter.

²For full listing details please refer to: <https://www.gov.uk/government/publications/current-list-of-designated-persons-terrorism-and-terrorist-financing>.

³For full listing details please refer to: <https://www.gov.uk/government/publications/current-list-of-designated-persons-terrorism-and-terrorist-financing>.

*EU listing rests on UK designation under TAFSA 2010

Attachments are available online: <http://www.parliament.juk/business/publications/written-questions-answers-statements/written-statement/Commons/2017-09-06/HCWS115/>.

[HCWS115]

EDUCATION**Childcare Update**

The Minister of State, Department for Education (Mr Robert Goodwill): On 1 September 2017, 30 hours of free childcare for working parents of three and four-year-olds went live nationally in England, saving families up to £5,000 per year per child. Alongside the childcare support the Government provide through tax-free childcare and universal credit, this additional free childcare is easing working families' budgets, helping them to balance the cost of childcare with work.

The Government investment programme will deliver a record £6 billion per year in childcare by 2020, which includes an extra £1 billion per year to deliver the free entitlements. In addition, a further £100 million in capital funding has been committed to help providers create additional 30 hours places.

More than 200,000 30 hours codes have been issued to eligible parents wishing to take up a place this autumn, which exceeds our target for this term. These families join the existing 15,000 families who are already benefiting from 30 hours' free childcare in the 12 early delivery areas.

An independent evaluation of four of these early delivery areas, published on 31 August, found that 30 hours incentivised many parents to increase their working hours or move into work, and parents were overwhelmingly positive about the offer. The report can be found here: www.gov.uk/government/publications/early-rollout-of-30-hours-free-childcare-evaluation. These findings build on the evaluation of the first eight delivery areas, which found that 23% of mothers and around one in 10 fathers are working more as a result. The evaluation also shows that more than three quarters of parents reported greater flexibility in their working life as a result of 30 hours, enabling them to spend more time together at home with their children, reducing stress and improving family finances. Importantly, the report found that more than eight out of 10 childcare providers who are offering the existing 15 hours entitlements also went on to offer 30 hours. This demonstrates that the sector has responded very positively to the additional demand for childcare places from working families.

During the autumn, I will be closely monitoring delivery to ensure continued improvements to the offer for parents and providers. The Childcare Choices website has now received over 1 million visits since launching in March, and the Department for Education will continue to work with local authorities to ensure parents have high-quality information about accessing the offer.

I will continue to work closely with Her Majesty's Treasury Ministers to ensure that parents are able to access the HMRC-run childcare service smoothly. The majority of parents have successfully applied using the childcare service. Some parents experienced difficulties accessing the service through the system by the 31 August application deadline but those parents who are eligible, and applied before the deadline, will have a code to allow them to access our 30 hours' free childcare.

[HCWS110]

HEALTH

Infected Blood Inquiry

The Parliamentary Under-Secretary of State for Health (Jackie Doyle-Price): Following the announcement of the Government's intention to hold an inquiry into infected blood on 11 July, I am writing to update the House on progress.

Bishop James Jones, former Chair of the Hillsborough Independent Panel and Chair of the Gosport Independent Panel, had a telephone meeting with the all-party parliamentary group on haemophilia and contaminated blood and a number of the campaign groups on 27 July. Following this meeting, the Bishop informed the Department of Health of the request to remove the 18 August deadline for views on the format and scope of the upcoming independent inquiry. The Government also heard this view from the correspondence we have received. It is important that the inquiry is informed by the views of the people who have been affected by contaminated blood.

The Government have therefore decided to extend the deadline to 18 October 2017, to ensure that we hear as many opinions as possible. The Government have written to the beneficiaries of the payment schemes directly to inform them of this change. We are grateful to those who have already sent their views; these will be taken into consideration.

We are also aware of the requests from some stakeholders to move the sponsorship of the inquiry to another Government Department. We can confirm that this is being considered as part of the consultation and that no decision has yet been taken on sponsorship.

The Government will provide a further update to the House after the consultation closes on 18 October.

[HCWS109]

EXITING THE EUROPEAN UNION

The UK's Future Partnership with the EU: Publications

The Secretary of State for Exiting the European Union (Mr David Davis): Over the summer, the Government have published a series of papers setting out key issues that form part of the Government's vision for the future deep and special partnership between the UK and the EU.

Each paper reflects the engagement the Government have sought from external parties with expertise in these policy areas, drawing on the very extensive work undertaken across Government since last year's referendum. Taken together, these papers are an essential step towards building a new partnership to promote our shared interests and values.

These future partnership papers published to date are:

- Future customs arrangements (15 August);
- Providing a cross-border civil judicial co-operation framework (22 August);
- Enforcement and dispute resolution (23 August); and
- The exchange and protection of personal data (24 August).

Today we are publishing the next paper in this series: Collaboration on science and innovation.

Since the start of summer recess, the Government have also published position papers in advance of formal negotiation rounds with the EU, and technical notes to support the negotiations.

The position papers are:

- Northern Ireland and Ireland (16 August);
- Confidentiality and access to documents (21 August); and
- Continuity in the availability of goods for the EU and the UK (21 August).

The technical notes are:

- Spent fuel and radioactive waste (28 August);
- Existing contracts for the supply of nuclear material (28 August);
- Functionality and Protocol 7 (28 August); and
- The comparison of EU-UK positions on citizens' rights (joint technical note) (first published 20 July; updated 31 August).

Copies of all these papers, and any further position and future partnership papers, will be deposited in the Libraries of both Houses.

[HCWS111]

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