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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Tuesday 31 October 2017

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

JUSTICE

The Secretary of State was asked—

European Arrest Warrant

1. **Tom Brake** (Carshalton and Wallington) (LD): What discussions he has had with the Home Secretary on continued participation in the European Arrest Warrant after the UK leaves the EU. [901512]

The Minister of State, Ministry of Justice (Dominic Raab): Ministers in the MOJ and the Home Office have regular discussions on key aspects of criminal justice co-operation in relation to our EU partners, including on the European arrest warrant.

Tom Brake: I thank the Minister for that reply. The police have repeatedly underlined the importance of the European arrest warrant in fighting crime. If the price of maintaining our citizens' security and the effective operation of other European crime-fighting mechanisms is the jurisdiction of the European Court of Justice, will the Minister put crime fighting first or let his arbitrary red line jeopardise our citizens' security?

Dominic Raab: I am not sure that making sure the UK Supreme Court has the last word on the law of the land is some arbitrary red line. However, the Government's position in relation to our future partnership with the EU was set out in the position paper that was published in September. It was very clear that we have an ambitious plan for co-operation on security, law enforcement and criminal justice. The right hon. Gentleman will see if he looks at it carefully—I am sure he has—that maintaining strong extradition relations will be an important part of that agenda.

Robert Neill (Bromley and Chislehurst) (Con): Will the Minister take on board the clear recommendation from the Justice Committee's report in the last Parliament that underpinning any practical means of criminal justice co-operation, including the European arrest warrant, should be a continuing relationship on maintaining data equivalency? Unless the data regulations are equivalent, it will not be possible for European agencies to share with us or vice versa.

Dominic Raab: I thank the Chair of the Select Committee. That is, of course, why we have taken through the Data Protection Bill. We have extradition relations—very vigorous ones—with countries all around the world, and we see no reason why we would not continue to do so with our EU friends and allies.

Helen Jones (Warrington North) (Lab): Given that it took countries such as Iceland and Norway 13 years to negotiate extradition arrangements with the EU, does the Minister accept that not maintaining the European arrest warrant puts people in this country at risk of seeing criminals go free and that those criminals may well include terrorist suspects?

Dominic Raab: No, because we are not in the position of Iceland. We start from the position of the European arrest warrant, with strong, intensive co-operation on extradition, and we will make sure we continue that operationally for many years to come.

Mr Peter Bone (Wellingborough) (Con): Does the Minister agree that one reason people voted to leave the European Union was to make the Supreme Court the supreme court?

Dominic Raab: My hon. Friend is absolutely right. Let us also not forget the advice of the former Lord Chief Justice, Lord Thomas, who made it clear in his evidence to the independent review of extradition that there were problems with the European arrest warrant. We have legislated for extra safeguards. We are ending the jurisdiction of the European Court, but there has been no suggestion that we are dispensing altogether with vital EU extradition—except, perhaps, as a figment of some of the furtive Liberal Democrats' imaginations.

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): Surely the Minister can make it clear that the Government's priority must be continued participation in the European arrest warrant and that that must come ahead of his obsession with ending the jurisdiction of the European Court of Justice.

Dominic Raab: I welcome the hon. Gentleman's intervention, but I gently suggest that he read the position paper on the future partnership, which was published in September, because it deals directly with the question he has just asked and makes it clear that we do want to continue vital extradition relations with our EU partners.

Leaving the EU: Human Rights

2. **David Linden** (Glasgow East) (SNP): What steps his Department is taking to maintain human rights standards after the UK leaves the EU. [901513]

The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee): The United Kingdom has a long tradition of ensuring rights and liberties are protected domestically and of fulfilling its international human rights obligations. The decision to leave the European Union does not change this.

David Linden: Last week, during evidence to the Brexit Committee, the Under-Secretary of State for Exiting the European Union, the hon. Member for Wycombe (Mr Baker), said of the charter of fundamental rights:

"It is right that we leave behind the charter, and that we continue to rely on the Human Rights Act and the convention."

Is it now the Government's intention to stay in the European convention on human rights and to keep the Human Rights Act after Brexit?

Dr Lee: The European convention on human rights is separate from the European Union, so leaving the European Union does not affect our membership of the convention.

Sir Desmond Swayne (New Forest West) (Con): When I was in opposition, we were assured again and again by Ministers that the charter of fundamental rights would not apply in the United Kingdom. I hope that we will be able to deliver that.

Dr Lee: The European Union (Withdrawal) Bill ensures that the source rights that underpin the EU charter of fundamental rights will continue to have effect in UK law after we leave the EU. The charter was created as a collection of all the laws that the EU had passed, and it would be wrong if, post our leaving the European Union, that charter continued to be cited in any future legal case.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Can the Minister assure us that when we leave—if we leave—the European Union, human rights will very much involve the ability to put right miscarriages of justice and that the Criminal Cases Review Commission will be strengthened rather than weakened by our leaving Europe?

Dr Lee: I can assure the hon. Gentleman that the Government's intention is to confirm that post our leaving the European Union—when we leave the European Union—such access to justice is available to British citizens.

Mark Pritchard (The Wrekin) (Con): When the United Kingdom leaves the European Union—[*Interruption.*] I speak as a remainder. When that happens, does the Minister agree that the Council of Europe will become an increasingly important interlocutor between this country and the European Union? Will he reiterate this Government's commitment to staying in the European Court of Human Rights?

Dr Lee: Yes, when we leave the European Union, it is important that Britain maintains a strong role in international affairs in terms of its lead on human rights. I remind the House that the original convention on human rights was written by two Britons.

Community Sentences: Reoffending

3. **Alex Burghart** (Brentwood and Ongar) (Con): What assessment he has made of the effectiveness of community sentences in reducing rates of reoffending.
[901514]

The Lord Chancellor and Secretary of State for Justice (**Mr David Lidington**): The reoffending rate for community sentences has been coming down since 2005. The latest figures show that 34% of adults given a community order or a suspended sentence order go on to reoffend. This evidence shows that community sentences are more effective at reducing reoffending than short-term prison sentences are.

Alex Burghart: I very much welcome the figures that were published on Thursday showing that recidivism was coming down for people on community sentences. However, about a third of people on community sentences do still reoffend, so will the Secretary of State consider the “swift and certain” programmes in the United States that have had considerable effect in reducing recidivism?

Mr Lidington: I am certainly keen to learn from best practice not just in the United States but in other jurisdictions around the world. What was striking about some of last week's figures was that they showed that offenders who underwent drug or alcohol treatment in this country showed a 33% reduction in the number of offences they committed in the following two years. That is a lesson we can learn from.

Mr David Lammy (Tottenham) (Lab): May I recommend to the Minister my proposal of deferred prosecutions, which also gets to the community responses that can reduce recidivism? That is among the recommendations I made in the review that the Government asked for.

Mr Lidington: I reiterate to the right hon. Gentleman the Government's appreciation for the work that he put into the review. We shall be responding in detail to his recommendations, including the one that he mentioned.

Mr Philip Hollobone (Kettering) (Con): But is it not the case that according to the Ministry of Justice's own figures, there is a direct correlation between the length of a prison sentence and the likelihood of an offender reoffending? In other words, the longer that somebody spends in prison, the less likely it is that they are going to reoffend.

Mr Lidington: It is true that short-term sentences appear to have the least effect in reduced reoffending, but the comparison with them is with alternative community sentences, which are available for that similar type of crime. Those community sentences work best when they link up with services such as drug and alcohol treatment programmes sometimes provided by other authorities in the community.

Richard Burgon (Leeds East) (Lab): I think the whole House will agree that community sentences function only when magistrates have trust in the people supervising them. Last year, thousands of community sentences were served in London alone. Will the Secretary of State therefore commit today to an urgent independent review of the performance of the London company responsible for supervising many of these community sentences in London, following the revelations in last week's “Panorama” investigation that the London CRC—community rehabilitation company—had failed to act on 15,000 missed appointments over 16 months?

Mr Lidington: Of course, as the hon. Gentleman knows, the company responsible has denied some of the claims that were made in the “Panorama” programme. None the less, it is quite clear that missed appointments are a serious matter. We expect the London CRC, like other CRCs, to take appropriate action. I believe that in the independent inspectorate of probation we have precisely

the kind of independent body that he has called for. It is currently looking again at London and we look forward to its next report.

Richard Burgon: I hear the Secretary of State's reassurances about the delivery of community sentences by the so-called CRCs, but for us to be absolutely sure about this, I argue that we need to know the advice that the Minister has had about the failure of the CRCs. The "Panorama" documentary revealed an in-house MOJ paper warning of the risks of handing much of the supervision of community sentences to the private sector through the privatisation of probation. Will the Secretary of State make that memo public, so that we and the House can ensure that those flaws are being tackled?

Mr Lidington: I think the hon. Gentleman is referring to a document that was produced some years ago. It is important now that in addressing the underperformance of some areas of the probation service, we act on the recommendations from the independent probation inspectorate and seek, through the contractual mechanism, to drive up standards to where the public would expect them to be.

Leaving the EU: Legal Jurisdictions

4. **Alan Brown** (Kilmarnock and Loudoun) (SNP): What assessment has his Department made of the effect of the UK leaving the EU on the legal system of each legal jurisdiction. [901515]

The Minister of State, Ministry of Justice (Dominic Raab): We recognise the distinct legal systems across the UK. We engage with our counterparts in the devolved Administrations to prepare the ground for Brexit, in terms both of achieving a smooth transition on things such as civil and judicial co-operation and of seizing the global opportunities for the UK legal sector, which contributed around £25 billion to the UK economy last year.

Alan Brown: That being the case, what actual steps has the Department taken to ensure that Scottish legal services and the Scottish legal system are protected when the UK leaves the EU?

Dominic Raab: There is a two-part answer to that. First, in relation to the negotiations with our EU partners, we are very focused on making sure that the current co-operation continues as well and as optimally as possible. Secondly, in relation to the legal position, the EU withdrawal position will make sure that there is legal certainty for citizens across the UK.

20. [901532] **Brendan O'Hara** (Argyll and Bute) (SNP): The Government's "Legal Services are GREAT" campaign, which was launched in Singapore earlier this month, focuses solely on the global promotion of the English legal system; it contains no mention of Scotland or Northern Ireland. Will the Minister see that that is rectified prior to the campaign's domestic launch later this year?

Dominic Raab: I can tell the hon. Gentleman that we are absolutely committed to promoting every one of Scotland's finest exports, from whisky through to its brilliant lawyers.

Joanna Cherry (Edinburgh South West) (SNP): The Government's EU position papers on enforcement and dispute resolution and on security, law enforcement and justice have significant implications for the Scottish legal system and for areas of law devolved to the Scottish Parliament. Yet, in advance of the publication of those papers, there was absolutely no consultation with the Scottish Government or the Scottish Law Officers. What assurance can the Minister give me that such oversight will not happen again?

Dominic Raab: I do not know about the specific drafting in the papers, but there was considerable dialogue with all the devolved Administrations on the substance underpinning the position papers and the negotiating position that the UK has taken.

Joanna Cherry: Sir David Edward, a distinguished jurist and a former judge at the Court of Justice, recently gave evidence to the Scottish Parliament about these papers. He said, and I quote, that "the UK Government has overlooked the significance of the separate Scottish legal system, the Scottish judicial system and the Scottish prosecution system in relation to justice and home affairs issues such as Europol, the European Arrest Warrant, cross-border information systems and the conventions and regulations about recognition and enforcement of judgments." Will the Minister undertake to meet me so that these oversights might be rectified?

Dominic Raab: I thank the hon. and learned Lady, but she has not actually pointed to one aspect, one paragraph or one point in the position paper that she thinks we have got wrong. We certainly accept, recognise and, indeed, embrace the huge contribution that the Scottish justice and legal systems make. In relation to the justice and home affairs strand of the negotiations, we will of course bear in mind very closely the different contours across the whole UK.

Farmer Review

5. **Maria Caulfield** (Lewes) (Con): What progress the Government have made on the implementation of the Farmer review published on 10 August 2017. [901516]

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): The family is the most effective resettlement agency that we have. That is a view shared by the prisons inspectorate, the probation service and Ofsted. The time to work on those relationships is from the moment an offender is sentenced to jail. To leave it longer is to leave it too late. That is why I welcome the excellent review by Lord Farmer, and we are working to implement all his recommendations.

Maria Caulfield: Figures from the Farmer review show that inmates who receive regular family visits are 39% less likely to reoffend. Will the Minister outline what steps the Government are taking to enable more family visits to happen in our prisons?

Mr Gyimah: My hon. Friend is absolutely right. Reoffending rates among people who have family contact are a lot lower than those for other offenders. We are working to implement all of Lord Farmer's review over time. I will be meeting her and a number of colleagues to discuss our progress on this later.

Alex Norris (Nottingham North) (Lab/Co-op): The Farmer review references prisoner wellbeing. At HMP Nottingham in the past two months alone, four prisoners have killed themselves and one has died of an overdose. Will Ministers say why they think this is happening, and what do they plan to do about it?

Mr Gyimah: The hon. Gentleman makes a very important point. Certainly, for a lot of prisoners—whether for their mental wellbeing and issues to do with self-harm, but also violence—family contact can make a difference. There are specific issues relating to HMP Nottingham, and I am willing to write to him about those.

Andrew Selous (South West Bedfordshire) (Con): In Parc Prison outside Bridgend in south Wales, parent teacher evenings take place in the prison so fathers can demonstrate their ongoing responsibility to their children's education. Will the Minister tell us if any other prisons are going to follow the excellent example set by Parc?

Mr Gyimah: The former Prisons Minister makes an excellent point about good practice at Parc Prison. As he is aware, there is good practice dotted around the prison estate. We have Storybook Dads and Mums in some prisons and Our Voice in other prisons. We want to see good practice spread across the entire estate. To enable us to do that, we are devolving budgets to prison governors, and we will also hold them to account when we pilot new family and significant relationship performance measures as of next year.

Review of Legal Aid Reforms

6. **Mr Tanmanjeet Singh Dhesi** (Slough) (Lab): What recent progress his Department has made on its review of legal aid reforms. [901517]

The Minister of State, Ministry of Justice (Dominic Raab): Yesterday, we laid a written ministerial statement before the House setting out the details of the review of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, and publishing the post-legislative memorandum, which discharges the promise made by previous Ministers to this House. I expect the review to be completed by the summer of 2018.

Mr Dhesi: I thank the Minister for his response about progress on the review of legal aid reforms, but it is disappointing that, even though the Government first announced this review nine months ago, it still will not conclude for another nine months, which is nine more months of many thousands of people not being able to afford to access our justice system. His Government's reforms of legal aid were intended to save £350 million. In fact, legal aid has fallen by double that. Will the Minister lobby his colleague the Chancellor, so that some of those additional savings go immediately to help those who have been priced out of access to our justice system?

Dominic Raab: I thought the hon. Gentleman might at least welcome the fact that we laid out the terms of the review yesterday. I am not sure whether he has had a chance to study the post-legislative memorandum. Let us be clear about one thing: last year, we spent £1.6 billion on legal aid in England and Wales, which is a quarter of

the Ministry of Justice's budget. International comparisons are not exact, but according to the Council of Europe's review last year, the UK spent more per capita than any other Council of Europe member.

Tim Farron (Westmorland and Lonsdale) (LD): In looking at the effect of the reduction in legal aid on access to justice, will the Minister also comment on the impact on access to justice of the closure of magistrates courts. The closure of Kendal court this summer has removed easy access to justice for hundreds of people, increasing pressure on the police, legal professionals and local families. What will he do to restore such physical access to justice?

Dominic Raab: I understand the hon. Gentleman's concern if the court estate is situated in his constituency, but we have a £1 billion court reform programme, which is investing in updating, modernising and introducing technology. As a result, we will actually deliver more sensitive justice for victims and witnesses, but also a better bang for the taxpayer's buck.

18. [901530] **Jessica Morden** (Newport East) (Lab): Wales has seen one of the largest drops in legal aid providers, at 29%, particularly with regard to housing. Will the Government's belated review of their deep cuts in legal aid look specifically at the impact of this?

Dominic Raab: The terms of reference have been set out very clearly. The post-legislative memorandum is wide in scope, and the hon. Lady should feel free to submit any particular points that she wants us to consider. I am obviously not going to pre-empt or prejudice the scope of the review that we have just undertaken.

Andrew Bridgen (North West Leicestershire) (Con): Has my hon. Friend seen any evidence that reductions in legal aid have reduced the cost of litigation in this country? If not, will he look into why the market is not working properly?

Dominic Raab: A good many of those issues will be examined by the review. If my hon. Friend would like to write to me with any concerns he has, I would be very happy to look at them.

Gloria De Piero (Ashfield) (Lab): Twenty months ago, the Court of Appeal ruled that the Government's restrictions on legal aid for victims of domestic violence were unlawful. Nine months ago, Ministers told the House that they would make changes by secondary legislation that would

"make it easier for victims of domestic violence to access legal aid."—[*Official Report*, 25 April 2017; Vol. 624, c. 983.]

Nothing has happened. Victims cannot wait another nine months, so when will the secondary legislation be brought forward?

Dominic Raab: The hon. Lady is right that it is vital to ensure that legal aid is available to victims in circumstances of domestic violence. Of course, it was granted in more than 12,000 cases last year. We have reviewed the evidence requirements again and are committed to making it easier for victims to access legal aid. I will announce the details shortly.

Prison Governors

7. **Fiona Bruce** (Congleton) (Con): What steps the Government are taking to empower prison governors. [901518]

The Lord Chancellor and Secretary of State for Justice (Mr David Lidington): We have given governors greater freedom over their prison's daily routine and timetable, staffing and family services. We intend to give governors control of areas such as education and training provision. As other current contracts expire, I will look for opportunities to devolve further powers.

Fiona Bruce: There were 21 recommendations in the Farmer review and Ministers have made the welcome commitment to implement them all. What further support and incentives are being given to prison governors, as they have increased autonomy within their prisons, to ensure that that implementation happens on the ground?

Mr Lidington: The budgets have already been devolved to governors, enabling them to commission family services that are tailored to the specific needs of their prisoners. I have seen examples of that when visiting HMP Parc and HMP Bronzefield. Governors will be supported in future by new family services guidance, which will incorporate elements of Lord Farmer's report, in the hope that they will all develop best practice.

Mohammad Yasin (Bedford) (Lab): A recent independent monitoring board report confirmed that the riot at Bedford Prison last year was caused by "chronic understaffing" and "poor systems". Improvements have been made while the prison has operated at half capacity, but will the Minister assure me today that the same problems will not happen again once the prison is operating at full capacity?

Mr Lidington: I am sure that the hon. Gentleman will welcome the fact that we are about halfway towards recruiting the additional 2,500 prison officers that my predecessor, my right hon. Friend the Member for South West Norfolk (Elizabeth Truss), announced about a year ago. If he has particular concerns about a specific prison, I am sure that my hon. Friend the Prisons Minister will be happy to discuss them with him.

Michael Tomlinson (Mid Dorset and North Poole) (Con): I warmly welcome the commitment of the Secretary of State and the Prisons Minister to implementing the Farmer review in full. They have acknowledged the important link between family ties and rehabilitation. Now that prison governors are being further empowered, what more can be done to ensure that that is rolled out across the whole prison estate?

Mr Lidington: One thing that has struck me since being appointed to this role in the Government is that we need to get better at ensuring that the best, most successful practices in prisons are disseminated rapidly and widely. One means of doing that is to ensure that there is additional support for individual prison governors at regional level, so that they have experienced mentors available to them—particularly for new governors. I hope that that shift will help deliver the change that my hon. Friend seeks.

Richard Burgon (Leeds East) (Lab): Governors cite the outsourcing of facilities management, maintenance and repairs as something that undermines their ability to manage important elements within their prisons. Labour has announced a review, working with prison governors, to identify private service contracts that can be brought back in-house to save the taxpayer money and, at the same time, improve prison conditions. Will the Government also commit to review those contracts?

Mr Lidington: As I said in answer to my hon. Friend the Member for Congleton (Fiona Bruce), as existing contracts expire, we shall seek new opportunities to devolve powers to governors and to clusters of prisons. Along with Prison Service headquarters, they will then have to strike the appropriate balance between the local provisioning of services and the need to secure the best value for taxpayers' money.

Cammell Laird Strikers

8. **Jim McMahon** (Oldham West and Royton) (Lab/Co-op): Whether the Government plan to respond to the findings of the European Parliament's Committee on Petitions in December 2014 on the treatment of Cammell Laird strikers in 1984. [901519]

The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee): In Justice questions in April, I committed to looking at this case further. Having done so, however, I remain to be convinced that this is a matter for the Ministry of Justice.

Jim McMahon: Does the Minister agree that it is completely unacceptable for a British citizen representing the Cammell Laird strikers to take that issue to the EU Parliament petitions committee, for a judgment to be found in his favour and for his own Government not to even bother to respond?

Dr Lee: The Ministry of Justice does not think it holds any documents with regard to this case. I think that the hon. Gentleman is referring to a petition brought by Edward Marnell. I would be grateful if the hon. Gentleman wrote to me to set out the issues and I will arrange for my officials to have a meeting with him.

Drones: Prisons

9. **Simon Hoare** (North Dorset) (Con): What steps the Government are taking to stop the use of drones over prisons. [901520]

15. **Jim Shannon** (Strangford) (DUP): What steps the Government are taking to stop the use of drones over prisons. [901526]

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): Drones are a threat but also an opportunity for our prisons. Where they are a threat, we are absolutely determined to tackle the organised crime groups who use them. In terms of the opportunities, the prison service is investing in drones to proactively manage large-scale incidents as our eyes and ears to improve our intelligence and allow us to respond more effectively and swiftly.

Simon Hoare: My hon. Friend will know that technology moves ever faster, day by day. Can he assure me that HMP Guys Marsh in my constituency will have access to the relevant funds to have the technologies in place to combat the use of drones and mobile telephones?

Mr Gyimah: Absolutely. Guys Marsh will benefit from the £2 million pot being used to invest in mobile phone detection technology. An additional £3 million is being invested in a national intelligence team to help to tackle serious and organised crime. This will allow us to deal with serious and organised crime in our prisons and in our communities. We will be working with the Home Office on this project to improve prison security and social reform.

Jim Shannon: In April 2017, the Police Service of Northern Ireland and the Prison Service in Northern Ireland set up a special unit to address the delivery of drugs, mobile phones and contraband into prisons using drones. Has the Minister considered setting up such a unit? Has he also considered a radio blocker that would prevent drones entering prison property?

Mr Gyimah: Absolutely. As I said, we have an intelligence unit dealing with organised crime in our prisons in a very concerted way across the estate. We are doing that alongside investing in anti-drone and mobile phone detection technology. Bringing this together will mean that we are able to deal with the threat that drones pose across the prison estate and, as I said to my hon. Friend the Member for North Dorset (Simon Hoare), in the community. Organised crime is not just in the prison estate, but often in the community.

Thangam Debbonaire (Bristol West) (Lab): Approximately 200 kg of drugs were smuggled into the England and Wales prison estate last year. Exactly what proportion does the Minister believe was smuggled in with the use of drones, and what specific support is he giving to HMP Bristol in Horfield in my constituency to help to deal with it?

Mr Gyimah: It is difficult to tell exactly what proportion was brought in by drones. We do not know how many drones are successful; we know only those that are unsuccessful. We know that drones are a very serious and emerging threat because of the load they can carry into our prisons. Dealing with drugs in prisons is not just about our counter-drone strategy, but the overall illicit economy in prisons as a whole: mobile phones, which help to facilitate it; cracking down on corruption, where it exists, in the supply chain; and working with law enforcement. There is no single way to deal with it; we are going to do all those things across the piece to crack down.

Prison Overcrowding

11. **Dan Carden (Liverpool, Walton) (Lab):** What assessment he has made of the effect of overcrowding and staff numbers on recent serious disturbances in prisons. [901522]

Mr Gyimah: I have seen a number of incidents in prisons. Every incident in any prison has its own unique situation, which is why we always investigate incidents

in prisons very thoroughly. Obviously, we hold some of the most challenging individuals in society in our prisons, so incidents do sometimes occur. Our job is to minimise the risk and manage those incidents when they happen.

Dan Carden: The chief inspector of prisons has said that staffing levels are simply too low for a decent regime to be run. We need prison officers on the frontline, not filling in for cuts elsewhere. Under this Government, we have lost 6,000 prison officers. Will the Minister take some of the responsibility for the crisis in prisons such as the one in Walton?

Mr Gyimah: Obviously, I take a keen interest in the hon. Gentleman's local prison, where the staff complement is exactly as it should be. It is one of the 10 pathfinder prisons in which we are implementing the new offender management model. I discussed the staffing situation there with the new national chair of the Prison Officers Association, and he commended the fact that staff numbers there are at full strength, but that does not mean that there is not more to do across the estate. We are halfway to our target of 2,500, and I am confident that we will achieve that.

Imran Hussain (Bradford East) (Lab): The chief executive of the Prison Service has stated that, because of overcrowding, the Government will not be able to proceed with planned closures, throwing the financing of their prison building plan into disarray. In the light of concerns that the Ministry of Justice will not be able to build new prisons without selling off the old—the model on which its building plan was based—will the Minister today guarantee that no new prison places will be built from private funds?

Mr Gyimah: The hon. Gentleman seems to have forgotten that we have a duty to house those who are sentenced by the courts. The prison population in England and Wales is 86,000; we have a duty to provide accommodation for them to serve their sentence in. We still have a commitment to investing £1.3 billion in the prison estate to create 10,000 additional prison places during this Parliament.

Lucy Powell (Manchester Central) (Lab/Co-op): The Minister will be aware that one of the main causes of overcrowding in our prisons is the very long delays in our criminal justice system and the number of prisoners on remand. I wrote to him about Cordell Austin's very long delay on remand; he was first arrested back in May 2016 under a very large joint enterprise case, but was acquitted in August this year. He is still in prison after nearly 18 months, and his oral hearing is not due until December; originally, we were told it would be next year. Are these not the sorts of cases that need attention, and do not hearings need to be prompt?

Mr Gyimah: Justice for those going through the system has to be swift. May I correct an assumption in the question? The reason why the prison population has increased in England and Wales is that more people convicted of sex-related offences are serving longer sentences. Given our duty to protect the public, it is right that when these people are convicted by the courts, they serve their time. The hon. Lady mentioned a case in her constituency and what she perceives to be the

injustice there, but I would not generalise from that case and say that that is why there is overcrowding in our prisons.

Young Offender Institutions

12. **Eleanor Smith** (Wolverhampton South West) (Lab): What recent steps he has taken in response to the finding of the chief inspector of prisons that no young offender institution inspected in the last year was safe to hold juveniles. [901523]

The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee): Improving safety and reducing the risk of serious incidents of violence and self-harm in youth custody are among my highest priorities, and we are committed to reforming custodial provision.

Eleanor Smith: Given that no prison is safe for children, that over a third of children in prison have diagnoses of mental health conditions and that nearly 70% of children sent to prison reoffend within a year of release, does the Minister believe that it is time to find an alternative to sending children to prison?

Dr Lee: I recognise that the recidivism rate of 69% is unacceptable, and that is why I am bringing forward two new secure schools, one in the north-west and one in the south-east of England. We recognise that we have a problem with the environment in the youth custodial estate; I have never hidden this from the House. The mental health issues are deep-seated. We are dealing with approximately 1,000 individuals who are locked up at any one time, and they can often be quite deeply damaged; I assure the hon. Lady that I am cognisant of that.

Tony Lloyd (Rochdale) (Lab): I very much welcome the idea of the secure school in the north-west. That is the right direction of travel, but will the Minister give a guarantee to the House and to the public that staffing levels will ensure that such schools both are safe and become places where we can break any reoffending cycle?

Dr Lee: The hon. Gentleman is fully aware that the part of the world that he used to represent as a Mayor is quite ahead in dealing with individuals more holistically. Staffing is an issue. We have brought forward a youth custody officer role, which will start in 2018, and we are bringing forward another 80 people for a course to improve the type of care that those individuals can offer. We are under no illusions about the challenges. The guidelines on how we are procuring secure schools and their staffing arrangements will be announced in the new year.

Child Abuse: Prosecutions

13. **Oliver Dowden** (Hertsmere) (Con): What steps the Government is taking to ensure successful prosecutions for child abuse. [901524]

The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee): We are taking action across the Government to bring about a step change in the response to the sexual abuse and exploitation of children, including

the commencement of the roll-out of recorded pre-trial cross-examination for vulnerable witnesses in Crown courts in January 2017. Further roll-out for vulnerable witnesses, which includes child victims of sexual abuse, will continue in the autumn.

Oliver Dowden: It takes tremendous courage for children to come forward in such cases. The process of giving evidence is often extremely harrowing. They deserve justice, and when that does not happen they are left deeply disillusioned with the system. It is something I have seen in my own constituency. What further steps can the Government take to ensure that justice is done? In particular, will the Minister look at the operation of the criminal injuries compensation scheme to ensure that child abuse victims are treated fairly?

Dr Lee: It is an important point that the nature of grooming can make signs of abuse particularly challenging to detect. That is something that CICA—the Criminal Injuries Compensation Authority—has to address. That is why it has consulted with experts and charities to produce recently published new guidance to ensure every victim gets the compensation to which they are entitled.

Prison Officer Safety

14. **Vicky Ford** (Chelmsford) (Con): What progress the Government has made on improving the safety of prison officers. [901525]

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): We are working to keep our brave prison officers safe by strengthening the frontline. We had 20,000 individual officers in post at the end of August. That is an increase of 1,290 since October last year and the highest level since 2013. We are also giving our prison officers the tools that they need to do their job. We have invested in 5,600 body-worn cameras across the prison estate to protect and deter assaults.

Vicky Ford: In Chelmsford Prison, the number of attacks against staff rose to more than 120 last year, but since then it has recruited more staff and installed innovative mobile phone detectors and it will soon roll out a new digital initiative; where that has been piloted, attacks on prison officers have more than halved. Will the Minister join me in welcoming that progress to put staff safety first?

Mr Gyimah: I certainly welcome the progress. I would like to visit Chelmsford—I make that offer to my hon. Friend. We want to go further: she will be aware that we are supporting the private member's Bill introduced by the hon. Member for Rhondda (Chris Bryant) on emergency workers, which will increase penalties for assaults on prison officers.

Imprisonment for Public Protection

16. **Ruth Cadbury** (Brentford and Isleworth) (Lab): What progress he is making on reviewing cases of prisoners serving a sentence of imprisonment for public protection. [901527]

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): We are making good progress in helping IPP prisoners to progress to eventual release. We have implemented measures such as individual psychology-led case reviews, increased access to offending behaviour programmes and we are increasing places on progression regimes, with an additional three regimes planned to come online at the end of March 2018.

Ruth Cadbury: On 18 October, the Select Committee on Justice heard that 760 released IPP prisoners were recalled in the past year, but 60% of those were quickly re-released. Does the Minister agree with the chair of the Parole Board that the threshold for recall is too low and should be reviewed to stop the revolving door for prisoners who have already long served their minimum tariff?

Mr Gyimah: I do not agree that the threshold is too low. When an IPP prisoner is recalled, it is not because they were found, for example, hiding under their mother's bed. It is often because there is a clear causal link to the behaviour exhibited at the time of the index offence. Our duty is to keep the public safe. Where there is any signal or any cause for concern, it is right that such prisoners are recalled into custody. However, the national probation service is working on a programme to help IPPs when they are released into the community to transition into the community and to reduce the incidence of recall in a way that protects the public, but also allows IPPs to rebuild their lives.

Courts: Victims and Witnesses

17. **Wendy Morton** (Aldridge-Brownhills) (Con): What steps the Government are taking to improve the court experience for victims and witnesses. [901529]

The Minister of State, Ministry of Justice (Dominic Raab): We are investing over £1 billion to bring our courts into the 21st century, to make them more sensitive to victims and witnesses and to deliver swifter and more effective justice.

Wendy Morton: I am grateful to the Minister for that response. What can be done to ensure that the courtroom environment and the wider environment of the court building itself help to put victims and witnesses at ease, and support them through the process of giving evidence?

Dominic Raab: My hon. Friend is absolutely right that we need to reduce the stress and trauma experienced by victims and witnesses. We are doing a range of things. First, we are establishing model waiting rooms for victims and witnesses so that they will feel less stressed and more comfortable, meaning that they are more likely to give compelling evidence. Secondly, in the courtroom itself, we are rolling out section 28 measures for pre-recorded cross-examination to Crown courts nationally. This autumn, we will extend that to victims of sexual offences or modern slavery offences in Leeds, Liverpool and Kingston upon Thames.

Community Rehabilitation Company Contracts

19. **David Hanson** (Delyn) (Lab): What recent changes his Department has made to community rehabilitation company contracts. [901531]

The Lord Chancellor and Secretary of State for Justice (Mr David Lidington): We changed CRC contracts earlier this year to better reflect the fixed costs that they were incurring. However, payments to CRCs are still below our original forecasts.

David Hanson: I am grateful for that answer. Will the Lord Chancellor and Secretary of State publish how much additional resource he has given to CRC companies in total, which CRC companies have received that additional resource, and what he intends them to do with the product they have been given?

Mr Lidington: The answer to the right hon. Gentleman's last question is that we expect them to use that money to improve the delivery of services and to match the best CRCs, such as Cumbria, which recently received a very impressive report from the inspectorate. We did not award the CRCs a specific sum, but agreed to alter the contracts in such a way that we accepted a greater proportion of their costs as fixed. The figure of £277 million that is in public circulation is an estimate of how that adjustment might increase the total contract value, but that is based on certain assumptions about volumes and payment by results, and I reiterate that payments will still be well within the forecast budget.

Mr Speaker: I think that the House has savoured the treatise from the Secretary of State, and we are deeply obliged to him.

I call Stephen Morgan. He is not here. Peter Kyle? Not here either. Where are these fellows? How extraordinary. Well, all is not ill with the world because the hon. Member for Banbury (Victoria Prentis) is here.

Youth Justice System

23. **Victoria Prentis** (Banbury) (Con): What steps the Government are taking to reform the youth justice system. [901536]

The Lord Chancellor and Secretary of State for Justice (Mr David Lidington): We outlined our plans to reform youth justice in response to Charlie Taylor's review last December. Since then we have created a new youth custody service that is responsible for the day-to-day running of the youth estate and committed £64 million towards its reform.

Victoria Prentis: The Justice Committee heard this morning that a third of people on jobseeker's allowance have criminal records. What further steps is the Secretary of State taking to ban the box?

Mr Lidington: The Ministry of Justice is trying to set an example by banning the box and treating ex-offenders on a par with any other applicant for a job. That example is being widely followed throughout the public service, and we look to the private sector to match it, because we believe that ex-offenders can contribute a great deal to the successful work of private sector companies.

Topical Questions

T1. [901502] **Daniel Zeichner** (Cambridge) (Lab): If he will make a statement on his departmental responsibilities.

The Lord Chancellor and Secretary of State for Justice (Mr David Lidington): Since the last Justice questions, it has been my pleasure to welcome the appointment of Lord Burnett of Maldon as Lord Chief Justice of England and Wales, and the historic appointment of Baroness Hale as President of the Supreme Court of the United Kingdom. Where she leads we hope that many others will follow. I look forward to working with them both to ensure that the judiciary's essential role at the heart of our nation continues to be championed and respected.

Further to the comments made a few moments ago by the Under-Secretary of State for Justice, my hon. Friend the Member for Bracknell (Dr Lee), about the new guidance issued by the Criminal Injuries Compensation Authority, I can tell Members that I have asked my Department to give full consideration to wider concerns that have been expressed in the House about the rules of the compensation scheme as part of my Department's work to develop a strategy for victims, and in the light of recommendations we expect next year from the independent inquiry into child sexual abuse.

Daniel Zeichner: After last week's "Panorama" investigation into the dangerous failings of the privatisation of probation, will the Minister halt any plans to outsource night-time supervision in probation hostels?

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): Of course we seek to get the best value for money for the taxpayer in all our services. I understand that we are hiring people to cover some night-time shifts in probation hostels. We will ensure that we bear in mind value for the taxpayer while also protecting the public.

T5. [901506] **Mark Menzies** (Fylde) (Con): As my hon. Friend the Minister is aware, Kirkham Prison is a category D open prison in my constituency that works to enable prisoners to make the transition to life outside. What steps are the Government are taking to support Kirkham and other prisons to rehabilitate offenders and to improve prisons' ways of operating?

Mr Gyimah: In prisons across the estate, including Kirkham, we are empowering governors by giving them control over their budgets and holding them accountable for training and education outcomes so that we enable them to deliver rehabilitation.

Yasmin Qureshi (Bolton South East) (Lab): The family courts are full of people representing themselves. The new President of the Supreme Court, Lady Justice Hale, has described the Government's legal aid reforms as a "false economy". Does not the Minister agree that restoring early legal aid would not only reduce the number of cases coming to court, but save court time? Will he guarantee that the legal aid review will include an analysis of the cost to the rest of the legal aid system that has resulted from the Government's abolition of early legal aid?

The Minister of State, Ministry of Justice (Dominic Raab): It is certainly right that we need to try to reduce the number of cases getting into the family courts in the first place, especially given that witnesses and others involved are often more traumatised by the process of going to court. The terms of reference for the legal aid

review have been clearly set out, and there is wide scope for the issues that the hon. Lady mentions to be taken into account, but I will not pre-empt or prejudice what the review will look at right now.

Robert Jenrick (Newark) (Con): The exceptionally high cost to businesses of commercial litigation is good for commercial lawyers—perhaps I should declare an interest—but it is not good for businesses, whether they are large or small. One answer that has recently been developed is the use of commercial litigation financing. Will my right hon. Friend the Lord Chancellor look into ethical and other concerns surrounding that, as outlined by Lord Faulks in the other place recently?

Mr Lidington: We will be happy to look into that and to take account of any representations that my hon. Friend wishes to make.

T2. [901503] **Ian Austin** (Dudley North) (Lab): Why are the Government planning to give security companies and bailiffs the power of arrest, because that will be the result of privatising the collection of court fees? A petition opposing those plans has been signed by 16,000 people because they do not believe that either 150 jobs, or the safety and finances of vulnerable people, should be put at risk.

Mr Lidington: These are not in fact new powers; they have been in use across the country for many years. They apply to arrests relating to debt and community penalty breaches, and they must follow the issue of a warrant of arrest from the criminal courts. Any use of these powers is overseen by Her Majesty's Courts and Tribunals Service.

Philip Davies (Shipley) (Con): Following the triumph of the Conservative manifesto at the election, may I congratulate the Lord Chancellor on finding another half-baked and unpopular policy to put before the electorate: giving prisoners the vote? Will he acknowledge that nobody is taking the vote away from prisoners—they are taking it away from themselves? If voting is so important to them, perhaps they should not commit the crimes that lead to them being sent to prison in the first place. I urge him to reject this ridiculous policy, which goes down like a lead balloon with the electorate.

Mr Lidington: The Government are preparing their position ahead of the December meeting of the Committee of Ministers of the Council of Europe. We will announce any changes in our position to Parliament in the usual way.

T3. [901504] **Matt Western** (Warwick and Leamington) (Lab): What steps are the Department taking to ensure that there is adequate funding for youth justice services in places such as Warwickshire, which has seen significant funding cuts?

The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee): We spend more than £200 million a year on youth justice and, as I outlined earlier, we are spending an additional £64 million on the custodial estate. We are conscious of the difficulties within the custodial estate, but this is about not just the estate, but the community, which is why I have commissioned a

report on the value of sport to the criminal justice system, and especially young people, which will be published in the new year.

Lucy Allan (Telford) (Con): Tomorrow sees the release of Mubarek Ali, who is a serial child sexual exploitation offender in Telford. Will the Secretary of State please confirm whether all that should be done has been done to protect the public and the victims concerned?

Mr Lidington: To the best of my knowledge, that has been done. Mr Ali is, of course, being released in accordance with the law having served the term that was set out by the judge in his case for the purposes of punishment and deterrence. However, if my hon. Friend or her constituents have any concerns about the circumstances of the release and the supervision arrangements that should follow, I ask her to bring them to my attention without delay.

T4. [901505] **Chris Elmore** (Ogmore) (Lab): Sixty-one per cent. of women who leave prison after a sentence of less than 12 months are reconvicted in the first year. In my recent Westminster Hall debate on women leaving prison, the Minister made various commitments about new interventions and various reviews to support women in prison and those leaving it. When will those reviews be complete? When will there be a better, fuller programme to support women in and leaving prison?

Dr Phillip Lee: The hon. Gentleman arranged a good and well-attended debate. He is aware that I have committed to producing a women's strategy. It will be published once all the moving cogs of government are in place, and I can promise him that it will be about how we can do more in the community to prevent locking women up.

Sir Peter Bottomley (Worthing West) (Con): May I invite the Minister to join me in saying to our hon. Friend the Member for Shipley (Philip Davies) that most people in prison never voted and are unlikely to vote when they come out? By making it compulsory for them to register to vote, they are far more likely to think about other people, not just themselves.

Mr Lidington: We hope that all prisoners will be fully integrated into society when they come to be released from prison and will lead a law-abiding life of constructive citizenship. As I said a few moments ago, the Government will make clear their approach at the forthcoming Committee of Ministers meeting and in an announcement to Parliament in the usual fashion.

T7. [901508] **Jo Swinson** (East Dunbartonshire) (LD): Some 54,000 women lose their jobs each year due to pregnancy and maternity discrimination. The Secretary of State may remember the chaos of the early weeks of caring for a newborn, but the time limit for bringing an employment tribunal claim is just three months, so will he look again at this issue, as recommended by the Women and Equalities Committee, the Justice Committee and the Equality and Human Rights Commission, and extend the time limit for claims related to pregnancy and maternity discrimination?

Dominic Raab: I have looked into this important and sensitive area, and I have also spoken to my right hon. Friend the Member for Basingstoke (Mrs Miller), the Chair of the Women and Equalities Committee. I urge the hon. Member for East Dunbartonshire (Jo Swinson) to send me any evidence that putting the limit back to six months would actually make a difference, because some of the considerations that apply in relation to three months would also apply to six months.

Several hon. Members *rose*—

Mr Speaker: Well, what a rich vein. I call Mr Dominic Grieve.

Mr Dominic Grieve (Beaconsfield) (Con): I welcome the news that the Government are again considering prisoners' right to vote. My right hon. Friend the Secretary of State may find that this is a matter on which public opinion and the mood in this House has shifted. It is high time that we remedied something that places us in a very small category of countries. Most countries manage to allow their prisoners to vote—certainly those sentenced to short terms of imprisonment—without the world coming to an end, and it is an important tool for both civic participation and rehabilitation.

Mr Lidington: My right hon. and learned Friend expresses a view that he has held for a long time and has been clear about, and I am sure that he will be following the debate closely. When the Government have reached a view on our approach to the Committee of Ministers meeting, we will share that with Parliament.

T8. [901509] **Liz Kendall** (Leicester West) (Lab): The Government have new proposals to limit legal costs and damages recovered in clinical negligence cases. Patient groups are extremely concerned this will mean serious cases involving older people, child deaths and stillbirths will be impossible to pursue. Will the Minister meet me and those groups to hear their concerns and to sort out the proposals?

Mr Lidington: Serious and sensitive though that matter undoubtedly is, it falls in large part to the Department of Health, but either myself or the Minister of State would be happy to discuss it further with the hon. Lady.

Suella Fernandes (Fareham) (Con): Following my ten-minute rule Bill in March calling for the reform of family law, including a robust enforcement of child arrangements orders, opening up the family courts in care proceedings and updating our anachronistic divorce laws, what progress have the Government made on their family law review, which was announced in the summer?

Dominic Raab: I thank my hon. Friend for her proposals and the thought that she has put into them. The time taken to conclude public family law cases has nearly halved since 2011. We are still working through very real issues with the relevant Departments, including the Department for Education. On private law, we are committed to facilitating the settlement of far more family disputes so that we avoid families, vulnerable witnesses and sometimes victims having to go through the trauma of court proceedings.

T10. [901511] **Bridget Phillipson** (Houghton and Sunderland South) (Lab): Following a meeting with the Courts Minister, I received a letter from him last week that described Sunderland's court building as below what would be expected, but that is putting it mildly. The court is more than 100 years old. It is damp, has very poor accessibility, and is wholly inadequate for victims and staff alike. Will he visit Sunderland and explain to the people of Sunderland, including my hon. Friend the Member for Sunderland Central (Julie Elliott), why they do not deserve better from his Department?

Dominic Raab: The hon. Lady raises her point tenaciously. I welcome the opportunity to sit down with her and the hon. Member for Sunderland Central (Julie Elliott) to look at the issue. We will ensure that the refurbishment is carried out as soon as reasonably practical. In the long term, we want to ensure that in her constituency and across the country we have the right courts in the right places, and with the right technology and refurbishment, to ensure that they deliver the best access to justice.

Robert Neill (Bromley and Chislehurst) (Con): The reputation of our legal system partly depends on our respect for our international obligations. In advance of the Committee of Ministers, will my right hon. Friend the Secretary of State bear in mind that respecting the judgments of the European Court of Justice is a better guide for this country's reputation than the amateur jurisprudence of the Dog and Duck?

Mr Lidington: The rule of law is at the heart of this country's constitutional traditions and is expressed in the oath that I and every Lord Chancellor has to take. My hon. Friend will recall that the manifesto on which he, I and other Conservative colleagues stood earlier this year committed us to remaining party to the European convention on human rights for the remainder of this Parliament.

Ellie Reeves (Lewisham West and Penge) (Lab): The recently published Bach commission report highlighted a number of serious issues relating to access to justice, including representation at inquests. In the light of tragic events such as Grenfell Tower and Hillsborough, will the Minister commit to providing legal aid for inquests in all cases when the state is funding one or more of the other parties?

Dominic Raab: I thank the hon. Lady for her question on this pertinent and salient point. Legal aid remains available for inquests through the exceptional case funding scheme. Although those decisions are obviously decided independently, I reassure her that more than half the applications in relation to inquest cases in 2016-17 were granted.

Andrew Selous (South West Bedfordshire) (Con): Full-body scanners that detect drugs that are concealed within the person are successfully used across America.

The Ministry of Justice has trialled one scanner. Has there been an evaluation, will we see more trials, and could the scanners be used on a mobile basis?

Mr Gyimah: As my right hon. Friend the Secretary of State said in his party conference speech, one scanner was trialled in Wandsworth and we are looking at doing that across the entire estate. There has been an evaluation. Full-body scanners are not the only way to combat drugs and to prevent drugs from getting into prisons, as using intelligence, going after organised crime and working with law enforcement are also ways of dealing with drugs. We will use every measure possible to make sure that we stop the epidemic of drugs in our prisons and the flow of drugs into them.

Stephen Kinnock (Aberavon) (Lab): The Minister will now be aware that there is a covenant on the land on the Baglan industrial park, in my constituency, where he wishes to build a prison. That covenant states that the land should not be used

“other than as an industrial park”,

or for

“any offensive, noisy or dangerous trade business manufacture or occupation or for any purpose or in any manner which may be a nuisance to the Agency or the occupiers of neighbouring or adjacent premises.”

Does he agree that the covenant is the final nail in the coffin of the Ministry's plans to build a prison on the Baglan industrial park?

Mr Gyimah: The hon. Gentleman is incredibly persistent and tenacious in fighting for his constituents. Before moving ahead with any building project, we will of course carry out all the necessary legal and local authority searches. If they turn up any objections, we will take those into account accordingly.

Mr Philip Hollobone (Kettering) (Con): With a population of more than 80,000, our prisons are bursting at the seams, yet according to the Ministry of Justice's own figures, we transferred a pathetic 110 foreign national prisoners to prison in their own country last year, and this year's number is 56. Surely we can do better than that.

Mr Gyimah: I think my hon. Friend is referring to the numbers transferred under prisoner transfer agreements. Last year, the overall number of prisoners deported from this country was a record high. We continue to work consistently with foreign Governments, and there is an inter-ministerial group that links not only the Department for International Development, the Foreign Office and the MOJ, but the Home Office, to make sure that we iron out all the issues that can be impediments to transferring prisoners to serve their sentence abroad. I assure him that this is a key focus that we will continue to pursue.

Gaming Machines and Social Responsibility

12.36 pm

Tom Watson (West Bromwich East) (Lab) (*Urgent Question*): To ask the Secretary of State for Digital, Culture, Media and Sport to make a statement on gaming machines and social responsibility.

The Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport (Tracey Crouch): I am pleased to inform the House that this morning I published a consultation on proposals for changes to gaming machines and social responsibility measures across the gambling industry. The consultation will run for 12 weeks, during which the general public, industry and all other interested parties will be able to voice their views on the questions raised. I appreciate that some might not understand why we have to run a consultation, but this is the right process by which to proceed if we are to address this issue thoroughly and properly.

As hon. Members know, the Government announced a review of gaming machines and social responsibility measures in October 2016. I am grateful to all those who responded, including individual former addicts, faith groups, local authorities and the bookmakers. The objective of the review was to ensure we have the right balance between a sector that can grow and contribute to the economy and one that is socially responsible and doing all it should to protect consumers and communities.

Although our consultation sets out a package of measures to protect vulnerable people from harm, the main area of interest has been the stake for B2 gaming machines, known as fixed odds betting terminals. We believe that the current regulation of FOBTs is inappropriate to achieve our stated objective of protecting consumers and wider communities. We are therefore consulting on regulatory changes to the maximum stake, looking at options between £50 and £2, to reduce the potential for large losses and therefore the harmful impact on the player, their families, and the wider community.

We are aware that the factors that influence the extent of harm to the player are wider than one product or a limited set of parameters such as stakes and prizes, and include factors around the player, the environment and the product. We are therefore also consulting on corresponding social responsibility measures, on player protections in the online sector and on a package of measures on gambling advertising. Within this package, we want the industry, the regulator and charities to continue to drive the social responsibility agenda, to ensure that all is being done to protect players and that those in trouble can access the treatment and support they need. The consultation will close on 23 January 2018, following which the Government will consider their final proposals and make an announcement in due course.

Tom Watson: Thank you for granting this urgent question, Mr Speaker.

First, I praise the Minister for the manner in which she has conducted this review. She has kept me and other Members of the House informed throughout the entire process and has shown exemplary attention to detail. It is a shame, therefore, that she does not have a completely free hand in this policy, because we think the outcome could have been very different.

The Government's response, after a year-long process of delay after delay, and hundreds of submissions from industry, local government, charities, campaigners and Church groups, among others, is deeply disappointing. Instead of taking firm and reasonable action to counter the well known problems with FOBTs, the Government has simply kicked the process further into the long grass and announced another consultation extending beyond the Budget.

Look at the public policy challenge the House faces: 430,000 people are addicted to gambling—up a third in three years—and a further 2 million problem gamblers are at risk of developing an addiction. Some £1.8 billion is lost on FOBTs each year—an increase of 79% over the past eight years. The gambling industry's yield—the amount it wins in bets—has increased to £13.8 billion, up from £8.3 billion in 2009, yet it paid only £10 million for education and treatment services this year, through a voluntary levy. Worst of all, there are 450,000 children who gamble at least once a week. This situation requires action now.

There is an old maxim that the bookies always win, and they have won again today. Their shares are up and their lobbyists were grinning from ear to ear in their TV interviews this morning. We have consistently said to the Government that our gambling laws are no longer fit for purpose. There has been an explosion of online and digital-platform gambling that the Gambling Act 2005 could not have anticipated. We have offered to work with the Government on a cross-party basis to make our laws fit for the digital age. The report published today could have been a significant starting point for the process, because even by the most conservative estimates, the associated harms and costs of gambling addiction are believed to total more than £1 billion a year—and I bet the true figure is far higher. The impact is felt not only through the losses that gamblers accrue but through NHS and treatment costs, in our communities as families struggle and break down, and in our police forces, which deal with the resultant crime.

What discussions has the Minister had with the Home Office on how to measure gambling-related crime? Does she know how many people have received counselling or treatment for gambling addiction in the past 12 months, since her review has taken place? Does she know how much treatment for gambling addiction costs the NHS each year? She has said from the Dispatch Box on several occasions that the gambling industry has not done enough to fund research, education and treatment of gambling and gambling-related harm, but she has again failed to bring the industry to heel. She could have introduced a compulsory levy, and we would have supported her on that. This is a missed opportunity to settle the issue of FOBTs once and for all. Quite frankly, we expected more. The Government had a strong hand to play, but this is a busted flush.

Tracey Crouch: I thank the hon. Gentleman for the kind words at the start of his speech. I am pleased to see his conversion on this issue. He was of course a Minister in the Government who passed the legislation that liberalised gambling and caused the harm that many people have suffered as a consequence of FOBTs. It is this Government who are taking action.

I appreciate the hon. Gentleman's concerns about the fact that we have announced a consultation, but the fact is that in 2005 the Labour Government rushed through

the Gambling Act without paying proper attention to the issues with these machines, which then led to their proliferation. FOBTs did not exist in 1997, when the Labour party came to power. It is this Government who have recognised the harm that has been caused and who are taking action. There will be a consultation; it is due process, and I expect people to contribute to that process.

Mr John Whittingdale (Maldon) (Con): I welcome the announcement of the consultation, particularly as there is now information about the effect of category B2 machines that did not exist when the Culture, Media and Sport Committee looked into the matter around five years ago. Will the Minister confirm that the Government's position remains that any future decisions will be evidence-based?

Tracey Crouch: I can confirm that to be the case. The call for evidence brought in many people's views and made the need to take action very clear. The consultation sets out four options for the reduction in stakes, but the call for evidence makes it certain that the status quo will not be maintained.

Brendan O'Hara (Argyll and Bute) (SNP): I fear that the Government have missed yet another opportunity to tackle this problem. By announcing yet another consultation, they are attempting to kick this matter further into the long grass. The move to cut the maximum stake, while welcome, does not go far enough. In Scotland, £4 billion is spent every year on 2,000 gaming machines, and this is at a time when more people are being identified as problem or at-risk gamblers. Action is needed now. If this Parliament is unwilling to act, the Scottish Parliament is. Will the Minister start today the process of devolving all gambling powers to the Scottish Parliament?

Tracey Crouch: We have already devolved a number of powers to the Scottish Parliament that it has yet to take up.

Maria Caulfield (Lewes) (Con): I congratulate the Minister on her announcement today. Does she not find the hypocrisy of the Opposition astonishing, given that it was the Labour Government who doubled the number of fixed odds betting terminals in shops and tried to withdraw the powers of local councils to stop betting shops being placed on high streets? Is their attitude not extraordinary at this stage?

Tracey Crouch: I will be perfectly honest: I find their attitude disappointing. We have worked on this issue on a cross-party basis for a number of years. I have poured heart and soul into this consultation and feel that we have definitely taken the matter much further forward than ever before. It is this Government who are taking action on an aspect of gambling that brings great concern into our communities and affects individuals, families and society as a whole. It is this Government who are dealing with it.

Conor McGinn (St Helens North) (Lab): I refer Members to my entry in the Register of Members' Financial Interests and to the fact that I am co-chair of the all-party group on racing and bloodstock industries.

The Minister will know that horse-racing relies heavily on the levy from bookmakers and on advertising, sponsorship and media rights. Will she assure me that she will work with the industry—with horse-racing—in the coming weeks to ensure that, while protecting those who are vulnerable to gambling addiction, which we all want to do, we protect jobs, investment and economic benefits that my constituency receives through being home to the best racecourse in the country at Haydock Park?

Tracey Crouch: Horse-racing is an incredibly important sector within my portfolio, and my right hon. Friend the Minister for Digital would not let me forget that, as he has one of the largest racecourses in his constituency. We do not envisage these changes having a particularly negative impact on horse-racing—in fact, they may well encourage bookmakers and others to focus more on horse-racing.

Several hon. Members *rose*—

Mr Speaker: The hon. Member for Shipley (Philip Davies) is clutching some newspaper article from which, doubtless, he wishes to quote.

Philip Davies (Shipley) (Con): May I urge the Minister not to listen to the shadow Secretary of State? He and I were both on the Select Committee that looked into these matters, and he was so interested in problem gambling that he did not even turn up to one evidence session. Perhaps if he had, he would be a bit more knowledgeable on the subject.

Over the summer, the Gambling Commission published its report on problem gambling. It found that the highest levels of problem gambling were in spread betting, followed by betting through a betting exchange, then playing poker in pubs or clubs, then betting online on events other than sports or horse or greyhound-racing, and only then by playing gaming machines in bookmakers. Those much higher levels of problem gambling all come with unlimited stakes and unlimited potential winnings. If the Government are so obsessed with evidence, why are they focusing so much on betting machines in bookmakers? Or are they just playing to the gallery, which most of us know this is really all about?

Tracey Crouch: May I gently urge my hon. Friend to read the consultation document we published today? If he does, he will discover that this is not just about problem gamblers, but about those who may be at risk from harmful gambling. One thing we know is that there are many more people out there who are at risk of harmful gambling, of which FOBTs are just one aspect. The consultation delivers a package of measures on all areas of gambling and the risks that they may cause.

Graham P. Jones (Hyndburn) (Lab): My constituency has 54 FOBTs. Some £2.5 million was lost on these machines last year and £15 million has been lost since 2008 in a deprived constituency. The recent report by the Institute for Public Policy Research and GambleAware said that it is costing the UK £1.2 billion to look after the victims of gambling—people who are addicted and have various problems. What assessment has the Minister done of the cost to the UK Government of looking

[Graham P. Jones]

after people who will continue to be affected if the £50 option is chosen, because it is still such a high stake?

Tracey Crouch: I congratulate the hon. Gentleman on his work on the subject. He is a long-time campaigner on the issues of FOBTs and has done an excellent job standing up for his constituents who have become the victims of gambling addiction. Four options have been set out in the consultation paper—£50, £30, £20 and £2—and separate impact assessments have been published alongside.

Fiona Bruce (Congleton) (Con): I am pleased to hear the Minister speak about protecting the vulnerable from harm. The Centre for Social Justice report, “Lowering the Stake on Fixed Odds Betting Terminals” says that “the high stakes of FOBTs have compounded the social issues perpetuated by gambling.”

As the Minister says, the harm of FOBTs goes way beyond addicted gamblers to affect many families and children disastrously. I implore the Minister to consider that a reduction of £50 will not resolve the issue for those people.

Tracey Crouch: It is clear that we have listened to all the public concerns about the risks of high-stake gambling, which is why we have published this overall package of measures. I encourage my hon. Friend and others to make their views clear on the individual stake options as part of the consultation.

Christine Jardine (Edinburgh West) (LD): Given the danger that people who want to make large bets will be pushed online to the less regulated area, would the Government consider extending the consultation to address stakes in online equivalents such as blackjack, in which thousands of pounds can be bet on one hand and lost?

Tracey Crouch: The consultation addresses online gambling, in which there has been huge growth. We have announced as part of today’s package that we expect to see stricter protections as part of the licensing conditions for online gambling operators. I hope that the hon. Lady will look at those measures and respond accordingly.

Mr Laurence Robertson (Tewkesbury) (Con): I am the other co-chair of the all-party group on racing and bloodstock industries. I also have the honour of representing the constituency that is home to Cheltenham racecourse, which I would say is the best racecourse in the world.

I am a little bit concerned by the Minister’s suggestion that bookmakers might be able to transfer bets to racing from FOBTs. I do not think there is any evidence that that would happen, although I very much hope that it would. I stress the importance to horse-racing of the support of bookmakers. That is not unique to the United Kingdom; it is the same across the world. When the Minister takes her decision, will she consult fully with all strands of horse-racing, so that we do not end up throwing the baby out with the bathwater?

Tracey Crouch: There is no intention to damage the horse-racing sector with this consultation. I encourage my hon. Friend and other hon. Members to look at the letter that was sent to me by Paddy Power’s chief executive, who recognises that the issue has become toxic for the industry and may well be driving punters away from the shops. Members of the bookmaking industry are keen to get involved with this, and there is certainly no intention to damage horse-racing or any other sporting industry.

Ian Paisley (North Antrim) (DUP): I thank the Minister for the consultation paper, which we will study with interest. Before she makes her final decision, will she carry out an impact assessment of whether these measures will result in job losses in betting shops across the United Kingdom? Also, there are five-and-a-half lines on television broadcasting in this document, yet everyone knows that gambling adverts are doing more damage than FOBTs.

Tracey Crouch: We will assess all the evidence that we receive as part of the consultation. The impact assessment has also been published today alongside the consultation document. Advertising regulations are in place. We have announced today, as part of the package of measures, that there will be a responsible gambling campaign funded by the broadcasting industry of a scale that is larger than any Government public awareness campaign. We expect that to be prevalent within the parameters in which gambling adverts are allowed. It is a fact that people can see gambling adverts during live sporting events, and we are addressing some issues around their tone and content. I think it is fair to say that, although such adverts might be annoying, the content is not beyond what is allowed by regulation. We will keep a close eye on that situation.

Mr Bob Seely (Isle of Wight) (Con): Is the Minister aware that many people in the Isle of Wight would like to see the limit of FOBTs dropped as soon as possible, preferably to £2. There are 55 such machines in my constituency, and they have taken £19 million out of our economy since 2008. That money would frankly be best spent elsewhere. Will she comment on the gambling industry’s irresponsible and deeply selfish attitude? It has become addicted to the profits that these machines generate. That addiction to those profits comes from getting people—generally at the poorer end of the spectrum—addicted to this style of gambling. It is deeply troubling.

Tracey Crouch: I hope that my hon. Friend and many other people across the Isle of Wight who have been affected by these machines take a look at the consultation paper and reply. This is an opportunity for the gambling industry to take a long hard look at itself and reassess what it offers the British punter. We shall see what happens over the next 12 weeks.

Ronnie Cowan (Inverclyde) (SNP): I recently visited the National Problem Gambling Clinic, and commend the work being done by Dr Henrietta Bowden-Jones in supporting people affected by gambling-related harm. However, this is the only such clinic in the entire United Kingdom. Does the Minister agree that more help needs to be provided for individuals and families who

have been affected by problem gambling? One way of doing this would be to put a statutory levy on bookmakers, so that they contribute more than the £8 million that they currently contribute on the back of the hundreds of millions of pounds of profit that they make annually.

Tracey Crouch: I agree. We certainly mention some issues around the levy in the consultation document. At the moment, bookmakers have to contribute 0.1% of their profits. If they did that, it would amount to somewhere in the region of £13 million to £14 million, but that is currently not happening across the board. We have made it very clear in the consultation that we want that to happen. If it does not happen, we will certainly consider the introduction of a mandatory levy.

Alex Burghart (Brentwood and Ongar) (Con): I strongly welcome the consultation. Many of us remember the disastrous legislation on FOBTs under the last Labour Government, and their intention to bring forward a generation of super-casinos. I urge the Minister to look at online gambling where people can gamble repeatedly through the night on online casinos while drinking.

Tracey Crouch: We are looking at the issue of online gambling. As it stands, about 10% of the adult population participate in online gambling and betting, and 5.1% of those players are problem gamblers. That compares to 11.5% of FOBT users who are problem gamblers. We are addressing both issues, but, although we have seen a growth in online gambling, we know where the current issues lie.

Ellie Reeves (Lewisham West and Penge) (Lab): On Thursday, I visited a residential gambling rehabilitation centre in my constituency, which provides a 14-week programme for about half a dozen residents at any one time. It is run by the Gordon Moody Association, and demand for the service outstrips what it can offer. Will the Minister commend the vital work of the Gordon Moody Association and commit to a compulsory levy on the industry to fund such vital work?

Tracey Crouch: I am happy to commend the work being done in the hon. Lady's constituency. There is a shortage of places dealing specifically with gambling addiction. We would like to see the situation vastly improved, and we are talking to colleagues in the Department of Health to ensure that that happens. I hope the hon. Lady heard my answer to the previous question, which was that the industry should contribute more on a voluntary basis, but if it does not, we will consider a mandatory levy.

Sir Peter Bottomley (Worthing West) (Con): I commend to the Minister the "Victoria Derbyshire" programme this morning. At 9.15 am the hon. Member for Swansea East (Carolyn Harris) spoke, and at 10.15 am a man called Terry spoke about how, if the stakes were £2, he would not have lost everything. We ought to bring in Terry's law. My prediction is that, on a free vote, £2 would get through and that, on a whipped vote, it would also get through.

Tracey Crouch: I am grateful to my hon. Friend for that television and whipping advice. We are looking at all these issues, and the different options are there.

The £2 figure is in the consultation paper, and that is something there has been great public demand for. We are going through a consultation process; everybody will be able to submit their views to it, and we will make a decision during the next year.

Carolyn Harris (Swansea East) (Lab): May I first thank the Minister for the helpful way she has worked with me as chair of the all-party group on FOBTs to get us to the point we are at now? She will be well aware of my concerns about the addiction to FOBTs and the consequences of that addiction. There is insufficient treatment for addicts and no residential treatment at all for women. There is the potential for criminal activity to feed the habit and for vandalism as a result of frustration about the habit, and there is a worrying opportunity for money laundering. Addicts also often put pressure on the benefits system because of their chaotic lives, and mental health issues often prevent them from working. Before the final decision is made, I urge the Minister to consider all those social consequences of this dreadful addiction to these dreadful machines.

Tracey Crouch: May I first congratulate the hon. Lady on the work that she and many others on both sides of the House and in both Houses have done on this issue in the all-party group? Many of the issues she has raised are precisely why the Government are taking action and why we have published the consultation today. It is important to emphasise that we recognise that this is about not just the gambler—whether they are a problem gambler or a harmful gambler—but the associated consequences for their family and friends and for the communities in which they live.

Bob Stewart (Beckenham) (Con): Does my hon. Friend agree that bookmakers provide considerable employment, contribute to the economy and, for the vast majority of gamblers, provide a bit of enjoyment and light fun? We should not forget that.

Tracey Crouch: That is why we are taking the balanced approach of making sure that we continue to support a socially responsible sector while protecting the most vulnerable in society.

Nick Smith (Blaenau Gwent) (Lab): In just one borough—Blaenau Gwent—nearly £1.5 million was lost to FOBTs last year, so I ask the Minister not to bow to industry pressure and to cap the top stake at £2.

Tracey Crouch: I am grateful to the hon. Gentleman for his views. I encourage him to make those points, particularly as they relate to his constituency, as part of the consultation. We are looking at a whole variety of options when it comes to the stake, and I urge him and others to make their views known as part of the call for responses in the next 12 weeks.

Wendy Morton (Aldridge-Brownhills) (Con): It is so important that we have the right, strong protections in place around online gambling, particularly where young people and some of the most vulnerable people are concerned, so I welcome the Minister's announcement today. Will she provide further details to the House about the responsible gambling advertising campaign her Department has announced today?

Tracey Crouch: GambleAware, the Advertising Association, broadcasters and the gambling industry will come together to draw up a multimillion-pound, two-year responsible advertising campaign. It will have a budget of between £5 million and £7 million in each year, and it will include television ads, including around live sport, as well as ads for radio, cinema and print online.

Mr David Lammy (Tottenham) (Lab): I consider the Minister a friend, not least because we support the same football team—Tottenham Hotspur, the best in the premiership—but she will know that I have campaigned for over seven years on this issue, and in my view it was a complete mistake to introduce these machines to the high street. This is not just about a reduction in the stake, so will she say a little more about reducing the proliferation of betting shops across our country and our high streets?

Tracey Crouch: Mr Speaker, I am not sure that the reference to my supporting Tottenham Hotspur endears me to you, but I thank the right hon. Gentleman for his comments. We looked at the proliferation of bookmakers in our high streets as part of our call for evidence. We concluded that local authorities do have the powers to address the issue. However, taking the whole package of measures, I am sure there will be a reduction if the stakes are reduced significantly in the future.

Mr Speaker: I call Mr Peter Bone.

Mr Peter Bone (Wellingborough) (Con): Thank you, Mr Speaker, for calling another Spurs fan immediately. Your neutrality in the Chair, of course, would not prevent you from intervening. This excellent Minister is bringing forward a really sensible consultation. What worries me is that if we make the wrong decision, we may make the situation worse by driving problem gamblers out of betting shops, which are a controlled environment, and towards online gambling. The consultation is right, but we should look at that issue as part of it.

Tracey Crouch: Online gambling has, in many respects, a better opportunity to protect players, because sites have all the details of players' practices. Obviously, as part of the consultation, we are going to look at how we can protect online gamblers, but we definitely have more opportunity to do that than we do to protect somebody going in and out of different bookmakers.

Stephen Timms (East Ham) (Lab): The Minister will know that the scale of harm being inflicted by these appalling machines in my area prompted Newham Council to lead calls for a £2 maximum stake. We have heard fears today that, if that happens, the number of betting shops could be almost halved around the country. May I reassure the Minister that if the number of betting shops in East Ham's high street was halved, there would still be too many? Will she please get on and introduce the £2 maximum stake as quickly as possible?

Tracey Crouch: I thank the right hon. Gentleman for his question, because it gives me an opportunity to thank Newham Council for the work it has done. I have met the leader of the council as part of the call for evidence and as part of his representation of other local

authorities, including my own, which has signed up to the issues around stakes. This is all part of the consultation process, and I encourage Newham and all the other local authorities to let their views be known.

Andrew Selous (South West Bedfordshire) (Con): Will the consultation look at the costs that fixed odds betting terminals put on the police, mental health services and the families of vulnerable gamblers—especially the children?

Tracey Crouch: That is exactly what we are doing. As part of the call for evidence, a lot of those issues came through. My hon. Friend is a member of the Health Committee, which took evidence from a professor with expertise in this issue, who, sadly, related some of the facts around suicides related to gambling. It is really important that we remember that it is not just the person who is gambling who faces the consequences of harm but the families and the communities they live in. That is why we are trying to take a balanced approach and having a full, open consultation about ensuring we have a socially responsible sector that protects those most at risk of harm.

Jim Shannon (Strangford) (DUP): I thank the Minister for her statement. In discussions I have had with her, she has shared the concern many of us in the House have about the need to have drastic and clear changes in the management of FOBTs. My hon. Friend the Member for North Antrim (Ian Paisley) referred to online gambling, and perhaps I could urge the Minister to take more cognisance of that issue. None the less, the consultation is important, and 450,000 addicts cannot be ignored. The Minister mentioned the figure of between £2 and £50 for a stake. I urge her to make sure the stake is closer to the lower figure than the higher figure and to reduce the harmful addiction we have to gambling in this country.

Tracey Crouch: I am grateful to the hon. Gentleman for his question, and I hope he and many others will respond to the consultation with their views. We are trying to ensure that we take all people's views into account before we make a decision on what the stake is.

Mr Philip Hollobone (Kettering) (Con): My constituents will be shocked by the figures the deputy Leader of the Opposition shared with the House. He said there were 430,000 problem gamblers and that the number had gone up by a third in recent years. Are those numbers that the Government recognise? What do the Government say are the causes of this? Were the Minister to limit the stakes on FOBTs to £2, how many fewer problem gamblers would there be?

Tracey Crouch: The deputy Leader of the Opposition was absolutely correct—those are Government figures. There are 430,000 problem gamblers in Great Britain and a further 2 million who might be at risk. About 50,000 call the national helpline on gambling addiction every year, and about 8,000 are getting treatment—but that figure does not include those who get treatment under the NHS system. We are looking at all the areas of harm around this. It is not just about problem gamblers: it is also about those at risk of harmful gambling, and the consequences for and impact on those individuals and their families. I encourage my

hon. Friend to look at the consultation and the impact assessment and come to a view on which will be the best stake, and encourage his constituents to do the same.

David Linden (Glasgow East) (SNP): Given that £35 million was frittered away in one year in Glasgow on fixed odds betting terminals, I am disappointed that we are going for another consultation on this and not getting action on it. If the Government are in listening mode, may I make a plea that we do move to cutting the stake to £2, and will the Minister come to Baillieston's Main Street, which is littered with betting terminals? People are obsessed with and actually addicted to these machines, so we can take action sooner rather than later?

Tracey Crouch: We are following due process on this issue. It is really important that we do not rush measures through, because we have seen that hastily made legislation in this area can cause great impact and great harm, as with the Gambling Act 2005.

Points of Order

1.11 pm

Mr Ben Bradshaw (Exeter) (Lab): On a point of order, Mr Speaker. Have you had any indication from the Government on whether they intend coming to this House to make a statement about the British connection in the Robert Mueller investigation into Russian subversion of the American presidential election, and in particular, the apparent role of an academic, a Professor Mifsud, who met in London more than once, we understand, George Papadopolous, who has already pleaded guilty to misleading the FBI in connection with Russian help in the presidential election?

Mr Speaker: I am grateful to the right hon. Gentleman for his point of order and for his notice a few moments ago of his intention to raise it. The short answer is that I have received no indication from any Minister of an intention to come to the House to make a statement on that matter. However, not being unconscious of the indefatigability of the right hon. Gentleman, I am confident that if the matter is not brought to the House, he will try to ensure, by one means or t'other, that it is.

Nick Thomas-Symonds (Torfaen) (Lab): On a point of order, Mr Speaker. I seek the advice of the Chair on a situation that has arisen with a constituency matter. Constituents bought tickets from an organisation known as Viagogo, and then wanted a refund for those tickets. They were unsuccessful in that, and sought the advice of my office. My office has been unsuccessful in contacting the organisation, whether via email, telephone call, or even being able to find an address to write to. I seek your advice, Mr Speaker, on what can be done to encourage this organisation to respond to my constituency office in standing up for my constituents.

Mr Speaker: Whether it is incompetence or discourtesy, one knows not, but I think that most people would be interested to know, because of course it could happen to the constituent of any Member. The Minister is poised ready like a panther to pounce, and it would be a pity to disappoint the right hon. Gentleman. Let's hear the fella.

The Minister for Digital (Matt Hancock): Thank you, Mr Speaker. As the Minister responsible for this policy area, I would be very happy to meet the hon. Member for Torfaen (Nick Thomas-Symonds) and see what we could do to ensure that he gets the appropriate response to his constituents' concerns.

Mr Speaker: Ordinarily I find that if one is sufficiently persistent and demonstrates by one's behaviour—entirely lawfully, I hasten to add—that there is no question of one's going away, an institution will, in the end, tend to think that it is best to respond. I have had some modest experience of these matters in the past when seeking to secure a refund for a very elderly constituent in relation, I think, to a satellite dish. In the first instance, the company thought it proper simply to ignore my representations, but I made approaches with notable and perhaps spectacular regularity, as a consequence of which, in the end—this was probably 15 years ago—my constituent was able to seek redress. I never secured

[Mr Speaker]

anything remotely approximating an apology from the company, but in a sense that mattered not. My constituent got his refund, and I rather doubt that the company would have tried to play the same game, at any rate in relation to any of my constituents, again. If I was able to succeed, I am confident that the hon. Member for Torfaen (Nick Thomas-Symonds), with due persistence, will also be able to do so.

Mr Dennis Skinner (Bolsover) (Lab): Ah yes, I remember it well.

Mr Speaker: I am always grateful to the hon. Member for Bolsover (Mr Skinner) for his encouragement from a sedentary position.

Tyres (Buses and Coaches)

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

1.15 pm

Maria Eagle (Garston and Halewood) (Lab): I beg to move,

That leave be given to bring in a Bill to introduce limits on the age of tyres on buses and coaches; and for connected purposes.

I heard your homily, Mr Speaker, about the benefits of persistence, and I hope that the coach and bus industry has heard it too.

This Bill would make it unlawful to operate a public service vehicle with tyres that exceed the age of 10 years, require the annual MOT to check and record the age of the tyres, and give traffic commissioners powers of enforcement to sanction any public service vehicle operators found to be using tyres more than 10 years old.

Late on 10 September 2012, just over five years ago, my constituent Frances Molloy lost her 18-year-old son, Michael. He was killed when he was returning home as a passenger on a coach from Bestival, an annual music festival on the Isle of Wight. Two other people, Kerry Ogden, who was 23, and the coach driver Colin Daulby, who was 63, also lost their lives. Others were seriously injured, some in life-changing ways. The crash was caused when the front nearside tyre of the coach burst on the northbound A3, causing the vehicle to swerve out of control, mount an embankment and strike a tree.

The Surrey coroner, Richard Travers, found on 16 July 2013 that the crash was caused by a 19 and a half-year-old tyre that had recently been fitted to the coach. It had 40% of its tread intact and was thus being used entirely lawfully. The coroner found, on the basis of the evidence before him, that it had burst catastrophically because it had perished by reason of its age. I say again that this tyre was being lawfully used. It had no outward sign to show the perilous condition that it was in fact in. It was older than my 18-year-old constituent, Michael Molloy.

The Surrey coroner was so concerned about the facts as he found them that he wrote to the then Secretary of State for Transport under rule 43 of the coroners' rules to raise:

"A concern by which, in his opinion, there is a risk that future deaths could occur unless action is taken."

He went on to express his concern that:

"Public Service Vehicles carrying passengers are able perfectly legally to drive on tyres that have no restriction as to their age and which, by reason of their age may be in a perilously dangerous condition which there is no realistic means of detecting".

This was not the first such rule 43 letter received by the Secretary of State for Transport concerning the dangers of ageing tyres. The Gloucester coroner had written, following an inquest he conducted in July 2010, concerning the dangers of ageing tyres causing death.

When I discussed all this with Michael's mother, Frances Molloy, following the inquest verdicts at that time, I found it hard to believe that the use of such a potentially dangerous old tyre was in fact lawful. The fact that it was lawful represents a lacuna in our road safety legislation. I quickly became convinced that this gap can and should be closed. I took Frances Molloy and David Price, an expert forensic accident investigator

who had given evidence at Michael's inquest, to see the right hon. Member for Derbyshire Dales (Sir Patrick McLoughlin), who was then the Transport Secretary, to ask him to ban such potentially dangerous old tyres from our roads.

Banning such tyres would cost the Government nothing, because the date of manufacture is printed on the side of each tyre and can be easily checked at an MOT or whenever a vehicle is stopped by the authorities. It is not as though one would have to take a sample from the tyre and test it in a laboratory. The date is printed on the side of the tyre. Such a measure would save lives, because it would remove dangerous old tyres from our roads. I believe that had such a measure been in place before the Bestival crash, the deaths that resulted from it could have been prevented.

I thought then, and I think now, that the case for doing this is compelling. It was disappointing, then, that the Government at the time simply produced guidance that

“strongly recommends that tyres over 10 years old should not be fitted to the front axles of buses and coaches.”

The guidance goes on to state:

“Such tyres should be fitted only to the rear axles of vehicles as part of a twin tyre combination.”

Although doing so would certainly improve safety and perhaps stop accidents of the catastrophic nature of the Bestival crash, the guidance does not exactly send a clear signal. I had hoped that, following my representations, the signal that the Government sent would be much clearer. I believe that my constituent Frances Molloy, and the campaign that she fronts, also expects more to be done. Making the use of such dangerous old tyres unlawful is the only clear signal that will have the desired effect.

New Ministers are now in post, so I say to the Government: can we just get on and do this? The Government will find widespread support if they back this measure. My constituent Frances Molloy has campaigned for improved tyre safety non-stop since her son Michael's death. This summer, she launched the Tyred campaign to ban the fitting of tyres that are more than 10 years old to public service vehicles. Merseyside is clearly behind the campaign. Liverpool City Council and Mayor Anderson, Liverpool city region and Mayor Rotheram, Knowsley Metropolitan Borough Council, Sefton Metropolitan Borough Council and Wirral Metropolitan Borough Council have all passed motions backing the campaign. In September, Mayor Rotheram and Merseytravel announced that they had secured agreement from all their operators to ban old tyres from all public service vehicles operating on their network across Merseyside.

Across our nation, bus and coach operators such as National Express and Big Green Coach are signed up. Smaller regional operators such as Liverpool City Sights have come on board, and more councils and companies will back this effort. The change will be made area by area and company by company, but it would be so much better if the Government would simply accept that these old tyres kill and agree to ban them by supporting the proposed legislation.

Michael Molloy was a talented and creative young writer and musician, who was just making his way in that exciting world. His life was full of enjoyment, love,

hope and promise, but it was needlessly cut short, tragically, in a totally avoidable crash. His mother Frances is heartbroken. She thought that coach travel was a safe form of public transport, but the coach to which she entrusted her son turned out to be a death trap because of a 19 and a half-year-old tyre that no one could see was going to burst as a result of the deterioration caused by its age. Let those of us who are now in this House take steps to ensure that no other family has to endure what Frances has endured. Old tyres kill, so let us get them off our coaches and buses, and let us get them off our roads. I commend the motion to the House.

Question put and agreed to.

Ordered,

That Maria Eagle, Mr George Howarth, Mrs Louise Ellman, Luciana Berger, Stephen Twigg, Ms Angela Eagle, Alison McGovern, Dan Carden, Bill Esterson, Ms Marie Rimmer, Jack Dromey and Naz Shah present the Bill.

Maria Eagle accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 1 December, and to be printed (Bill 119).

FINANCE BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the Order of 12 September 2017 (Finance Bill (Programme)) be varied as follows:

(1) Paragraphs (10) and (11) of the Order shall be omitted.

(2) Proceedings on Consideration shall be taken in the order shown in the first column of the following Table.

(3) Each part of the proceedings shall (so far as not previously concluded) be brought to a conclusion at the times specified in the second column of the Table.

TABLE

Proceedings	Time for conclusion of proceedings
New Clauses, new Schedules and amendments relating to deeming individuals to be domiciled in the United Kingdom or to settlements with a settlor domiciled outside the United Kingdom at any time	3.00 p.m. on the day on which the proceedings are commenced
New Clauses, new Schedules and amendments relating to 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	4.30 p.m. on that day
New Clauses, new Schedules and amendments relating to digital reporting and record-keeping; remaining new Clauses, new Schedules and amendments to Clauses and Schedules; remaining proceedings on Consideration	6.00 p.m. on that day

(4) Any proceedings in legislative grand committee shall (so far as not previously concluded) be brought to a conclusion at 6.00 p.m. on the day on which proceedings on Consideration are commenced.

(5) Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at 7.00 p.m. on the day on which proceedings on Consideration are commenced.—(*Graham Stuart.*)

Question agreed to.

Finance Bill

Consideration of Bill, as amended in the Public Bill Committee

New Clause 1

DEEMED DOMICILE: REVIEW OF PROTECTION OF OVERSEAS TRUSTS

(1) Within fifteen months of the passing of this Act, the Commissioners for Her Majesty's Revenue and Customs shall complete a review about the operation of the provisions for the protection of overseas trusts in relation to deemed domicile.

(2) The review shall in particular consider—

- (a) the effects of those provisions on the Exchequer,
- (b) the behavioural effects of those provisions, and
- (c) the effects on the matters specified in paragraphs (a) and (b) if those provisions were repealed.

(3) For the purposes of this section, “the provisions for the protection of overseas trusts” means the provisions inserted 18 to 38 and 40 of Schedule 8 to this Act.

(4) The Chancellor of the Exchequer shall lay a report of the review under this section before the House of Commons within three months of its completion.’—(*Peter Dowd.*)

This new clause requires a review to be undertaken of the effects of the provisions for protecting overseas trusts from the new provisions in relation to deemed domicile.

Brought up, and read the First time.

1.26 pm

Peter Dowd (Bootle) (Lab): I beg to move, That the clause be read a Second time.

Mr Speaker: With this it will be convenient to consider Government amendment 17.

Peter Dowd: Proceedings on this Bill started in March, but we are now drawing to a close. The Bill's progress was interrupted by the general election. Not much happened to it in the post-election period, but it was brought back in September, and now we are moving, to use the Minister's phrase, towards the denouement of the debate.

To solve a problem, it is first important to recognise that there is a problem. I think that that sums up the debate surrounding the Government's deemed domicile measures—the Government cannot see that there is a problem. Non-dom status is a hangover from the days of the British Empire. Non-dom tax status was introduced in 1799 to allow British colonialists with foreign property to shelter it from wartime taxes. These days, non-doms are individuals who live in the UK but claim to have a permanent home in another country. There is no statutory definition of a non-dom; the status depends on circumstantial evidence.

Her Majesty's Revenue and Customs says that 121,000 individuals claimed non-domiciled taxpayer status via their self-assessment returns in 2014-15. Non-domiciled UK-resident taxpayers accounted for about 85,000 of those individuals, and the remaining 35,000 or so were non-UK residents. Famous examples of non-doms include the directors of Lloyds, HSBC and RBS, the billionaire Chelsea owner Roman Abramovich, the steel magnate Lakshmi Mittal, the media baron Viscount Rothermere, and numerous footballers.

Non-doms are allowed to avoid tax on overseas investment income if that does not exceed £2,000 a year. All non-doms are required to pay income tax on their UK earnings, but they can avoid income tax and capital gains tax on assets held elsewhere as long as the amounts are not remitted to the UK. The Treasury's proposals to reform non-dom status would mean that an individual who had been resident in the UK for 15 of the last 20 years would be considered UK-domiciled for the purposes of income tax, capital gains tax and inheritance tax.

Charlie Elphicke (Dover) (Con): I am listening to the hon. Gentleman's case with interest. I am curious why, in their first 12 years in power, the last Labour Government did nothing whatsoever about non-domiciled individuals, and then reacted reluctantly only when they were humiliated and forced to take action by the then Conservative Opposition. Why is he not praising the Conservative Government for taking further action on this matter?

Peter Dowd: If it takes a Labour Government to sort out a problem after more than 200 years, we will sort out the problem.

On paper, this idea seems to be reasonable and sensible—in fact, even progressive—until, metaphorically speaking, someone starts to scratch away at the very thin veneer. In reality, the Government have purposefully and deliberately exempted offshore trusts, thereby undermining their own reforms, even though offshore trusts have been identified by the OECD, the European Parliament and the International Monetary Fund as among the main vehicles for tax avoidance across the globe.

1.30 pm

The Panama papers and now the Bermuda leak have brought offshore trusts to the forefront of debate on international tax avoidance. The Panama papers provided us with an abundance of evidence showing that offshore trusts have been used for tax avoidance over the years. Many well-known people have set up offshore trusts to ensure that paying inheritance tax, for example, is a mug's game. It is not unknown that high-level politicians and business leaders are embroiled in the Panama papers scandal. The Government of one European country were brought down when it emerged that their then Prime Minister's family had hidden millions offshore.

The use of offshore trusts is not restricted only to inheritance tax; it is also relevant to income tax, as was shown by a recent case involving one of the Scottish football teams. We have also seen in Spain the rising problem of tax avoidance relating to football image rights, with a number of high-profile players convicted for shifting profits from image rights offshore, as has been raised by Opposition Front Benchers and the hon. Member for Dover (Charlie Elphicke).

There are also reports of the banks in the City of London using offshore trusts. In 2011, for example, following advice from Deloitte, Deutsche Bank set up trusts to enable bankers to dodge income tax on their bonuses. HMRC successfully managed to defeat that scheme, but others are still in use today. The truth is that HMRC, the staffing levels of which have reduced by 17% since 2010, is woefully understaffed and under-resourced to tackle such schemes. HMRC insiders believe that as much as £1 billion a year is lost to wealthy individuals hiding money in offshore trusts.

The House should be clear that offshore trusts continue to operate outside the law and with impunity. They remain one of the last bastions for international tax dodgers. The value of the assets hidden in these trusts remains unknown, and they continue to operate under a veil of secrecy. None the less, a conservative estimate made by the economist Gabriel Zucman suggests that at least 8% of the world's wealth is illegally unreported, although other estimates actually put the figure higher. In short, it is impossible to know how much money the UK Treasury is forgoing in tax, as this Government continue to stonewall any attempt by the Opposition to introduce a public register for offshore trusts.

John Redwood (Wokingham) (Con): Does not the hon. Gentleman think that his well-intentioned proposal might actually backfire, as it would mean that fewer rich people would come here and pay us any tax at all?

Peter Dowd: The problem is that that has been a persistent argument for years, but there does not actually appear to be any evidence to back up such an assertion.

I understand that HMRC is responding to EU directives on money laundering and has started the process of registering new trusts and that those already operating must provide additional information by 31 January 2018. However, HMRC has also confirmed that it will not penalise anyone as long as they register before 5 December 2017. The rules state that all trusts with UK tax liabilities must be registered, but the process is conveniently silent about trusts registered in Crown dependencies and overseas territories. The information provided to HMRC will not be made publicly available.

The Minister and Government Members have made much of the claim that the Conservative party has been clamping down on tax avoidance. In fact, that was considered such a priority in the general election that the Prime Minister—at her most imperious, at that stage—gave the subject a grand total of eight lines in the Conservative party manifesto. However, after seven years in power, the Government's record is still there to see. The measures in the Bill are another example of how the Government wish to be seen to be doing something, but in fact their proposals are artificial and will amount to little while the exemption for offshore trusts remains intact.

The Financial Secretary to the Treasury (Mel Stride): On bearing down on tax avoidance, evasion and non-compliance, does the hon. Gentleman recognise that we have brought in £160 billion since 2010 by clamping down on avoidance? It was announced just last week that the tax gap—the difference between what we should be bringing in and what we are bringing in—is now at just 6%, which is much lower than it was in any year under the previous Labour Government.

Peter Dowd: I am pleased that the Minister raises that point because we will no doubt have another debate about it in the future. I have an interesting assertion that I shall make when we debate the tax gap, but that is for another day. I am happy to debate that subject with the Minister in due course.

Vicky Ford (Chelmsford) (Con): Does not the hon. Gentleman agree that a tax gap that is one of the lowest in the world is something that we should celebrate while

[Vicky Ford]

we are debating a Bill about taxation? We should be thanking the Government for making sure that the taxes we approve are collected.

Peter Dowd: This does not actually include the multinationals, but I was trying to make the point that I am happy to return to that point in another debate, if the Government so wish.

Mel Stride: The hon. Gentleman is being extremely generous in giving way. On this very important question, does he not recognise that the tax gap is currently 6%? In 2005, under the previous Labour Government, it was about 8%. If the tax gap was 8% today, we would be bringing in £11.8 billion less in tax, which is the equivalent of the funding for every single police officer in England and Wales. The tax gap really does matter, so I think that the hon. Gentleman should address the questions that are being put to him.

Peter Dowd: The tax gap fell in every year between 2005 and 2010. The Minister brings my attention to his record, but I am bringing his attention to Labour's record. As I have said, if we want to have a debate about the tax gap, we can do that. I am more than happy to do so, as are my colleagues, but as I have said many times, this is also about trying to look forward. We can all talk about our record—how good or bad it might have been—but let us move on and try to deal with the issues we are facing, not those we used to face.

Ms Nusrat Ghani (Wealden) (Con): I accept that you do not want to talk about the tax gap and want to move forward, but if you want to move forward, will you at the very least welcome the fact that we have collected more than £1 billion—

Mr Speaker: Order. I am not doing anything. It is not that I do not want to talk about this or I do not want to do that. That is simply not germane. The debate goes through the Chair, as the hon. Lady knows on her best days.

Ms Ghani: I am sorry, Mr Speaker.

The hon. Gentleman might not want to talk about the tax gap, but will he at the very least acknowledge that an extra £1 billion has been collected under this Government compared with under Labour? Surely he wants to take this opportunity to welcome that.

Peter Dowd: As much as I would like to debate the tax gap with the hon. Lady, I think that shows an ignorance of the issues involved in the nature of the tax gap. As far as I am concerned, I am quite happy—more than happy—to debate this issue in due course, but I am simply making the point that we must move on.

Lucy Frazer (South East Cambridgeshire) (Con): Will the hon. Gentleman give way?

Peter Dowd: I want to make a little progress, but I will come back to the hon. and learned Lady in a few moments.

In the past month alone, the Government have faced a barrage of criticism from the European Union for their poor record on tackling tax avoidance. The European Parliament's report on money laundering, tax avoidance and tax evasion has accused the Government of directly obstructing the fight against tax avoidance, while the European Commission has opened an investigation into the Government's changes to controlled foreign company rules, which made it easier for multinational companies to shift their taxable income offshore and reduced last year's tax take by £805 million. That goes to the heart of the point I am making about the tax gap and some of its intricacies.

Lucy Frazer: The hon. Gentleman is being very generous with his time. He has made it clear that he wants to talk about the issue before us rather than others. Labour Members say in new clause 1 that they want a review after 15 months. Despite speaking for more than 10 minutes, he has not addressed that. Has Labour assessed how much a review would cost and whether it would divert resources from the Treasury?

Peter Dowd: I thank the hon. and learned Lady for that intervention. Government Members have taken up about seven minutes of the time I have been on my feet—[*Interruption.*] Six and a half minutes, the Minister says.

I am quite happy to debate these issues, but that is the point of a review. Why not have a review? It is a perfectly reasonable and legitimate proposal, given the nature of what we are considering. If there is nothing to hide, and if the Government are quite happy to be open and transparent and to tell everybody how wonderfully they are doing, let us have a review. No doubt the hon. and learned Lady will support the new clause in due course.

Lucy Frazer: Forgive me for intervening again, but I do not think the hon. Gentleman heard my question: how much would the review cost?

Peter Dowd: If we had a review and identified areas of non-compliance, I suspect we would bring in far more money than that review would cost. That is why we have reviews. Again, I am sure that the hon. and learned Lady will support the new clause.

The Government's opposition to any action to crack down on offshore trusts is not new. In 2013, while G8 leaders attempted to push forward new measures to deal with tax evasion, the previous Prime Minister was busy undermining them by writing personal letters to the President of the European Council, Herman Van Rompuy, begging him to stop the inclusion of offshore trusts. By contrast, the last Labour Prime Minister, Gordon Brown, to his credit, spent his last year in office attempting to get world leaders to agree to strict measures on offshore tax havens. That is all the more reason for a review, so let us have that review. I am speaking directly to our proposal. As I have said, if there is nothing to be fearful of, let us have the review.

Our opposition to the exemption of offshore trusts from these measures is well noted. We have been calling for the exemption's removal since March. I called for its removal in the debate on the Ways and Means resolutions for this Bill, on Second Reading and in the Public Bill

Committee, as the Minister knows, and I now call for its removal once again. I am happy to give the Minister an opportunity to reconsider, because the British public are no fools. They are more educated than ever about what an offshore trust is and what it is used for.

Mel Stride: The hon. Gentleman is being exceptionally generous in letting us intervene so many times. To bottom out one point that came up in Committee, even though he may feel that our proposals are imperfect, does he accept that we have made more progress than any previous Government and that we are going further than before in raising fair taxes from non-doms?

Peter Dowd: I recognise any progress that anybody makes. If the Government have brought about progress, that is fine—I think it is wonderful—but I think there should be more progress. Under the stewardship of the Minister, I am convinced that we will have even more progress on this matter.

While the Minister might be able to use arcane rules of the House to prevent the Opposition from removing the offshore trusts exemption and introducing a public register, he cannot hide from the fact that his Government have a pretty poor record in this area. The heart of our disagreement with the Government is simple: it is about whether all UK citizens are to be treated equally in the eyes of the law and for the purposes of taxation. Throughout the passage of the Bill, it has been clear that the Government are actively content to ensure that we have a tax system that favours a wealthy few at the expense of the many.

The Government could act to close this tax avoidance measure. They could act to send a message to those who want to dodge taxes that the UK will not tolerate it. They could send a message to those who do not avoid their taxes that the Government are on their side. They could even send a message of support to hard-pressed public services by taking up the suggestion of the right hon. Member for West Dorset (Sir Oliver Letwin) and hypothecating any taxes raised by clamping down on the dodgers.

1.45 pm

Ms Ghani: The hon. Gentleman has been very generous in giving way. I am a little concerned about the messages he wants to send out, but one message that we most definitely should send out is that the Government proposals will bring in an additional £1.6 billion over five years. That is money that will support all our public services for everyone.

Peter Dowd: That is a starter and I am sure that much more could be brought in. Again, I am sure that in an effort to get that figure up, the hon. Lady will support the new clause. I am really pleased that she agrees with us on that matter.

The only message this Government want to send is one of supine support for tax dodgers. The dodgers may want to hear that message, but public sector workers who have not had a pay rise for years do not want to hear it, the people waiting months for an operation do not want to hear it, and the police and firefighters do not want to hear it. I assure Government Members that at the next general election, the public certainly will hear that message loud and clear, because Labour will

be there to remind them of a Government in chaos and disarray that is beginning to have a putrefying decay about it.

John Redwood: I think that we all agree in this House that we need to collect substantial revenues to have decent public services and that we all condemn people who break tax law, evade taxes and commit crimes against the tax code. However, tax avoidance—the legal avoidance of taxation—is a more difficult issue.

Many Labour MPs trotted through the Lobbies under a Labour Government to make sure that individual savings accounts had tax advantages, and to support tax breaks for Members of Parliament who choose to save for their retirement through the pension scheme. That is a kind of tax avoidance. Is the hon. Gentleman saying that the Labour party no longer agrees with that kind of avoidance, which was recommended by previous Labour Governments in the interests of spreading saving? Is he of the view that there are certain kinds of avoidance that are perfectly reasonable, such as those undertaken by Labour MPs and others, and other types of tax avoidance that are also perfectly legal but of which he does not approve?

Peter Dowd: Does the right hon. Gentleman agree that there is a difference between an ISA and institutional, systematic avoidance and abuse of the tax system?

John Redwood: There is a huge difference between breaking the law and living within the law. However, where Governments of both persuasions and the coalition have put provisions into the tax code that encourage people to save or invest in a certain way to pay less tax, that surely is the will of Parliament and the will of those parties, and we cannot object if people and institutions take advantage of it. The right thing to do—as I think the Labour party is now trying to do in some ways—in respect of rich people who come to our country to undertake part of their affairs but not all of their affairs, is to ensure that we have settled on a law that we think is fair and then to enforce it. Obviously we should take a tough line were any of them to break our law, but we cannot object if they take advantage of measures that have been put into the tax code to encourage certain kinds of investing or saving behaviour, in exactly the same way that most MPs take advantage of the avoidance provisions to save through a pension scheme or an ISA.

The subject of this debate is whether the assets of very rich people—often productive assets that they have saved for, earned and accumulated before they came to the UK—are a suitable object of taxation if they choose to do some things in the UK in respect of which they are clearly subject to our law codes and have to pay our taxes. In the past, Labour Governments as well as Conservative Governments have taken the pragmatic view that there is an advantage in very rich entrepreneurial successful people coming to our country setting up businesses, making investments here and committing part of their capital to our country; that we will tax that fairly in exactly the same way that you or I would be taxed, Mr Speaker, if we were making such investments on a much smaller scale; and that that is fair to us as taxpayers and investors, but that it is not our business to try to tax their assets and income accumulated or

[John Redwood]

earned elsewhere that they have established by other means before, which are presumably being taxed in those other countries and would normally be governed as well by some kind of double taxation arrangement or agreement.

I would therefore just say to Labour Members who think there is a huge crock of gold here, which for some unknown reason successive Labour, coalition and Conservative Governments have been reluctant to pluck, that maybe they did not do it in the past because there is not, and that maybe we are quite close to that point. If we go further and further encroach on the legitimate income and assets of foreigners coming here, which are asset and income not actually in this country, we might get to the point where more of them say, "I'd rather go somewhere else. Plenty of other countries around the world would actually welcome the money, investment and income I wish to spend, which is going to be taxable in that country. If they are prepared to not tax my other income and assets elsewhere, then they will have the benefit of me rather than not."

The art of taxation is finding the right balance, so the host country gets enough out of it and where there is obviously a fair imposition of tax on anything they do in that country alongside fellow residents of that country, while not deterring so many that we are no longer a great centre for people with money, investment and talent who would otherwise come here.

Robert Jenrick (Newark) (Con): Does my right hon. Friend agree that we do not make these decisions in isolation? We are competing with other countries, which might also like to host very rich individuals and investors. While we in the UK are making the climate more hostile and difficult to raise more money for our public services, the opposite is true in many other countries. In the EU, Malta, Portugal and, most prominently, Italy are moving in the other direction and creating their own non-dom regimes to draw away such individuals from the United Kingdom.

John Redwood: My hon. Friend anticipates my next point. We live in a global world. The richer people are, the more footloose they can be, and the better the tax and legal advice they can get. Most of them want to obey the law in the country they choose to live in and the countries they choose to operate in—they usually operate in several countries not just one, which creates genuine definitional problems about where they are truly resident and where is their main centre—and they will compare all the time, on good advice, the different regimes available. It is quite obvious that in the EU there is a lot of jealousy of London and the wider UK's success in attracting talent and investment from around the world. As my hon. Friend says, regimes are being created in to tempt people away by giving them a better deal in other European countries.

I was about to draw the attention of the House to hugely important debates about to be undertaken in both the Senate and the House of Representatives in the United States of America. New York and other great centres are already very attractive magnets for rich people and large-scale investors. They are suggesting that they might take their top rate of tax down from

39.6% to 35%, simplify their income tax brackets from seven to just three, and take their corporation tax rate down from a very high headline 35% to an effective rather lower rate of 20% or even lower, because they are very serious about becoming tax competitive again. They will be a lure, just as surely as some European countries on the continent are trying to be more of a lure.

The Opposition would be well advised to understand how global the world is, how dynamic it is, and how, to maximise tax revenue, there is a need to set ways of taxing and rates of taxation that enable people to stay and pay.

Charlie Elphicke: Does my right hon. Friend agree that the greatest threat to tax havens is not the blustering of the Labour party, but countries such as the United States of America reducing their tax rates so much that it does not become in any way effective to be using these kinds of places for any function and business?

John Redwood: That is correct. Tax havens have helped to drive down tax rates in other centres. We only have to look across to Ireland to see how attractive it can be if a mainstream country decides to take its corporation tax rate down to very low levels. Ireland attracts a lot of company-based investment. Each country has to decide where it wishes to be on that spectrum. A high enough rate is required to collect serious money, but a low enough rate is needed to not deter some of the best prospects for coming, staying and paying taxes. In the light of what America is about to do and what some of the smaller European countries are doing, this country is in danger of becoming uncompetitive on taxation.

Robert Courts (Witney) (Con): My right hon. Friend makes a very important point: how important it is that this country does not deter people who bring in money, which in turn funds our public services. Does he agree that if we were to take the course of action urged upon us by the Labour party, we would put at risk the £9 billion of investment into our coffers brought in each year by those who are not domiciled in this country?

John Redwood: That is exactly the kind of sum of money I am talking about. That is a serious sum of money for our economy and it is a nice balance. All of us want to collect serious revenues. We are here because we want good-quality public services, but we also want a productive, growing and exciting economy. We need to have realistic tax rates and tax rules. All the evidence is that every time the coalition and Conservative Governments have had the courage to cut rates, they have raised more revenue. That shows that our rates have been on the high side for optimising the revenue.

Sammy Wilson (East Antrim) (DUP): Does the right hon. Gentleman accept that the Opposition probably fully understand and acknowledge the arguments he is making? The fact is that when they were in power they did not take the steps they are recommending now because they recognised the reality. It is very easy to argue that in opposition; it is a bit different in government.

John Redwood: I entirely agree. I pointed out at the beginning that Labour in office was probably more gentle on this group of people than the Conservative

party in office has been. I think Labour came to that judgment for good reasons. Labour Members disagree with their previous Governments, but they will discover that that is the luxury of opposition and that Governments are responsible for sustaining as well as growing the revenues. It is very easy to get rid of revenue by annoying people and companies. It is far more difficult to systematically build up a good tax base by promoting economic growth.

Mel Stride: Does my right hon. Friend agree that when the Opposition refer to non-doms as tax dodgers, they are referring not just to the super wealthy, but to many tens of thousands of individuals who come over here who do not have overseas assets on which to draw, who make a contribution to our economy and who pay all their taxes in the normal manner in this country?

John Redwood: Yes, it is very offensive language to call people tax dodgers. If they willingly come to our country, make a big investment in our country, spend a lot of their money in our country and pay all legal dues that this Parliament requires of them, I do not think calling them tax dodgers is wise, friendly or helpful. That is why I began my remarks by asking the hon. Member for Bootle (Peter Dowd) if he could draw a distinction between a non-dom who came here, paid all legal taxes but was, in his terms, dodging taxes on wealth legally held elsewhere, and a Labour MP who deliberately puts their savings money into an ISA or the pension fund to avoid paying tax. It seems to me that they are very comparable and I do not regard either as tax dodgers.

I do not think my Labour colleagues are tax dodgers because they take advantage of the savings breaks that both Conservative and Labour Governments offer UK taxpayers. Similarly, I do not regard a rich person from abroad who pays all legal dues here with no questions over their tax affairs as a tax dodger. I think they are a welcome contributor to greater growth and prosperity in our country, and we could think of a nicer way to sum them up.

I urge the House to resist the blandishments of the Labour party in opposition, to remember the stance of the Labour party in government, which was rather wiser, and to unite behind what I hope my colleague on the Front Bench will be saying, which is that we welcome talent, industry, enterprise and money into this country and that we want to have a fair basis for taxation that does not deter them from coming.

2 pm

Kirsty Blackman (Aberdeen North) (SNP): I start by telling the House of the sad death of my predecessor, Frank Doran, who was the MP for Aberdeen North and other Aberdeen seats during a career of about 30 years in Parliament. Mr Doran was incredibly well respected across the House. People who worked with him will remember him and will have respected his work. He was a principled man. He helped a lot of people who are now my constituents, and they often talk fondly about him. In particular, he worked incredibly hard in the aftermath of the Piper Alpha tragedy; he did a huge amount of work on that. Our thoughts are with his wife Joan, his family, and his friends and colleagues from across the House. I pass on the Scottish National party's condolences to his family.

I do not want to talk at length about offshore trusts. The SNP has consistently been critical of the situation around non-domiciled individuals and offshore trusts and of the complicated nature of the UK tax code. It is regularly said that the tax code used to be a book but now someone would need a van to cart it around. The problem with that is the potential for loopholes. In addition, the more complicated it is, the more difficult it is for people to comply and for Government agencies to ensure compliance. We have raised those issues.

The right hon. Member for Wokingham (John Redwood) talked about not conflating tax dodging with non-doms. I am not attempting to do that, but the more complicated the tax code is, the greater the likelihood of loopholes that people can exploit. We have concerns about that; we raised them last year in the context of the Criminal Finances Act 2017 and we will continue to raise our concerns around non-domicileds and offshore trusts more generally.

There are occasional suggestions from Conservative Back Benchers that we move the UK towards being some sort of tax haven, post Brexit. We completely reject that, as do some in the Conservative party.

Charlie Elphicke: Is the hon. Lady saying that she would not like people in Britain to enjoy lower taxes, if they were possible?

Kirsty Blackman: I was talking about tax havens; I think people have a good understanding of the difference between a tax haven and a country with lower taxes. It is completely reasonable to say, as individuals across the House do, that if we want excellent public services that best serve our population, we need a tax system in which people pay for those excellent public services. I am not in any way trying to dodge that; I think that we should have a tax system that ensures that we have excellent public services.

Charlie Elphicke: Does the hon. Lady not see the opportunity with Brexit to stop large businesses using European laws to game our tax system, and instead to get them to pay a fair share of taxes and give the hard-working people of modern Britain a tax cut?

Kirsty Blackman: As for the opportunity with Brexit, Scotland will be £30 billion worse off as a result of it. My city will be the worst off place in the UK outside the City of London—that is according to work done by London School of Economics and Political Science on the cost of Brexit; it is not a biased point of view. I do not see positive outcomes for the UK from Brexit. On the tax code, I want to make it clear that we reject moving towards a tax haven Britain and anything that could increase the number of loopholes. We are pleased about the Government's anti-avoidance changes; we would like them to go further, but that will always be the case, and we will always say that to the Government. We are pleased that they are making positive moves, and pleased with some of their anti-avoidance measures. I agreed with almost everything that the shadow Minister, the hon. Member for Bootle (Peter Dowd), said about non-domiciled people and offshore trusts. We will support the Labour party if it pushes new clause 1 to a vote.

James Cleverly (Braintree) (Con): As I am sure you agree, Mr Speaker, we all love a familiar tune that we can hum or whistle along to, the bars and notes of

[James Cleverly]

which come effortlessly to mind, so I imagine that a warm feeling of familiarity washed over all Members when they heard the tune being played by the Labour Front Bencher, the hon. Member for Bootle (Peter Dowd). It was the familiar one about the Conservatives not taking tax seriously, being on the side of tax dodgers and so on. We have heard it so many times.

It is nice to see the hon. Gentleman using this gargantuan Finance Bill as a stage from which to play that tune. It brought to mind that wonderful 1970s Morecambe and Wise sketch with André Previn; I do not know whether you are familiar with it, Mr Speaker. Eric Morecambe is at the piano; discordant notes are flooding from it, and André Previn says, “Stop, stop! You’re playing all the wrong notes.” Eric Morecambe replies, “No, sweetheart; I’m playing all the right notes, but not necessarily in the right order.” That was an awful accent; I apologise. The hon. Gentleman was not playing the right notes, and definitely not in the right order. Some of the claims made by Labour Front Benchers are built on sand. Far from being on the side of tax dodgers and tax avoiders, this party in government has put measures in place that have generated an additional £160 billion of tax revenue since 2010, and the Bill will, if enacted, bring in additional billions of pounds to the Treasury, so the hon. Gentleman was singing the wrong notes.

Yes, moves to close the tax gap were initiated by a Labour Government—it would be churlish not to concede that—but far from preventing or rowing back on the closing of the tax gap, this Government have continued the pressure to make sure that the gap between the taxes that should be collected and the taxes that are collected continues to decrease. As a Conservative, I am proud of this Conservative Government’s role in ensuring that the people who should pay taxes do, and pay at the appropriate level.

My right hon. Friend the Member for Wokingham (John Redwood) was absolutely spot on when he said that it is corrosive when we start blurring the definitions of tax avoidance and tax evasion. When we talk about people who act in a financially pragmatic way, completely within the law, in the same way that we talk about conmen and criminals, it sends a massively corrosive message, at a time when the world is getting smaller, in terms of where people can base themselves and their business.

While it is perhaps fun for Opposition Members to vilify people who transact their business internationally and can choose where in the world to rest their head at night and to make them sound like—to be topical—a Halloween villain, that is counterproductive. Although each individual utterance will make little difference, they combine and build to create the background music of intolerance of international business and successful people that will ultimately mean their locating somewhere else. Rather than getting the tax income from them that this country deserves, a different country will generate those tax revenues. A pound—or a euro or dollar—that is taxed somewhere else in the world is a pound that cannot be used by this Government to pay for the public services that we value and the public servants who deserve our thanks and reward.

It may feel superficially pleasant to see an international business, an international business person or a non-domicile flee from these shores. People may say, “If they do not

want to be here, let them go.” It is a nice soundbite but ultimately it is massively counterproductive to the job that we should be doing as parliamentarians and that the Government should be doing in office.

Anna Soubry (Broxtowe) (Con): I am enjoying the very good speech that my hon. Friend is making. Obviously, I do not want to get into a Brexit debate. Heaven forbid that he and I fall out in some way, or even worse do our impersonations of bygone sketches, which he clearly could not remember because he was not born then, but, on a serious point, does he share my concern that we are already seeing great businesses looking at relocating as the time comes for us to leave the EU, along with individuals who do not feel welcome in our great country?

James Cleverly: I thank my right hon. Friend for her intervention. We may not necessarily agree on the Brexit decision or on its impact on international businesses and British businesses that might be international, but it is fair for her to highlight the fact that we should do nothing that gives businesses cause for concern. It would be unfair to suggest that the decision to leave the EU has no impact on business decisions. As someone who campaigned for Brexit, I have an additional duty to prove her wrong. I know that she is of such a generous nature that, if in our dotage we are sharing a glass of wine, looking back at the events in the immediate aftermath of Brexit and I were to be proved right, she would be more than willing to concede that point. However, we have a duty to give businesses as much confidence as possible about being based in the UK. Having a tax regime that supports business and enterprise is an important part of doing that.

Charlie Elphicke: Does my hon. Friend agree that the Bank of England and the Treasury have a duty to talk this country up, not talk it down, and to ensure that, when they talk about investment versus disinvestment, they do not make up terrible numbers, as a continuity of “Project Fear”, when the Bank said that Brexit would mean a loss of jobs, growth and tax revenue, particularly non-domicile tax revenue? We have seen that that is not the case, with the lowest unemployment for 40 years and continued strong growth. It is wrong for the Bank to carry on saying such things, as it has today.

James Cleverly: I will be more than happy to invite Treasury officials and Mark Carney to the end of days party that it seems I will be throwing for my hon. Friend and my right hon. Friend the Member for Broxtowe (Anna Soubry). We can sit down to discuss such things, sharing my beautifully aged claret—[*Interruption.*]. Or indeed some wine from the constituency of my hon. Friend the Member for Wealden (Ms Ghani), which produces some fantastic wine. We will discuss the implications for the British economy of fear-mongering.

Vicky Ford: We are debating a new clause that suggests that, within 15 months of passing the Bill, there should be another review. Fifteen months would be February 2019, a month before Brexit. Financial services companies are already having to rethink their operations to cope with Brexit. Does my hon. Friend agree that the new clause is a distraction that the sector does not need and that the sector contributes more than £70 billion in tax to the UK economy, which we want to keep?

2.15 pm

James Cleverly: My hon. Friend is spot on. I cannot help but think that new clause 1 is more to do with Labour Members feeling that they need to table revised clauses because they do not know what to say. A call for a review of this kind invariably occurs when people are not sure what to say.

Mr Speaker, you will be disheartened to hear that I am about to conclude my comments. I strongly urge Members on both sides of the House to reject the new clause. We should do everything we can to send a positive message to businesses currently in the UK, to businesses that may think about coming to the UK and to business people who are deciding where they will domicile and to pay tax. We need to let them know that the UK is open, ready to do business and welcomes business people, as long as they pay their fair share in tax and help to support the public services that we value.

Bim Afolami (Hitchin and Harpenden) (Con): I felt that, as I was going to speak this afternoon, I should listen to speeches by colleagues in the House.

David Linden (Glasgow East) (SNP): Controversial.

Bim Afolami: I know that is a controversial view that many have. In particular, I listened very carefully to the speech by the hon. Member for Bootle (Peter Dowd) from the Opposition Front Bench.

Peter Dowd: Quite right.

Bim Afolami: I am. The hon. Gentleman made some interesting remarks, but I am going to pick him up on one phrase, which we should think about and bear in mind as we look not only at the implications of new clause 1 but at the Bill as a whole. He said that the British public are no fools. As I listened to him expound on that, I thought to myself, “The British public in the public gallery and the many millions undoubtedly watching the debate at this moment are no fools and will realise that this Conservative Government, since 2010, have brought in more than £160 billion-worth of anti-avoidance and tax evasion measures.” The British public are no fools. They will realise that the Conservative Government, since 2010, have reduced the tax gap—the gap between what should be collected in tax and what actually is collected—to 6.5%, the lowest that has been recorded. The British public are no fools and will see that this Government, a Conservative Government, will abolish permanent non-dom status for the first time. Those are the practical achievements that the Bill helps to build on.

On the precise nature of new clause 1, I can do no better than agree with my dear and honourable Friend the Member for Chelmsford (Vicky Ford), who suggested entirely accurately that the timing of such a review may cause disruption. It may be a significant disincentive and difficult from a business perspective because of the Brexit negotiations and the situation at that time. It is also important for us, whatever party we represent, to recognise that this Government are making the case for a sustainable fiscal policy that makes sense in the modern world.

We have heard from many Members on both sides of the House about the international context in which we operate. We are in a smaller world; we all know the impact that technology and ease of travel are having on

every aspect of life. Bearing that international context in mind, things are more competitive. We cannot rest on our laurels.

John Redwood: On that point, would my hon. Friend care to reflect on the issue of footballers? The Labour Front-Bench team was saying that footballers often got away with things under this heading, whereas I thought many people in Britain like the idea that very talented footballers could come to our country for a limited period of time under sensible arrangements for their tax affairs. Does my hon. Friend think that is reasonable?

Bim Afolami: Not only do I agree with my right hon. Friend about footballers, but I think that most people—among the millions watching this debate, as I have said—will recognise, because they see and enjoy the top-quality premier league football in this country, the impact that top foreign players make. It is not just footballers but music stars, artists, creatives, writers, financiers, businesspeople, entrepreneurs—all of them can be such an asset to this country. Footballers are a very visible example, but we should not forget the more hidden, less public face of that. Britain is good at attracting such people, and we should continue to be good at it, and be proud of that fact in this House.

On the Bill, the Government are making the case for a sustainable fiscal policy, and we must bear in mind the case for the simplification of taxes. The hon. Member for Aberdeen North (Kirsty Blackman) always makes good speeches, and made the point that simplifying taxes is a good aim that we should always think about. The Minister, the Government and everybody in this House should always be thinking of ways in which we can make things simpler. We should also always be thinking about ways in which we can make things fairer, and ensure there is a genuinely level playing field for all businesses that seek to work in this country. That is not only fair from an ethical perspective, but having a level playing field is an integral part of what makes Britain a good place to do business. We should focus on both simplifying our tax code and on making it fairer.

Charlie Elphicke: My hon. Friend is being generous in taking interventions. He served on the Finance Bill Committee so will have seen the size of the Bill; it resembles a doorstep. Does he think that we should shrink our Finance Bills and have simpler tax laws?

Bim Afolami: Yes, I did have the huge pleasure of serving on the Finance Bill Committee and it was fascinating. The Finance Bill is undoubtedly a whopper; it is huge. There is a good case—I am sure the Minister will come to this in his remarks—for saying that we need to think more actively about ways to make measures shorter and more easily digestible for hon. Members. I say that without detracting from the substance of what the Government are doing, which I completely support.

Craig Mackinlay (South Thanet) (Con): The UK tax code is now 22,000 pages long and involves 10 million words. Does my hon. Friend agree that we need to lessen that level of complexity if we are to be globally competitive in the future?

Bim Afolami: I agree with my hon. Friend. Being in government is a complicated matter, and Rome was not built in a day. This Bill can continue the work that

[*Bim Afolami*]

Treasury Ministers have already begun on how we address the difficulty involved in making things fairer and simpler, while also making sure that we have the right incentives for businesses to come to our country, and grappling with that in the context of trying to make sure that the tax code is simpler.

Charlie Elphicke: Does my hon. Friend agree that leaving the EU presents a great opportunity for us to take back control of our tax system and make it a lot simpler—and that, perhaps, all the EU rules are part of the reason why it has got so long and complex?

Bim Afolami: I hugely respect my hon. Friend. It is worth mentioning for the benefit of those who do not know it that he was a top tax lawyer, so he knows the value that complexity brings to tax lawyers in the City of London. On his point about the EU, I am no expert on these matters and defer to the Minister and other Members, but my view is that we must be more realistic and accept that a lot of things are of our own making; and with the advent of our leaving the EU we have the opportunity to make ourselves even better as a place to do business. I am sure that my hon. Friend and the Minister would support that.

John Redwood: The problem with the comments of the hon. Member for Aberdeen North (*Kirsty Blackman*) is that she wanted both a simpler tax code and to close loopholes. As I understand it, a great deal of its complexity and length has come from adding detailed ways of trying to close the loopholes, so there is a conflict there. Genuinely simpler tax codes have fewer taxes, which would be a great start, as would having lower rates with a common tax base. At present, however, we have too much complication, partly because of trying to close loopholes.

Bim Afolami: I accept that point. Members present appear to be reaching consensus that the Government should always be thinking of how to balance the need for fairness and simplicity with closing loopholes so that people do not take advantage of the fair laws in this country.

Many Members have discussed in the speeches made so far—I told you, Mr Speaker, that I was listening—the importance of businesses bringing in money to fund our public services. We all recognise that that is important; indeed, it is the reason why many, if not all, of us became Members of Parliament. However, it is also worth making the point that having a thriving economy in which individuals, on their own merit and through their own effort and time, can make the most of themselves is in and of itself a good thing. We should not always revert to thinking about business as something simply to be milked for the Exchequer; the Exchequer, the Government and Parliament should set, and are setting, a clear, simple, as-low-as-possible framework in which individuals and corporations can thrive. That is the sort of fiscal and economic policy that I support.

Vicky Ford: I thank my hon. Friend for the work he has done on the detail of this Bill. Does he agree that clauses 29 to 32 remove the loophole of permanent non-dom status, but clause 8 means that the UK can

continue to benefit from the approximately £9 billion a year from overseas investments, yet if we accept the Labour amendment we put that £9 billion at risk?

Bim Afolami: My hon. Friend is expert in these matters and knows about them in immense detail, having served in the European Parliament. When both serving on the Finance Bill Committee and during this debate, I have been struck by the keenness of this Government to be fair at the same time as promoting competitiveness. Fairness and competitiveness together are what make Britain the best place in the world to do business.

Alex Burghart (*Brentwood and Ongar*) (Con): It is an honour and a privilege to be speaking during the Report stage of the Finance Bill. You will know, Mr Speaker, although some Opposition Members might have forgotten, that I am the MP for Brentwood and Ongar. Today is a great day in the history of Brentwood, because “*Woman’s Hour*” has announced that it is the best place in the UK for women to live and work. That is something for us all to celebrate. Underpinning that achievement is the fact that Brentwood is a fantastic place to work and do business, and our sense of business acumen is itself underpinned by hard-headed pragmatism. When I bring my constituents complex pieces of legislation, including Finance Bills, they always ask me two things. They ask me whether the legislation is fair, and if they are going to get a good deal out of it. The measures that we are discussing are indeed fair, and I believe that taxpayers in my constituency will get a good deal from them.

2.30 pm

As a number of my hon. Friends have mentioned, people who have offshore trusts are not breaking the law. Indeed, it is wholly unfair to suggest that they are. We should recognise the fact that they are reputable business people who are bringing wealth to our country in a totally legitimate way. In Committee, the Minister pointed out that many people had put their affairs in order by setting up overseas trusts before they moved to the UK and it would be wrong for us to go after money that had been secured in that fashion.

Anna Soubry: My hon. Friend is making an excellent speech, although I would be intrigued to find out, perhaps after the debate, why Brentwood—I nearly said “of all places”, but I am sure that it is a wonderful place—was judged to be so favourable for women. But we are getting away from the Finance Bill and the important points that he is making about the economy. Does he agree that it is critical in any tax system that the balance is right? Yes, taxpayers need to pay the right and proper amount, but we know that if we start to be too onerous, people will exploit loopholes, meaning that tax revenues will begin to drop. Does he agree that it is under this Conservative Government that we have begun to get that balance absolutely right? People do not resent paying their taxes and revenues are rising because we have a good and fair system.

Alex Burghart: I could not agree more with my right hon. Friend. She can rest assured that she is always welcome in Brentwood. There will always be a place next to me in the teashop where we can sit down to discuss exactly why Brentwood is such a wonderful place for women to work, raise their families and be part of the community.

My right hon. Friend is absolutely correct that we have to get the balance right if we are to maximise the tax take for the Treasury, and it is only through that tax take that we will be able to fund our world-class public services. An attempt to do anything more would undoubtedly mean that less would be available for our police services, health service and education system. Our constituents—our citizens—would then all suffer, so it is absolutely essential that we get the balance right. I do not believe that we do that if we actively discourage successful, wealthy business people from bringing their money here so that they can invest in our country. As my right hon. Friend points out, it is by getting the balance right that the Treasury, under the great guidance of my right hon. Friend the Financial Secretary and his predecessors, has managed to bring in an extra £160 billion since 2010 and to narrow the tax gap to an historically low level. That is a great achievement.

Robert Jenrick: I would like to put this into perspective so that our constituents can appreciate our achievements on the tax gap. Our tax gap is 6%, but the gap is 34% in Italy. If the European Union wants to tackle any tax gaps, it should look at other European countries. The tax gap in the United States is 19%, so a 6% tax gap here represents a huge achievement by this Government.

Alex Burghart: I am grateful to my hon. Friend for bringing those figures to the House. Our extraordinarily impressive figure illustrates the achievements of successive Conservative Chancellors in their work to improve the situation that they inherited in 2010.

My hon. Friend the Member for Chelmsford (Vicky Ford) raised an extremely important point about timing. Do we really want a review to kick in just as the Brexit process is reaching its climax? With all due respect to Opposition Members, I do not think that they have really thought about that.

This has been my first Finance Bill and I have enjoyed everything about it immensely. I have even enjoyed the speeches made by the shadow Minister, the hon. Member for Bootle (Peter Dowd). I have enjoyed his panache, his dapper dress sense and his ties, which make me feel slightly underdressed. In Committee, he enlightened us with his knowledge of Plutarch and made reference to the Beatles. I believe that he referred to Plutarch's discussion of Pyrrhus's victory over the Romans, which led to Pyrrhus saying, "One more such victory and we are lost." Were new clause 1 to be agreed to, it would be a pyrrhic victory of great consequence. It would put billions of pounds of Treasury revenue at risk, which would in turn put our public services at risk. That would make my constituents very angry.

I know that the hon. Member for Bootle is fond of the Beatles, as am I. We have already had a comic turn from one Essex MP today. The House might recall that, once upon a time, John Lennon was asked why the Beatles were the greatest band in the world. He said it was because Paul McCartney was the greatest singer-songwriter in the world and because George Harrison was the greatest guitarist in the world. The interviewer said, "What about Ringo? Isn't he the greatest drummer in the world?" Mr Lennon replied, "He's not even the greatest drummer in the Beatles."

Eddie Hughes (Walsall North) (Con): I rise because it is dreadful to hear this wrong story being perpetuated in the House of Commons. It is a myth that that conversation

ever took place, in my opinion—people can check it now on Google. We have in Birmingham a fine comedian called Jasper Carrott who once told that story as a joke. Such is the way that Google works these days that when someone tells a joke like that, it finds its way on to a website somewhere and a myth is perpetuated. We are hearing that story told again in the House of Commons today. I am concerned that it will be recorded inappropriately, so I hope that my hon. Friend will consider that.

Alex Burghart *rose*—

Madam Deputy Speaker (Dame Rosie Winterton): Order. I am sure that when the hon. Member for Brentwood and Ongar (Alex Burghart) responds, he will ensure that his words are directly relevant to new clause 1. This is an important issue and I am sure that Members would not want people to think that we were treating it light-heartedly. We should be taking it very seriously.

Alex Burghart: You are quite right, Madam Deputy Speaker. I assure you that my comment was directly relevant to the Bill, but my peroration was cruelly interrupted by my hon. Friend the Member for Walsall North (Eddie Hughes). He has now set the record straight but, in the process, destroyed one of the great anecdotes about the Beatles. I was going on to say that new clause 1 is not even the best amendment that the Opposition have put up.

The Minister made it clear in Committee that with "regard to a review of the legislation, as stated in the tax information and impact note published in December 2016, HMRC will monitor the effects of the provisions through information collected in tax returns. I therefore urge the Opposition not to press new clause 3." —[*Official Report, Finance Public Bill Committee*, 19 October 2017; c. 97.]

A form of review is therefore already under way. This Bill is fair and will get a good deal for all our constituents.

Eddie Hughes: My hon. Friend is making a great speech. Another vital factor that we must consider is the element of trust, which will come up repeatedly as we discuss further amendments. It is important that taxpayers can trust this Government to ensure that we collect the maximum amount of tax and then deploy that tax appropriately to provide excellent public services. My hon. Friend suggests that it is important that the Bill is fair, but it is also important that it is trustworthy and that the people watching this debate on telly at home—millions of them—have faith that the Government are firm, fair and trustworthy.

Alex Burghart: I thank my hon. Friend for that wonderful speech. He is of course entirely right that these measures are fair. They get a good deal for the British taxpayer and will help to underpin future investment in our fine public services.

Colin Clark (Gordon) (Con): Clarifying non-dom status is absolutely the right thing to do, but it is also crucial to ensure that our tax regime is fair. We have heard from other Members that non-dom status contributes £9 billion. My constituency—this is also relevant to the constituency of the hon. Member for Aberdeen North (Kirsty Blackman)—has seen a lot of mergers and acquisitions activity, and it is important that this country's tax regime is clear, simple and straightforward, with people encouraged. The Wood Group and Amec merger will create a FTSE 100 company that will be headquartered in Aberdeen, and Baker Hughes and GE, another huge

[Colin Clark]

oil company, has a lot of influence on the UK's continental shelf. Does my hon. Friend agree that unless we keep this country's tax regime attractive to inward investment and non-doms, we could lose some of that investment, which would damage my constituency and that of the hon. Member for Aberdeen North?

Alex Burghart: I entirely agree with my hon. Friend. It is crucial, perhaps now more than ever, that this country is entirely open to money, to investment and to good business practice from around the world. It is incumbent on the Government to ensure that they create an environment that will bring jobs and investment into his constituency and mine, and indeed into all parts of our country. I also want to voice my wholehearted support for Government amendment 17—a fine amendment if ever there was one—which sets the Treasury record straight, as ever it should be.

Mel Stride: I begin by thanking the hon. Member for Bootle (Peter Dowd) for his interesting and informative contribution. Alas, I am going to have to disappoint him and say that I will urge the House to reject new clause 1, but I thank him most sincerely for the generosity with which he gave way to the wave upon wave of Government Members who wanted to challenge him—it was a veritable intervention-fest. My hon. Friend the Member for Braintree (James Cleverly) mentioned the “The Morecambe & Wise Show” but in the hon. Gentleman's case, I was reminded more of the 1980s show “Game for a Laugh”—[*Interruption.*] Perhaps that was unkind, but we had some fun along the way.

2.45 pm

Before replying to the hon. Gentleman's opening remarks, I will speak briefly about some of the fine contributions made by Members on both side of the House, who took the matter in hand with due seriousness, as you exhorted us to do, Madam Deputy Speaker. The arguments were put extremely powerfully by my right hon. Friend the Member for Wokingham (John Redwood), who talked about the importance of recognising that many of the tax activities of individuals in this country are not driven by evasion or a desire to cheat the system or bend the rules, but by sensible tax planning and using the rules precisely as they were designed to be used. He also rightly pointed out the importance of not driving away the individuals who bring great wealth and business investment to our country—we heard about the record £9 billion a year from non-domiciled individuals. The hon. Member for Bootle will recall our lengthy debates about business investment relief.

We must not drive away the additional moneys that will come to our country to fund our doctors, nurses, paramedics, the Army, police and all the other wonderful public services that we expect to be supported. An extra £1.6 billion will come as a consequence of the changes proposed in the Bill. My right hon. Friend also spoke well about the importance of our tax system being competitive, and we briefly touched on an important point that was raised by many other Members: how do we term these individuals?

Anna Soubry: Does my right hon. Friend agree that an important point to make about non-doms is that the idea that they are all multimillionaires, if not billionaires,

is an absolute fallacy? Many non-doms quite properly have that status, but the idea that they are fat cats or rich people with oodles of money who are up to dodgy dealings is an absolute myth. Many of them are actually of modest means, but invariably those of more substantial means are great entrepreneurs and we need them in our country arguably more than ever before.

Mel Stride: My right hon. Friend is entirely right and pre-empted the point that I was about to make, which is that it is quite wrong of the Opposition to castigate all non-domiciled individuals in this country and to characterise them as tax dodgers. In fact, the hon. Member for Bootle made the point that there are over 100,000 non-doms in the United Kingdom. The vast majority of them do not have lots of overseas assets or may have no overseas assets; they are not opening up trusts and putting assets in them. They simply come over here, sometimes for a couple of years or so, to work and contribute to our economy.

Geraint Davies (Swansea West) (Lab/Co-op): What the Minister says is true so far as it goes, but I recently met representatives of Man, with which the Minister will be familiar. At £100 billion, Man runs the biggest hedge fund across Europe. They want robust, predictable and understandable regulation to provide certainty for investors, rather than slackness that allows people to creep through holes and exploit loopholes. They want to know where they are. They do not necessarily want a race to the bottom; they just want a reliable system for investing over the long term.

Mel Stride: Certainty for the future is precisely what the proposals deliver, and they were extensively consulted on for a couple of years before coming into effect. We are providing exactly the certainty that the hon. Gentleman wants.

As is characteristic of the hon. Member for Aberdeen North (Kirsty Blackman), she made some fairly thoughtful comments about the importance of ensuring that the tax code is not overly-complicated. She will be aware of the work that we are doing with the Office of Tax Simplification. I was grateful for her at least partial welcome for some of our anti-avoidance measures which, as many Members rightly pointed out this afternoon, have brought in £160 billion since 2010.

My hon. Friend the Member for Braintree referred to the Bill as “gargantuan.” Having spent what feels like most of my life reading every syllable of it, I think that is a rather polite description of this colossus of a Bill, which has 760-odd pages. He mentioned Morecambe and Wise, and it was a nice touch to characterise the way in which the Opposition play the same old tunes. For the Government, of course, the tune is “Bring Me Sunshine”. We believe in an economy that works for everybody; we believe in bright, sunny uplands; we believe in possibilities, we believe in the future; and, above all, while I am a Treasury Minister, we believe in fair taxation.

My hon. Friend was also right to mention the £160 billion. He particularly stressed the importance of getting away from the corrosive message of always beating up those who are an apparently easy target. We need to talk our country up, not do our country down.

Geraint Davies: Does the Minister understand the deep concern about the need for transparency, legitimacy and fair returns in the aftermath of the Panama papers?

What specific actions have the Government taken, or are they just saying, “Oh, well. It doesn’t matter. We’ll just get on as normal.”?

Mel Stride: We are right in the vanguard, as the hon. Gentleman knows. The OECD’s initiative to address base erosion and profit shifting has, among other things, brought in the transfer of information between countries on the very issues he raises. We are no slouch when it comes to addressing such issues.

My hon. Friend the Member for Hitchin and Harpenden (Bim Afolami) also talked about tax avoidance. He confessed to the “novelty” of listening to the hon. Member for Bootle, which is perhaps a little harsh as I often learn a lot from listening to him. My hon. Friend also talked about the importance of attracting the best people to our country from all walks of life, and he is right.

My hon. Friend the Member for Brentwood and Ongar (Alex Burghart) made an important point about the setting up of trusts. The trusts of those who become deemed domiciled under the Bill will have to have been in place before that particular moment in time. It is worth stressing that taxation falls due, in the normal manner, only when income is taken out of a trust. My hon. Friend also got us tangled up in a debate about the Beatles and Ringo Starr, but then my hon. Friend the Member for Walsall North (Eddie Hughes) told us that it was Jasper Carrott all along, and we are grateful to him for that.

I begin my response to the hon. Member for Bootle by reminding the House of the significant changes that the Bill introduces to the way in which non-domiciled people are treated in the United Kingdom for tax purposes. The new rules that the Government are introducing fundamentally change the way non-doms pay tax in the UK by ending permanent non-dom status. Under the Bill, non-doms who have been resident in the UK for 15 of the last 20 years will no longer be treated as non-domiciled by the tax authorities. Instead, they will pay tax in the same way as everyone else, bringing £1.6 billion in much-needed extra revenue for our public services.

To maintain fairness and to keep our tax system competitive, the Bill protects non-residents’ trusts from being wholly introduced to the UK tax system. New clause 1 would impose an obligation on HMRC to review the operation of those protections for non-resident trusts. The review would consider the cost of the protections and the effects they have on taxpayer behaviour, including the effect of removing the protections. Although I understand the intention behind the new clause, I do not think it is necessary to legislate for such a review to take place. HMRC and Her Majesty’s Treasury have hundreds of officials monitoring the tax system and assessing the risks, which is right and proper given the Government’s responsibility to ensure that the tax system delivers value for money for the UK taxpayer.

There is a more fundamental case against the new clause—a case about fairness and unintended consequences. The trusts that the Bill seeks to protect are those created before an individual is deemed to be UK domiciled. Many of these complex trust structures will have been set up long before the individual even thought about moving to the United Kingdom and will not have been set up to comply with the UK’s tax rules. In the circumstances, it is not unreasonable that the new domicile rules are introduced in a way that protects trusts from

unintended consequences. It would be unfair to ask a non-dom to pay tax on money they never intended to bring into contact with the British tax system in that way.

Geraint Davies: Is the Minister saying it is fair for someone to tax plan to leave the country, make a load of money and hide it in various places where tax is not charged before coming back to live in the British environment, where they always wanted to live, and avoid all that tax?

Mel Stride: I am not saying that at all. What I am saying is that, where a non-dom has a family trust or some other perfectly legitimate arrangement—they might not have been to this country at all when the trust or arrangement was set up—and is subsequently deemed to be domiciled in this country, it is not unreasonable that the contents of that trust should be protected, with the important caveat that tax is due to the UK tax authorities as soon as income is taken out of the trust.

Geraint Davies: In terms of tax planning, a merchant banker or whatever in their twenties could plan to leave Britain for a number of years, make a lot of money and protect that money in a tax haven before coming back and receiving all the benefits—sending their kids to public school and all the rest of it—without paying tax in Britain.

Mel Stride: I think I have answered that question. It is probably time to move on.

Even with these protections in place, non-doms who become deemed UK domiciled will be protected from tax, as I have said, only on income and gains that remain in the trust. Any moneys withdrawn or benefits provided will lead to a tax charge on the individual. This is a fair system that has been carefully considered and consulted on since it was announced more than two years ago. It is simply unnecessary to introduce legislation to place additional bureaucracy and additional reporting burdens on HMRC, which already scrutinises non-doms’ compliance with the UK tax regime.

Government amendment 17 will remove and correct a minor inaccuracy in schedule 8 to ensure that the policy is delivered as intended. The change applies to part 4 of the schedule, on the cleansing of mixed funds. For the purpose of these rules, a qualifying individual is one who was not born in the United Kingdom and whose domicile of origin is not in the United Kingdom. The amendment simply corrects the Bill by replacing “or” with “and” when defining a qualifying individual. I therefore urge the House to accept the amendment.

These reforms have been carefully drawn up to ensure that we get the right balance between protecting the public finances, remaining internationally competitive and showing how much we value the contribution of non-doms in the UK. I therefore urge the House to reject new clause 1.

Peter Dowd: I thank the hon. Member for Brentwood and Ongar (Alex Burghart) for referring to Plutarch, a Greek citizen who became a Roman citizen—but not a non-dom in that country. Our new clause would require a review to be undertaken on the effects of “the provisions for the protection of overseas trusts in relation to deemed domicile.”

[Peter Dowd]

Like Queen Gertrude in “Hamlet”, Conservative Members protest too much. Why can we not have a review? That is all the new clause asks for: a review. What is wrong with a review?

Question put, That the clause be read a Second time.

The House divided: Ayes 279, Noes 309.

Division No. 27]

[2.59 pm

AYES

Abbott, rh Ms Diane
 Abrahams, Debbie
 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
 Benn, rh Hilary
 Betts, Mr Clive
 Black, Mhairi
 Blackford, rh 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
 Cable, rh Sir Vince
 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
 Coaker, Vernon
 Coffey, Ann
 Cooper, Julie
 Cooper, rh Yvette
 Corbyn, rh Jeremy
 Cowan, Ronnie
 Coyle, Neil
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cunningham, Alex
 Cunningham, Mr Jim
 Davey, rh Sir Edward

David, Wayne
 Davies, Geraint
 Day, Martyn
 De Cordova, Marsha
 De Piero, Gloria
 Debbonaire, Thangam
 Dent Coad, Emma
 Dhesi, Mr Tanmanjeet Singh
 Docherty-Hughes, Martin
 Dodds, Anneliese
 Doughty, Stephen
 Dowd, Peter
 Drew, Dr David
 Dromey, Jack
 Duffield, Rosie
 Eagle, Ms Angela
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris
 Farron, Tim
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Frith, James
 Furniss, Gill
 Gaffney, Hugh
 Gapes, Mike
 Gardiner, Barry
 George, Ruth
 Gethins, Stephen
 Gibson, Patricia
 Gill, Preet Kaur
 Glindon, Mary
 Godsiff, Mr Roger
 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
 Harman, rh Ms Harriet
 Harris, Carolyn

Hayes, Helen
 Hayman, Sue
 Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hermon, Lady
 Hill, Mike
 Hillier, Meg
 Hobhouse, Wera
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Huq, Dr Rupa
 Hussain, Imran
 Jardine, Christine
 Jarvis, Dan
 Johnson, Diana
 Jones, Darren
 Jones, Gerald
 Jones, Graham P.
 Jones, Helen
 Jones, Mr Kevan
 Jones, Sarah
 Jones, Susan Elan
 Kane, Mike
 Kendall, Liz
 Khan, Afzal
 Killen, Gerard
 Kinnock, Stephen
 Kyle, Peter
 Laird, Lesley
 Lake, Ben
 Lamb, rh Norman
 Lammy, rh Mr David
 Law, Chris
 Lee, Ms Karen
 Leslie, Mr Chris
 Lewis, Clive
 Lewis, Mr Ivan
 Linden, David
 Lloyd, Tony
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 MacNeil, Angus Brendan
 Madders, Justin
 Malhotra, Seema
 Mann, John
 Marsden, Gordon
 Martin, Sandy
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCarthy, Kerry
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahan, Jim
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Moon, Mrs Madeleine
 Moran, Layla
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 Norris, Alex
 O'Hara, Brendan
 Onasanya, Fiona
 Onn, Melanie
 Onwurah, Chi
 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
 Reeves, Ellie
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Robinson, Mr Geoffrey
 Rodda, Matt
 Rowley, Danielle
 Ruane, Chris
 Russell-Moyle, Lloyd
 Saville Roberts, Liz
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, Angela
 Smith, Cat
 Smith, Eleanor
 Smith, Jeff
 Smith, Laura
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Sobel, Alex
 Spellar, rh John
 Starmer, rh Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Sweeney, Mr Paul J.
 Swinson, Jo
 Tami, Mark
 Thewliiss, Alison
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thornberry, rh Emily
 Timms, rh Stephen
 Turner, Karl
 Twigg, Derek

Twigg, Stephen
 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 Ayes:
Judith Cummins and
Nic Dakin

NOES

Adams, Nigel
 Afolami, Bim
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 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
 Bruce, Fiona
 Buckland, Robert
 Burghart, Alex
 Burns, Conor
 Burt, rh Alistair
 Cairns, rh Alun
 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, Philip
 Davis, rh Mr David
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Docherty, Leo
 Dodds, rh Nigel
 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
 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
 Griffiths, Andrew
 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
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jack, Mr Alister
 James, Margot
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 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
 Lopez, Julia
 Lopresti, Jack
 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
 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
 Offord, Dr Matthew
 Opperman, Guy
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pincher, Christopher
 Poulter, Dr Dan
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, 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	Trevelyan, Mrs Anne-Marie
Soubry, rh Anna	Tugendhat, Tom
Spelman, rh Dame Caroline	Vaizey, rh Mr Edward
Spencer, Mark	Vara, Mr Shailesh
Stephenson, Andrew	Vickers, Martin
Stevenson, John	Villiers, rh Theresa
Stewart, Bob	Walker, Mr Robin
Stewart, Iain	Wallace, rh Mr Ben
Stewart, Rory	Warburton, David
Streeter, Mr Gary	Warman, Matt
Stride, rh Mel	Watling, Giles
Stuart, Graham	Whately, Helen
Sturdy, Julian	Wheeler, Mrs Heather
Sunak, Rishi	Whittingdale, rh Mr John
Swayne, rh Sir Desmond	Wiggin, Bill
Swire, rh Sir Hugo	Williamson, rh Gavin
Syms, Sir Robert	Wilson, Sammy
Thomas, Derek	Wollaston, Dr Sarah
Thomson, Ross	Wood, Mike
Throup, Maggie	Wragg, Mr William
Tolhurst, Kelly	Wright, rh Jeremy
Tomlinson, Justin	Zahawi, Nadhim
Tomlinson, Michael	Tellers for the Noes:
Tracey, Craig	Craig Whittaker and
Tredinnick, David	Stuart Andrew

Question accordingly negatived.

Schedule 8

DEEMED DOMICILE: INCOME TAX AND CAPITAL GAINS TAX

Amendment made: 17, page 521, line 18, leave out “or” and insert “and”—(*Mel Stride.*)

Clause 5

TERMINATION PAYMENTS ETC: AMOUNTS CHARGEABLE ON EMPLOYMENT INCOME

3.15 pm

Anneliese Dodds (Oxford East) (Lab/Co-op): I beg to move amendment 1, page 14, line 15, leave out “different” and insert “higher”.

This amendment removes the power for the Treasury to reduce the £30,000 threshold in connection with the taxation of termination payments by regulations.

Madam Deputy Speaker (Dame Rosie Winterton): With this it will be convenient to discuss the following:

Amendment 2, page 14, leave out lines 20 to 23.

This amendment is consequential upon Amendment 1.

Amendment 3, page 14, leave out lines 27 and 28 and insert—

“(2) “Injury” in subsection (1) includes—

- (a) psychiatric injury, and
- (b) injured feelings.”

This amendment explicitly includes (rather than excludes) injured feelings within the definition of “injury” for the purposes of payments which are excluded from the provisions of Chapter 3 of Part 6 of the Income Tax (Earnings and Pensions) Act 2003 (payments and benefits on termination of employment).

Anneliese Dodds: Labour’s amendments on redundancy payments focus, first, on ensuring that there is proper democratic scrutiny of any attempt to reduce the £30,000 threshold for the taxation of termination payments,

rather than the power to do so residing merely in regulations and, secondly, on ensuring that injured feelings are included in, rather than removed from, the definition of injury for the purpose of tax-excluded payments.

It is frustrating to be back in the Chamber to debate these issues again, with, again, no indication from the Government of any change in their position. The discussions in the Bill’s previous stages, including in Committee, detailed many ways in which provisions against aggressive tax avoidance and evasion could be tightened. Yet, rather than heed those reasonable suggestions for the removal of loopholes, the Government seem keen to target those made redundant as a potential source of revenue.

The changes in clause 5 are occurring in the context of the Government being determined to rush headlong into reducing corporation tax rates, despite the Institute for Fiscal Studies and others being clear that there is no automatic link between lowering rates and increasing revenue. In fact, I would hazard to suggest that in this case the opposite might be true. The Government’s previous cuts to corporation tax have manifestly not increased business investment.

The changes in the clause are also occurring when, as we have discussed, many loopholes have been retained for non-doms and, furthermore, while new measures for corporations exempt some of those firms that appear to have the most labyrinthine business arrangements, designed for tax purposes—not least some public infrastructure companies.

One might, then, wonder exactly why the Government have decided to stick to their guns and focus tax increases on those who are made redundant, which is effectively the idea that the provisions in the clause promote. We have been told by the Minister repeatedly that there are no immediate plans to reduce the threshold beyond which termination payments are taxable. If that is the case, why create the power to reduce it?

Mel Stride *rose*—

Anneliese Dodds: If I may finish, I will be more than happy to take an intervention.

To use an appropriate analogy on Halloween, I would not have bought a pumpkin last weekend if I expected it to sit on the shelf when I brought it home. I would have bought it because I expected to carve it, although not very artistically, for my children. I would not purchase something if I did not think I was going to use it, so why are we spending valuable parliamentary time debating a measure that will never be used?

Mel Stride: I simply wish to point out that, as I think the hon. Lady will know, the statutory instrument on changing the £30,000 threshold would have to be passed by the House under the affirmative procedure. It would be an affirmative SI, so it would have to be voted on by the House.

Anneliese Dodds: The Minister’s point exemplifies exactly what I anticipated might happen. I was just about to say that the second line of defence from the Government, after proclaiming that they would abstain from using the powers that they are so keen to give themselves, is that, in any case, they would have to bring any change to the House for a vote. Indeed, that is what

has occurred just now. We are all aware of the difference between passing a measure through the ordinary legislative procedure, with the amount of scrutiny that that receives, and passing a measure through the type of approach that the Minister has mentioned just now. I regret that this appears to be part of a piece, with a broader trend to exempt new policies from the parliamentary scrutiny that they deserve and that the British public have rightly come to expect from its elected representatives.

Arrangements for those facing redundancy are not, and should not be, a matter of purely technocratic interest. The Government's failure to raise the tax-free threshold for statutory redundancy pay has meant that it has already lost much of its original real value. That perhaps explains why, when the Government consulted on this issue, there was no conclusive evidence in the consultation either of widespread abuse in this area or of a clamour for a reduction in the threshold.

We are also asking the Government to reconsider their plans on injury to feelings payments as part of termination payments.

Mr Tanmanjeet Singh Dhese (Slough) (Lab): My hon. Friend is making an excellent speech. Does she agree that the watering down of injury to feelings compensation is just another part of this Government's plans to undermine and erode workers' rights?

Anneliese Dodds: The concern is that this could be part of a piece of a broader movement to erode some rights that have existed for working people in the past.

Antoinette Sandbach (Eddisbury) (Con): Some 85% of payments under the £30,000 threshold are not touched by these changes. Where there is the potential for manipulation of amounts above £30,000, does the hon. Lady not agree that that potential tax avoidance loophole should be closed?

Anneliese Dodds: I am grateful to the hon. Lady for her comments, but I must tell her that the consultation on the measure did not reveal widespread evidence of such manipulation of the rules. It was quite clear in that regard. Indeed, when advice was sought about appropriate measures in this area in the future, a range of different views came from stakeholders and consultees about the way forward. She is right to say that we are not talking about these changes affecting everyone who is made redundant. They apply to a minority of people, but it could be people who have had a very difficult time and who really rely on that redundancy payment for sustaining some kind of quality of life into the future. It is absolutely important that we have a proper debate about, and parliamentary scrutiny of, any changes, which is exactly what our amendments are intended to do.

I was talking about the new plans for injury to feelings payments as part of termination payments. I noted that there were many claims from the Government on this topic on First and Second Readings of the Bill, not least that payments allotted via tribunals would not be affected by these measures, but it is not the case that employment tribunals can decide whether payments are subject to tax or otherwise. That is not within their power. Yes, in some cases, some types of employment tribunal award are "grossed up" to take account of the tax that will be due, but that is very different from

deciding whether an award is in and of itself taxable, which seemed to be implied in some of the previous debates on this issue.

In addition, the measures proposed in the Bill would cover the far more common payments made directly by an employer to settle discrimination complaints as part of a redundancy or other dismissal.

Mel Stride: The hon. Lady asserts that those awards made by tribunals are not necessarily non-taxable, but those made for discrimination, for example, are completely non-taxable.

Anneliese Dodds: If we are talking about payments made for discrimination in the context of a redundancy payment, yes, they are. That is our exact point, which is why we are discussing this matter about injury to feelings. We have had some comments in this House which appear to misunderstand the nature of injury to feelings payments. In some cases, these have been trivialised, almost suggesting that these payments are made because an employees' nose has been put out of joint rather than something potentially more serious. But "injury to feelings" is a substantive legal category. Where there is genuine evidence of misuse of this category, that should be stamped out, but we have not been provided with such evidence as part of our deliberations on the Bill. Injury to feelings is related directly to discrimination experienced by a person because of their characteristics as an individual—their age, gender, sexual orientation, disability status or ethnicity. This should be taken seriously and it should not be a focus for penalising individuals, as is the case under these proposals. Again, as my hon. Friend suggested, this appears to be part of a piece, with more general measures watering down the protection to individuals suffering from discrimination at work, whether or not they take that discrimination to a tribunal. Clearly, tribunal fees have been struck down because of their discriminatory impact. Now measures are popping up that water down individuals' protections in other ways.

Robert Jenrick: Just so that our constituents appreciate what is happening in the broader context, does the hon. Lady welcome the announcement that was made in September by the presidents of the employment tribunals of England and Wales that, in each of the three bands for injury to feelings, the maximum award is rising?

Anneliese Dodds: Again, I would be very careful to separate out tribunal awards that are made in the context of discrimination at work, which is not what we are talking about, from awards that might relate to redundancy, which is what we are focused on. In relation to discrimination generally, there has been a long-running discussion about what the rates should be for different bands. If one looks at the average award, or, even better, the median award, we are not talking about massive sums of money. It is very important that the public receive that message. For example, someone who has experienced discrimination on the basis of sexual orientation is generally receiving much less than £10,000—I regret that I cannot recall the exact figure. It is very important that we do not give the impression that people are somehow holding companies to ransom in this area. Indeed, that is perhaps underlying some of the change that has been forced on the Government through the

[Anneliese Dodds]

court decision that we should not have tribunal fees, because these tribunals are being used not vexatiously, but purposely for people to protect their rights at work.

In conclusion, Labour's message on this Finance Bill is clear. We felt that it offered an opportunity to reboot our economy, to deal with our massive productivity challenges and our cost of living crisis, and to shore up public finances by sealing loopholes for the very best-off people and biggest multinational companies. Instead, we have a series of missed opportunities and measures focused on soft targets, rather than on those who can afford expensive accountants and engage in complex schemes to avoid tax.

Kirsty Blackman: The House will be delighted to know that I do not intend to speak for very long. We have discussed this matter a number of times before. It is important to note that this measure is a revenue-raising one; the aim is to make £430 million for the Government. However we paint it, these workers are facing redundancy. They are receiving the pay-out at the same time as losing their jobs, so they are vulnerable by their very nature, and are having to think carefully and reassess how they go forward. This additional money will go to the Government, rather than to these workers who are being made redundant. For that reason, the Scottish National party will support the Labour party's calls, particularly those regarding termination payments.

Antoinette Sandbach: Does the hon. Lady put in that category, for example, Fred Goodwin, who received a £2.7 million advance on his pension as part of the package he received when he left the Royal Bank of Scotland?

3.30 pm

Kirsty Blackman: I am not sure that that was a redundancy payment that would be counted in this category. I do not know the tax status of the gentleman, or how much tax he would have paid on that or any other payments he received. It does not appear as though the Government are looking to pursue such people. It seems that they are looking to make tax changes.

Mr Jim Cunningham (Coventry South) (Lab): The coalition had the chance to do something about Sir Fred Goodwin. Does the hon. Lady agree?

Kirsty Blackman: That was before my time in this House. I am not sure what power Parliament would have had regarding the payments. I obviously do not think that somebody who has demonstrably not behaved very well should get huge sums of money as a result.

The SNP has been clear about our position. We feel that the measure does not offer the protection we would like for workers who are being made redundant. The Government understand that this is our position, and we ask them to make moves on the matter.

Ellie Reeves (Lewisham West and Penge) (Lab): I am grateful for the opportunity to speak once again in the debate about the taxation of termination payments.

Before entering this place, I was an employment rights lawyer for more than decade, so this issue is very important to me. I have represented employees who had

been dismissed and discriminated against day in, day out. Very often, this would involve negotiating termination packages or settlement agreements for them. The Bill seems to make it harder for people to get proper compensation for their ill treatment. Having seen at first hand the devastating effect that dismissal and discrimination can have on someone's life, I am deeply concerned that the Bill seeks to narrow the scope of termination payments.

An employee can currently receive up to £30,000 in tax-free compensation as part of a settlement package. The figure already excludes from the tax-free amount things that would generally be considered as pay, such as accrued but untaken holiday pay, any unpaid wages or bonuses due, and pay in lieu of notice that is provided for in the contract of employment. However, sums for future loss of earnings or for injury to feelings are generally not subject to tax, provided they do not exceed £30,000.

Far from this being about tax avoidance, it is about properly compensating people who have been wrongly treated rather than treating them as a means to top up the coffers. Despite this, the Government wants to give themselves the power to decrease the tax-free amount that can be paid to an employee upon termination. Under the proposals, the threshold could be reduced using secondary legislation, without the full and proper scrutiny of parliament. The Minister says that the Government have no intention to reduce the threshold.

Mr Jim Cunningham: The previous Conservative Government changed the redundancy legislation. The purpose of redundancy money is to tide people over until they can get another job, so it should not be taxed at all.

Ellie Reeves: We know that redundancy payments and the way in which they are capped means that they often do not adequately compensate people after they have been dismissed from work. The fact that the Government want to give themselves the power to decrease the threshold prompts a question: why do they want to do it if they do not want to exercise that power? It seems that they would treat those who have suffered wrong treatment in the workplace as a source of revenue rather than as victims worthy of support. This is all the more important when taking into account the fact that the tax-free threshold has not increased since 1988.

Eddie Hughes: Even given the fact that, as the hon. Lady said, the threshold has not increased for some time, it still covers 85% of payments made in this country. Surely that is an acceptable amount.

Ellie Reeves: The amount should reflect someone's loss of earnings, their ability to get back on their feet and the injury they have suffered after redundancy, so it is not good enough to tell 15% of these people, "We don't care about you."

If the threshold had risen in line with prices, it would be £71,000 today. Surely the Government should be going after the billions hidden in tax havens and the corporations that avoid paying tax, as well as properly resourcing HMRC, rather than going after those who have been treated badly at work. Being dismissed or discriminated against at work can have a catastrophic effect on someone's life, so the Government should not be attacking those who might be at their most vulnerable.

Vicky Ford: Will the hon. Lady give way?

Ellie Reeves: I will make some progress.

It seems curious that the Government want to make it a priority to enshrine it in statute that compensation for injury to feelings awards connected to the termination of employment should be taxed as earnings. This is yet another example of how the Government, rather than going after the big corporations that are avoiding tax, would penalise those who have been unlawfully discriminated against at work.

When we last debated the Bill in Committee on 11 October, it was suggested by Government Members that injury to feelings was some sort of new concept that Labour was trying to introduce to create a tax loophole. Yet injury to feelings is a well-established head of damage, enshrined in the Equality Act 2010 and in the various pieces of anti-discrimination legislation that preceded it, including the Sex Discrimination Act 1975. Guidance on the level of awards was given in the case of *Vento* some years ago, and it has just been upgraded. The highest award is £42,000 for the most serious acts of discrimination, which usually involves a course of conduct over many years, and the lowest award is £800—usually for a one-off comment. That is established legal principle.

Under these proposals, however, such awards would be taxed as a matter of routine when the £30,000 threshold is exceeded. Not only does that seem inherently unfair to victims of discrimination, but in practical terms it will lead to all sorts of litigation and drafting issues about whether an award is in connection with the termination or a previous act of discrimination unconnected to the termination. For example, a woman is subjected to sexual harassment at work over a sustained period. She subsequently tells her employer she is pregnant and is dismissed as a result. She pursues a claim for sexual harassment, unfair dismissal and maternity discrimination. She is awarded £30,000 for loss of earnings, which takes her up to the tax-free threshold. She is awarded another £10,000 for injury to feelings. Who determines what part of the award is for the harassment, which is unconnected to the termination of her employment and therefore not taxable, and what part is in relation to the pregnancy-related dismissal and therefore taxable?

Moreover, because personal injury claims will be exempt from tax but injury to feelings will not be, we are likely to see more employment tribunal claims pleading personal injury—for example, psychiatric damage—which will inevitably lead to complex medical evidence and longer hearings. With strains already on the employment tribunal system and on HMRC, that is surely not the route we should be going down. Or is this just the start of a slippery slope, with the Government ultimately wanting to tax all injury to feelings awards and all personal injury awards?

For those reasons, I urge the Government to accept our amendments and to go after the real tax avoiders, not hard-working individuals who have been treated unlawfully at work.

Mel Stride: Following our vigorous and constructive debate during the Committee of the whole House last month, I welcome the opportunity to reiterate the importance of the changes we are making to the taxation of termination payments today. In doing so, I thank the hon. Members for Oxford East (Anneliese Dodds),

for Lewisham West and Penge (Ellie Reeves) and for Aberdeen North (Kirsty Blackman) and acknowledge their contributions.

Before I respond to some of the detailed points raised, let me begin by briefly reiterating the objectives of the changes we are making. As I have outlined previously, the current rules on the taxation of termination payments can be unclear and complicated. Unfortunately, this complexity has led to a small minority of individuals and employers—particularly those with the most generous pay-offs—seeking to manipulate the rules to avoid paying the tax that is owed. They do so by characterising large pay-offs as termination payments rather than earnings, so that they qualify for the £30,000 tax exemption and an unlimited employee national insurance contributions exemption. As Members on both sides of the House have agreed, this situation is clearly unfair for the vast majority of employees, who are unable to manipulate their payments in this way. The purpose of this clause is to tighten and clarify the tax treatment of termination payments to make the rules fairer and prevent manipulation.

As we have heard, amendments 1 and 2 would remove the power to reduce the £30,000 tax exemption threshold for termination payments by regulations. As I have said several times in this House, the Government have no intention of reducing this tax-free amount, despite the best efforts of Labour Members to suggest otherwise. Let me assure the House again: any reduction in the threshold would be subject to a statutory instrument and the affirmative procedure, so the House would have to approve any such proposal. The House rejected this amendment in Committee of the whole House, and I urge it to do so again.

Amendment 3 would exempt from taxation all termination payments for injured feelings. As the House heard earlier this month, this amendment would present further opportunities for those seeking to manipulate the system by opening a large loophole for payments to be routinely reclassified on account of an injury to feelings, without any medical evidence, simply to pay no tax. This is hard to prove or disprove, and it would be very difficult for HMRC to regulate. In any case, payments for injured feelings will of course continue to qualify for the £30,000 tax exemption like any other normal termination payment. The House wisely rejected this amendment earlier this month, and I urge it to do so again.

The changes being made by clause 5 are a fair and proportionate way to close a loophole in the rules that has unfortunately been open to manipulation in the past. The Government have repeatedly shown that many of the concerns raised by Labour Members are unfounded—and, frankly, give the appearance, at least, of misconstruing an important tax avoidance measure as some kind of attack on those losing their jobs. This politicking is unworthy of the Opposition. I have heard no new arguments or evidence today to convince me of the need to reconsider this clause. I therefore urge the House to reject the amendment.

Question put. That the amendment be made.

The House divided: Ayes 274, Noes 308.

Division No. 28]

[3.41 pm

AYES

Abbott, rh Ms Diane
Abrahams, Debbie
Alexander, Heidi
Ali, Rushanara

Allin-Khan, Dr Rosena
Amesbury, Mike
Antoniazzi, Tonia
Ashworth, Jonathan

Baldwin, Harriett	Fallon, rh Sir Michael	Jones, Mr Marcus	Prentis, Victoria
Barclay, Stephen	Fernandes, Suella	Kawczynski, Daniel	Prisk, Mr Mark
Baron, Mr John	Field, rh Mark	Keegan, Gillian	Pritchard, Mark
Bebb, Guto	Ford, Vicky	Kennedy, Seema	Pursglove, Tom
Bellingham, Sir Henry	Foster, Kevin	Kerr, Stephen	Quin, Jeremy
Benyon, rh Richard	Fox, rh Dr Liam	Knight, rh Sir Greg	Quince, Will
Beresford, Sir Paul	Francois, rh Mr Mark	Knight, Julian	Raab, Dominic
Berry, Jake	Frazer, Lucy	Kwarteng, Kwasi	Redwood, rh John
Blackman, Bob	Freeman, George	Lamont, John	Rees-Mogg, Mr Jacob
Blunt, Crispin	Freer, Mike	Lancaster, Mark	Robertson, Mr Laurence
Boles, Nick	Fysh, Mr Marcus	Latham, Mrs Pauline	Robinson, Gavin
Bone, Mr Peter	Gale, Sir Roger	Leadsom, rh Andrea	Robinson, Mary
Bottomley, Sir Peter	Garnier, Mark	Lee, Dr Phillip	Rosindell, Andrew
Bowie, Andrew	Gauke, rh Mr David	Lefroy, Jeremy	Ross, Douglas
Bradley, Ben	Ghani, Ms Nusrat	Leigh, Sir Edward	Rowley, Lee
Bradley, rh Karen	Gibb, rh Nick	Letwin, rh Sir Oliver	Rudd, rh Amber
Brady, Mr Graham	Gillan, rh Mrs Cheryl	Lewer, Andrew	Rutley, David
Brereton, Jack	Girvan, Paul	Lewis, rh Brandon	Sandbach, Antoinette
Bridgen, Andrew	Glen, John	Lewis, rh Dr Julian	Scully, Paul
Brine, Steve	Goodwill, Mr Robert	Liddell-Grainger, Mr Ian	Seely, Mr Bob
Bruce, Fiona	Gove, rh Michael	Lidington, rh Mr David	Selous, Andrew
Buckland, Robert	Graham, Luke	Little Pengelly, Emma	Shannon, Jim
Burghart, Alex	Graham, Richard	Lopez, Julia	Shapps, rh Grant
Burns, Conor	Grant, Bill	Lopresti, Jack	Sharma, Alok
Burt, rh Alistair	Grant, Mrs Helen	Lord, Mr Jonathan	Shelbrooke, Alec
Cairns, rh Alun	Gray, James	Loughton, Tim	Simpson, David
Cartlidge, James	Grayling, rh Chris	Mackinlay, Craig	Simpson, rh Mr Keith
Cash, Sir William	Green, Chris	Maclean, Rachel	Skidmore, Chris
Caulfield, Maria	Green, rh Damian	Main, Mrs Anne	Smith, Chloe
Chalk, Alex	Greening, rh Justine	Mak, Alan	Smith, Henry
Chishti, Rehman	Grieve, rh Mr Dominic	Malthouse, Kit	Smith, Julian
Chope, Mr Christopher	Griffiths, Andrew	Mann, Scott	Smith, Royston
Churchill, Jo	Gyimah, Mr Sam	Masterton, Paul	Soames, rh Sir Nicholas
Clark, Colin	Hair, Kirstene	Maynard, Paul	Spelman, rh Dame Caroline
Clark, rh Greg	Halfon, rh Robert	McLoughlin, rh Sir Patrick	Spencer, Mark
Clarke, rh Mr Kenneth	Hall, Luke	McVey, rh Ms Esther	Stephenson, Andrew
Clarke, Mr Simon	Hammond, rh Mr Philip	Menzies, Mark	Stevenson, John
Cleverly, James	Hammond, Stephen	Mercer, Johnny	Stewart, Bob
Clifton-Brown, Geoffrey	Hancock, rh Matt	Merriman, Huw	Stewart, Iain
Coffey, Dr Thérèse	Hands, rh Greg	Metcalfe, Stephen	Stewart, Rory
Collins, Damian	Harper, rh Mr Mark	Miller, rh Mrs Maria	Streeter, Mr Gary
Costa, Alberto	Harrington, Richard	Milling, Amanda	Stride, rh Mel
Courts, Robert	Harris, Rebecca	Mills, Nigel	Stuart, Graham
Cox, Mr Geoffrey	Harrison, Trudy	Milton, rh Anne	Sturdy, Julian
Crabb, rh Stephen	Hart, Simon	Mitchell, rh Mr Andrew	Sunak, Rishi
Crouch, Tracey	Hayes, rh Mr John	Moore, Damien	Wayne, rh Sir Desmond
Davies, Chris	Heald, rh Sir Oliver	Mordaunt, Penny	Swire, rh Sir Hugo
Davies, David T. C.	Heappey, James	Morgan, rh Nicky	Syms, Sir Robert
Davies, Glyn	Heaton-Harris, Chris	Morris, Anne Marie	Thomas, Derek
Davies, Philip	Heaton-Jones, Peter	Morris, David	Thomson, Ross
Dinenage, Caroline	Henderson, Gordon	Morris, James	Throup, Maggie
Djanogly, Mr Jonathan	Herbert, rh Nick	Morton, Wendy	Tolhurst, Kelly
Docherty, Leo	Hinds, Damian	Mundell, rh David	Tomlinson, Justin
Dodds, rh Nigel	Hoare, Simon	Murray, Mrs Sheryll	Tomlinson, Michael
Donelan, Michelle	Hollingbery, George	Murrison, Dr Andrew	Tracey, Craig
Dorries, Ms Nadine	Hollinrake, Kevin	Neill, Robert	Tredinnick, David
Double, Steve	Hollobone, Mr Philip	Newton, Sarah	Trevelyan, Mrs Anne-Marie
Dowden, Oliver	Howell, John	Nokes, Caroline	Tugendhat, Tom
Doyle-Price, Jackie	Huddleston, Nigel	Norman, Jesse	Vaizey, rh Mr Edward
Drax, Richard	Hughes, Eddie	Offord, Dr Matthew	Vara, Mr Shailesh
Duddridge, James	Hunt, rh Mr Jeremy	Opperman, Guy	Vickers, Martin
Duguid, David	Hurd, Mr Nick	Paisley, Ian	Villiers, rh Theresa
Duncan, rh Sir Alan	Jack, Mr Alister	Parish, Neil	Walker, Mr Robin
Duncan Smith, rh Mr Iain	James, Margot	Patel, rh Priti	Wallace, rh Mr Ben
Dunne, Mr Philip	Jayawardena, Mr Ranil	Pawsey, Mark	Warburton, David
Ellis, Michael	Jenkin, Mr Bernard	Penning, rh Sir Mike	Warman, Matt
Ellwood, rh Mr Tobias	Jenrick, Robert	Penrose, John	Watling, Giles
Elphicke, Charlie	Johnson, rh Boris	Percy, Andrew	Whately, Helen
Eustice, George	Johnson, Dr Caroline	Perry, Claire	Wheeler, Mrs Heather
Evans, Mr Nigel	Johnson, Gareth	Philp, Chris	Whittingdale, rh Mr John
Evennett, rh David	Jones, Andrew	Pincher, Christopher	Wiggin, Bill
Fabricant, Michael	Jones, rh Mr David	Pow, Rebecca	Williamson, rh Gavin

Wilson, Sammy
Wollaston, Dr Sarah
Wood, Mike
Wragg, Mr William
Wright, Mr Jeremy

Zahawi, Nadhim

Tellers for the Noes:
Craig Whittaker and
Stuart Andrew

Question accordingly negated.

Clause 60

DIGITAL REPORTING AND RECORD-KEEPING FOR INCOME TAX ETC

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op):
I beg to move amendment 7, page 78, line 19, after
“day”, insert

“no earlier than 1 January 2022”.

This amendment provides that the provisions for digital reporting in Clause 60 may not be brought into force before 2022.

Mr Deputy Speaker (Mr Lindsay Hoyle): With this it will be convenient to discuss the following:

Amendment 8, page 78, line 20, at end insert—

“(4A) No regulations may be made under subsection (4) until 90 days after the Chancellor of the Exchequer has laid a report before the House of Commons which sets out—

- (a) the steps which HMRC has undertaken to establish that suitable software is available;
- (b) the results of the testing by HMRC and others of that software, and
- (c) the reasons why mandatory use of the software is in the interest of HMRC and taxpayers.”

This amendment would require the Chancellor of the Exchequer to report on software suitability and testing before giving effect to the provisions of Clause 60.

Amendment 9, in clause 61, page 78, line 34, after
“day” insert

“no earlier than 1 January 2022”.

This amendment provides that the provisions for digital reporting in Schedule 14 and Clause 61 may not be brought into force before 2022.

Amendment 10, in clause 62, page 79, line 12, at end insert—

“(5A) No regulations may be made under sub-paragraph (5) on a day prior to 1 January 2022.”

This amendment provides that the provisions for digital reporting in Clause 62 may not be brought into force before 2022.

Amendment 11, page 79, line 19, at end insert—

“(6A) Regulations under sub-paragraph (5) may not impose mandatory requirements for businesses to generate quarterly updates.”

This amendment provides that any system for quarterly updates to be generated must not be mandatory.

New clause 2—Taxation of chargeable gains: review of treatment of commercial property held by persons with foreign domicile—

“(1) The Taxation of Chargeable Gains Act 1992 is amended as follows.

(2) After section 14 (non-resident groups of companies), insert—

“Review of treatment of commercial property held by persons with foreign domicile

- (1) Within three months of the passing of the Finance (No. 2) Act 2017, the Commissioners for Her Majesty’s Revenue and Customs shall complete a review about the taxation of chargeable gains held by persons with foreign domicile.

(2) The review shall consider in particular the implications if the treatment of commercial property were to be the same as the treatment of residential property under section 4BB(2).

(3) The Chancellor of the Exchequer shall lay a report of the review under this section before the House of Commons within three months of its completion.””

This new clause requires a review to be undertaken of the treatment of capital gains on commercial property disposed of by UK taxpayers with a foreign domicile.

New clause 3—Income provided through third parties: review of effects generally and in relation to sports image rights—

“(1) The Chancellor of the Exchequer shall, no later than 21 July 2019, undertake a review of the effects of the changes made in relation to income provided through third parties.

(2) The review under subsection (1) shall consider in particular the effects in relation to sports image rights.

(3) The Chancellor of the Exchequer shall lay before the House of Commons a report of the review under this section no later than 15 October 2019.

(4) In this section—

“the changes made in relation to income provided through third parties” means the provisions of sections 34 and 35 of and Schedule 11 to this Act,
“sports image rights” means the rights or purported rights, whether or not protected or capable of protection under any relevant laws, associated with the identity or activities of a person where those rights or purported rights are associated with their participation or former participation in a sport.”

This new clause requires the Chancellor of the Exchequer to carry out and publish a review of the effects of provisions for disguised remuneration in relation to income provided through third parties, including particularly the effects in relation to sports image rights.

New clause 4—Impact analyses of provisions of this Act—

“(1) The Chancellor of the Exchequer must review the impact of the provisions of this Act in accordance with this section and lay a report of that review before the House of Commons within six months of the passing of this Act.

(2) A review under this section must consider—

- (a) the impact of those provisions on households at different levels of income,
- (b) the impact of those provisions on people with protected characteristics (within the meaning of the Equality Act 2010), and
- (c) the impact of those provisions on different parts of the United Kingdom and different regions of England.

(3) In this section—

“parts of the United Kingdom” means—

- (a) England,
- (b) Scotland,
- (c) Wales, and
- (d) Northern Ireland;

“regions of England” has the same meaning as that used by the Office for National Statistics.”

This new clause requires the Chancellor of the Exchequer to carry out and publish a review of the effects of the provisions of the Bill on households with different levels of income, people with protected characteristics and on a regional basis.

New clause 5—Review of the conditions of registration for third country goods fulfilment businesses and traders using their services—

“(1) Within six months of the passing of this Act, the Chancellor of the Exchequer shall complete a review of the conditions of registration for third country goods fulfilment businesses and the traders using their services.

- (2) The review shall consider in particular—
- (a) an automatic joint and several liability for VAT between registered fulfilment businesses and the traders using their services, and
 - (b) a requirement that registered fulfilment businesses should charge VAT to customers on behalf of traders using their services.

(3) The Chancellor of the Exchequer shall lay a report of the review under this section before the House of Commons within one month of its completion.”

This new clause requires a review to be undertaken of the conditions of registration for third country goods fulfilment businesses and the traders using their services.

Government amendments 12 to 16.

Jonathan Reynolds: I rise to speak to amendments 7 to 11, which relate to the Government’s Making Tax Digital proposals. I do not think I will be able to get in any references to ancient Rome or Greece, unlike my colleagues, because of the subject matter.

Given that the debate on this package of measures has been ongoing since the first version of the Finance Bill, Labour’s many concerns have been well rehearsed at every stage of the discussions. However, they are not our concerns alone. They echo the worries of businesses, service providers and the trade associations that represent them, including the Institute of Chartered Accountants, the Chartered Institute of Taxation and the Federation of Small Businesses.

We recognise that Labour’s repetition of and emphasis on the potential damage that the measures might have had has led to a number of concessions over the summer. The Government had to concede that the timeline for implementation was not feasible and undertook a U-turn to delay the implementation of digital reporting for VAT until 2019. The Federation of Small Businesses described that change to the timetable as a “lifeline for small firms”. Labour has also ensured that there is an exemption for small businesses operating under the VAT threshold of £85,000.

However, we do not believe that those changes are enough. That is why Labour proposes this package of amendments today. To be clear, we support the principle of digitising tax returns, as we would any measure that purported to simplify the compliance and reporting burden on UK businesses and that might help HMRC efficiently and accurately to collect the amount of tax it is owed. That does not change the fact that the Government have made a chaotic mess of implementing Making Tax Digital. This significant and important change to the system needs to be approached with due care and attention.

If the Government’s measures are carried out as currently proposed, there is a risk that added costs and unintended consequences will be passed on to small and medium-sized businesses, as tax experts and accountants have warned. The Government’s target implementation date is unrealistic and unworkable. What is more, it will coincide with the uncertainty created by Britain’s departure from the EU, which is already creating a significantly tougher operating climate for small businesses. I note the comments made by Conservative Members during the debate on the first group of amendments about not wanting a review of any measure in the Finance Bill to coincide with Brexit. I am sure that they will apply that view consistently to this package of measures.

To be frank, nobody is sure whether HMRC or business can be ready for the implementation date. At present, the plans are rushed and poorly thought through. This is why our amendment proposes that the date is put back to 2022 to allow time for consideration and compliance and to avoid a clash with our exit from the European Union.

4 pm

We need to see robust evidence and proof that the software for Making Tax Digital is effective, not least if the Government want to keep to their 2019 implementation timetable. So far, that has not been forthcoming. We have not heard feedback on the pilot schemes for this software and nor have we heard details of how HMRC proposes to train its staff in time for implementation. Businesses need time to accustom themselves to using the new system, and we cannot see how there is sufficient time to pilot, test and run the software in time for 2019, while allowing for that to occur. We therefore propose in amendment 8 that the Chancellor must report on the suitability of the software before full implementation is rolled out.

The final issue on the Making Tax Digital proposals that we wish to raise today is quarterly reporting. As outlined in Labour’s 2017 election manifesto, we believe small businesses underneath the VAT threshold should be permanently exempted from mandatory quarterly reporting. It presents an unnecessary compliance burden and risks adding costs and administration to small businesses with insufficient evidence of benefit. It is Labour’s belief that the Treasury, having made the mistake of already accounting for the revenue they believe they will raise from these measures, is now ill-advisedly committing to rushing them through so as to avoid creating a further black hole in the public finances, but these are enormous changes that must be implemented with due care and attention. We urge the Government to give them more time.

Too often, the Government have exercised a sloppy approach to policymaking, with disasters such as universal credit a direct result of ignoring the evidence available from pathfinder schemes and the testimony of stakeholders. Britain’s small businesses cannot afford a similar disaster in the implementation of Making Tax Digital. We therefore ask the House to listen to us and to the warnings of independent experts outside this building, and support this pragmatic and sensible package of amendments today.

Mel Stride: Government amendments 12 to 16 fix a small technical error that could otherwise result in an outcome that was not intended. They will ensure that landlords who stop renting out a property and move in rather than sell it are not unintentionally disadvantaged when using the cash basis.

I now turn to the Opposition’s amendments. New clause 4 requires the Chancellor to review the impact of the provisions on households at different levels of income, the impact on people with protected characteristics, and regional impacts. The Treasury considers carefully the impacts of its decisions on individuals and groups with protected characteristics in line with both its legal obligations and its strong commitment to promoting fairness. The Government have published distributional analysis of measures contained in the Finance Bill in the “impact on households” document which accompanied spring Budget 2017. The Treasury and HMRC also published

[*Mel Stride*]

tax information and impact notes for individual tax measures that include an assessment of expected equalities impacts. I therefore urge the House to reject new clause 4.

The Bill includes provisions for the introduction of Making Tax Digital programme. The tax gap resulting from errant carelessness currently stands at £9.4 billion. The Government's plans for Making Tax Digital aim to address the tax gap and provide a more modern digital service that will help businesses to get their tax right. However, as discussed in Committee, it is also important to do this in a way that works for business. My announcement of 13 July allows a small business more time through a phased implementation of Making Tax Digital. This change has been widely welcomed and stakeholders are now working hard to prepare for MTD.

Opposition Members have, as we have heard, proposed amendments that would make three changes to the implementation of Making Tax Digital. First, they propose that the programme should be delayed until 2022 at the earliest. As I have said, I have already made changes to the timetable of Making Tax Digital, so that businesses have longer to prepare. Secondly, Opposition Members are seeking to prevent mandatory quarterly updates for VAT under MTD. Most businesses paying VAT already report quarterly. Businesses that are mandated to use MTD for VAT will not be required to provide updates to HMRC more frequently than they do currently, or to provide any more information. Finally, the Opposition have pressed for a report on the suitability of software at least 90 days before MTD for income tax is mandated. The Government are already committed to ensuring that a full range of software is available for MTD and that these have been tested thoroughly. I therefore urge the House to reject the amendments tabled on these clauses.

Nigel Mills (Amber Valley) (Con): At a Public Accounts Committee sitting last week on the future customs border and the software upgrade for that, the permanent secretary appeared to suggest that Making Tax Digital was the highest priority IT programme for Her Majesty's Revenue and Customs. Would the Minister agree with that, or does he think that we should prioritise making sure that our systems can cope with the many changes that may come about through Brexit?

Mel Stride: Of course there are a number of HMRC-led IT programmes; Making Tax Digital is but one of them. A new system for customs, the customs declaration service system, will replace CHIEF—the customs handling of import and export freight system—and that has very high priority. We are on target for full roll-out in January 2019; we will begin the CDS pilot in August next year. I am satisfied that the balance is correct at the moment.

Jim McMahon (Oldham West and Royton) (Lab/Co-op): Has the Minister spoken to his colleagues in the Department for Work and Pensions, who are embarking on a £13 billion IT contract for universal credit, on the lessons to be learned and the impact on people who are trying to use a system that is evidently not fit for purpose?

Mel Stride: As that programme relates to DWP, the question would be best directed in that direction, but I

assure the hon. Gentleman that, to the extent that the Treasury and HMRC impinge on the programme, it is for us a very high priority.

I turn to new clause 2, which, although not debated, was tabled by the hon. Member for Walthamstow (Stella Creasy). I would like to deal with it, because I know that from her perspective it was a very important new clause. I understand why she suggests extending the rules on the taxation of capital gains from commercial property disposals by UK taxpayers with a foreign domicile, but I fear that the new clause and the discussion it has prompted have fallen foul of the complexity inherent in this area. I would like to clarify some of the issues.

First, contrary to the new clause, it is residence and not domicile that determines whether the disposal of an asset in the UK is within the charge of capital gains tax. UK residents, including non-doms, will always be liable for CGT on the profits from selling UK land, whether that land is residential or commercial. Also, it does not appear that the change that the hon. Lady proposes would apply to foreign companies owning UK commercial property, as domicile does not apply to companies.

These elements of confusion mean that it is far from clear that the review proposed would work. I remind the hon. Lady that this Government in 2015 started taxing non-residents on their gains from UK real estate—something that previous Governments had ducked. Those changes give a sense of the amount of revenue that an extension of them to the commercial property market would raise. The Office for Budget Responsibility certified that the 2015 changes will raise £40 million this financial year and £70 million in the next. That gives a more realistic sense of the order of magnitude of the amount that this change could raise than the figures suggested in previous debates.

The hon. Lady has also suggested that taxpayers are designating residential property as commercial property to avoid paying the residential charge. Let me be clear: if residential property is being designated as commercial property, that is a matter of tax avoidance or evasion, not of the scope of CGT. HMRC has not seen any evidence of this practice.

The hon. Lady has provoked a good debate on this issue. Although I urge the House to reject new clause 2, which confuses too many of the issues at stake, I recognise that a number of points in this area are worth consideration, and we will certainly continue to look closely at the issue of non-residence and CGT on commercial property.

New clause 3 seeks to commit the Government to carrying out and publishing a review of the tax treatment of income provided through third parties, in particular in relation to sports image rights. Image rights payments have long been taxable. There have been cases where employers have tried to inflate payments for image rights and to reduce salaries accordingly, to deliver a tax saving to both employers and employees. I thank my hon. Friend the Member for Dover (Charlie Elphicke), whom I see in his place, for the insights, advice and support that he has given me on this issue.

The courts have ruled that genuine image rights payments to an employee are not taxable as earnings. It is therefore for HMRC to ensure that image rights payments are genuine and taxed in the right way. At spring Budget 2017, this Government committed HMRC to publishing

clear guidelines for employers who make image rights payments for the use of an employee's image, and HMRC has done that. HMRC undertakes extensive compliance activity to ensure that employers play by the rules and image rights payments are taxed in the right way. The new clause is not necessary, so I urge the House to reject it.

New clause 5 asks for a review of the conditions of registration for third country goods fulfilment businesses. The review would also need to consider the case for imposing either joint and several liability or direct liability on third country goods fulfilment businesses for the unpaid VAT of their overseas clients.

The Government are proud of their record in tackling online VAT fraud, a complex international problem. The UK has led the way with a package of measures that Government first announced at Budget 2016. It includes the fulfilment house due diligence scheme provided for in the Bill and powers for HMRC to hold online marketplaces jointly and severally liable for the unpaid VAT of overseas traders.

The Government have already undertaken extensive consultation on the scheme in the past 18 months. I assure hon. Members that we will continue to monitor the impact of the legislation. I therefore urge the House to reject new clause 5.

Nigel Mills: I commend to the Minister the better solution to this issue: making the online marketplaces themselves liable for the VAT on sales outside the EU. In the Public Accounts Committee, Amazon thought that that was a better solution and it would be happy to implement it. The EU wants to do it. The Government have consulted on split payment. Is it not time to push ahead to ensure that we get all the revenue we deserve and need?

Mel Stride: My hon. Friend rightly raises one of the approaches that could be deployed to ensure that VAT is paid: the split payment system, whereby the platform itself is responsible for collecting the VAT and passing it on. That is certainly something, along with other measures, that we are considering.

It has been a pleasure debating this group of amendments. I hope that hon. Members are satisfied on the points we have discussed and I urge the House to reject the amendments and new clauses tabled by Opposition Members.

Kirsty Blackman: I think we are all slightly bamboozled by the order in which this part of the debate has happened. None the less, I am thankful for the opportunity to speak.

We have raised concerns about Making Tax Digital and we will carry on doing so because we have issues with the way in which some of these things are being implemented. I appreciate the fact that in Committee the Minister took the time to answer questions about lack of internet access. I am still not 100% clear about the position for those people who have only intermittent access to the internet. I understand what he was saying about those people being able to make a case to HMRC about why they cannot, through the Making Tax Digital scheme, do quarterly reporting. However, I am still not convinced that the language on that was robust enough to protect any of my constituents who, because of their

internet connection, are unable, for example, to reasonably undertake the quarterly reporting that is being asked of them. If he is able to come back on that and clarify the position, I will be grateful. The point he made in Committee was useful, but possibly not strong enough in that regard.

The other issues we have about Making Tax Digital concern those people who are in particularly rural areas and who therefore struggle with lack of access to technology and the internet and with doing the quarterly reporting. There are also people who do not have access to HMRC offices in the way they used to. We have raised all those concerns. I have said that I am pleased that the Government have changed the way and the order in which the implementation is going to happen. The SNP is not against Making Tax Digital and quarterly reporting, but we have concerns and we want to ensure that our constituents and businesses in our constituency are protected.

On that note, we said in our manifesto this year that we would support the phased introduction of Making Tax Digital. I want to be clear that we will not, therefore, support Labour's amendment 11, which is the tack that we also took in Committee. We would not want to vote against something that is a manifesto commitment.

New clause 2 is on commercial property and non-doms. The statements that I made earlier about the issue of non-doms and about the concerns regarding the complexity of the tax code and possible loopholes in relation to that, apply exactly in this regard. I am pleased that the new clause has been tabled by the Labour party, including the hon. Member for Walthamstow (Stella Creasy). I think. I say that quietly in the hope that I have got the constituency right. I am pleased that this has been put forward. Constituents have got in touch with me and several of my colleagues about this. The Scottish National party has previously raised concerns about the taxation of non-domiciles, and we will continue to do so, in particular around some of the loopholes. We will support new clause 2—many of the constituents who wrote to me will be delighted about that—and I am pleased that this matter is on the table and being debated today.

4.15 pm

Stella Creasy (Walthamstow) (Lab/Co-op): As it is Halloween, I rise to give the Minister a fright, because if he thinks he is going to get away without properly examining new clause 2 and the benefits that it could bring to our country and British business, he is in for a trick-or-treat moment. There are certainly ghosts that haunt our politics—[*Interruption.*] I am disappointed to see you being so slow, Mr Deputy Speaker—[*Interruption.*] That is certainly very spooky.

As I said, there are ghosts that haunt our politics, so I start my speech by putting on record my thanks to the former Member for Tatton, George Osborne, for inspiring new clause 2. Indeed, I noted that the Minister referred to his work, too. These were the words of the former Member for Tatton in 2015 when the then Government brought in the first rules around tax and non-doms:

"It is not fair that non-doms with residential property here in the UK can put it in an offshore company and avoid inheritance tax."—[*Official Report*, 8 July 2015; Vol. 598, c. 325.]

By using those words, the former Chancellor raised two important issues: first, the fairness of our taxation system and, secondly, how it extends to foreign ownership.

[Stella Creasy]

He was absolutely right to introduce those measures, but what we are talking about today is the necessary and inevitable conclusion of that debate: what we do when people raise issues about fairness and foreign ownership. The new clause answers that call because, frankly, it is not fair that British businesses have to pay corporation tax on their capital gains when they sell commercial properties, but overseas businesses trading in the UK in UK-based property do not.

It is not fair that we are one of the few countries in the world to treat its businesses in this way and let foreign companies off the hook—all those real estate investors who some might feel donate so much else to some in this country, but who do not pay their taxes. As the previous Chancellor argued, people can put property into an offshore company to avoid tax.

If the Minister's main objection to the new clause is the way in which I have described the domicile of these people, he ought to think again. Certainly, he ought to do as I did today and google the term "tax efficient Jersey UK real estate", because when he does and he sees the advice being offered to non-resident companies, I suspect he will find it galling. He will find companies including BNP Paribas Real Estate, Ogier, Bedell Cristin and Hawksford boasting about how UK real estate investment trusts based in Jersey but listed on the international stock exchange do not pay the same rates of stamp duty as those resident in the UK, and do not pay capital gains tax. Indeed, the International Stock Exchange itself states:

"we have pragmatic listing requirements for this product".

That simply means that the businesses involved get to avoid the same charges that our British businesses have to pay. We as British taxpayers should be asking why any company is using such a model—why such companies are given these listings and are able to buy and sell UK property in this way—because it is very hard to see what the justification is, and why we make it so easy to exploit this loophole when there is tax on residential property sales, but not on commercial properties.

The former Chancellor boasted in 2015 that making non-UK-based people pay capital gains tax on their residential property sales would raise £1.5 billion over the course of this Parliament. The purpose of the new clause is to tell us just how much closing this loophole would raise, and just how much these companies are making through such behaviour.

Sadly, because the Minister was so determined to get through his speech so quickly, I did not hear the number he came up with. I certainly find it striking that HMRC does not know how much money is missing, but in the spirit of this cross-party measure, let me offer the House some of my own figures.

The British Property Federation says that there is about £871 billion of commercial real estate in the UK, which represents 10% of our nation's entire wealth. That is a hugely important market in its own right, but how we buy and sell commercial property also affects our residential property market, as it has an impact on the price of land. For those of us who represent constituencies where house prices are exorbitant, to say the least, tackling the overheating in our property market would be a very noble thing to do. I believe that we would get support for that from both sides of the House.

We know that about 20% of commercial real estate is sold every year, and that it was worth an eye-watering £115 billion in 2015—that is the figure the taxman knows about. We also know that about 30% of commercial property in the UK is held in these offshore trusts and companies. For those who are fans of "Countdown" and want to see how I have done my homework, I have done my sums assuming an 8% increase as the long-term trend rate for commercial property prices. Working on that assumption, if about 20% of that property is sold and the current 19% rate of corporation tax is used, there would be about £11 billion of taxable gains every year. It is therefore not unrealistic to expect that around £6 billion of taxation could be collected.

Jim McMahon: We are told time after time that we should live within our means and that our public services will pay the price if we do not, so is it not the case that the first thing we should do is to maximise our means?

Stella Creasy: Spoken like a true former local authority leader who has had to deal with the consequences of Government cuts!

This is about the question of fairness that was put forward by the former Chancellor. None of this is illegal. We might consider it immoral, but it is certainly not illegal, and none of it is captured by UK anti-avoidance rules. The Minister is not being open about companies that might include UK residents who have their properties held offshore. This is unfair to UK businesses. I understand that at present there is concern about economic policies and a dangerous air of radicalism in British politics. Let me reassure Conservative Members who might feel frightened about supporting this measure to close the loophole, and fear that it could be a radical socialist policy—I happen to think that it could be—that this is simply a question of fairness.

This is also something that most other countries do. Canada, Australia and the rest of Europe do it, so the new clause would bring us into line with them. Indeed, the OECD model double tax treaty explicitly preserves the right of countries to tax non-residents on their capital gains from the disposal of local real estate.

The Bill itself brings in anti-avoidance measures relating to inheritance tax and to holding property through non-UK companies. That is why it is difficult, having listened to the Minister in Committee, to understand why this particular proposal has been put into the "too complex" category. In Committee, he voted against a similar provision because he argued that it was just too complex, while admitting that the rules introduced in 2015 were designed to catch individuals holding a title over a dwelling in a trust or a closely held company. He argued against the proposal because he said that it would require what he considered to be a whole tax code. My problem with the Minister's saying that this is too complicated is that it places him and the British Government in a special category. If most other countries can get their heads around how to tax non-resident companies' capital gains on commercial properties, I simply fail to understand why it is beyond the wit and wisdom of the UK Treasury to do so.

My hon. Friend the Member for Oldham West and Royton (Jim McMahon) has mentioned the human impact of this situation. The Institute for Fiscal Studies tells us that the Chancellor has black hole in his budget

of £20 billion and rising, and that is before we even consider the cost and impact of Brexit. If my estimate is right that closing the loophole would raise £6 billion every year, that money would pay for the entire public health budget helping people with diabetes and heart disease. It would cover restoring nursing bursaries and keeping open our police stations that are currently destined for closure. It would entirely cover the cost of a public sector pay rise in line with inflation—that is according to the IFS's figures, not mine. When reports tell us that the Government are so short of money at a time when a Budget is coming up, "Is it fair?" and "Can we afford not to do this?" are two important questions for British taxpayers.

I disagree with the Minister, but if he is worried about the drafting of new clause 2, I would support his tabling an amendment to address the use of the term "domicile". Even if Government Members are worried about the detail, new clause 2 simply looks at the numbers, so it would give us some information. HMRC does not know the amount that we are missing out on as a result of this loophole. The Minister mumbled something about OBR figures, but I have done my own calculations and we are not talking about small change. This money could have a tangible impact on our public finances now.

I am sad that the hon. Member for Dover (Charlie Elphicke) is not in the Chamber because he chided my hon. Friend the Member for High Peak (Ruth George) in September about a lack of action on loopholes. This proposal has cross-party support, so I would love Members from both sides of the House to recognise that when we see something that is unfair and costs us billions of pounds, we can act quickly. I am sure that the Minister will be given an opportunity to respond to the debate, so if other countries can do this, if British businesses are suffering unfairness, and if our public services desperately need the cash, will he think again? He says that he keeps the tax situation under review, so if he will pledge to publish a specific review of capital gains tax on commercial properties, I will happily not press the new clause to a Division.

British taxpayers have a right to know how much money is leaking out of our system as a result of the loophole. I would wager that many MPs will be lobbied by their constituents about closures in their community, public service cuts and struggling businesses, and by people who cannot afford their own home due to the overheated property market. Those people will want answers, so I look forward to what the Minister has to say. When we were young, we were all told that money does not grow on trees, but in this instance the roots are overseas, and it is up to the Minister to pull them up.

Madam Deputy Speaker (Dame Rosie Winterton): I call the Minister.

Mel Stride: It is pleasure to appear before you for my second appearance, Madam Deputy Speaker.

To pick up quickly on a point made by the hon. Member for Aberdeen North (Kirsty Blackman), digital exclusion is covered in clause 62, which provides that the digital exclusion condition is met if

"for any reason (including age, disability or location) it is not reasonably practicable for the person or partner to use electronic communications or to keep electronic records."

That is the test, and the Bill contains powers to allow HMRC's commissioners to bring in further grounds for exclusion as the measure is rolled out and we see how it operates.

I see that the hon. Member for Walthamstow (Stella Creasy) has been on her phone and has already tweeted that I have rejected her advances in this debate, but I am now at the Dispatch Box trying to make my points. She makes her points powerfully and raises an important issue, as I signalled earlier, but she has to accept that new clause 2 would not actually do what she would intend it to do. It confuses non-doms with residents, which is the critical distinction, and would classify companies as being non-domiciled, which they cannot technically be. This is a complicated area about which we had an extended debate in Committee, but I have made it clear that we will continue to consider it. We take on board the general thrust of what the hon. Lady wants to achieve.

Stella Creasy: I make it clear that I am not making advances to the Minister; I am making arguments to him. Let me ask him one simple question: if this is so complicated—if it seems that the UK Treasury cannot do it—why can most other countries operate without a loophole?

4.30 pm

Mel Stride: I have already conceded that point. We are looking at this, which rather trumps any questions about why we are not. We are considering it very seriously, and I said earlier that we are looking closely at the issue of non-residents and capital gains tax on commercial property.

Jim McMahon: I am pleased to hear that the Government are looking at this important issue, and I congratulate my hon. Friend the Member for Walthamstow (Stella Creasy) on her significant work. When will the Government publish their findings?

Mel Stride: It is not a question of publishing information on every area we look into, but I have made it clear that we are seriously considering the issues that have been raised. I have also made it clear that new clause 2 would not do what the hon. Member for Walthamstow describes.

Stella Creasy: Will the Minister give way?

Mel Stride: I will give way one last time. We went through this at considerable length in Committee.

Stella Creasy: I disagree with the words "at considerable length." I am grateful to the Minister for trying to explain what I am attempting to do. For the avoidance of doubt, the Opposition are asking that British taxpayers and businesses who are paying this charge know exactly what other companies are getting off paying. He tried to mention something from the Office for Budget Responsibility and he clearly has some figures in his head for how much the loophole is potentially costing the British taxpayer. Will he repeat loudly and clearly what he thinks the number is and where he got his evidence?

Mel Stride: As I have said, we are looking at this and we will continue to do so. I have carefully considered the points raised by the hon. Lady both on Report and in Committee, and I think I have a clear understanding, as she does, of what she wishes to achieve.

[Mel Stride]

New clause 2 would not do what the hon. Lady intends. I hope that she will take some comfort from my assurances about our looking at this matter and that she will not press the new clause to a Division. Whether or not she does, I urge the House to reject the Opposition amendments and new clauses.

Jonathan Reynolds: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 62

DIGITAL REPORTING AND RECORD-KEEPING FOR VAT

Amendment proposed: 11, page 79, line 19, at end insert—

“(6A) Regulations under sub-paragraph (5) may not impose mandatory requirements for businesses to generate quarterly updates.”—(*Jonathan Reynolds.*)

This amendment provides that any system for quarterly updates to be generated must not be mandatory.

Question put, That the amendment be made.

The House divided: Ayes 243, Noes 309.

Division No. 29]

[4.33 pm

AYES

Abbott, rh Ms Diane	Cooper, rh Yvette
Abrahams, Debbie	Corbyn, rh Jeremy
Alexander, Heidi	Coyle, Neil
Ali, Rushanara	Creagh, Mary
Allin-Khan, Dr Rosena	Creasy, Stella
Amesbury, Mike	Cruddas, Jon
Antoniazzi, Tonia	Cryer, John
Ashworth, Jonathan	Cunningham, Alex
Bailey, Mr Adrian	Cunningham, Mr Jim
Barron, rh Sir Kevin	Davey, rh Sir Edward
Benn, rh Hilary	David, Wayne
Betts, Mr Clive	Davies, Geraint
Blackman-Woods, Dr Roberta	De Cordova, Marsha
Blomfield, Paul	De Piero, Gloria
Brabin, Tracy	Debbonaire, Thangam
Bradshaw, rh Mr Ben	Dent Coad, Emma
Brennan, Kevin	Dhesi, Mr Tanmanjeet Singh
Brown, Lyn	Dodds, Anneliese
Brown, rh Mr Nicholas	Doughty, Stephen
Bryant, Chris	Dowd, Peter
Buck, Ms Karen	Drew, Dr David
Burden, Richard	Dromey, Jack
Burgon, Richard	Duffield, Rosie
Butler, Dawn	Eagle, Ms Angela
Byrne, rh Liam	Eagle, Maria
Cable, rh Sir Vince	Edwards, Jonathan
Cadbury, Ruth	Efford, Clive
Campbell, rh Mr Alan	Elliott, Julie
Campbell, Mr Ronnie	Ellman, Mrs Louise
Carden, Dan	Elmore, Chris
Carmichael, rh Mr Alistair	Esterson, Bill
Champion, Sarah	Evans, Chris
Chapman, Jenny	Farrelly, Paul
Charalambous, Bambos	Farron, Tim
Ciwyd, rh Ann	Field, rh Frank
Coaker, Vernon	Fitzpatrick, Jim
Coffey, Ann	Fletcher, Colleen
Cooper, Julie	Flint, rh Caroline
Cooper, Rosie	Flynn, Paul

Fovargue, Yvonne	McCabe, Steve
Foxcroft, Vicky	McCarthy, Kerry
Frith, James	McDonagh, Siobhain
Furniss, Gill	McDonald, Andy
Gaffney, Hugh	McDonnell, rh John
Gapes, Mike	McFadden, rh Mr Pat
Gardiner, Barry	McGinn, Conor
George, Ruth	McGovern, Alison
Gill, Preet Kaur	McInnes, Liz
Glindon, Mary	McKinnell, Catherine
Godsiff, Mr Roger	McMahon, Jim
Goodman, Helen	Mearns, Ian
Green, Kate	Moon, Mrs Madeleine
Greenwood, Lillian	Moran, Layla
Greenwood, Margaret	Morden, Jessica
Griffith, Nia	Morgan, Stephen
Grogan, John	Morris, Grahame
Gwynne, Andrew	Murray, Ian
Haigh, Louise	Nandy, Lisa
Hamilton, Fabian	Norris, Alex
Hanson, rh David	Onasanya, Fiona
Hardy, Emma	Onn, Melanie
Harman, rh Ms Harriet	Onwurah, Chi
Harris, Carolyn	Owen, Albert
Hayes, Helen	Peacock, Stephanie
Hayman, Sue	Pearce, Teresa
Healey, rh John	Pennycook, Matthew
Hendrick, Mr Mark	Perkins, Toby
Hepburn, Mr Stephen	Phillips, Jess
Hill, Mike	Phillipson, Bridget
Hillier, Meg	Pidcock, Laura
Hobhouse, Wera	Platt, Jo
Hodgson, Mrs Sharon	Pollard, Luke
Hoey, Kate	Pound, Stephen
Hollern, Kate	Powell, Lucy
Hopkins, Kelvin	Qureshi, Yasmin
Huq, Dr Rupa	Rashid, Faisal
Hussain, Imran	Rayner, Angela
Jardine, Christine	Reed, Mr Steve
Jarvis, Dan	Reeves, Ellie
Johnson, Diana	Reynolds, Jonathan
Jones, Darren	Rimmer, Ms Marie
Jones, Gerald	Robinson, Mr Geoffrey
Jones, Graham P.	Rodda, Matt
Jones, Helen	Rowley, Danielle
Jones, Mr Kevan	Ruane, Chris
Jones, Sarah	Russell-Moyle, Lloyd
Jones, Susan Elan	Saville Roberts, Liz
Kane, Mike	Shah, Naz
Kendall, Liz	Sharma, Mr Virendra
Khan, Afzal	Sheerman, Mr Barry
Killen, Gerard	Sherriff, Paula
Kinnock, Stephen	Shuker, Mr Gavin
Kyle, Peter	Skinner, Mr Dennis
Laird, Lesley	Slaughter, Andy
Lake, Ben	Smeeth, Ruth
Lamb, rh Norman	Smith, Angela
Lammy, rh Mr David	Smith, Cat
Lee, Ms Karen	Smith, Eleanor
Lewis, Clive	Smith, Jeff
Lewis, Mr Ivan	Smith, Laura
Lloyd, Tony	Smith, Nick
Lucas, Caroline	Smith, Owen
Lucas, Ian C.	Smyth, Karin
Lynch, Holly	Sobel, Alex
Madders, Justin	Spellar, rh John
Malhotra, Seema	Starmer, rh Keir
Mann, John	Stevens, Jo
Marsden, Gordon	Streeting, Wes
Martin, Sandy	Stringer, Graham
Maskell, Rachael	Sweeney, Mr Paul J.
Matheson, Christian	Swinson, Jo

Tami, Mark
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thornberry, rh Emily
 Timms, rh Stephen
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Umunna, Chuka
 Vaz, Valerie
 Walker, Thelma
 Watson, Tom

West, Catherine
 Western, Matt
 Whitehead, Dr Alan
 Whitfield, Martin
 Williams, Dr Paul
 Williamson, Chris
 Wilson, Phil
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Ayes:
Judith Cummins and
Nic Dakin

NOES

Adams, Nigel
 Afolami, Bim
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 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
 Bruce, Fiona
 Buckland, Robert
 Burghart, Alex
 Burns, Conor
 Burt, rh Alistair
 Cairns, rh Alun
 Cartledge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Choje, 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
 Crouch, Tracey

Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Philip
 Davis, rh Mr David
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Docherty, Leo
 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
 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
 Griffiths, Andrew
 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
 Heapey, 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
 Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jack, Mr Alister
 James, Margot
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 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
 Lopez, Julia
 Lopresti, Jack
 Lord, Mr Jonathan
 Loughton, Tim
 Mackinlay, Craig
 Maclean, Rachel

Main, Mrs Anne
 Mak, Alan
 Malthouse, Kit
 Mann, Scott
 Masterston, Paul
 Maynard, Paul
 McLoughlin, rh Sir Patrick
 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
 Offord, Dr Matthew
 Opperman, Guy
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pincher, Christopher
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 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
 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, Sir Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig

Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Tugendhat, Tom
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Theresa
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt
 Watling, Giles
 Whately, Helen
 Wheeler, Mrs Heather
 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 Noes:
Craig Whittaker and
Stuart Andrew

Benn, rh Hilary
 Betts, Mr Clive
 Black, Mhairi
 Blackford, rh 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
 Corbyn, rh Jeremy
 Cowan, Ronnie
 Coyle, Neil
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cunningham, Alex
 Cunningham, Mr Jim
 Davey, rh Sir Edward
 David, Wayne
 Davies, Geraint
 Day, Martyn
 De Cordova, Marsha
 De Piero, Gloria
 Debonnaire, Thangam
 Dent Coad, Emma
 Dhesi, Mr Tanmanjeet Singh
 Docherty-Hughes, Martin
 Dodds, Anneliese
 Doughty, Stephen
 Dowd, Peter
 Drew, Dr David
 Dromey, Jack
 Duffield, Rosie
 Eagle, Ms Angela
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris

Farrelly, Paul
 Farron, Tim
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Frith, James
 Furniss, Gill
 Gaffney, Hugh
 Gapes, Mike
 Gardiner, Barry
 George, Ruth
 Gethins, Stephen
 Gibson, Patricia
 Gill, Preet Kaur
 Glindon, Mary
 Godsiff, Mr Roger
 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
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Hayman, Sue
 Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hermon, Lady
 Hill, Mike
 Hillier, Meg
 Hobhouse, Wera
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Huq, Dr Rupa
 Hussain, Imran
 Jardine, Christine
 Jarvis, Dan
 Johnson, Diana
 Jones, Darren
 Jones, Gerald
 Jones, Graham P.
 Jones, Helen
 Jones, Mr Kevan
 Jones, Sarah
 Jones, Susan Elan
 Kane, Mike
 Kendall, Liz
 Khan, Afzal
 Killen, Gerard
 Kinnock, Stephen
 Kyle, Peter
 Laird, Lesley
 Lake, Ben
 Lamb, rh Norman

Question accordingly negatived.

New Clause 2

TAXATION OF CHARGEABLE GAINS: REVIEW OF TREATMENT OF COMMERCIAL PROPERTY HELD BY PERSONS WITH FOREIGN DOMICILE

“(1) The Taxation of Chargeable Gains Act 1992 is amended as follows.

(2) After section 14 (non-resident groups of companies), insert—
 ‘Review of treatment of commercial property held by persons with foreign domicile

(1) Within three months of the passing of the Finance (No. 2) Act 2017, the Commissioners for Her Majesty’s Revenue and Customs shall complete a review about the taxation of chargeable gains held by persons with foreign domicile.

(2) The review shall consider in particular the implications if the treatment of commercial property were to be the same as the treatment of residential property under section 4BB(2).

(3) The Chancellor of the Exchequer shall lay a report of the review under this section before the House of Commons within three months of its completion.”.—
(Stella Creasy.)

This new clause requires a review to be undertaken of the treatment of capital gains on commercial property disposed of by UK taxpayers with a foreign domicile.

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The House divided: Ayes 279, Noes 309.

Division No. 30]

[4.48 pm

AYES

Abbott, rh Ms Diane
 Abrahams, Debbie
 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

Lammy, rh Mr David
 Law, Chris
 Lee, Ms Karen
 Lewis, Clive
 Lewis, Mr Ivan
 Linden, David
 Lloyd, Tony
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 MacNeil, Angus Brendan
 Madders, Justin
 Malhotra, Seema
 Mann, John
 Marsden, Gordon
 Martin, Sandy
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahon, Jim
 Mearns, Ian
 Monaghan, Carol
 Moon, Mrs Madeleine
 Moran, Layla
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 Norris, Alex
 O'Hara, Brendan
 Onasanya, Fiona
 Onn, Melanie
 Onwurah, Chi
 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
 Reeves, Ellie

Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Robinson, Mr Geoffrey
 Rodda, Matt
 Rowley, Danielle
 Ruane, Chris
 Russell-Moyle, Lloyd
 Saville Roberts, Liz
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, Angela
 Smith, Cat
 Smith, Eleanor
 Smith, Jeff
 Smith, Laura
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Sobel, Alex
 Spellar, rh John
 Starmer, rh Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Sweeney, Mr Paul J.
 Swinson, Jo
 Tami, Mark
 Thewliss, Alison
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thornberry, rh Emily
 Timms, rh Stephen
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Umunna, Chuka
 Vaz, Valerie
 Walker, Thelma
 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 Ayes:

**Judith Cummins and
 Nic Dakin**

NOES

Adams, Nigel
 Afolami, Bim
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy

Allen, Heidi
 Amess, Sir David
 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
 Bowie, Andrew
 Bradley, Ben
 Bradley, rh Karen
 Brady, Mr Graham
 Brereton, Jack
 Bridgen, Andrew
 Brine, Steve
 Bruce, Fiona
 Buckland, Robert
 Burghart, Alex
 Burns, Conor
 Burt, rh Alistair
 Cairns, rh Alun
 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, Philip
 Davis, rh Mr David
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Docherty, Leo
 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
 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
 Griffiths, Andrew
 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
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jack, Mr Alister
 James, Margot
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, rh Boris
 Johnson, Dr Caroline

Johnson, Gareth
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 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
 Lopez, Julia
 Lopresti, Jack
 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
 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
 Offord, Dr Matthew
 Opperman, Guy
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Sir Mike

Penrose, John
 Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pincher, Christopher
 Poulter, Dr Dan
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, 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
 Spelman, rh Dame Caroline
 Spencer, Mark
 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, Sir Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Tugendhat, Tom
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Theresa
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt

Watling, Giles
 Whately, Helen
 Wheeler, Mrs Heather
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggan, Bill
 Williamson, rh Gavin
 Wilson, Sammy

Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
Andrew Stephenson and
Stuart Andrew

Question accordingly negatived.

Schedule 2

TRADES AND PROPERTY BUSINESSES: CALCULATION OF PROFITS

Amendments made: 12, page 121, line 40, leave out “on the last day of the tax year” and insert “at the end time”.

Amendment 13, page 121, line 41, leave out “on that day” and insert “at the end time”.

Amendment 14, page 122, leave out line 13 and insert “at the end time.”.

Amendment 15, page 122, line 21, leave out from “if” to end of line 22 and insert “—

- (a) it is involved in the property business at the end time, or
- (b) although it is not involved in the business at the end time—
 - (i) it was last involved in the business at an earlier time in the tax year, and
 - (ii) the person carrying on the business holds the property throughout the period beginning with that earlier time and ending with the end time.”

Amendment 16, page 122, line 32, at end insert—

- () The “end time” is—
 - (a) the time immediately before the end of the tax year, or
 - (b) if in the tax year the person carrying on the business permanently ceases to carry it on, the time immediately before the person permanently ceases to carry on the business.”—(*Mel Stride.*)

Third Reading

5.3 pm

Mel Stride: I beg to move, That the Bill be now read the Third time.

The work of HMRC, though typically not seen as the most glamorous aspect of government, is arguably the most important. If we do not collect tax, we cannot pay for our public services. Every time a new loophole opens up in the tax code, that is another school we cannot afford or another nurse we cannot employ. That is why since 2010 we have significantly improved HMRC’s ability to fight tax avoidance and evasion, and we have raised £160 billion in so doing. That is a far stronger record than in the 13 years during which Labour was in government, but the work is never over.

In this Finance Bill, we are going further than ever to make sure that people pay their fair share. First, we are tackling disguised remuneration schemes by introducing new charges on those artificial loans. Secondly, we are updating the rules on how large companies account for the cost of interest, bringing to an end excessive interest expenses claims. Finally, we are giving HMRC the greater

powers it needs to punish avoidance enablers effectively. Taken together, the changes will advance our fight against aggressive tax avoidance.

Alongside our avoidance and evasion work, the Government are committed to making the tax system fairer as a whole. In the Bill, we are bringing to an end permanent non-dom status. There can and should be no denying that non-doms have made a great contribution to our prosperity, but permanent non-dom status can be unfair to UK-domiciled citizens. From now on, with the abolition of non-dom status, those who have lived in the UK for years will pay UK tax in the same way as everybody else does.

The Government recognise that we need to move with the times, and part of that is our work on making tax digital. Every year, the Exchequer loses more than £8 billion in avoidable errors. By making tax digital and easing communications between HMRC, businesses and the self-employed, that loss will be significantly reduced. To help businesses to adjust, we will go forward with a gradual process, as I set out in my written statement. We are confident that the timetable is the right one.

I would like to take a moment to thank Members on both sides of the House for their scrutiny of the Bill on Second Reading and in Committee. The debate has been broad and thorough, and I am particularly grateful to the Labour and Scottish National party Front Benchers for the courtesy and consideration that they have shown me and for their contributions to the debate.

I would like to make one or two final observations. It is, of course, the duty of the Opposition to oppose, to scrutinise and to hold the Government to account, and there has been much good, positive scrutiny from the Opposition—some of it of the highest quality—during proceedings on the Bill. But it is, surely, also the duty of the Opposition to do so responsibly and without taking us too far from the facts or too deep into the politics. Where that occurs—for example, with the branding of all non-doms as tax dodgers, when many are far from wealthy and always pay their tax in the UK—it corrodes this country's competitiveness and our reputation for fair play. If our clamping down on tax abuse around termination payments—typically for those who receive the largest payments of all—is presented as punishing those who have lost their jobs, it just frightens people. That approach is wrong. The Government stand squarely behind positively supporting our economy and all who work in it, and we always will. I commend the Bill to the House.

5.7 pm

Peter Dowd (Bootle) (Lab): The Finance Bill that is before the House is nothing short of a wasted opportunity. It is indicative of a Government who wish to serve the interests of a wealthy few at the expense of the many. That is a fact. Rather than introducing measures to bolster people in their daily lives, such as sensible proposals on investment, fair taxation, raising the UK's woeful productivity and improving the terrible productivity in many of the regions, the Finance Bill will, if it is enacted, water down workers' rights, bring added financial burdens to small and medium-sized businesses and exempt offshore trusts from any reform of non-dom status. It is telling that Conservative Members spent more time on the latter than they did on redundancy payments or digital taxation, which affects many of our small businesses.

This Government are enveloped in atrophy. They have done nothing to tackle falling wages, deal with rising levels of personal debt, or tackle poor productivity. They have overseen an economy in which women are paid, on average, 14% less than men, and in which there are large race and disability income gaps. They refuse to invest in the nation's infrastructure or in the British people. Under Tory rule, Britain has become one of the most unequal countries in Europe. UK Government investment is lower than that of every other major economy. That is a fact.

Inflation is outstripping wage rises, while housing and energy bills are rising once more and our productivity is lower than in the rest of the G7. What a record after seven years. The public sector pay cap has driven down wages, and cuts to in-work benefits are leading to more people than ever using food banks, with 1 million food parcels having been given out. Meanwhile, the Chancellor boasts of high levels of employment, but is in absolute denial about the rising numbers of people in insecure, low-paid work that does not meet their needs and those of their families.

The Government have managed to stitch up Public Bill Committees, despite not having a majority, and they are using arcane rules to deny this House the ability to amend and scrutinise legislation. The younger generation feel betrayed after seven years of Tory austerity. The Government have trebled tuition fees to over £9,000 and abolished maintenance grants, ensuring that the average working-class student leaves university heavily in debt and with little prospect of relieving it. The bottom line is that the Tory Government are in complete and utter decay. The housing market is entrenching and extending inequality between regions, classes and generations. Quite frankly, we cannot support a Bill that does not put any of that right, so we will not support it.

5.11 pm

Kirsty Blackman: I am delighted to be in the Chamber to talk about the second of the three Finance Bills we will have this year. When the Chancellor stood up and said we would move to having fewer fiscal events a year, I am not sure that this is what he had in mind. I am particularly excited about the third one, which will be coming along soon, and I really hope that it takes account of Brexit because the Government's Finance Bills have so far failed to do so. I hope we will have a Budget that takes account of the economic shock that will happen as a result of Brexit, puts in place the infrastructure spend that we particularly need and makes it clear that we should stay in the single market.

On our specific concerns about this Finance Bill—I saw you getting a bit edgy, Mr Deputy Speaker, but I will get on to it—I agree with Labour Front Benchers that there have been a number of missed opportunities, and we still have concerns. We have previously mentioned these concerns, but they bear repeating because this place is good like that.

The first issue is VAT on police and fire services. This Finance Bill should have taken the opportunity to remove the VAT paid by Scottish police and fire services. We have made this case time and again and we will continue to do so. I hope that the Chancellor will listen and make changes in the Budget. We would like the VAT that police and fire services have paid to be paid back, and we would like the VAT bill to be got rid of in

[Kirsty Blackman]

the future. There is a precedent for doing so—other organisations do not have a VAT bill—and we will carry on making this case very strongly.

Stewart Hosie (Dundee East) (SNP): My hon. Friend makes the interesting point that this is not simply about making a change for the future, but about repaying the money that has been overpaid for some years. Will she re-emphasise to the UK Government the message that we are not simply looking for such a change, but want paid back that which should never have been paid in the first place?

Kirsty Blackman: That is absolutely the case, and I thank my hon. Friend for highlighting this point. It is very important that the Government recognise that Scottish police and fire services never needed to pay this money and that they give us back the overpayments that have been made. Frontline police and fire services are losing out as a result of those organisations having to pay VAT.

I have a couple of other points specifically about the Bill. We have already raised the issues involving termination payments, which Labour Front Benchers did a very good job of highlighting. I am very concerned about the impact on vulnerable people and those who have lost their jobs and about the fact that this £430 million tax take for the Treasury means there is £430 million less for people who are made redundant.

I say again that I am pleased by the moves the Minister has made in relation to changing the implementation and phasing in of digital reporting. I appreciate his making it clear that tax measures put in place by the Treasury and implemented by HMRC are constantly under review. My concern is that even though it is said that these things are constantly under review—that is always said during the passage of Finance Bills—there is very little evidence of any reviews actually happening. Certainly, the majority of the reviews that do take place are not made public, so we cannot see the impact of those tax measures. I have done some digging and asked the Library about these matters, but as I say, very few of the reviews have been made public. It would therefore be good if the things the Minister has said will be under constant review were actually under constant review and if that could be shared with Members across the House and not just, for example, people working within HMRC.

I gather that the changes to elections for removing fields from petroleum revenue tax have widely been welcomed by the industry. In two successive Finance Bills, successive Chancellors have committed to changing the tax regime for decommissioning assets, so that it will be easier to transfer late-life assets to a new clearing in the market, which is very important in maximising the economic recovery of the North sea fields. I say again that Chancellors have promised that twice, yet action has not been forthcoming.

The Chancellor has said that the results of the review will be in the Budget. I do not want him to back away from the commitment that he has made. It is very important for the oil industry, not just in Aberdeen and the north-east of Scotland, but for the hundreds of thousands of people who are employed in the industry across the United Kingdom. It is very important that it does happen to maintain confidence in the industry. We

have had a period in which things have not been great in the industry. Confidence is beginning to build again and this change would make a huge difference.

Something that we voted against in Committee and that we disagree with is the change to the dividend nil rate. It is being reduced from £5,000 to £2,000. The SNP has argued against that not only because it is the wrong way to go, but because it is being brought in too quickly. People who have set up a small business or become self-employed in the recent past may not know that this change will be coming in and hitting them very shortly, so they will not have built it into their business plan. I am concerned not that it will reduce entrepreneurship, but that it will affect people who have made finely balanced financial decisions about the future fairly soon. We raised those concerns in Committee. For me, this is the worst proposal in the Finance Bill—the one that I disagree with the most and that I would argue against the most strongly.

I have made the key point that the Bill ignores Brexit. I agree with those on the Labour Front Bench that the Bill ignores productivity. Every day, more statistics come out and more issues are raised about the lack of productivity growth in the UK and the ripples that that causes. The Conservatives keep saying how great it is that we have so many people in employment. The problem is that those people are not getting wage rises that even keep pace with inflation. People are getting poorer, even though they are working hard, sometimes in low-paid jobs, simply because wages are not keeping pace with inflation. That is a big concern for us.

When she came to office, the Prime Minister was very clear that she would try to do things for people who are just about managing. Over the past year or so, it has become clear that life for those people has been getting significantly worse. I would like this year's Budget to take account of that, to take account of the fact that austerity has failed and to take account of the fact that people are poorer as a result of this Government's policies and make moves to change that.

Question put. That the Bill be now read the Third time.

The House divided: Ayes 302, Noes 276.

Division No. 31]

[5.19 pm

AYES

Adams, Nigel	Blunt, Crispin
Afolami, Bim	Boles, Nick
Afriyie, Adam	Bone, Mr Peter
Aldous, Peter	Bottomley, Sir Peter
Allan, Lucy	Bowie, Andrew
Allen, Heidi	Bradley, Ben
Amess, Sir David	Bradley, rh Karen
Argar, Edward	Brady, Mr Graham
Atkins, Victoria	Brereton, Jack
Bacon, Mr Richard	Bridgen, Andrew
Badenoch, Mrs Kemi	Brine, Steve
Baker, Mr Steve	Bruce, Fiona
Baldwin, Harriett	Buckland, Robert
Barclay, Stephen	Burghart, Alex
Baron, Mr John	Burns, Conor
Bebb, Guto	Burt, rh Alistair
Bellingham, Sir Henry	Cairns, rh Alun
Benyon, rh Richard	Cartlidge, James
Beresford, Sir Paul	Cash, Sir William
Berry, Jake	Caulfield, Maria
Blackman, Bob	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, Philip
 Davis, rh Mr David
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Docherty, Leo
 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
 Gale, Sir Roger
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Ms Nusrat
 Gibb, rh Nick
 Gillan, rh Mrs Cheryl
 Girvan, Paul
 Glen, John
 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
 Griffiths, Andrew
 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
 Heapey, 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
 Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jack, Mr Alister
 James, Margot
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Keegan, Gillian
 Kennedy, Seema
 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
 Lopez, Julia
 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
 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
 Offord, Dr Matthew
 Opperman, Guy
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pincher, Christopher
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 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
 Spelman, rh Dame Caroline
 Spencer, Mark
 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, Sir Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Tugendhat, Tom
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Theresa
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt
 Watling, Giles
 Whately, Helen
 Wheeler, Mrs Heather
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:

**Stuart Andrew and
 Andrew Stephenson**

NOES

Abbott, rh Ms Diane
 Abrahams, Debbie
 Alexander, Heidi
 Allin-Khan, Dr Rosena
 Amesbury, Mike
 Antoniazzi, Tonia
 Ashworth, Jonathan
 Austin, Ian

Bailey, Mr Adrian
 Bardell, Hannah
 Barron, rh Sir Kevin
 Benn, rh Hilary
 Betts, Mr Clive
 Black, Mhairi
 Blackford, rh 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
 Cable, rh Sir Vince
 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
 Coaker, Vernon
 Coffey, Ann
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 Corbyn, rh Jeremy
 Cowan, Ronnie
 Coyle, Neil
 Crausby, Sir David
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cunningham, Alex
 Cunningham, Mr Jim
 Davey, rh Sir Edward
 David, Wayne
 Davies, Geraint
 Day, Martyn
 De Cordova, Marsha
 De Piero, Gloria
 Debonnaire, Thangam
 Dent Coad, Emma
 Dhesi, Mr Tanmanjeet Singh
 Docherty-Hughes, Martin
 Dodds, Anneliese
 Doughty, Stephen
 Dowd, Peter
 Drew, Dr David
 Dromey, Jack
 Duffield, Rosie
 Eagle, Ms Angela
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Farron, Tim
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Frith, James
 Furniss, Gill
 Gaffney, Hugh
 Gapes, Mike
 Gardiner, Barry
 George, Ruth
 Gethins, Stephen
 Gibson, Patricia
 Gill, Preet Kaur
 Glindon, Mary
 Godsiff, Mr Roger
 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
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Hayman, Sue
 Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hill, Mike
 Hillier, Meg
 Hobhouse, Wera
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Huq, Dr Rupa
 Hussain, Imran
 Jardine, Christine
 Jarvis, Dan
 Johnson, Diana
 Jones, Darren
 Jones, Gerald
 Jones, Graham P.
 Jones, Helen
 Jones, Mr Kevan
 Jones, Sarah
 Jones, Susan Elan
 Kane, Mike
 Kendall, Liz
 Khan, Afzal
 Killen, Gerard
 Kinnock, Stephen
 Kyle, Peter
 Laird, Lesley
 Lake, Ben
 Lammy, rh Mr David
 Law, Chris
 Lee, Ms Karen
 Lewis, Clive
 Lewis, Mr Ivan
 Linden, David
 Lloyd, Stephen

Lloyd, Tony
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 MacNeil, Angus Brendan
 Madders, Justin
 Mahmood, Mr Khalid
 Malhotra, Seema
 Mann, John
 Marsden, Gordon
 Martin, Sandy
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McMahan, Jim
 Mearns, Ian
 Monaghan, Carol
 Moon, Mrs Madeleine
 Moran, Layla
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Nandy, Lisa
 Norris, Alex
 O'Hara, Brendan
 Onasanya, Fiona
 Onn, Melanie
 Onwurah, Chi
 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
 Reeves, Ellie
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie

Robinson, Mr Geoffrey
 Rodda, Matt
 Rowley, Danielle
 Ruane, Chris
 Russell-Moyle, Lloyd
 Saville Roberts, Liz
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, Angela
 Smith, Cat
 Smith, Eleanor
 Smith, Jeff
 Smith, Laura
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Sobel, Alex
 Spellar, rh John
 Starmer, rh Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Sweeney, Mr Paul J.
 Swinson, Jo
 Tami, Mark
 Thomas, Gareth
 Thomas-Symonds, Nick
 Timms, rh Stephen
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 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:
 Nic Dakin and
 Judith Cummins

Question accordingly agreed to.

Bill read the Third time and passed.

INDEPENDENT PARLIAMENTARY STANDARDS AUTHORITY

Ordered,

That Kirsty Blackman, Chris Bryant, Mrs Cheryl Gillan, Valerie Vaz and Mr Charles Walker be appointed to the Speaker's Committee for the Independent Parliamentary Standards Authority

until the end of the present Parliament, in pursuance of paragraph 1(d) of Schedule 3 to the Parliamentary Standards Act 2009, as amended.
—(Michael Ellis.)

PETITIONS

Proposed Free School

5.34 pm

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): The petition is about a free school site in Hackney that is designated for 630 pupils. We have strong concerns locally that it is not suitable for those pupils. It would not create a suitable modern school facility. It has a complete lack of play space for children and will cause undue stress on the local area, particularly with traffic because of the breadth of the catchment area. The petition states:

The petitioners therefore request that the House of Commons urges the Secretary of State to refuse the appeal against Hackney Council's decision to refuse planning permission.

Following is the full text of the petition:

[The petition of residents of Hackney,

Declares that the former police station in Lower Clapton Road is not a suitable building for a new school of 630 pupils due to its size, as there are access issues which are fundamental to the success of the school; further that these issues make it an inadequate learning environment; further that there is almost a complete lack of play space for young children; further that there is a complete lack of play space for young children; further to there being an unacceptable burden on the local area due to likely car use for pupil drop off/pick up and further to over intensive use of local facilities due to inadequacies of school site.

The petitioners therefore request that the House of Commons urges the Secretary of State to refuse the appeal against Hackney Council's decision to refuse planning permission.

And the petitioners remain, etc.]

[P002070]

Scunthorpe Market

5.35 pm

Nic Dakin (Scunthorpe) (Lab): I rise to present a petition on behalf of my constituents. There are 19,000 names on this petition, all gathered within four weeks,

which demonstrates the determination of Scunthorpe market traders and their customers to stand up for the market in the face of the threat posed to its future by North Lincolnshire Council.

The petition states:

The petition of residents of Scunthorpe County Constituency,

Declares that Scunthorpe Market has been trading on the same site for over a century serving generations of local people; further that North Lincolnshire Council may split the market over two sites; and further object to the North Lincolnshire Council's plan to move traders to an outdoor market on the grounds of: impracticality, hygiene considerations and concerns around stock.

The petitioners therefore request that the House of Commons urges the Government to reach out to North Lincolnshire Council to encourage them to keep Scunthorpe Market together in the current location.

And the petitioners remain, etc.

[P002071]

Policing Orgreave

5.36 pm

Sarah Champion (Rotherham) (Lab): I rise to present a petition of the residents of the United Kingdom to request that this House urges the Government to hold a public inquiry into the so-called "battle of Orgreave". The Government argued a year ago that no lessons could be learned from an inquiry and that, because no one had died, justice could go unserved. But, in the words of the Prime Minister, historical inquiries are not archaeological excavations. They are not purely exercises in truth and reconciliation. They do not just pursue resolution. They are about ensuring justice is done.

The petition states:

The petition of residents of the United Kingdom,

Declares that the events of Orgreave Coking Plant in June 1984 and the aftermath, had a huge and lasting impact upon coal field communities; and further to public suspicion surrounding the actions of the South Yorkshire Police a deep mistrust in the community remains as a result.

The petitioners therefore request that the House of Commons urges the Government to commit to a full public inquiry into policing at Orgreave, and its aftermath to finally authoritatively establish the truth

And the petitioners remain, etc.

[P002072]

Pompe Disease

Motion made, and Question proposed, That this House do now adjourn.—(*Rebecca Harris.*)

5.38 pm

Nick Thomas-Symonds (Torfaen) (Lab): I am delighted to have secured this debate to raise awareness of the very rare condition known as Pompe disease. I hope that the very holding of this debate will contribute to that, and I look forward to the Minister's response, and hope that he will set out some constructive suggestions on what we will do going forward to deepen knowledge and understanding of this awful disease.

My journey towards an involvement with Pompe disease and securing this debate began when I was visited in my constituency surgery by my constituent John Foxwell. He is a polymath. He is an award-winning author and publisher, specialising in communication technology. He worked for his community, too. He lives in my constituency at present, but he previously lived in Devon where he was both an elected councillor and served as mayor, and was also a trustee and director of his local food bank.

Drawing widely on his experience as a teacher and headteacher, John Foxwell has contributed to UK Government policy over the past 20 years. He has managed national educational projects including the first education action zone and the Building Schools for the Future project, and contributed to education White Papers. His reports on education have been drawn on by international companies. Prior to that, he worked in buying and merchandising for a multinational cycle and auto retailer. Knowing the importance of communication, he also founded companies that assisted those who come to the UK from other countries, developing translation tools and assisting community cohesion.

Now, however, John Foxwell has had to leave that remarkable career behind him. He has to spend up to 15 hours a day on a mechanical ventilator to enable him to breathe, as his diaphragm is paralysed. He cannot walk far, or lift or bend or lie flat—if he did, he would struggle to breathe—and he falls easily. A common cold could cause him to go into respiratory failure and die. His life expectancy is significantly reduced. His wife has had to give up her own job to look after him. She is one of an army of carers across the country whose work needs to be recognised right across the House.

John Foxwell is one of only about 150 people in the UK who have Pompe disease. The condition is named after a Dutch medic called Joannes Cassianus Pompe. Given that he was Dutch, his surname was probably pronounced “Pompa”, but the disease has become known as “Pompey” disease. He was born in Utrecht in September 1901, and later studied medicine at the city's university. His breakthrough came in December 1930, when he carried out a post-mortem on a baby girl who had died at the age of just seven months. He discovered that her heart had become enlarged and that the muscle tissue in the heart had become like a mesh. He thought that a substance build-up was causing that to happen to the heart muscle and came to the conclusion that that substance was glycogen. In other words, the sugar strings that store energy in cells had not broken down as they should have done, due to a faulty gene inherited from the little girl's parents.

Dr Pompe became a pathologist at the Hospital of Our Lady in Amsterdam in June 1939, and after the German invasion of the low countries in the second world war, he became a part of the Dutch resistance. He was involved in finding places for Jewish people to hide from Nazi persecution. His laboratory at the hospital housed a radio transmitter that was used to send messages from the Dutch resistance to the United Kingdom. He was eventually arrested by the Nazis in February 1945, after the transmitter was detected. On 15 April 1945, he was executed as part of a reprisal for the Dutch resistance blowing up a railway bridge. The discoverer of this disease seems to have been a very brave man indeed.

Dr Pompe had discovered what came to be known as the first category of the disease, the infantile variety that presents in small babies who fail to thrive, and that often leads to death from heart failure in the first year of life. Life expectancy in those cases is, alas, less than two years. The second category is “late onset” where, as the name suggests, symptoms do not become apparent until later on in life. As is the case with my constituent John Foxwell, progression is generally slower, but it is characterised by skeletal muscle wasting that causes mobility issues and breathing problems.

Those who suffer from the disease receive support from Muscular Dystrophy UK—I put on the record my thanks to it for sending a briefing in advance of this debate—and the Association for Glycogen Storage Disease (UK), which also provides support to sufferers here. The standard treatment for Pompe disease is enzyme replacement therapy. The faulty gene that is inherited from sufferers' parents stops the creation of an enzyme called acid alpha-glucosidase—I will refer to it as GAA from here on—that breaks down the sugar strings of energy in muscle cells. The enzyme replacement therapy involves a genetically engineered enzyme that assists with regulating glycogen—the sugar strings—and is received into the body by regular infusions. The trade name for the enzyme is Myozyme, which is available from the pharmaceutical company Sanofi Genzyme.

The availability of Myozyme differs slightly around the country. In England, it is directly commissioned by NHS England under specialised criteria. In Wales, where my constituent lives, the All Wales Medicines Strategy Group recommended to the Welsh Government that Myozyme should be endorsed within the NHS in Wales for the treatment of Pompe disease, but there is a specific restriction in that it is not endorsed for late-onset Pompe disease on grounds of insufficient evidence of clinical effectiveness.

Jim Shannon (Strangford) (DUP): I congratulate the hon. Gentleman on presenting such a wonderful account of the gentleman involved in the history of the disease. Like others, I have been contacted by Muscular Dystrophy UK, and rare diseases come up here often and are a particular interest of mine. This is ultimately a question for the Minister, but does the hon. Gentleman agree that the Department of Health must ensure that there is adequate support for the centres across the UK that provide highly specialised care for patients with this rare muscle-wasting disease? I think the Minister will respond to that, but the hon. Gentleman's speech encapsulates what we are all trying to achieve here.

Nick Thomas-Symonds: I am grateful to the hon. Gentleman. I entirely agree that support for the different centres across the country is absolutely vital. While we all know that health is a devolved matter, awareness is so important and is something that we can still promote across the United Kingdom.

My constituent's particular issue with accessing treatment is that he falls into a category that does not have general commissioning for late-onset Pompe disease, meaning that he would be left having to make an individual funding request, only some of which are successful. However, the reality is that nobody has a chance of accessing the treatment if the disease is not diagnosed in the first place, which was the real challenge facing John Foxwell. His diagnosis took over seven years. Many consultants told him that his diaphragm was paralysed—that was pretty obvious—but they made no link to the disease that was causing the paralysis. John went through some incredibly difficult periods of low appetite, when he was living only on jelly and milkshakes. Unable to function and to continue with the wonderful career that I described, he moved back to Wales, where he was originally from, to die.

Then the diagnostic break came. Nevill Hall Hospital, Abergavenny, is in the constituency of the hon. Member for Monmouth (David T. C. Davies), but none the less it serves a number of my constituents in Torfaen. A respiratory consultant at the hospital gave my constituent a mechanical respirator, which helped him significantly. In addition, he was advised to see a neurologist, who conducted a series of tests, including a genetic test that finally identified late-onset Pompe disease.

Pompe disease is incredibly complex, and it requires a multi-disciplinary approach. The medical disciplines required include geneticists, pulmonologists, neurologists, cardiologists, respiratory therapists, physiotherapists, dieticians and clinical psychologists. Conditions that cross the medical disciplines in that way are, of course, a challenge for our NHS across the country, but it is a challenge that we can and must meet.

I will conclude with an email that my constituent sent to me, which shows where he is at the moment:

“Now I am almost a recluse as I find that leaving the house is extremely challenging. I don't know the future, but I do know, from statistical testing in other countries, that there are many more people with Pompe Disease out there that are needing to be diagnosed and that I want to be able to assist...in understanding the disease and supporting them when they need help. I am creating Pompe Wales, a Pompe Disease specific charity, to be able to help others who have Pompe, to be able to make the medical professionals aware of Pompe and its symptoms and to link with other Pompe organisations around the world”.

That shows that those who suffer from the disease, named after Dr Pompe, share characteristics with him—they are determined and courageous. But, for them to be able to fight this disease, it must first be identified. The only way to do that is to raise awareness across the medical professions. Nobody should suffer unduly because of falling victim to a disease that is extraordinarily rare.

5.52 pm

The Parliamentary Under-Secretary of State for Health (Steve Brine): I congratulate the hon. Member for Torfaen (Nick Thomas-Symonds) on securing this debate. I often think this about Adjournment debates, but this

shows how excellent the House of Commons is in that it can debate a Finance Bill and then discuss a condition like Pompe disease.

I read the hon. Gentleman's article in *The Times* this morning. The article was well written, and it set out very clearly the heart-breaking impact that this disease has had on his constituent's health. I am sure his constituent appreciates very much the way he has taken up the issue. Well done for getting an article in *The Times*!

I hope my response will go some way to reassuring the hon. Gentleman and his constituent that the importance of understanding how to recognise and treat rare diseases such as Pompe disease is increasingly recognised by policy makers and healthcare service providers, not just in England but across the UK and internationally.

The hon. Gentleman spoke movingly about the subject, and he is of course right to praise the army of carers in our country. Carers Week is a big deal in my constituency, as I am sure it is in his, and he is absolutely right to praise the work of Muscular Dystrophy UK. When I was a Back-Bench MP, I was a member of the all-party parliamentary group on muscular dystrophy, which was chaired by a now former Member. Having grown up with friends who suffered with muscular dystrophy, and who ultimately lost their fight, I have a lot of time and respect for Muscular Dystrophy UK.

The number of rare disease patients can be very small. For example, Pompe disease has an estimated prevalence of one in every 40,000 births, but collectively some 3.5 million people in the UK alone are affected by what we term, in policy terms, rare diseases. To put this in context, one in 17 people will therefore suffer from a rare disease at some point in their lives. As we have heard, patients with Pompe disease are deficient in or completely lacking the activity of an enzyme that affects the ability of cells to degrade glycogen, causing its build-up in the body cells, which impairs their ability to function normally. Pompe disease often affects neonates—newborn children—and becomes apparent from within a few days to a few months after they have been born. Sadly, affected infants often require long periods in paediatric intensive care units, with many going on to require long-term mechanical ventilation, as the hon. Gentleman said.

Nick Thomas-Symonds: I thank the Minister for that positive introduction to his speech. One issue that my constituent raised with me was that because this disease is genetic it can be picked up by a blood test from birth. He has asked whether such testing could be done on a more regular basis. I understand that this is difficult because the disease is so extraordinarily rare, but I flag it up for the Minister's attention.

Steve Brine: The hon. Gentleman makes a good point, and I know my officials will be listening carefully to what he says. I may come to touch on that point, if I do not deal with it specifically, but I am sure he will remind me.

Some patients with Pompe disease are treated with an enzyme replacement therapy called Myozyme, which is a direct replacement of the missing enzyme via infusion therapy. Myozyme dramatically alters the natural history of the disease in infants, but many patients still require complex long-term follow-up, as the hon. Gentleman's constituent does.

[Steve Brine]

NHS England commissions its service for patients with Pompe disease from eight national centres; five of these are for adults and three are for children. The centres provide an inclusive, holistic, multi-disciplinary service—the point the hon. Gentleman rightly makes—for patients with lysosomal storage disorders. That is the wider term for these conditions, including Pompe disease. The centres provide rapid diagnosis, an assessment of disease burden, provision of disease-specific therapy, advice on symptom control and palliative care, where this is, sadly, necessary for patients with untreatable disorders. In conjunction with patient advocacy groups, the centres also provide support for affected families. We of course support these centres utterly—that point was put on the record so well, as usual, by the hon. Member for Strangford (Jim Shannon).

As the hon. Member for Torfaen says, late-onset Pompe disease may not become apparent until later in childhood, adolescence or most commonly, as in the case of his constituent, Mr Foxwell, in adulthood. Although late-onset Pompe disease is usually milder than the infant forms of the condition, patients can experience progressive muscle weakness in the legs and trunk—the main body—and it can affect the muscles that control breathing, which is why the mechanical ventilation becomes necessary. As we have heard, as the condition progresses, breathing problems can become more serious and often prove fatal.

We know more can be done to diagnose rare conditions earlier. Currently, the average rare-disease patient consults five doctors, can receive up to three misdiagnoses and waits four years before receiving their final diagnosis. These delays in diagnosis often mean that opportunities for timely interventions can be missed and/or that patients may be given unsuitable or harmful treatments to treat their misdiagnosed condition; more than half of patients wait for more than one year after the first symptoms and some have waited over 20 years. Although not a great term, I am reliably informed that this is called a “diagnostic odyssey”, which causes uncertainty and distress for those affected, as well as considerable costs for health and social care budgets. We should remember that.

The 100,000 Genomes Project—

Nick Thomas-Symonds *rose*—

Steve Brine: I was going to touch on that project, but before I do I shall give way to the hon. Gentleman again.

Nick Thomas-Symonds: I am grateful to the Minister for giving way again. Before he moves on to the genomes project, I just wanted to touch on the issue of the diagnostic odyssey. My constituent’s diagnostic odyssey was seven years, and clearly although the symptoms, particularly the issue involving the diaphragm, were very apparent and were picked up, this was about making the link from there to the rare disease. Clearly, one always has to take into account statistical probabilities—there is no direct criticism of any medic or anything like that here—but part of trying to reduce that diagnostic time must be about increasing awareness among the medical profession of many of these rare diseases.

Steve Brine: Yes, I absolutely agree. I also have ministerial responsibility for cancer—if only I had a pound for every time I heard early diagnosis mentioned in the office. I shall explain how I think the rare diseases strategy can help with that. Of course, it is important not just for rare diseases, but what the hon. Gentleman says is absolutely right.

The 100,000 Genomes Project addresses parts of the unmet diagnostic need I have described. It focuses on patients with a rare disease and their families and on patients with cancer. The sequencing of an individual’s genome is increasingly utilised as a diagnostic tool in cases where an individual has unrecognised signs and symptoms and to support the diagnosis of a rare disease. I am pleased to say that around 25% of patients whose genome is sequenced through the project now receive a diagnosis for the first time. In addition, despite their often chronic and progressive nature, the associated long-term complications of some rare diseases can be targeted and addressed early if they are diagnosed as such. That is clearly the holy grail. The UK rare diseases policy board has been tasked with looking at the diagnostic issues—the odyssey that I mentioned—and I look forward to it reporting its initial findings to me. I am told that they will come in early 2018, so I shall look out for them.

I assure the hon. Gentleman that the Government are and remain dedicated to improving the lives of all patients with rare diseases. The publication of the UK strategy for rare diseases in 2013 represented a significant milestone for all patients with rare diseases, and it is now being implemented throughout the country. The strategy set out our strategic vision and contains 51 commitments, concentrating on raising awareness, better diagnosis, which has been touched on, and patient care. It also has a strong emphasis on the importance of research in our quest to better understand and treat rare diseases. Research is so important. The Government are committed to implementing the strategy in full by 2020, and we know that the real test of success will be when patients and families affected by rare diseases experience real improvements.

The Minister of State, Department of Health, my hon. Friend the Member for Ludlow (Mr Dunne), announced in a 28 March Westminster Hall debate on the implementation of the strategy that NHS England will produce an implementation plan for the commitments in the strategy that it has lead responsibility for, and I shall hold NHS England to account ministerially. The Department of Health is now working collaboratively across stakeholders to produce the implementation plan for all those commitments that fall outside NHS England’s remit. Both NHS England and the Department are aligning the publication of those complementary plans, and I want them on my desk by the end of the year.

We appreciate the fact that any specific rare disease is, by its nature, very rare, so we should be honest about the fact that there is often a scarcity of patients and expertise in any single country. The diagnosis, treatment and management of rare diseases strongly benefit from cross-border collaboration. Through an EU initiative on patients’ rights in cross-border healthcare, European reference networks were set up throughout European countries earlier this year. These virtual networks act as centres of knowledge, skills and expertise in the field of

rare diseases and complex conditions, and provide a platform to create partnerships between healthcare providers here in the UK and throughout Europe.

The UK is already a key player, leading six ERNs—more than any other member state—and participating in 23 of 24 networks, including what is known as the Metab ERN, which covers rare hereditary metabolic disorders such as Pompe disease. Six NHS trusts participate in the Metab ERN, which aims to ensure a joined-up approach to care by bringing together paediatric and adult metabolic physicians throughout the EU. That is really important. The ERNs are a cornerstone of the UK rare diseases strategy, and the Government are committed to ensuring that no patient should be put at a disadvantage through the UK's exit from the EU—and that is a priority for me. Therefore, an important element of our future plan will be to continue to play a leading role in promoting and ensuring public health—I am also the Public Health Minister—both in Europe and around the world. Hopefully, that will further strengthen the long tradition of international collaboration, which our clinicians and scientific community have in this country, and often lead across Europe and the world.

Let me touch further on research. The full potential for improving our knowledge of rare diseases and our work towards better treatment and, hopefully, prevention can only be realised by continued research into rare diseases. That is why the National Institute for Health Research has established 20 biomedical research centres that develop new groundbreaking treatments, diagnostics and care for patients with a wide range of diseases.

The centres enrolled patients across 60 NHS trusts and, in partnership with Genomics England, led a pilot for the rare diseases element of the 100,000 Genomes Project that has delivered the sequencing of whole genomes of more than 12,000 biosource participants.

Nick Thomas-Symonds *rose*—

Steve Brine: I think that I can anticipate the hon. Gentleman's intervention. Go for it.

Nick Thomas-Symonds: I am very grateful to the Minister for his generosity in giving way. My constituent has been unable to demonstrate the exceptionality required to access the treatment through an individual funding request. In reality, there is only this one standard treatment. One thing about the research into rare diseases that the Minister has referred to is the need to discover more options for treatment rather than having only one realistic one, as is the case so much of the time.

Steve Brine: I completely agree with the hon. Gentleman. That is why I said that research is absolutely central to this. Let us be honest: this country has led the world in this field. We have an absolutely fantastic record and long may that continue, because people's lives benefit and depend on that. Once again, he is spot on. Let me conclude my point. In 2016-17, the NHIR research infrastructure supported studies into Pompe disease across nine of its centres and facilities.

The hon. Gentleman referred to national variations in access to Myozyme treatment for Pompe disease

across the UK. In England, NHS England funds this treatment for all patients, regardless of age or the form of the disease. In Scotland, the Scottish Medicines Consortium does not accept Myozyme for routine use, but it is funded for children and adults by its ultra-orphan drugs risk scheme. NHS Scotland also provides any patients with particularly complex needs access to highly specialised services in England. In Wales, I understand that the treatment is funded for children and adults with late onset of the juvenile form of the disease, but not the adult form where the symptoms are less severe.

As the hon. Gentleman will be aware, healthcare in Wales is a devolved matter, but I am sure that he will raise any concerns with the Welsh Government. I was delighted to hear about the setting up of Pompe Wales, which he talked about in his speech. It sounds really interesting. Obviously, it is in Wales, so perhaps he could send me details of it when it becomes available.

Nick Thomas-Symonds: The Minister is entirely right. It is commissioned in Wales for the infantile aspect. There is no general commissioning for late onset. There has to be what is called an individual patient funding request, where a patient has to demonstrate certain things, including exceptionality.

Steve Brine: The hon. Gentleman has put that clearly on the record.

Finally, it is worth noting that the rare disease landscape has been greatly transformed since the UK strategy was published in 2013, especially considering Brexit, the evolving legacy of the 100,000 Genomes Project and new emerging technologies such as genome editing. The recent independent chief medical officer's report "Generation Genome", which I said at Health questions was a landmark piece of work, and the "Life Sciences: Industrial Strategy" make it clear that genomics has an important role to play in future healthcare delivery, including the treatment of rare diseases. The House of Commons Science and Technology Committee is also currently engaged in an inquiry into genomics and genome editing in the NHS, and I look forward to seeing its report in due course. I can assure the hon. Gentleman that we will harness the remarkable prospects that these new developments present for the benefit of our rare diseases patients. The NHS has always harnessed new technology to lead the world, and it will continue to do so in this field.

I thank the hon. Gentleman once again for highlighting these issues in this debate and in today's media for his constituent and for all those who suffer from Pompe disease and other rare diseases. I hope that I have helped to reassure them a little that the Government and the NHS are working hard to tackle these conditions and to help to improve the lives of people suffering from Pompe disease and other rare diseases because, ultimately, that is what we are here for.

Question put and agreed to.

6.10 pm

House adjourned.

Westminster Hall

Tuesday 31 October 2017

[MR PETER BONE *in the Chair*]

Children's Oral Health

9.30 am

Steve McCabe (Birmingham, Selly Oak) (Lab): I beg to move,

That this House has considered childhood oral health.

Good morning, Mr Bone; it is a pleasure to serve under your chairmanship today. I am glad that we have been granted this debate by the Backbench Business Committee, because child tooth decay represents a much bigger public health issue than appears to have been recognised so far. It is a problem affecting millions of children, including some of the most vulnerable. It should be a real concern to us all.

As well as thanking the various parties for their help in raising this matter, I also want to thank the Faculty of Dental Surgery at the Royal College of Surgeons and the British Dental Association for their efforts in helping to bring this issue to Parliament's and the public's attention.

Public Health England reports that 25% of all five-year-olds in England experience tooth decay in at least three to four of their teeth, and that in some parts of the country it can affect as many as 50% of all five-year-olds. Perhaps not surprisingly, there is a link between deprivation and childhood tooth decay, with the poorest areas suffering the worst levels of oral health and the least contact with dentists. A report, shortly to be published by the Nuffield Trust and the Health Foundation, shows that five-year-olds eligible for free school meals are significantly less likely to attend dental check-ups and have more difficulty in finding an NHS dentist.

If we look at the scale of the problem, we will see that more than 45,000 children and young people aged 0 to 19 were admitted to hospital in England over the past year because of tooth decay. They included 26,000 five to nine-year-olds, making tooth decay the leading cause of hospital admissions and emergency operations for that group. Last year more than 40,000 hospital operations for tooth extractions were performed on children and young people, which is the equivalent of about 160 operations every single day.

Catherine West (Hornsey and Wood Green) (Lab): My hon. Friend is making an excellent speech. Does he agree that it is extraordinary that it appears that more children go into hospital because of poor oral health than because of broken arms, whereas when we were children it was definitely the other way around?

Steve McCabe: I absolutely agree with my hon. Friend. That gives us some sense of the scale of the problem.

Those 160 operations every single day are not only detrimental to the health and wellbeing of the children; they are also costly to the NHS. In the financial year 2015-16, more than £50 million was spent on tooth extractions for those aged 0 to 19. The average cost of a

tooth extraction for a child up to the age of five is approximately £836, and there were some 8,000 such procedures during 2015-16. Dental treatment is a significant cost to the NHS, with spending in England amounting to £3.4 billion on primary and secondary dental care.

In Birmingham, 29% of five-year-olds suffer from tooth decay, which is significantly higher than the national average. Five-year-olds in Birmingham are three and a half times more likely to suffer tooth decay than those in the South West Surrey constituency of the Secretary of State for Health, and yet Birmingham is a city with fluoride in the water. In Manchester, where the water supply is non-fluoridated, the percentage of five-year-olds with tooth decay is 4% higher than in Birmingham. Hospital admissions related to tooth decay for those under the age of 18 in Birmingham have almost doubled in the past four years.

The way in which data are collected and the regional nature of the information sometimes mask the scale of the problems in the same towns and cities. We know that 20% of five-year-olds have tooth decay in south-east England, compared with 34% in north-west England. In Sutton Trinity ward in the Sutton Coldfield constituency, the figure is less than 10%, but the figure for another part of the same city—the Selly Oak ward in my own constituency—is 47%, which is almost twice the national average. Shocking as those figures might be, tooth decay is almost entirely preventable.

Many health experts now agree that early tooth decay can have a broader impact on health and wellbeing, affecting physical and mental health, and impacting on the child's development and confidence. Poor oral health can also cause children problems with eating and sleeping, which often results in time away from school. Public Health England has conducted research on the number of school days lost due to tooth decay in north-west England. It shows that the average number of days lost per year was three, but many children missed as many as 15 days owing to dental problems.

Some might wonder why childhood tooth decay matters, because children lose their primary teeth which are replaced by new, permanent teeth. The issue is that a high level of disease in primary teeth increases the risk of disease in the permanent teeth. The child's self-confidence may also be damaged. More than a third of 12-year-olds said in a recent survey that they are embarrassed to smile or laugh because of the condition of their teeth, and that can often make it harder for them to socialise.

So what can we do? There seem to be three crucial steps to addressing the problem: getting children to brush their teeth twice a day; ensuring they see a dentist regularly from a young age; and reducing the amount of sugar that children consume.

Scotland has been running an educational programme called Childsmile since 2001, which has been credited with making a significant improvement to children's oral health. The programme supports supervised tooth brushing sessions in primary schools and nurseries, as well as providing twice-yearly fluoride varnishes. Perhaps we will hear more about that later.

A similar initiative, Designed to Smile, was introduced in Wales in 2009. Teeth Team, which is supported by Simplyhealth, has invested £137,000 in a dental programme that takes dental education directly to children in local primary schools in the city of Hull.

Wendy Morton (Aldridge-Brownhills) (Con): Teeth Team has visited one of the schools in Brownhills in my constituency. Does the hon. Gentleman agree that we need to further consider such innovative new schemes and other ways to educate children on dental health and tooth-brushing?

Steve McCabe: I absolutely agree with the hon. Lady. An education programme for young children and their parents is crucial. I want the Government to play a bigger role, but there are other approaches, too. As I have said, Simplyhealth is supporting the venture in the city of Hull and in East Riding of Yorkshire, as well as in the hon. Lady's constituency.

A pilot programme called Starting Well is about to commence in 13 areas of England, although none of those pilots will be in Birmingham or the west midlands. I would be grateful for details of the pilot. How long will it run? How will it be evaluated? How were the 13 areas selected? It would also be useful to know exactly how the programme is being funded.

A new initiative by the British Society of Paediatric Dentistry, "Dental Check by One", is seeking to raise awareness of the importance of getting young children to attend the dentist from an early age. It is supported by organisations across the dental professions. I am pleased to report that it is due to launch in Birmingham tomorrow, despite some torturous negotiations about funding. It seems likely that funding issues will prevent it from being implemented by other regional NHS teams.

What else might be done? Has any consideration been given to proposals from the Faculty of Dental Surgery to use school breakfast clubs to deliver supervised tooth brushing sessions? Analysis by Public Health England has suggested that if public health professionals such as health visitors are involved in supporting oral health improvement programmes, that can lead to significant improvements and long-term savings. Health professionals who have regular contact with children, such as midwives, health visitors, school nurses, pharmacists and early years practitioners, are all ideally placed to help identify children who may be at risk of tooth decay.

Equally, dentists look at all the soft tissues in the mouth and are often able to help identify a number of conditions, from diabetes and Crohn's disease to oral cancer. According to recent figures on dental attendance, 42% of children aged 0 to 17 did not visit an NHS dentist in the 12 months to 31 March 2017.

John Grogan (Keighley) (Lab): Does my hon. Friend share my concern that a cursory review of the NHS Choices website yesterday showed that there are many areas of the country, including Keighley, where there is no advertising at all of dentists who are available to take on new children as patients? Might one answer to the age-old problem of poorer areas having fewer dentists be an expansion of salaried dentists in the NHS?

Steve McCabe: There is certainly an issue with access to dentists in some areas, although it is probably also true that some parents need to realise that visiting the dentist is free for children. There is certainly a question about how we incentivise dentists and provide better coverage.

As I was saying, 42% of children did not see an NHS dentist in the 12 months to 31 March 2017; in Birmingham, that figure is 47%. The Faculty of Dental Surgery has reported that, in the same 12 months, 80% of children aged between one and two did not see a dentist, but official advice recommends that children begin dental check-ups as soon as their first teeth come through, which is usually at around six months.

We may need to reconsider certain elements of existing dental contracts to see if we can better incentivise some dentists to pursue a preventative dental strategy with children. At present, three visits for fluoride treatment equal one unit of dental activity, which is roughly worth about £60 to the dentist. Perhaps we should look at that again. I am sure that both the Minister and local authority public health officials will be keen to remind me about money if I urge greater activity, but I remind hon. Members that parliamentary questions have revealed a clawback of £95 million through undelivered units of dental activity in 2013-14, rising by 36% to £129 million in 2016-17.

Dentistry remains a highly siloed service in the NHS and has been largely neglected from future NHS plans, such as the five year forward view and sustainability and transformation plans. As I have said, education programmes and regular visits to the dentist are needed if we are to begin to tackle the problem, but we also need action to tackle sugar consumption.

There are question marks over how likely the soft drinks industry is to meet the targets agreed under the voluntary reformulation programme. Earlier this year, the Food and Drink Federation announced that it was unlikely to comply with the optional 20% reduction in sugar content by 2020. It has also been revealed that it will be March 2018 before we even know whether the industry has achieved the first target of a 5% reduction by August of this year.

We desperately need to make significant progress towards reducing the amount of sugar in soft drinks and other products. The Government need to look again at their obesity strategy. As luck will have it, it is Sugar Awareness Week. What better time could there be for the Government to seriously consider the suggestion of the Local Government Association and others that we introduce teaspoon labelling on the front of high-sugar products? We should certainly look at advertising, and consider a ban on two-for-one offers and other price promotions on high-sugar products.

Childhood tooth decay is a problem that affects millions of children. It can be extremely painful and it often results in costly tooth extractions under general anaesthetic. Addressing tooth decay is not complicated; we know what works, and the actions I have outlined today could make a real difference. I hope that the Minister will consider those arguments, and that he is in a position to tell us that the Government are considering a series of preventative measures so that good oral health can be enjoyed by all our children.

Several hon. Members *rose—*

Mr Peter Bone (in the Chair): Order. It might help the House to know that the wind-ups should start at about 10.30 am and seven Back Benchers are trying to catch my eye. I do not intend to impose a time limit, but perhaps Members will be aware of that.

9.47 am

Sir Paul Beresford (Mole Valley) (Con): I congratulate the hon. Member for Birmingham, Selly Oak (Steve McCabe) on going through all the statistics, which means that I can cut my speech down immensely; I will put him up for an honorary degree as a dental therapist.

The hon. Gentleman is right: the statistics on child dental health are horrific. Deciduous teeth, or baby teeth, are particularly susceptible to decay as they have thinner enamel than permanent teeth. That is a contributing factor, but the problem is basically one of education, and it has gone on for decades. When I first practised dentistry in this country, in the NHS in east London in the early '70s, I was struck by the appalling state of child dental health. Every Thursday afternoon, either I or a principal of the practice, with an anaesthetist, ran general-anaesthetic sessions. When I look back on them I am horrified, because the risks were considerable and such treatment is now banned. The children would all go to hospital now.

Those sessions were packed, and were almost entirely about extracting teeth from little children. It is appalling to think of it, but not as appalling as seeing those little children coming in, in pain after sleepless nights due to dental decay. If one wandered down to the local supermarket in east London, the stacks and racks of biscuits and sweets were considerable; the stacks and racks of what we would call wholesome food were minuscule. It was an education problem.

Prevention must be the way forward, because of the cost reductions. If one realises that Britons eat around 700g of sugar a week—an average of 140 teaspoons—one can see that reduction is needed. The intake is not spread evenly; it is higher in the north, lower in the south-east, and teenagers have the highest intake of all age groups, consuming some 50% more sugar on average than is recommended. That is another education issue.

The hon. Member for Birmingham, Selly Oak mentioned Childsmile—the set of Scottish tactics and methods for teaching kids—and that is very successful: more than 90,000 nursery schoolchildren take part. It is a programme of supervised tooth brushing, which has made some quite staggering gains; it has been mimicked in Wales and now here. England has an enthusiastic new chief dental officer, Sara Hurley. She and I will be arranging for every English MP to be invited, region by region, to meet her and others to discuss tooth decay problems among children and understand how we can move forward.

I have a few suggestions for the Minister, some of which have already been mentioned. We need a national oral health programme, such as that in Scotland, which should target poorer areas and areas of poor health, although this is not about poverty—it is about education. Sara Hurley is well on the way with a number of campaigns and areas where that is working. She, I and others have been working with local health and wellbeing boards to move into schools to run a check system that ensures that children, particularly in primary schools, visit their dentist once a year. If children had a little book, every child could be required by the head of the school to come back with an appointment card signed by a dentist to show that they had been once or twice a year. That should be a standard policy in schools.

Not just dental healthcare professionals but all healthcare professionals, such as midwives, health visitors and pharmacists, need to be given training. I remember an

occasion when one of my kids visited a healthcare professional. The child was tiny. My wife had to listen to the healthcare professional say that fluoride and fluoride toothpaste were poisonous. I could not believe the ignorance!

Dental associations and groups should wake up—they are starting to—and should help dentists to help tooth-brushing campaigns and programmes. Such practices could be and sometimes are adopted in schools. The dentist does not have to go, but the hygienist and the nurses can. Toothbrushes and toothpaste can come from providers for free, and education can be linked. Kids—little kids especially—love brushing their teeth. Sara is trying to bring that into primary schools and nurseries, and perhaps to children as young as between one and two.

Far and away the biggest proven method of reducing tooth decay among children, and ultimately adults, is fluoridation of the water supply. As part of the health professional programme, the use of oral fluoride for children should be promoted by health workers. It is not, and it should be, because it makes a dramatic difference. My father was a dentist in New Zealand. I remember him saying that before fluoride arrived, trying to treat children with tooth decay was like trying to fill a bath with the plug out. Fluoride has dramatically changed the situation, and education and tooth brushing will change it even further.

In the United Kingdom, approximately 330,000 people have naturally occurring fluoride in their water supply at the optimum level. In addition, some 5.8 million people in different parts are supplied with artificially fluoridated water. That is about 6 million, out of a total population of 64 million—about 10% of the population. The percentage in the United States is 74%; in Canada, it is 44%; in Australia, it is 80%; and in New Zealand, it is about 70%.

The answer has to be a combination of fluoride in the water supply, fluoride in toothpaste—especially where there is none in the water supply—and, as the hon. Member for Birmingham, Selly Oak has said, using the opportunity to get out into schools and teach the kids. If we teach the kids, we teach the mothers. Dental decay is preventable; let us prevent it.

9.53 am

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Birmingham, Selly Oak (Steve McCabe) on securing this debate. As always, it is good to have the pleasure of the vast experience and knowledge of the hon. Member for Mole Valley (Sir Paul Beresford) on this subject. I thank him for his contribution.

I am the Democratic Unionist party spokesperson for health, so this issue is very much on my radar. I will give some stats—the hon. Member for Birmingham, Selly Oak gave some, but I will give different ones. That does not make me any more of a statistician or an honorary member of any statistical organisation, but they are important for me because they are from my own region.

I can remember, as a child, my mother taking me to the bathroom and scrubbing the life out of my teeth; we can all probably remember something similar. When I was old enough to brush, but perhaps not old enough to know the importance of brushing, there were mouth

[Jim Shannon]

checks, which reminded me of checking a horse's mouth to see the health and age of the horse. Rather than understanding why it was essential that we brushed our teeth, I was probably more afraid of not having my teeth brushed and my mother doing it for me. The hon. Member for Mole Valley mentioned an increase in that among young children, which is good news. I am afraid that we do not see all the stats and realise the importance of that in Northern Ireland.

I believe that we are all fearfully and wonderfully made, as it says in Psalms, and that the intricacy of our body does nothing other than point to our creator God. Why else would we have two sets of teeth—the baby teeth that we probably abuse, which decay and fall out, and then the adult teeth? I know some adults who probably wish that they had a third, and possibly even a fourth, set of teeth.

I commend the previous Health Minister, David Mowat, who launched the new programme in January this year. I look forward to the present Minister's response, which I know will be equally committed. A briefing I received for the debate made very interesting reading, and it all points to prevention. Tooth decay is the most common reason why five to nine-year-olds are admitted to hospital. In Northern Ireland, some 5,300 children were admitted to hospital for tooth decay and extractions, with 22,000 baby teeth removed. Moving on to 12-year-olds and teenagers, the signs of decay in permanent teeth are significant.

The hon. Members for Birmingham, Selly Oak and for Mole Valley have both referred to the need to control the intake of sugary drinks and foods. As a diabetic, I am well aware of the need to control sugar. Coca-Cola used to be one of my favourite drinks, but it is not any more—not because I dislike it, but because it was doing more harm than good and I had to stop drinking it. We need to have that control, and parents have a role to play.

There are significant regional and socio-economic differences in dental health across England—the numbers of those with tooth decay in the south-east compared with the north-west, for example; the difference is almost double. Perhaps the Minister will reply on that north/south difference. In some areas, seven times as many children are affected than in the best performing areas, where only 8% are affected.

Northern Ireland is at the bottom of the league table for oral health. I am not at all proud to say that, but it is a fact of life. We have a lot to do, in what is a devolved matter in Northern Ireland—at least until we find out where the Assembly is going, in which case the role over here might become greater. The 2013 children's oral health survey showed that Northern Ireland had the worst oral health outcomes in the UK, and highlighted the difference in the figures compared with outcomes in England. Some 72% of 15-year-olds have signs of decay in Northern Ireland, compared with 44% in England and 63% in Wales. We have a lot to do, and we need to start that in primary school. The hon. Member for Birmingham, Selly Oak suggested education at primary school breakfast groups as a way of doing that. I think that would be excellent.

Of the 4,000 parents questioned in the Simplyhealth professionals oral health survey, 51% said that getting their child to brush his or her teeth for the recommended two minutes twice a day was a challenging task. Well,

I think children are always challenging, but that is certainly one of the things that we need to do. The view has been echoed by members of my staff, who said it is as tough to get the seven-year-old grandchildren to do a good job as it is the two-year-old. That is a battle many parents face and they will do many things to try to encourage children. There are even such things as singing toothbrushes, as one method that may encourage children. It may help set the timespan, but the quality of brushing during that time could be questionable. To listen to the sound of a singing toothbrush is one thing, but brushing teeth has a purpose and we need to focus on that.

Children who experience high levels of oral disease, and are treated with fillings and other restorations, will require complex maintenance and treatment of new oral problems as they grow older. We are all aware that dental treatment is a significant cost to the NHS, with spending in England amounting to £3.4 billion. Some £2.3 billion is spent on private dental care. The NHS spends £50 million on tooth extractions for children, the majority of which are due to tooth decay. Shockingly, 42% of children did not visit an NHS dentist in the year ending 31 March 2017, even though such check-ups are free. The National Institute for Health and Care Excellence recommends that children see a dentist at least once a year, but 80% of children between the ages of one and two did not visit a dentist in the 12 months to the end of March. Those statistics are important, because they show us where we need to focus our attention.

I am conscious that other hon. Members wish to speak, so I will conclude with this. Drastic action must be taken, but for that to happen we need a funding regime so we can do more for children in schools and through the healthcare system. More needs to be done in socially deprived areas, because there is a north-south divide when it comes to those affected by tooth decay. We must ensure that parents prioritise oral healthcare and are able to access a dentist for their child easily and without fear that they will be judged or told off. Something needs to be done. We must ensure that there is not another generation of people in agony due to their teeth. Having had toothache, I know my heart goes out to those who suffer from it. Tooth decay is preventable, so we must do all we can to prevent it in our children. We should start as we mean to go on.

Sir Paul Beresford: On a point of order, Mr Bone. I was so enthusiastically carried away by the opening speech that I cannot remember whether I declared that I am a very part-time dentist. If I did not, I have now done so.

Mr Peter Bone (in the Chair): I think hon. Members knew that, but thank you for putting it on the record. We have got about half an hour to go, and five Back Benchers wish to speak. I work that out to be roughly six minutes each.

10.1 am

Dr Caroline Johnson (Sleaford and North Hykeham) (Con): I congratulate the hon. Member for Birmingham, Selly Oak (Steve McCabe) on securing a debate to highlight this important issue.

We cannot overstate the fact that, as the hon. Gentleman said, oral health problems are the most common cause of admission to hospital for children aged five to nine.

I am a children's doctor—a consultant paediatrician—and I am responsible for the children on the children's ward in Peterborough City Hospital. They often come in not because they are unwell but because they have had too much sugar and have not had their teeth brushed effectively; their teeth have become rotten, painful and uncomfortable and need to be removed.

As my hon. Friend the Member for Mole Valley (Sir Paul Beresford) said, behind the statistics there are children who are in pain and discomfort, and whose teeth are hurting. They may not want to eat—children who have tooth decay are lighter. There are other reasons for that, but in part it is because they do not want to eat because it hurts when they do. They cannot sleep, which affects their educational performance. As they get older, they do not want to smile because of the embarrassment and discomfort it causes, and that has an impact on their ability to socialise with other children. Perhaps most worryingly, more than 8,000 pre-school children are admitted to hospital each year to have teeth removed. Those children are not responsible for brushing their teeth and do not choose what they eat. Their parents or permanent care-givers are entirely responsible for all aspects of their dental health.

There are two ways to tackle this problem. First, we should address the issue of sugar. I welcome the Government's proposed sugar tax, because it will encourage children to drink water, which in many areas is fluorinated and better for teeth, rather than sugary fizzy pop, which, as well as containing high levels of sugar, is strongly acidic and therefore detrimental for teeth. It would help if the tax were directed towards sugary drinks, and not spread out across the different drinks that the manufacturer makes.

Secondly, schools should educate children about what to eat. Last week, I went to Washingborough Academy in my constituency, which has an innovative programme for improving school meals for its primary school children. It has a vegetable patch and a fruit orchard in the school playing field, where the children grow their own food and learn about where their food comes from.

Catherine West: The hon. Lady is making some excellent points. When I was a council leader, I introduced free school meals for all children up to the age of 11 in all of our primary schools. That increased the take-up of free school meals to 90% across the borough and improved oral health.

Dr Johnson: That is an interesting point. The hon. Lady is right that it is important that our children's school meals are high quality and as healthy as possible.

There are other issues relating to the mechanism by which children consume food. In my profession, I have seen pre-school children given Coca-Cola to drink not in a cup but in a sippy cup or even in a baby bottle with a teat. That is particularly harmful for children, and there should be more education about the fact that it damages teeth. Once children get past 12 months, they should be encouraged to move from bottles and sippy cups on to proper open cups, so that sugary drinks are in contact with their teeth for a shorter period.

If the child is of pre-school age and the parents do not take them to a dentist for whatever reason, health visitors can provide some of this education. It should be part of a health visitor's role to encourage good oral hygiene in children.

I do not whether I am ageing myself here, but I remember being given disclosing tablets at school and rushing off into the school lavatories to brush my teeth to see what the horrible blue dye had done to the inside of my mouth. I was horrified because, although I thought I had done a great job of brushing my teeth, there was quite a lot of blue staining. That powerful tool should be available to all of our children. My children have recently come home with toothbrushes, toothpaste and some of those lovely tablets. Hopefully, they will have a good effect.

In my reading for this debate, I came across some research in health journals that suggests that the strep mutans and streptococcus sobrinus bacteria increase children's likelihood of getting tooth decay. In families in which the diet and the amount of sugar consumed is the same and the amount of tooth-brushing is similar, some children get more tooth decay than others. Research suggests that that is due to those bacteria, so we should aim to reduce their presence in the mouth. I will be interested to hear the Minister's thoughts on that point.

I am pleased that the hon. Member for Birmingham, Selly Oak secured this debate. I congratulate him on raising this issue.

10.7 am

Judith Cummins (Bradford South) (Lab): It is a pleasure to serve under your chairmanship, Mr Bone. I recently led a well-attended Adjournment debate on the growing crisis in NHS dentistry, and I was encouraged that that critical topic received such wide-spread support. I thank my hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe) for securing this important debate.

I believe that momentum is building for a change in Government oral health policy. The injustices in child oral and dental health provision deserve greater prominence in debates about this country's faltering health services. For too long, oral and dental health has been overshadowed by understandable concerns about other areas of the NHS, but addressing wider issues in our NHS should not mean that we forget to take action elsewhere. For too long, oral and dental health has been the Cinderella service of our NHS. That must end.

During my Adjournment debate, I spent considerable time setting out the growing crisis in NHS dentistry for our children and young people. I highlighted the BBC's recent investigation, which laid bare the scale of the challenges. Shockingly, two in five of the 2,500 dental practices registered on the NHS Choices website were unwilling to accept children as new patients.

NHS treatment is so important. For our children and young people, it can be life-defining. It can be a springboard to a life marked by enduring oral health and wellbeing. It can be the bedrock of successful, healthy and prosperous lives through childhood and into old age.

The unnecessary financial cost of our children's poor oral health to the NHS is staggering. At a time of huge pressure on our NHS, the Government are wasting a forecast £50 million each year on tooth extractions for our children and young people. The average cost of a tooth extraction is £834. Last year alone, almost 40,000 children were admitted to hospital for multiple tooth extractions, which is shocking as it is an entirely preventable condition. Sadly, that situation is getting worse and tooth extractions are up by 25% in recent years. Across the country, tooth decay is the No. 1 reason for children being admitted to hospital.

[Judith Cummins]

Following my Adjournment debate, I was grateful to meet the Minister. I felt that we had a constructive meeting and that there was a good chance that at least some progress would be made to improve the availability of NHS dentistry in my constituency and the surrounding areas, where the need is so clear. Three weeks on from that meeting, however, and some six months on from the conclusion of an NHS pilot in Bradford designed to improve the availability of NHS dentists to the people I represent, I am still waiting to see the official assessment of the pilot.

I asked about the report on the pilot in a recent written question, and yet it remains elusive. I suspect that the official report remains so because it confirms more than a few inconvenient truths: that the take-up of the additional NHS dentistry appointments under the pilot was overwhelming—I understand from the previous Minister that take-up was 92%, even on an unadvertised pilot—and that there is therefore overwhelming evidence that NHS dentistry provision in my constituency is abysmal and requires a huge funding uplift. Indeed, a freedom of information request submitted to the Bradford hospitals trust revealed that, in the short period of April to December 2016, 190 of our children were admitted to hospital to undergo multiple tooth extractions.

I ask the Minister again to reflect on such disturbing figures and, as I have his attention, I reiterate my request that he shares with me the official assessment of the recent pilot in Bradford as a matter of urgency. Once again, therefore—twice in a few short months—I am urging the Government to act, because each year 40,000 of our children are undergoing multiple tooth extractions in our overstretched NHS. I urge the Minister to take action; it is long overdue, and inaction is not an option. Our children and young people frankly deserve better.

10.11 am

Andrew Selous (South West Bedfordshire) (Con): It is a pleasure to serve under your chairmanship, Mr Bone.

As several speakers have said, this issue really matters, and it matters throughout people's lives. A poor set of teeth can affect confidence, which can affect life chances significantly. It is shocking that the most common cause of hospital admission among five to nine-year-olds is tooth decay. According to a recent parliamentary answer, in 2015-16 some 917,346 tooth extractions were performed on children.

I note that in a recent publication the Royal College of Paediatrics and Child Health called for a child's first dental check-up to be recorded in their personal child health record—that is supposed to happen by the age of one—and for paediatricians to include oral health in the assessment of all-round children's health. If the first check-up happens by the time the child is one, we can set good habits in place and parents will carry on, knowing that dentistry is free for children.

On fluoridation of the water, which the hon. Member for Birmingham, Selly Oak (Steve McCabe) and my hon. Friend the Member for Mole Valley (Sir Paul Beresford) talked about, I will quote from a Public Health England document published on 14 June 2017. It says:

“An authority considering fluoridation will be met with claims that it does not work and that it causes harm. Both statements are untrue. PHE's Water fluoridation: health monitoring report for England 2014 concluded that fluoridation is an effective community-wide public health intervention.”

We must be guided by the science in this issue. Many years ago, when I stood for election in Sunderland North, my Labour opponent came out with totally unscientific and untrue statements. We must be guided by the evidence, and I am pleased with what the hon. Gentleman and my hon. Friend said. The evidence seems to be clear that fluoridation is effective. Given the scale of the problem, we should do something about it.

Schools should be sugar-free zones as much as possible. I back banning the advertising of sugar products before 9 pm and would like to see an accelerated product reformulation programme. It is concerning that the reformulation data from August this year will not be made available until March next year. That is an area the Select Committee on Health is taking a close interest in.

As a nation, we have to wake up to the importance of child oral health and not be leisurely about it. It is a public health emergency and there is a degree of urgency to the issue that I want to see reflected in the Department of Health. We could ensure that all sports, education and health settings refused to put sugary drinks in vending machines.

Catherine West: The hon. Gentleman is making some excellent points. Does he agree with me that the amount of sugary drinks and products for sale in leisure centres and hospitals seems to send a mixed message?

Andrew Selous: I agree with that. Some of the food companies set a lot of store by their links with sport. Of course sport is a good thing—we should all take more exercise—but the key is good oral preventive hygiene and consuming less sugar. When we consider that five-year-olds are consuming their own weight in sugar, we begin to see the scale of the problem. I agree with the point made by the hon. Lady.

I have the pleasure of serving on the Health Committee with the hon. Member for Central Ayrshire (Dr Whitford), who will shortly be speaking for the Scottish National party. She has often told us that Scotland has got certain things better than England, and some of the time she may have been right. On this issue, we can learn from what is happening in Scotland, as my hon. Friend the Member for Mole Valley said as well.

Chapter 3 of the report from the Royal College of Paediatrics and Child Health, which I quoted from earlier, includes some graphs that show improvement in children's oral hygiene. Somewhat irritatingly, the graphs end in 2013, but the rate of improvement in Scotland is clearly shown to be superior to the rate in England, Wales or Northern Ireland, as a result of the Childsmile programme, which I understand costs £17 per child. Set that cost against the £836 average cost of a child tooth extraction and, for my money, I would rather put more focus on prevention. I want to see the English treated as well as other parts of the United Kingdom.

Dr Philippa Whitford (Central Ayrshire) (SNP): The hon. Gentleman cites a figure of £17. That is an average and is obviously not how the money is spent. It is very much targeted at children in areas of deprivation.

Andrew Selous: I am grateful to the hon. Lady for that clarification.

We now have a number of breakfast clubs before school, and the introduction of tooth brushing in them would be a good idea. I was pleased to hear my hon. Friend the Member for Mole Valley talk about the importance of education. Only a few years ago my own dentist told me about the importance of interdental brushes, which I do not think any other Member has mentioned yet. I do not know how effective they are for children—perhaps the Minister's officials know and he will tell us when he winds up. Mouthwash is also important. Just getting the best possible prevention practice out there, including what we and in particular children should do, is really important if we are to make progress.

10.19 am

Colleen Fletcher (Coventry North East) (Lab): It is a pleasure to serve under your chairmanship, Mr Bone.

I congratulate my hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe) on securing this debate on child oral health and tooth decay. I agree with all his comments, in particular those about sugar consumption and supermarket offers on high-sugar products. Anyone who has been in a supermarket over the past couple of weeks will have seen the huge amount of Halloween offers on sugar products for children for trick or treating—"two for one" or "buy one and get four free" and so on.

Poor oral health is an extremely important yet too often ignored issue that represents a major public health challenge, both in relation to its adverse impact on our children's health and wellbeing and to the NHS budget and wider resources. We have already heard that when it comes to oral health, too many of our children quite literally have nothing whatever to smile about. Every area of the country is affected by poor childhood oral health to varying degrees, including Coventry, the city that I represent. The proportion of five-year-olds in Coventry with tooth decay stands at almost 30%, which is considerably higher than the England national average of 25%. Worryingly, the proportion of hospital admissions for tooth extractions in the city has increased by a massive 60% since 2010.

Children with poor oral health are likely to have decayed, missing and filled teeth that can cause severe pain, infection, sleepless nights, weight loss and developmental problems. But not just their physical health is adversely affected; they also often experience psychological problems such as low self-esteem, a lack of confidence, conduct disorders, reduced school performance and social functioning, and an increase in bullying. These physical and psychological problems combined are likely to have a huge impact on a child's life and even on their long-term life chances, as we have heard.

There are significant pressures on NHS services and finances. Tooth decay is the leading cause of hospital admissions for young children and the NHS wastes hundreds of hours and millions of pounds each year dealing with the consequences of the problem through tooth extractions that range from a single tooth to full mouth clearances—a dreadful thought in children so young. All that proves that the economic costs of childhood tooth decay are as unsustainable for the NHS as the human costs are unacceptable for the child.

We can stop tooth decay in its tracks, because it is almost entirely preventable, as we have heard. We can tackle the problem by providing better oral health education, by improving public awareness of and access to children's dental services and by addressing poor diet—particularly excessive sugar consumption. I agree with all the measures to prevent tooth decay that have been mentioned. But clearly, the statistics show that more needs to be done. Simple preventive steps and accessible information can mitigate the impact of poor oral health both on the individual and on our health services. Surely we can all get behind that.

10.22 am

Maggie Throup (Erewash) (Con): It is a pleasure to share my thoughts and experiences under your chairmanship, Mr Bone. I congratulate the hon. Member for Birmingham, Selly Oak (Steve McCabe) on securing this debate. As he said, it is Sugar Awareness Week, so this debate on tooth decay is timely.

It is well recognised and accepted that the amount of sugar that children eat has an impact on both oral health and obesity rates, and that there is a link between poor oral health and some of the most deprived parts of the country. Poor oral health and obesity are both issues of health inequality. Tooth decay and obesity also represent major public health issues. If we put measures in place to tackle one, we will tackle the other at the same time.

Tooth decay is the leading cause of hospital admissions for young children. Local data show that one in five children in Erewash suffers from tooth decay by the time they are five years old. That is better than the national average of one in four, but children in my constituency are still twice more likely to have tooth decay than their peers in the parts of the country with better performing local authorities; even though the data are better than the average, they are still not good enough.

In the last five years, 170 children in Erewash have been admitted to hospital to have their teeth extracted under general anaesthetic. That is 170 too many. Nationally, about two thirds of such hospital extractions are due to extensive tooth decay. When I looked further into local data, I found that almost half of children in Derbyshire did not see an NHS dentist in the year to April 2017. I find that extremely disturbing because children should have check-ups at least once a year. Tooth decay is 90% preventable; as has already been said, NHS dentistry is free for under-18s, so there is no excuse. Stopping tooth decay would prevent a great deal of pain and stress for children and the potential for bullying. If tooth decay was made a priority for the NHS, a great deal of money would be saved.

I am extremely concerned about the impact of sugar on our nation's teeth, but I want to expand a little about the impact of sugar generally. Almost a year ago, Cancer Research UK revealed that, on average, teenagers drink almost a bathtub full of sugary drinks a year. Hopefully, such a visualisation—a bathtub full of sugary drinks—will shock some teenagers into changing their habits rather than suffering the consequences that we have heard about. The average five-year-old consumes their own weight in sugar every year. That is horrendous. There is no doubt that such sugar consumption will have an impact on dental health, but also it will have an adverse effect on the current and future health of our nation.

[Maggie Throup]

Sugar, tooth decay and obesity are linked. Obesity is now recognised as a major cause of type 2 diabetes, which is now a disease seen in teenagers rather than just the elderly. Obesity is also a major cause of cardiovascular disease and cancer. If young people's sugar consumption continues and our young people manage to escape tooth decay, there are other health issues waiting for them down the road.

As a member of the Health Committee and chair of the all-party parliamentary group on adult and childhood obesity, I was disappointed by the "Childhood obesity: a plan for action", published by the Government in August last year. The Committee asked for bold and brave action, but sadly we did not get that. Tackling obesity also tackles tooth decay, so I welcome the sugary drinks levy and the ring-fencing of the moneys raised from that for children, but I want to go one step further. Could some of that money be dedicated to teaching children how to clean their teeth—perhaps through the breakfast clubs some of that money will be dedicated to?

The levy is only a drop in the ocean. I want to take the opportunity to ask the Minister, first, to work with retailers to limit price promotions on high-sugar food and drinks and to encourage the removal of those products from the point of sale—to consider legislation if necessary. Secondly, will the Government update broadcasting regulations, to ensure that high-sugar products cannot be advertised on TV before the 9 pm watershed? Thirdly, will the Government build on the new rules from the committee of advertising practice, to prevent high-sugar products from being advertised in non-broadcast children's media and to close the loopholes?

Let us really show that we care about both the dental health and the general health of our future generations, and take action now.

10.28 am

Dr Philippa Whitford (Central Ayrshire) (SNP): Let us admit that, before Childsmile, Scotland's children started with much worse teeth than those in England and Wales—seeing people in Glasgow with no teeth at all was a common sight. I was quite shocked when I attended a dental health meeting in Parliament after being elected: I met a dentist carrying a bag of more than 100 children's teeth that she had removed that day. That was when I first realised the difference between the approaches in Scotland and in England and Wales.

Although there were some pilots and proposals in 2005-06, the Childsmile programme kicked off in December 2007, so we are coming up to the end of the first decade. It has transformed dental health in Scotland, although there is no question but that we have further work to do. Overall, extractions have gone down by a quarter, while extractions in England have gone up by a quarter in the past decade. That has to be looked at. Children losing their teeth must be seen as a health failure.

The core Childsmile programme consists of all nursery school children undergoing education about cleaning their teeth, and undergoing supervised teeth cleaning every single day. Provision of 30 hours' childcare in Scotland is being rolled out to all children, not just the children of working parents, and that gives us access to even more children, including vulnerable two-year-olds.

The core programme, which, as was mentioned, includes 90,000 children, is the main driver, but we also have a practice programme, which involves all NHS dentists in Scotland. That programme links dentists with health visitors and public health nurses. If a health visitor is aware that a family is not registered with a dentist and is not active in preserving its dental health, they can refer that family and its children to a dental health support worker, who will follow a child up from the age of three months and ensure that they attend a Childsmile-registered dentist. That is crucial.

We hear that 80% of one to two-year-olds and 42% of children aged 16 and 17 in England do not attend a dentist, even though the advice is that children must have attended by the age of one and that they should get an annual check. It is crucial that that changes. It is also important that, as well as their dental check, children access twice-yearly fluoride varnishing, which makes a key difference.

Glasgow, which had the worst teeth in Scotland and probably the worst teeth in the UK, has improved dramatically. We still have more work to do—there is still inequality, and there are still more caries-free five-year-olds in England than in Scotland—but the proportion of caries-free five-year-olds in Scotland has improved by 50%, from 45% to 69%. There has been a one-third improvement among primary 7 children, who have their second teeth, from 59% to 77%. Inequality has reduced. Some 56%—more than half—of children in the most deprived areas of England have caries at the age of five. That just is not acceptable, and it needs to change.

It is important to drive education and to improve dental health, but the underlying problem is the difference in contracts. Since 2006, dentists in England have been paid for units of dental activity. There are three bands, from simple activity such as examinations, cleaning and advice, up to complex work at band 3, but dentists get only one payment for a band 1 unit of dental activity no matter how much they do. They are paid the same rate for doing an examination, providing advice and doing fluoride varnishing as they are for doing only a check-up. That means that they are not rewarded for prevention, whereas dentists in Scotland are paid for doing fluoride varnishing and fissure sealants. That situation in England undermines the basic principle.

In Scotland, there are also additional payments for children with disabilities or learning difficulties, because we know that they take dentists more time. Those payments mean that dentists invest in those children to try to prevent future dental ill health. Children with learning difficulties in particular tend to have very poor teeth, because we cannot just educate them to clean their teeth; the people around them need to commit to doing that.

Lack of registration is another issue. In England, people are not registered with a dentist for the long term, so why should a dentist invest in someone? Children turn up and try to access a dentist when they have problems. Recent BBC articles suggest that 40% of children in England are unable to access a dentist. If a dentist is paid the same for one filling as they are for 10 fillings, they will not want to take a child who clearly already has very poor dental health. Again, there is no sense of investing in the future.

Sir Paul Beresford: I hear what the hon. Lady says. The success in Scotland has been dramatic, and the importance of dentists is dramatic—I would have barbs in my back if I said anything else, as she can imagine—but the biggest success has been the prevention programme with schools, nurseries and so forth. That outweighs everything else. That has been the reason for the Scottish success.

Dr Whitford: I thank the hon. Gentleman for that intervention. I was not trying to give any other impression. I said that the core programme is the education of 90,000 children about how to clean their teeth and discussions with their parents about that. The problem is that we waste an opportunity if we stop there. There needs to be a link between health visitors, nurseries and dental practices, and there certainly needs not to be a contract that punishes and penalises dentists for investing in patients. The fact that dentists do not have long-term registered patients means that they do not look at patients with a long-term view and say, “If I do more work now, they will have better dental health later.”

In Scotland, 92% of the population is registered; the number of people who are registered has risen from 2.6 million to 4.9 million. Registration is actually higher in deprived areas than in rich areas. Unfortunately, attendance is not always higher, but people are at least already registered with a practice.

Steve McCabe: The hon. Lady is making an excellent speech. I am conscious that this debate is about children's oral health, but does she accept that, given the growth in the elderly population, the problems that she has indicated will only get worse if we do not have better registration and intervention?

Dr Whitford: I totally agree. In so many areas, the health of an adult—even an elderly adult—is actually laid down in their first five years. That is nowhere clearer than in dental health. Laying down good foundations in childhood is critical to allowing many more older people to have healthy teeth and, in particular, healthy gums—in the end, more tooth loss is due to gum disease—and to hang on to their teeth. Registration is important, because it gives people a relationship with a dentist. For people who are frightened of the dentist, knowing their dentist and having access to extra support such as hypnosis, if that helps, is valuable.

Childsmile costs £12 million a year in Scotland in terms of total dental health, but it has saved £5 million in dental treatments and extractions. We heard from the hon. Member for Birmingham, Selly Oak (Steve McCabe) about the money that is coming back. That could be used to set up a programme in England. I welcome the pilots, but those are in only 13 of the 23 worst areas in England. Why do the UK Government feel that they need to pilot? The evidence is there from 10 years of Childsmile in Scotland. If they just looked at the data and designed a national programme for England, in the end they would save not just money but children's dental health.

10.38 am

Julie Cooper (Burnley) (Lab): It is a pleasure to serve under your chairmanship, Mr Bone. I am grateful to my hon. Friend the Member for Birmingham, Selly Oak

(Steve McCabe) for bringing this important issue to the House's attention. This debate is long overdue, as has been said by Members on both sides of the House. There is much agreement, and it has been really useful to hear from experts in the field—our dental and paediatric colleagues in particular.

We cannot say too loudly or too often how shocking the current state of affairs is. The hon. Member for South West Bedfordshire (Andrew Selous) quite rightly said that we have a health emergency. We cannot stress too often the truly shocking statistics that have been touched on. The biggest cause of hospitalisation for five to 10-year-olds in England—bigger than broken arms, asthma, appendicitis and all the other things that we think about children being taken to hospital for—is teeth extractions. Up to 160 children a day are undergoing general anaesthetics in our hospitals for what is preventable, and a quarter of all our five-year-olds have decaying primary teeth. In some areas of the country the situation is far worse. Deprived children are seven times more likely to suffer from tooth decay than their peers. Indeed, in some areas of Lancashire, 56% of children are affected.

Another shocking statistic I came across in preparation for the debate relates to the shortage of dentists. The hon. Member for Erewash (Maggie Throup) rightly said that NHS dental checks are free for under-18s, but accessing an NHS dentist is not easy in many parts of the country. Only this week, Cornwall has reported a backlog of 14,000 people waiting to access an NHS dentist. Some people are having to travel 70 miles to see a dentist.

What effect is that having? We have heard extensively from Members of all parties about the effect on children. There is obviously suffering in terms of the pain of dental decay, and we have heard about the effects on childhood confidence. We have also heard about time lost from school. This goes beyond the suffering of children. We cannot afford to ignore the issue, given its effect on our economy. Even if we wanted to ignore the effect on our children—I am sure none of us does—all the evidence suggests that last year 1.2 million working days were lost as parents took time out of work to care for children who had oral health issues.

Of course, we cannot ignore the pressures on the NHS. We hear every week in this House about funding issues in the NHS and how it does not have the funding it so desperately needs. This preventable issue costs the NHS £5 million a year. That cannot go on—it makes no sense.

What are the answers? There are no quick fixes. Many Members have raised interesting ideas, and I think the answer lies in a combination of them. I hope the Minister will talk about his plans to reform the dental contract and that that will result in a dental contract in England that has prevention and public health at its heart and that builds in an element of sustainability for dental practices. I hope we will adequately fund more dentists. There is a massive shortage of NHS dentists, and Health Education England has cut funding to train dentists by 10%. Dentists have raised concerns with me about that this week. In particular, 17% of our NHS dentists come from the EU, and agencies that supply them to our NHS are already reporting a 90% fall in EU-citizen dentists willing to sign up to support our NHS.

[Julie Cooper]

As has been said, we desperately need a public health education programme. It was heart-warming to hear about the work done in Scotland through the Childsmile programme. I would like to see us go further in England, and I hope the Minister will assure us on that. It could be done in an affordable fashion by reinvesting the savings and ensuring that every health professional—everyone who comes into contact with a child from their earliest days, such as the midwife—plays a part in making sure that parents fully understand the oral needs of their children. We must ensure that every nursery schoolteacher is reinforcing that message. And, yes, in the same way as has happened in Scotland, and in some cases in Wales, toothbrushes and toothpaste, as well as fluoride washing, should be provided in the more deprived areas. We have heard about the positive impacts that fluoridisation can have, but that in itself is not an answer.

The wider benefits are hard to measure, but the impact on the NHS and on child wellbeing is crucial. As the chair of the British Dental Association said:

“These shocking statistics are rooted in an abject failure by government to tackle a preventable disease.”

I look to the Minister to assure us on those points and to tell us that we will go beyond pilots. As many Members have said, the evidence is there. This is an urgent situation. For the sake of our children, our NHS and the wellbeing of future generations, we need to tackle this as a matter of urgency.

Mr Peter Bone (in the Chair): Before I call the Minister, I remind him that the convention is to let Mr McCabe wind up at the end.

10.45 am

The Parliamentary Under-Secretary of State for Health (Steve Brine): I thank everyone who has spoken and the hon. Member for Birmingham, Selly Oak (Steve McCabe) for securing the debate via the Backbench Business Committee. He has proved once again that he is on his mettle. There are a number of things I want to get on the record and there are lots of things I want to respond to. We know that, as many Members have set out, poor oral health for children can lead to pain, poor sleep, days missed at school—the hon. Gentleman said that three days are missed on average, but the figures can be much higher—and impaired nutrition and growth. It is a serious business and we take it seriously.

The shadow Minister spoke passionately about the subject and the risk to our economy. I am glad that she recognises that there are no quick fixes. If there were, I suspect many of my predecessors would have quick-fixed.

It is a fact that the two main dental diseases of decay and gum disease—dental caries and periodontal disease—can be almost eliminated by a combination of good diet and correct tooth brushing, backed up by regular examinations by a dentist. They are preventable. It is worth putting it on the record—it is not all doom and gloom—that children's oral health is in fact better than it has been for years. The most recent data from 2015 show that 75% of five-year-old children in England are now decay-free. That is good, but it clearly leaves 25% who

are not. Between 2008 and 2012, the numbers of five-year-old children who showed signs of decay fell by approximately 10%. Improving children's oral health and that of the adult population is a priority for the Government. Indeed, our manifesto earlier this year set out our commitment to improve coverage and achieve better outcomes, especially for children in deprived areas.

Dr Whitford: Will the Minister give way?

Steve Brine: I will once, but with the time I have got I am going to have to press on.

Dr Whitford: Does the Minister recognise that total dental clearances in children, of which there are approximately 25,000, have seen an 11% increase in the past five years, so it is not possible to claim that dental health in England is getting better?

Steve Brine: I said that there is clearly a long way to go, and the hon. Lady also said that about Scotland. I am just putting it on the record that there are some positive stats; it is not a counsel of despair.

In explaining what I started to say, let me talk about the extensive work being led by Public Health England as well the wide range of activity nationally in reforming the dental contract, which a number of Members asked about, and locally, in initiatives such as “starting well” run by NHS England, which a number of people referred to. First, it is important that I, as the Minister, acknowledge the vital role that dentists play in this. They are a brilliant part of the NHS. There are just over 24,000 dentists currently providing NHS dental care and their commitment and contribution is vital to delivering our wider health and public health aims. Overall, access to NHS dentists continues to increase in England. In the latest figures for patients seen by NHS dentists, 6.8 million children were seen in the 12-month period ending 30 June this year, which equates to just over 58% of the child population. Looking at adults, this year's January-to-March GP patient survey results showed that, of those adults trying to get an NHS dental appointment, 95% were successful.

Although those numbers are an encouraging start, clearly more needs to be done—I am not pretending that it does not—to reduce the inequalities in access and oral health that remain as a result. Nationally, Public Health England has an extensive work programme to improve oral health, particularly of children. Improving that and reducing inequalities in oral health is a priority for PHE, which I meet regularly. It was in the office just last week, when we discussed this subject. So many Members have mentioned the sugar levy, which addresses some of the root causes of dental disease.

Catherine West: Will the Minister give way?

Steve Brine: Yes—because she is smiling nicely.

Catherine West: May I make a brief intervention on the sugar levy? Will the Minister at least undertake to look at health trusts—that is directly in the gift of the Department of Health—and at what they are promoting by means of cabinets that sell sugary drinks and products?

Steve Brine: Yes, and I will write to the hon. Lady about that. That is a good point well made.

The sugar levy addresses some of the root causes of dental disease, and other action has included ensuring that the “red book” that all parents receive after the birth of a child has clear messages about the importance of good oral hygiene and early dental attendance—that point was made by my hon. Friend the Member for South West Bedfordshire (Andrew Selous). All new parents will therefore receive clear messages about the importance of oral hygiene and early dental attendance, and I will follow up his point about recording that first appointment in the book. That should be happening; I will follow that up. I thank him for raising it. Public Health England is working alongside local authorities in all our constituencies that are responsible for commissioning oral health improvement programmes.

The hon. Member for Birmingham, Selly Oak, the hon. Member for Central Ayrshire (Dr Whitford), and the hon. Member for Burnley (Julie Cooper) mentioned contract reform. Our manifesto sets out the Government's continued commitment to introducing a new NHS dental contract that will improve the oral health of the population and increase access to NHS dentistry. That change will provide the foundation on which we will support other improvement activities.

A new way of delivering care and paying dentists is currently being trialled in 75 high-street dental practices. At the heart of that new approach is a prevention-focused pathway that includes offering all patients an oral health assessment and advice on diet and good oral hygiene, with follow-up appointments where necessary to support patients' self-care and carry out further preventive treatments. That new approach aims to increase patient access by paying dentists for the number of patients cared for, and not just for treatment delivered, as per the current NHS dental contract—a number of Members raised that point. An evaluation of the prototype agreement scheme is due by the end of this year, and it will set out detailed findings from the first full year of testing that new system.

However, we feel that a single year is too short a period in which to make final decisions about whether the new system, when combined with the revised clinical approach, is viable for wider adoption as a new NHS contract. We have therefore decided to extend the prototype agreement scheme to allow it to run for a further two years, to allow for further testing. The prototypes will continue to be subject to evaluation to determine whether they can maintain access and improve oral health, including that of children, in a way that is sustainable for practices, patients and commissioners, before any decisions are taken on wider national adoption.

The important Starting Well initiative was recently launched for children under five, and as a number of Members have mentioned, the programme will work in 13 high-priority areas, with the aim of supporting dentists to see extra children under the age of five who do not currently visit a dentist. It will provide a model that ensures that when they are seen, the focus is on reducing their risk of future disease, as well as treating existing problems. The aim of Starting Well is to reduce the unacceptable oral health inequalities that exist for those children. The hon. Member for Birmingham, Selly Oak asked how long it would run, how areas will be selected and how it will be funded. It will run for as long as is needed locally—that is a decision for local commissioners.

I will give him a bit of detail about how the areas will be selected. Selection of the 13 areas was based on 2015 oral health survey results that identified the number of decayed, missing or filled teeth—DMFT, as it is known in the trade—in those under five. To select the areas for Starting Well, a cut-off of 1.6 DMFT was the established marker, and that identified 13 upper-tier local authorities that would benefit from the Starting Well approach. Areas that scored below 1.6 DMFT were not selected, as it was agreed that those resources should be directed to areas where oral health had either declined or remained static. NHS England is funding the programme locally in those areas through underspends and, where the NHS chooses, the prioritisation of funds. I hope that that answers the hon. Gentleman's questions on Starting Well.

Alongside that, NHS England, together with the chief dental officer—she has been mentioned a number of times; I have worked closely with her and she is excellent—is looking at ways to make the principles of that approach more widely available to all commissioners, and I want to talk to her about that in more detail. The aim is to ensure that commissioners have a clear framework within which to work when considering ways to increase access to dental services for very young children.

The hon. Gentleman was disappointed that Birmingham was not selected for the Starting Well programme, and I set out some of the reasons why we selected the areas that we did. I am, however, happy to say that NHS England is taking forward its own oral health initiative to raise awareness of the importance of early dental attendance, and that will be linked with wider NHS England national work, which I know is particularly championed by the chief dental officer, to encourage greater attendance.

I wanted to touch on so many other points. My hon. Friend the Member for Erewash (Maggie Throup) gave us the charming image of a bath tub full of sugary drinks. What an image—horrendous! That is why our sugary drinks levy is so important. We know that sugar is the leading cause of tooth decay, and the sugary drinks industry levy and the sugar reduction programme will reduce the amount of sugar consumed by children. We keep the childhood obesity plan under constant review. That is important to me, and something I am responsible for.

I did not know that this was sugar awareness week until that was mentioned by the hon. Member for Birmingham, Selly Oak—indeed, the irony of that, with tonight being Halloween, and the children with buckets of sweets, is not lost on me. My children will be attending an altogether different event this evening that does not involve buckets of sweets. It is a “let in the light and shut out the darkness” event—that is something that my wife likes to champion, so she will be pleased with the mention.

The hon. Gentleman also mentioned school dental clubs, as did the chair of the all-party group for dentistry and oral health, my hon. Friend the Member for Mole Valley (Sir Paul Beresford). Outreach, including to schools, is important for reaching children who do not normally attend a dentist, as part of Starting Well and other initiatives being taken forward to reach children in schools. Sure Start centres will also be commissioned locally to be part of the Starting Well programme.

[Steve Brine]

My hon. Friend said that kids love brushing their teeth, but that is not entirely my experience at home. The hon. Member for Strangford (Jim Shannon) mentioned singing toothbrushes. I am not aware of them, although I am aware of singing while brushing. My children are encouraged to hum “Happy Birthday” twice while brushing, so that they brush for longer, and they love me for it. I responded to the hon. Member for Bradford South (Judith Cummins) in an Adjournment debate on this subject. She has been to see me, and I understand that she is meeting the NHS in her area on 9 November. I urge the NHS to share the findings of the pilot with her, and if it does not, she should let me know. My hon. Friend the Member for South West Bedfordshire made a point about the first dental check being placed on the record, and I take his point and will follow it up. On schools being sugar free zones and the advertising ban before 9 pm, I said that we would keep the childhood obesity strategy and the measures within it under constant review. My hon. Friend should continue to work with me on that; it is important that Members vocalise their support to go further on that strategy.

In closing, we have had a good debate. I hope that in setting out some of the work done by Public Health England, the Department of Health and NHS England, I can reassure Members about our commitment to improving children's oral health for the future. There is an awful lot of good news, but an awful long way to go. I am happy to learn from anywhere in the United Kingdom where such work is going well, and conversations with the hon. Member for Central Ayrshire (Dr Whitford) are always illuminating and useful.

10.58 am

Steve McCabe: I thank the Minister and all Members who have taken part in a thoughtful and well-informed debate. I think that £130 million a year clawed back by the Treasury in unused units of dental activity could be put to much better use, and I wish the Minister well in his battle with the Treasury on that.

I was pleased to hear what he said about the dental contract, although I think that two years is a bit long when so much more coverage is required. Obviously, I would like education programmes to be rolled out as quickly as possible across the country, because that is key to what we are trying to achieve. I personally think that we need an even bigger push on sugar, and particularly sugar promotion, as that will make a massive difference to all children.

Question put and agreed to.

Resolved,

That this House has considered children's oral health.

Scotch Whisky Industry

10.59 am

Mr Alistair Carmichael (Orkney and Shetland) (LD): I beg to move,

That this House has considered the future of the Scotch whisky industry.

It is a pleasure, as ever, to serve under your chairmanship, Mr Bone. I am delighted that the Exchequer Secretary is almost in his place. I also acknowledge the presence of, and support from, hon. Members from other parties. I shall take some interventions if time permits but, if colleagues will permit, I shall ration myself, in view of the constraints of time.

The Scotch whisky industry, like just about every other one, has a sense of uncertainty about its future at the moment. Given the wider political context, that is hardly surprising; but there is much positive to be said about the industry, especially for the medium to long term, if we get the big decisions right now. For Scotland, and especially rural Scotland, the industry is enormously important. It is also an important part of the UK economy as a whole. It is a massive exporter and earns in the region of £4 billion a year for us—20% of our food and drink exports are from that one industry. The export performance is crucial, as it underpins a market providing about 40,000 jobs, including about 10,000 directly in the industry. Of those, 7,000 are in the rural economy. Beyond that direct employment there is the supply chain and, of course, the burgeoning question of whisky tourism.

James Cartlidge (South Suffolk) (Con): On the supply chain, it is important to emphasise that the jobs are not just in Scotland. A company called Erben in Hadleigh in my constituency provides much of the bottling technology, and bottle caps, to some of the biggest brands in the whisky industry.

Mr Carmichael: Indeed. The Scotch Whisky Association and the Wine and Spirit Trade Association would make that point: there is an industry and supply chain across the country. That includes the fact that the grain comes from farms throughout the country. The impact of the industry is particularly acute, however, in rural Scotland. The growth of whisky tourism, in particular, has been phenomenal in recent years, and has been transformative for the most economically fragile communities in Scotland.

David Linden (Glasgow East) (SNP): There is an impact on the urban economy, as well as on the rural economy. Dewar's whisky is produced on London Road in Glasgow. I do not know whether the right hon. Gentleman has had the pleasure of drinking it; I am more than happy to share it. His point about the wider supply chain is important. Having visited the bottling plant, I know the impact on Carntyne Transport, which provides many jobs in my constituency.

Mr Peter Bone (in the Chair): Order. It is always good to have props—but it is wholly unallowed.

Mr Carmichael: I anticipated that that might be your reaction, Mr Bone. I thank the hon. Member for Glasgow East (David Linden) for his intervention—he made a good point—and for his offer, but even by my standards it is a little early at the moment.

As I have said, many of the most economically fragile communities are sustained by the whisky industry and many are flourishing as a consequence of its recent growth. In recent weeks there has been welcome news from Diageo that it will reopen Port Ellen and Brora. That is part of a continuing pattern that has emerged over years. The Highland Park distillery in my constituency has been going from strength to strength for years. It also has a smaller cousin in Scapa, which has emerged not from mothballs—it does not like that term, for obvious reasons—but from a quiet period and grown such that production is now in the region of 1.1 million litres a year. There were three full-time jobs in production, and that number has now gone up to five. It has also expanded into a visitor centre and shop. That all brings money and employment into the community and allows it to stay there. That is a fairly modest but significant increase, and its replication in communities across the highlands and islands highlights the social importance of its economic impact.

Seven new distilleries opened in Scotland last year alone, and many others are still in production. In anticipation of today's debate I had a brief conversation yesterday with Stewart Laing, of Hunter Laing, one of the people behind the construction, from the foundations up, of a new distillery on Islay, at Ardnahoe. He described it to me as a lifetime commitment, and the Treasury should understand that: those who are part of the industry are not in it just for a quick buck in the here and now. Long-term planning and stability are of exceptional importance. Another Islay distillery that provides a great example for others to follow is that at Kilchoman. It was set up 10 years ago by the Wills family and now employs 25 to 30 full-time employees. It has a turnover of £4.6 million and it is still a family business. Of course Diageo, Pernod Ricard, Chivas and so on—the big players in the industry—are very important, but a pattern is emerging of a much more diverse range of business models. For them in particular, the medium to long-term future of the industry and its stability are of absolute importance.

As the Minister may have anticipated, I want to concentrate for a few minutes on the shorter term. We all know the rules on Budgets, and we know that one is coming up on 22 November, so I have realistic expectations about what the Minister will say now, but I want to test him on a few of the issues arising from the March Budget. That, of course, affects spirits producers in general, not just Scotch whisky producers. For the second part of today's parliamentary happy hour, the Minister will doubtless return to this Chamber for the afternoon debate on beer and pub taxation.

The spring Budget delivered, somewhat out of the blue, an increase of 3.9% in the level of spirits duty. It is anticipated that the escalator will now produce a 3.4% increase at the end of this month, with a further 3% per annum thereafter. It is something of a supertax, which I suggest is ill conceived and misguided. It requires urgent consideration; otherwise the pattern that I have described of a growing, diverse whisky industry will be under threat.

Douglas Ross (Moray) (Con): Moray has 47 of Scotland's 119 Scotch whisky distilleries, so I could not do as the hon. Member for Glasgow East (David Linden) did during his intervention. I could not possibly afford a bottle from each one.

On taxation, does the right hon. Gentleman agree that the Treasury should consider the benefits of reducing taxation? The Scotch Whisky Association, with the independent back-up of KPMG, has shown that reducing the duty on Scotch whisky would increase revenues to the Treasury.

Mr Carmichael: The hon. Gentleman tees up my next point for me beautifully. I promise that is the last time there will be a reference to “tee” this morning. The work in question was done for the Scotch Whisky Association by KPMG, an organisation that is not just going to tell clients what they want to hear. The work is underpinned and supported by the Treasury's own figures. The increase in March damaged confidence and led to a sharp decrease in sales—1 million fewer bottles were sold in the first two quarters of this year, compared with last year. That can be tested against the experience of 2015.

I was a Cabinet Minister in 2015 and was proud of the fact that that Government delivered a 2% cut in the level of whisky duty. I cannot remember exactly, but I recall that the expectation in the Government at the time was that a 2% cut would cost in the region of £600 million. That was what we thought we would lose in revenue. In fact, however, a significant increase in revenue was delivered as a result of lower taxation.

Ian Murray (Edinburgh South) (Lab): The right hon. Gentleman is a massive defender of the whisky industry and I am sure he likes a tippie himself. Will he comment on the way in which the Treasury is set up? Perhaps the problem is that the Red Book would have to determine a minus figure when the reality might be positive. The Treasury should look more imaginatively at how it taxes not only Scotch whisky but spirits in general.

Mr Carmichael: I am keen to encourage creativity within the Treasury. I must say that that message is not always well received in that particular Department and change is often slow in coming, but I encourage the Minister to pursue that agenda, because—to return to the experience of 2015—having anticipated a £600 million decrease, there was an increase of £124 million in revenue to the Exchequer. Although I obviously have some concerns about the Chancellor, I do not believe that he put the rate of duty up in March believing that he would take in less money. The underlying problem is that the elasticities that underpin the modelling used by the Treasury are clearly out of date. They have not been updated since 2013 and they have been wrong at least twice. They were wrong in a good way in 2015, when the cut in duty delivered an increase in revenues, but they were also wrong in March, when the increase in duties delivered lower revenues.

My essential message to the Minister is that to embark on a progressive increase of the sort planned, with a year-on-year 3% increase on the basis of Treasury modelling that is at best flawed and in need of updating, is ill conceived and risks the emerging growth not just in whisky but in other spirits. It is difficult to go on any social media platform these days without seeing an advert for yet another craft gin. Gin is another emerging spirit and important part of our export portfolio. From the outside, as the industry sees it, it looks as if one of our most successful industries is being punished by the Treasury at a time when, frankly, we are going to need the contribution it makes to our economy.

[Mr Carmichael]

I say to the Minister that it is now time to be bold. The Chancellor could use 22 November as an opportunity to cut duty, as was done in 2015. If he is not prepared to do so, there is a good business case for at least a freeze or for walking away from the escalator effect. If he continues with the escalator, he must come up with some justification for it, because all the indications go in the opposite direction.

Turning briefly to the question of the medium to long term, there is an opportunity to recalibrate the way in which the Treasury engages with the industry. During my time in Parliament, the successful PILOT partnership scheme between Government and the oil and gas industry has allowed the Government to better understand what is happening in the industry and allowed industry to engage, see the direction of travel and plan accordingly. The Scotch Whisky Association now talks about a sectoral deal, perhaps for the whisky industry but more likely for spirits or alcohol manufacturers as a whole. I encourage the Minister to take that suggestion seriously. We have seen tremendous success as a result of the city and regional deals, a model that has worked well. Taking that to a sector such as spirits production or the whisky industry would be a new iteration of the model. Given the opportunities that exist, the model is well worth considering. Those are the medium to long-term opportunities. In the medium to long term, the Government can do good to help the industry and, most importantly, the communities that depend on it. In the short term, on 22 November, the very least they can do is stop doing damage.

11.15 am

The Exchequer Secretary to the Treasury (Andrew Jones): It is always a pleasure to serve under your chairmanship, Mr Bone. I congratulate the right hon. Member for Orkney and Shetland (Mr Carmichael) on securing this debate. I understand his passion for the subject, given his constituency's long-standing tradition of producing fine whiskies. He mentioned the Highland Park and Scarpa distilleries; I have been fortunate enough to visit his constituency and those places on my holidays and I entirely agree with his basic point. I also agree with his underlying point that producing whisky is a lifetime commitment. People cannot enter into it for the short term. It takes a long time to produce the product, particularly in the premium sector. It is a proper, significant long-term commitment. We are seeing huge innovation and people entering the marketplace—both signs of a good, strong sector.

I will try to answer as many of the issues raised as I can, but in particular I must comment on the duty rates—a key element of the right hon. Gentleman's speech. However, as one might expect, I am unable in discussing that to pre-empt what my right hon. Friend the Chancellor may or may not do in the forthcoming Budget. That is only three weeks tomorrow, so there is not long to wait. Before I discuss the duties, I reassure the House that the Government recognise the important contribution that the Scotch whisky industry makes to both the UK economy and local communities.

I met with the Scotch Whisky Association and with large and small distillers in the run-up to and preparation of the Budget. The Scotch Whisky Association estimates

that the industry adds over £5 billion to the UK economy and supports over 40,000 jobs, 7,000 of which are in the rural economy. Its footprint extends beyond those fortunate enough to have a distillery in their immediate constituency. As my hon. Friend the Member for South Suffolk (James Cartlidge) says, the industry creates jobs throughout the UK, whether in the agricultural sector in East Anglia or, in this case, the bottling technology, but primarily it is a great Scottish industry. Distilleries are also increasingly significant tourist attractions in their own right. Some 1.6 million tourists visited distilleries in 2015, an increase of more than 20% in visitor numbers since 2010.

The Government also recognise that Scotch whisky is a UK export success story. Exports account for about 93% of total production. More Scotch whisky is sold in France in one month than cognac in an entire year—an enjoyable stat to consider. In 2015, we exported 1.2 billion bottles of whisky worldwide. The industry estimates that whisky exports were worth nearly £4 billion last year. That is over £7,500 of Scotch whisky sold every minute, accounting for around a quarter of all UK food and drink exports. It is a fantastic success story for the UK to be proud of.

The reach is equally impressive. In 2016, whisky was exported to 184 countries—that means that over 90% of countries have a taste for whisky. South-east Asia in particular has grown as an export market, with Singapore alone importing £224 million of Scotch whisky last year.

We are seeing an increasing premiumisation of some exports, which reflects a broader food and drink trend within the UK, and Scotch whisky is poised to take advantage of the appetite for premium British products in this area.

Mr Carmichael: I agree with everything the Minister is saying, but two things are worth consideration. First, although we are seeing that growth in premiumisation, it is on the basis of a shrinking market share globally in a very competitive market. Secondly, when opening up new market opportunities, Governments in other countries look here to how we treat our own industry. That is why the domestic market and taxation of it cannot be divorced completely from the export market.

Andrew Jones: The right hon. Gentleman makes points that I broadly agree with. The signal that the UK supports the industry and recognises its impact on our economy and our exports particularly is entirely understood. In recognition of the quality of the product, Scotch whisky was one of the first food and drink products to feature in the Government's GREAT campaign, which gave it high international visibility in key markets. I assure Members that we will continue to support the Scotch whisky industry, so that it continues to thrive and prosper.

Kirstene Hair (Angus) (Con): I welcome all the export trends the Minister has outlined, but we have the fourth highest excise duty rate in the EU. Other EU countries support their home industries and we need to follow suit—even more so, now. Does he agree?

Andrew Jones: That tempts me towards Budget comments, which I cannot make at this moment. I need to rewind a little bit from that question and make a quick point before coming on to duty rates.

The protected food name scheme remains in place while we are still a member of the EU. The European Union (Withdrawal) Bill, which is currently passing through this place, will ensure that all EU law passes into UK law when we leave the EU. That will include the legal definition of whisky, which is a significant point for the protection of the sector in the long term.

Ian Murray: I am grateful to the Minister for giving way; I know he has limited time. I wonder whether the Treasury and the Department for International Trade would talk to the industry in Scotland, which is such a successful exporter. In the post-Brexit world, the Government could learn a lot from the industry and how it has been able to export so successfully. That could happen to other sectors when we leave the EU.

Andrew Jones: The hon. Gentleman makes an important point. I have to say, though, that I have been talking to the industry and will continue to do so. One thing I have learned in the preparation of Budgets is that a significant number of representations are made either for Government spending or relating to duty. My door is open. I want to hear from the industry and ensure it understands that it can access the Treasury, which will be entirely supportive of British companies developing, investing and exporting. I particularly include the Scotch whisky industry. I have been trying to get across my support for it, and my door will be open for future meetings.

Let us get to the issue of duty rates. The actions taken by this Government are estimated to have reduced all alcohol duty receipts by around £2 billion since 2013. That is a significant duty cut. The actions taken to freeze or cut spirits duty at Budgets in 2014, 2015 and 2016 mean that the tax on a bottle of Scotch is now 90p lower than it would otherwise have been. I understand the point made by the right hon. Member for Orkney and Shetland about price elasticity within the marketplace. The £4 billion of exports per year are unaffected by duty changes as no duty is paid on exported spirits. No UK duty is paid therefore on around 93% of all Scotch whisky produced.

As we approach the Budget, the Government face some pretty tough choices. As I said, I cannot pre-empt what my right hon. Friend the Chancellor of the Exchequer may announce. However, it is the Government's policy for our public finances to assume that alcohol duties will rise by retail prices index inflation each year.

Bill Grant (Ayr, Carrick and Cumnock) (Con): We had a success in reducing corporation tax, which increased the tax take, and we are minded to further reduce corporation tax to achieve the same goal. Does the Minister think that that would also apply to a reduction in the duty on spirits? Would that generate an increased tax take, as per the corporation tax?

Andrew Jones: That is a very interesting question, and it slightly tempts me into a Budget thought, which I am sure was entirely my hon. Friend's intention. While not commenting on the Budget, I assure him that I am instinctively a low-tax Conservative. That is my principle when dealing with the industry, and I think that can be said of my predecessors in the Treasury, otherwise we would not have had the £2 billion reduction in duty rates over the past few years.

Douglas Ross: I know the Minister does not want to be dragged into questions about future Budgets, but does he accept the scenarios that have been painted since previous Budgets? As the right hon. Member for Orkney and Shetland (Mr Carmichael) said, a 2% reduction increased revenue by £124 million, yet the increase of 3.9% on spirits in March this year reduced the revenues going to the Treasury in the first quarter by 7%. That is looking not at the future but at the impact these decisions have had in the past.

Andrew Jones: That is an important question, and it has certainly been considered within the Treasury. There is a general view that if we cut duties, we can increase growth and therefore revenue, as the evidence suggested in 2015. However, sales of some drinks have increased after duty cuts, and sales of some drinks have increased after duty increases. It is very hard to evidence that the sales growth my hon. Friend talks about is directly caused by that duty cut.

The principle of supporting a sector in a competitive way through a fiscal and regulatory regime, with support for infrastructure and skills, is exactly what the Government are about: creating the most benign environment in which to do business. I reinforce to the House that our public finances are under some significant pressures. The Government estimates of costs to the Exchequer are scrutinised by the Office for Budget Responsibility before they are certified, so they have independent scrutiny.

I would like to emphasise in the last moments that we will carefully consider all Members' representations this morning as part of the representations for the forthcoming Budget. I want nobody to leave the debate without a clear understanding that this Government support the Scotch whisky industry. We recognise its importance and are utterly committed to ensuring that this great British success story maintains its global pre-eminence and global growth. The passion for the sector is clearly shared by colleagues here today. When we look at recent trends within the industry and the new entrants into the marketplace, new products becoming available, innovation and export growth, I think we can all say that the future for the Scotch whisky industry is bright.

Question put and agreed to.

11.29 am

Sitting suspended.

Taxation: Beer and Pubs

[ALBERT OWEN *in the Chair*]

2.30 pm

Mike Wood (Dudley South) (Con): I beg to move,

That this House has considered taxation of the beer and pubs sector.

It is a pleasure to serve under your chairmanship, Mr Owen, for what I think is the first time and particularly for this important debate on taxation of the beer and pubs sector. It takes place just three weeks before crucial decisions are made in next month's Budget. It was pointed out to me this morning that seven years ago an Adjournment debate on this subject was initiated by my constituency neighbour, my right hon. Friend the Member for South Staffordshire (Gavin Williamson). I only hope that my hon. Friend the Exchequer Secretary to the Treasury is as keen to please the Government Chief Whip as I clearly am in repeating his initiative today.

This debate is taking place on Halloween, and pubs up and down the country are decorated with a wide range of ghouls, monsters, skeletons and witches. However, the scariest prospect for our pubs and brewers is surely that they could face a second duty rise this year after next month's Budget and enormous rises in business rate bills over this revaluation period. I hope to set out, in the short time available to me, why the Minister should avoid that course of action.

In the UK, 30 million adults drink beer each year and 15 million of us visit the pub each week. Representing the Black country, the spiritual home of British brewing, and as chairman of the all-party parliamentary beer group, the largest Back-Bench group in the House, I know how important this issue is for so many of our constituents.

If the midlands is the engine of the British economy, beer is surely the fuel that helps to power that engine, and like all fuel, it needs to be well looked after. My Dudley South constituency is home to four brewers—Bathams, Black Country Ales, Ma Pardoes and the Pig Iron brewery—and no fewer than 75 pubs. The beer and pub sector is vital to our country. Nearly 1 million people across the UK rely on the industry for work. About 46% of them are young people under the age of 25, and just over half are women.

Chris Green (Bolton West) (Con): Does my hon. Friend agree that having a healthy pub environment will do two things, namely promote healthy drinking and help to revitalise our high streets?

Mike Wood: Absolutely, and I will come on to the specific role of pubs later. Supporting the pub trade has a more direct economic role in helping further to reduce youth unemployment and the number of young people not in education, employment or training.

Gloria De Piero (Ashfield) (Lab): I thank the hon. Gentleman for securing this important debate. May I place on the record my praise for the many microbreweries that have opened in Ashfield? They have totally transformed the high streets in my constituency. Does he agree that the tax break introduced for smaller breweries by the last Labour Government should remain intact to ensure that they continue to prosper?

Mike Wood: Partly because of the small breweries' relief scheme, we now have a greater variety and, I would argue, greater quality of beer than we have had in the past. It is important that smaller brewers enjoy support that reflects the higher marginal cost of brewing on that scale. However, we also need to look at whether the relief scheme as currently framed is preventing brewers from expanding, or even causing some to scale down.

Graham Stringer (Blackley and Broughton) (Lab) *rose—*

Mr Jim Cunningham (Coventry South) (Lab) *rose—*

Mike Wood: I will give way just one last time and then I must make some progress.

Mr Cunningham: In the last Parliament, there was a Bill on this subject; I think that a Liberal Democrat introduced it. Certainly the landlords of Coventry's pubs are voicing a lot of concern about this matter. There is a big effect on pubs—many are now closing—but also a big effect on high streets. Coventry has universities, and sometimes the students have jobs in the pubs, so they subsidise their—

Albert Owen (in the Chair): Order. I call Mike Wood.

Mike Wood: The hon. Member for Coventry South (Mr Cunningham) of course makes an important and valid point in talking about the role not only of students but of young people more widely in employment, because the pub sector can generate an extremely fulfilling and constructive career for many that goes much wider than the stereotypical picture of students working in a pub until they are in full-time work.

Graham Stringer: Will the hon. Gentleman give way?

Mike Wood: I must continue because a lot of colleagues are waiting to get in.

The beer industry is a true success story for home-grown British manufacturing. A staggering 82% of all beer consumed in this country is made in the UK. The UK now has more than 2,000 breweries, producing 25 million barrels of beer a year. With 923 million pints exported to 110 different countries, beer is the third largest food and drink export sector in the UK and it is worth £550 million to the UK economy. In my constituency alone, the sector accounts for 1,156 jobs, of which 313 are held by under-25s. It also contributes more than £37 million to our local economy.

Helen Whately (Faversham and Mid Kent) (Con): I congratulate my hon. Friend on securing the debate. Shepherd Neame, the pub and brewing company, is the largest employer in my constituency, so let me support the case he is making. Given the importance of these companies as employers, and the role of pubs in our villages, we must have a tax regime that supports this part of the economy.

Mike Wood: I thank my hon. Friend, who represents our oldest brewery. It is important that we support established breweries as well as more recent entries into the market. The beer and pub sector adds more than £23 billion to the UK economy, and I know that the Minister will be very grateful for the £13 billion of taxes that it contributes to the Treasury.

There has been a suggestion that duty changes have little or no impact on beer sales in pubs. That is simply not true and is not consistent with the available evidence. The last Labour Government introduced the hated beer duty escalator in 2008. It was hated because the escalator saw beer duty increase by a staggering 42%, hitting beer sales, making pints less affordable and closing pubs at a faster rate than ever. Beer sales have been falling for many years. However, we saw that trend accelerate sharply under the escalator. In the six years before the duty escalator, on-trade beer sales fell by about 3% a year. During the escalator years, on-trade sales fell by more than a quarter, which was about 5.4% a year on average. Almost 7,000 pubs called time for good, and more than 58,000 beer-dependent jobs were lost. However, although beer duty increased by 42%, beer duty revenues rose by only 12%. It was a very expensive failure of a policy and one that I hope the Labour party has put firmly in the past.

Beer duty is now 20% lower than it would have been with tax rises previously planned under the escalator. In the years between 2013 and 2016, when duty was cut or frozen, the annual decline in on-trade beer sales was not 5.4%, but 2%, which year on year makes a significant difference to the number of jobs and the size of the industry. However, the return to a retail prices index-linked rise in this March's Budget was disappointing. Announcing a second duty rise in the same calendar year would in effect take us back to the days of the beer duty escalator through the back door.

As the price difference between sales in pubs and supermarkets has widened, consumers have become increasingly price sensitive, especially pub-goers. A respected consultancy, Oxford Economics, which has consistently and accurately forecast the impact of duty changes in recent years, calculates that even a freeze in beer duty in next month's Budget, rather than the planned increase, would boost pub sales by about 33 million pints per year against the current baseline and that that would mean more than 2,000 additional jobs.

The Exchequer Secretary will remember the front-page headlines praising the previous Chancellor for cutting beer duty. I cannot promise the Exchequer Secretary the front page of the *Evening Standard*—maybe he knows a man who can—but I have no doubt that if the current Chancellor freezes beer duty, the whole Treasury team would be carried shoulder high across Whitehall.

The financial benefits of the beer and brewing industry are clear, but just as great is the social impact of pubs and the detrimental effect that pub closures have on the fabric of our society, because pubs are a great addition to the social make-up of our country, at the heart of our local communities. They offer a safe environment in which drinking can be supervised and highly regulated, which is in stark contrast to much street drinking.

Damien Moore (Southport) (Con): Does my hon. Friend agree that at a time when we are becoming more digitised and people are spending more time alone, the social interaction that pubs create is really important, particularly when loneliness is a major problem, not just for older people, but for younger people as well?

Mike Wood: My hon. Friend goes right to the heart of this issue. Friends are made and communities come together in pubs. Research at Oxford University by

Professor Robin Dunbar concluded that pubs play exactly that kind of vital role in tackling social isolation and contributing to wellbeing. People with a local are likely to be better off financially, physically and socially. They are likely to have a wider circle of friends. In a week when researchers have shown again the clear link between strength of social networks and resilience to conditions such as dementia, the social value to which my hon. Friend refers could not be more important.

People who drink in moderation in a pub are more likely to be healthier and register higher levels of happiness than people who do not drink at all. They are also likely to be better fed, with almost 1 billion pub meals sold annually.

We should not forget that pubs play a key role in tourism, being one of the attractions that tourists most want to visit when they are in the UK. Last year there were 600 million day visits to pubs by tourists, and more than half of all holiday visits to Britain included at least one visit to a pub.

Giles Watling (Clacton) (Con): Does my hon. Friend agree that it is a terrible shame that we lost some 10,000 pubs between 2003 and 2013, ripping the hearts out of many of our villages and communities? Does he also agree that pubs represent part of our British way of life that other people come here to see?

Mike Wood: Absolutely. That is as true in our towns as it is in our villages. About 80% of pubs are community or rural pubs. They bring not just jobs, but a community focus, often in areas of the country where other traditional providers of jobs and community coming-togetherness might have been lost.

Graham Stringer (Blackley and Broughton) (Lab): The hon. Gentleman makes a profound point about the importance of pubs to rural villages, but does he agree that pubs in inner-city areas are just as important to the local community? There has been a migration of licences from inner-city areas into city centres, which has denuded our inner cities of many of the benefits of public houses.

Mike Wood: The hon. Gentleman is absolutely right. It is particularly troubling that those pubs that close in our towns and city centres are often housed in large buildings that are very difficult to fill and that remain as decaying monuments to the changing nature of consumer behaviour.

Stephanie Peacock (Barnsley East) (Lab): Pubs and breweries in Barnsley East contribute more than £12 million to the local economy, but on the particular issue of pub closures, does the hon. Gentleman agree that we need to consider updating the compulsory purchase powers and the planning system, which would give more powers to local communities?

Mike Wood: I think that is exactly what the Government have done over the past 12 months in changing the rules on permitted development in particular. Obviously, now we have to go through planning processes before pubs can be converted.

The licensees and customers at many of our pubs contribute in both a financial and practical manner to their communities, by funding and running sporting and other activities, such as football, darts, dominoes

[Mike Wood]

and cribbage, but also through community activities, a large number of which are run through our pubs. Of course, because pub customers are extremely generous people, initiatives such as PubAid are able to generate about £100 million each and every year for good causes in communities in all of our constituencies.

For all these pubs to flourish and remain at the beating heart of their communities, they need a transfusion of investment and custom that will come with a freeze in beer duty and a reduction in their business rate burden. I have set out why our beer and pub industry is so important economically and socially, but it faces the twin threats that I referred to earlier: the increases in business rates and in beer duty. The three duty cuts, last year's freeze and the ending of the escalator secured about 20,000 jobs, boosted confidence in our brewing and pub businesses and meant that more beer was sold than would otherwise have been the case, boosting the Treasury's total tax take, if we include both direct and indirect taxation. On business rates, the Chancellor has already recognised the pain caused to pubs by the disproportionate burden caused by valuation based on turnover; about half of that turnover may be beer duty and VAT that the pub is collecting on behalf of the Government.

The £1,000 pub relief announced in the March Budget is extremely welcome, particularly for smaller and medium-sized pubs. However, it is particularly important that that relief is now expanded and extended, because our pub sector pays nearly 3% of all business rates despite making up just under 0.5% of business turnover. It is hugely, disproportionately overtaxed through business rates.

Ruth Smeeth (Stoke-on-Trent North) (Lab): Does the hon. Gentleman agree that it is ludicrous that pubs in Stoke-on-Trent pay more in business rates—in fact, more in total—to the Exchequer than Amazon does in its entirety? Stoke is paying more than Amazon.

Mike Wood: I could not agree more. The revaluation of business rates was often seen as an issue that affected only businesses in London or the south-east. As for everyone else, it was thought that some gained and some lost out, but that is completely untrue when it comes to pubs, which have experienced huge increases in every part of the country. The 27 pubs run by Black Country Ales across the west midlands and neighbouring counties will have experienced an increase in their rateable value of, on average, 40% by the time the transitional period is over.

Anne Marie Morris (Newton Abbot) (Ind): My hon. Friend makes a very good point. A pub in my constituency has seen its rates go up 83%. Does he agree that it is completely inappropriate for pubs to be measured by turnover? They get measured on their actual turnover, not the perceived turnover for the square footage, so there is no fair comparison with the way in which rates are levied and measured in other industries in our country.

Mike Wood: That is right. As well as a large part of that turnover being just business tax, it is a huge disincentive to invest in and improve the property.

We supported the Chancellor when he suggested he would look at business rates in the light of the increase in online businesses and the harm that could cause our beloved high streets. The message that has come from Members on both sides of the House is that the sooner that can be done, the better. We want to ensure that our community pubs, high street pubs and village pubs are properly considered when any new system is put together, so that we can all get together to protect the great British pub.

I applaud the Government's work in reducing the deficit, and the measures that the Exchequer Secretary and his colleagues are taking to reinvigorate the economy, but I ask him to urge the Chancellor to go further. Hard-pressed UK beer drinkers still pay 40% of all Europe's beer duty, despite drinking only 12% of the beer consumed in Europe. Some colleagues may think that means we need to drink more beer to keep up, but let us just focus on the duty. As a Yorkshire MP, the Exchequer Secretary will know that the Black Sheep brewery employs more than 100 people in the Yorkshire dales, but he might not know that it pays more in beer duty each year than it does on the combined costs of employing those 100 staff, buying all the raw materials to produce its beer and then distributing it around the country. Beer duty that is more than four and a half times as high as eBay's UK corporation tax liability seems an undue burden.

Julie Cooper (Burnley) (Lab): Does the hon. Gentleman agree that it is unfair that in this country, compared with other EU nations, we drink 12% of all the beer consumed in the EU, but pay 40% of the duty across it?

Mike Wood: As I have indicated, I think that situation is not sustainable in even the medium term, and certainly not in the long term.

Britain's growing ranks of brewers have much more growth potential, which would mean more investment and more jobs to underpin the economy. The Treasury needs to look at whether the way in which beer duty is structured is appropriate for the 21st century. In particular, there is a growing consensus in the industry that the small breweries' relief scheme, which has done so much to allow new breweries and microbreweries to become established, is now preventing breweries from growing, and in some cases means that they are downsizing to receive the lower duty rates. I know that the Exchequer Secretary has already received representations on that issue.

To look further ahead, as we leave the European Union in 2019 there are also opportunities to consider whether it is appropriate that beer sold in pubs is taxed at the same duty rate as beer sold in supermarkets or other off-sales, and the role that a differential tax rate could play in supporting our pubs, helping keep more of them open, and the social benefits that come with that. The Treasury should also look at supporting reduced-strength beers by expanding the current bracket to cover beers between 1.2% and 3.5%, instead of just up to 2.8% as at present. I have written to the Exchequer Secretary on this subject. Britain has a strong tradition of brewing 3% to 3.5% beers, and if we can incentivise the industry to develop, produce and market beers at that end of the market, there will be an advantage to the industry and to our health. However, while all those areas for reform are important, none of them should

distract us from the immediate need to freeze beer duty and tackle business rates in the Budget in three weeks' time.

If the Exchequer Secretary is not already persuaded by the economic case against a further rise in beer duty, the social case for helping pubs and reducing their business rates, or the political case for doing something that is genuinely popular across the country, he might want to reflect on the personal-political benefits of backing beer. I have already mentioned that a previous proponent of this cause is now the Government Chief Whip. However, it might be even more pertinent for me to point out to the Exchequer Secretary that the three previous holders of his post who presided over recent cuts to beer duty—my right hon. Friends the Members for Bromsgrove (Sajid Javid), for Witham (Priti Patel) and for Loughborough (Nicky Morgan)—all went on to reach the giddy heights of Cabinet office. As a canny Yorkshireman, the Exchequer Secretary may want to reflect on the fact that cutting beer tax is clearly not a bad career move. In all seriousness, I ask him to do the right thing for the longer term: encourage the Chancellor to freeze beer duty in his autumn Budget, act on the disproportionate burden of business rates on pubs around the country, and invest in and support these great sectors, which do so much economically and socially in every part of Britain.

Several hon. Members *rose*—

Albert Owen (in the Chair): Order. A number of hon. Members have indicated that they wish to speak, so I am going to start with a four-minute limit on Back-Bench speeches, starting with Mr Toby Perkins. Bear in mind that we may have votes shortly.

2.55 pm

Toby Perkins (Chesterfield) (Lab): It is a great pleasure to serve under your chairmanship, Mr Owen. I congratulate the hon. Member for Dudley South (Mike Wood) on securing this incredibly important debate and the vigour with which he is going about his role as chair of the all-party parliamentary beer group. As chair of the all-party parliamentary group on pubs, I also feel very strongly about the issues that have been raised.

I am not going to repeat all the statistics that the hon. Gentleman laid out. We have already heard many of the financial arguments as to why pubs matter, but the community point is also important. I support the point made by my hon. Friend the Member for Blackley and Broughton (Graham Stringer) about the importance of inner-city pubs. We are seeing so many of them close. We often think about village pubs, but too little is said about those pubs in our communities and on our estates that have really struggled.

It is definitely the case that the pub is the safest place to drink, because there are other things to do there, people do not drink as fast, they have other people around and it is a much more self-regulating environment. That was brought home to me strongly at a meeting I had with a publican who runs the Harley's bar in Staveley in my constituency. One of his customers had been a regular attender, but stopped going. The publican met him outside the pub as the man was coming back from Morrison's with bottles of whisky in his bag, and asked him why he was not coming into the pub any more. The man said, "I can't afford to come in the pub

any more." The publican said that within six months the guy had drunk himself to death, because all those regulating forces were no longer there. The story that we need to get out there is that the pub is by far the safest place for us to drink.

The point about pubs being a big employer of both the young and women has been well made, as has the point about the importance of the pub for tax revenues. I welcome the fact that the campaigning of a wide range of groups finally persuaded the Chancellor to end the beer duty escalator and to cut beer duty between 2013 and 2015. I take issue slightly with what the hon. Member for Dudley South said, because this is a story that I like to tell. The truth of the matter is that the Chancellor who raised most through the beer duty escalator was not Ed Balls but George Osborne. George Osborne took the escalator that Ed Balls had introduced in 2008 and 2009 and escalated it again in 2010, again in 2011 and again in 2012. I support the fact that he ultimately got rid of it, but he milked that cow just as much as Ed Balls did—let us not be in any doubt about that. There was also the big increase in VAT, which has a big impact on our tourism businesses.

The point made by my hon. Friend the Member for Ashfield (Gloria De Piero), and repeated by the hon. Gentleman, about the importance of small breweries' relief is incredibly important. I really support the fact that the Government have kept that relief.

2.59 pm

Sitting suspended for a Division in the House.

3.14 pm

On resuming—

Albert Owen (in the Chair): Order. We now resume the debate. Mr Perkins has 41 seconds left, but I will be generous and give him a minute to gather his thoughts. Mrs Anne Main will follow and will have four minutes.

Toby Perkins: I will finish with this. We have spoken a lot about beer duty and VAT, but it is crucial that the issue of business rates is addressed in the Budget. Every member of the Conservative party who stood in the 2015 election stood on a manifesto of a comprehensive review of business rates. That seemed to disappear from the 2017 manifesto, but the issue of business rates is crucial. We have the most expensive corporate property tax in all of Europe, and no Government who theoretically profess to be a low-tax Government can continue to see business rates going up in the way that they have. I urge the Government to get away from an over-reliance on business rates at the expense of corporation tax cuts and bring down business rates for our pubs instead.

3.15 pm

Mrs Anne Main (St Albans) (Con): It is a pleasure to serve under your chairmanship, Mr Owen. This is an excellent debate, which is timely, coming just before the Budget, as my hon. Friend the Member for Dudley South (Mike Wood) has said.

St Albans is an extremely high property value area. It is a desirable area and its proximity to London makes it a destination for many families fleeing London for a better quality of life. That puts pressure on pubs in St Albans. Many of them are in small listed premises, in heritage buildings. The pubs struggle to survive in a

[Mrs Anne Main]

world where big is beautiful and they generate footfall. St Albans is where the Campaign for Real Ale has its headquarters and it has a strong voice within the pub industry. I pay tribute to the landlords and owners of historic public houses in St Albans for the work that they do to keep their brand alive. It is not enough to say that pubs can survive in this day and age without considering the strains put on them. The historic Boot in French Row is a small, quaint, gorgeous pub that went through trials and tribulations trying to expand its kitchen because it has historic listing.

Similarly, we have the Fighting Cocks, one of the oldest pubs whose name derives from the history that encompassed it. Seeing historic pubs with historic pub names is what draws tourists into St Albans.

Sir Henry Bellingham (North West Norfolk) (Con): In my constituency, King's Lynn also has a historic heart. CAMRA has been really proactive in driving forward all the issues, not least the issue around business rates and the impact on older buildings, which are much more expensive to maintain.

Mrs Main: My hon. Friend is absolutely right. Indeed, CAMRA provided me with statistics. There are 62 pubs in St Albans supporting 1,651 jobs with an estimated £32.6 million in gross value added. That is a huge amount put into the local economy. I wrote to the Chancellor about this matter pre-2016 because the rateable value for many of the pubs is enormous. I pay tribute to Sean Hughes of the Boot in St Albans, who is busy collecting signatures. I can do no better in the short time that I have than to read what the petition calls for, because I fully support it. As the hon. Member for Chesterfield (Toby Perkins) said, those who stood in 2015 stood on a manifesto of speaking up on pub business rates. I am afraid I did not read the 2017 manifesto because, like many, I was caught on the hop, so I do not know whether a review of business rates was in it. However, in principle I support that. The petition calls for an interim pub cap

“and a full review of the business rate system.”

It states:

“Pubs in St Albans and parts of England have been hit with extortionate business rate increases due to property values increasing over the past decade. We believe there needs to be a fundamental review on the business rate system to stop pubs disappearing from our villages, towns and cities. We are calling for an immediate interim “Pub Cap” limiting increases in rates bills to 12.5% in England (currently operating in Scotland) and a fundamental review of the whole system to ensure that pubs can survive and this British community asset will not be lost forever.”

I wholeheartedly agree with that.

Warm words will not save our pubs. Anything we say today about how important they are, how much they do for charities and how much they are a part of our constituencies will do absolutely nothing unless we have something along the lines of what that petition suggests. I know we are under pressure in St Albans, with an average house price of more than £500,000, but other areas are equally affected. We do not want to be lamenting the loss of our pubs because we did not take the issue seriously and do something about it when we had time to. Now is the time to take action, and I hope the Chancellor is listening. [Interruption.]

Albert Owen (in the Chair): Order. A mobile phone is being picked up by the microphone, which we can hear loudly up here.

3.19 pm

Jim Shannon (Strangford) (DUP): It is a pleasure to speak in this debate; I congratulate the hon. Member for Dudley South (Mike Wood) on securing it. The Northern Ireland hospitality industry sustains some 60,000 jobs, including more than 45,000 in food and drink. I advocate drinking responsibly, and many of the public houses in my area have a reputation for removing keys from locals if they have ordered enough drinks to be approaching the limit, even if the drinks are not completely drained. I am thankful for that. I ask more people and businesses to take that step, to ensure that people never drive at or close to the limit.

Norman Lamb (North Norfolk) (LD): Does the hon. Gentleman agree with me and other hon. Members who have spoken that there is a need for a comprehensive review of the business rate, which puts pubs and other small businesses at a disadvantage—particularly in comparison with cheap booze from supermarkets and other larger businesses?

Jim Shannon: No one in the Chamber today would disagree with that.

The Government rightly tried to incentivise the production of lower strength beers, up to 2.8% ABV, in order to encourage moderate drinking. Unfortunately, because of the taste of 2.8% beer, that has not stimulated the relevant part of the market. Current HMRC duty receipts show that those lower strength beers make up only 0.15% of total UK volumes. However, the industry has provided concrete evidence that the consumer will drink lower strength beers at 3.5% ABV, which is still significantly below the UK average strength. Legal advice has also been provided, which shows that the Treasury can indeed add another duty band between 2.8% and 3.5%, which would enable the Government to incentivise the production and consumption of lower strength products, in the interests of moderation. There no excuse for that change not to happen now; the current advice is compliant with the EU structures directive, but the Government have so far chosen not to act, or to ignore it. We should not be prevented by the EU, when we are trying to bring in a progressive policy that would benefit the UK.

The contribution of the hospitality industry in Northern Ireland in wages alone is £653.4 million. Tourism in Northern Ireland provides 58,000 jobs; the wider tourism economy contributes £1.6 billion to Northern Ireland's GDP; and food and drink account for more than 30% of visitor spending. Those are significant figures, on which we can build.

Giles Watling: Tourism is vital to my constituency, but does the hon. Gentleman agree that the issue is also communities, and talking to each other? It is a question of talking to each other eye to eye and having a proper discourse—maybe, God forbid, about politics—instead of being on Facebook and Twitter.

Jim Shannon: Yes, I do hold with that. We all agree—it is very much a part of what we are about.

In Northern Ireland we are happy that we offer world-class shopping, spa facilities, eateries that are second to none, scenic views, and the friendliness of the local populace, but there is a need for Government to keep us competitive. The Republic of Ireland has much lower tax, and we need to address that. The Northern Ireland Assembly has set a target for the number of tourism jobs to grow by an additional 8,000 by 2025. As the House will know, the Assembly is in some disarray at the moment—it is not functioning, so it may fall to us in this place to help the industry. One step would be reducing taxation, something I want to support by taking part in the debate.

Tourism is an export generator—the value was £545 million in 2015. There is no point in being able to get a hotel room for £67 per night if a meal will cost £100; we must address the issue, and take action on what is a false economy. Previous attempts to increase Government revenue through duty rises proved ineffective. As a result of the beer duty escalator, from 2008 to 2013 duty increased by more than 42%, but Government revenues increased by only 11.5%. During that time beer sales in pubs fell by 24%, total beer consumption fell by 16%, 75,000 jobs were lost and 3,700 pubs closed.

Conversely, the Centre for Economics and Business Research found that an additional 750 million pints were sold in 2013-14 as a result of the first cut in duty after the escalator was stopped. It is necessary to spend money to make money. We may believe that increasing tax will help bring income to depleted coffers, but it has been shown that that is not the case. People simply drink at home, as has been said—or in a friend's home, where no one is watching the limits, counting how many drinks have been had, or considering how safe it is for them to be in control of a vehicle.

In my constituency there are 39 pubs and two breweries—670 jobs and £7 million in wages, with a £14 million contribution to GDP and £5.4 million in tax paid. The issue is about more than a couple of people complaining about the price of beer in their local; it has the potential to be a factor in increasing tourism and helping local businesses. I ask the Minister seriously to consider what is being proposed.

3.25 pm

John Lamont (Berwickshire, Roxburgh and Selkirk) (Con): I congratulate my hon. Friend the Member for Dudley South (Mike Wood) on securing this important debate. I am delighted to be speaking, and to stand up for the beer and pub sector, which supports about 800 jobs in my constituency. It gives me the opportunity to promote some of the great produce that can be found in the borders. There are certainly some excellent examples, such as Tempest Brewing Company, from Tweedbank, which recently cleaned up at the Scottish Beer Awards, picking up six awards; and multi-award-winning Born in the Borders Brewery, near Jedburgh, which has recently expanded its bottling plant, creating new jobs in my constituency.

As well as award-winning brewers, there are some fantastic pubs in the borders. They make our towns lively, and in villages they are often a focal point for the community. At a time when banks and post offices are closing, often the only community facility left in a village or community is the pub. We cannot kid ourselves

that taxation of the beer and pub sector is not necessary. Excessive alcohol consumption is bad for our health, and often causes antisocial behaviour, so it is right that businesses contribute. A certain level of taxation also reduces consumption, so targeting the problem areas, such as drinks with higher alcohol content, is appropriate. However, the burden on the sector is clearly having an impact, and tax now makes up a third of the price of a pub pint. The beer duty is one of the highest in Europe and I support calls for it to be reconsidered.

We must recognise the positive impact that pubs and brewers have on jobs and the communities that they serve. We must also recognise that the problem of excessive drinking is not the sole responsibility of pubs; it is not even primarily a problem caused by the sector. Pubs encourage sociable and responsible drinking in a regulated environment where the purpose is to socialise and enjoy a drink, rather than just to get drunk. By making beer unaffordable in pubs we are only promoting a shift in consumption to the off-trade market, which would not be a good thing in terms of reducing alcohol consumption.

On the issue of business rates relief, my hon. Friend the Member for St Albans (Mrs Main) mentioned the 12.5% cap scheme in Scotland. That has not necessarily been welcomed there. Certainly, in my constituency a number of pubs and hotels face a huge one-year increase. It is capped at 12.5% but, given what went before, and what they were previously paying, many pubs have not welcomed it.

I want finally to make a point that, although not directly related to taxation, is relevant to the challenges that pubs face—the reduction in the drink-driving limit. In Scotland it was reduced a few years ago. I supported the move and do not advocate changing the law. However, there has been a fairly profound impact on pubs—particularly rural pubs. In fact, a third of rural pubs in Scotland have reported a drop in sales of more than 10% since the limit was reduced. I do not think that enough was done to support the sector when the change was made, and I hope that lessons can be learned, particularly if there is a debate as to whether the law should change in England and Wales.

3.28 pm

John Grogan (Keighley) (Lab): I think that the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont) has tempted many of us to renew our acquaintance with pubs in the borders. It is a particular pleasure to take part in the debate, as it was secured by a true champion of the pub—the hon. Member for Dudley South (Mike Wood).

Having retired in 2010 from chairmanship of the all-party group on beer and from Parliament, I might have thought that my days of speaking in such debates were long gone; so I am delighted to say a few words today. In those days I represented the constituency of Selby, which included Tadcaster—still the only town in England that can boast three major brewers. In Keighley, which I now represent, there is one major brewer—Timothy Taylor's, which dates back to 1858. It is a byword for quality in the beer industry, with brewers who trained at that icon of higher education in brewing, Heriot-Watt University—perhaps the leading university in the field. There was a minor hiccup in relations between

[John Grogan]

Timothy Taylor's and the all-party group when I voted—it seems so long ago—to ban fox hunting. The then managing director, Charles Dent, promptly resigned his involvement with the group. I can assure the House that this summer in typical Yorkshire fashion, over a pint at Headingley, we let bygones be bygones. I am very much in dialogue with Timothy Taylor's. There are also breweries such as Wharfedale, Bridgehouse, Wishbone, Haworth steam brewery, Ilkley and, just outside the constituency, Goose Eye.

There has been a lot of talk about statistics; I want to underline just two. One in seven of all the jobs created since 2010 have been in this sector. What has not so far been expressed is how quickly people can rise up this industry; it is, if not unique, then certainly renowned for that. Some £1 billion from Yorkshire goes in taxation from the pubs and brewing industry to the Exchequer—about the same amount that goes from Northern Ireland, as the hon. Member for Strangford (Jim Shannon) said. If only we had a Yorkshire Mayor spending that money! We truly would have devolution.

I want to make four quick points. We should encourage beer exports, and there has been quite a movement towards that from the industry. Some have suggested that export sales should be excluded from the brewers' volume for duty purposes, as a way of encouraging exports. That should be considered.

The hon. Member for Dudley South was right that under the Labour Government and under the coalition, the beer duty escalator did a great deal of harm. It is good to see the hon. Member for Burton (Andrew Griffiths) in his place, because he achieved what I certainly did not, and I hope that future chairs of the all-party beer group will achieve similar things. He got rid of the beer duty escalator. This is a crucial year for the reputation of the Conservative party and its relationship to the beer industry. Will those three years be known as the Burton interregnum or will we have not just beer duty relief, but rate relief? We clearly need an extension of £1,000 to £5,000 on rate relief this year.

Turning to small breweries' duty relief, Gordon Brown has been agonising in recent days about his lack of empathy. Whatever the truth of that, he will always be known as the friend of small brewers—it is one of his great legacies—because of that massive change to our economy. At some stage, we will have to look at whether that can be extended. Many family brewers are losing out. They feel that they do not have the advantage of the duty rate relief and do not have the economies of scale that big brewers have.

Toby Perkins: Will my hon. Friend give way?

John Grogan: I will, in order to gain another minute.

Toby Perkins: And because my hon. Friend wants to hear what I have to say, I am sure. On the important point about the relief for small breweries, does he agree that although the policy is excellent, its impact sometimes means that brewers cannot grow any more as they will no longer come under it? Perhaps some kind of tapering to allow brewers to go from small to big would be helpful.

Albert Owen (in the Chair): The hon. Gentleman does not have to take the full minute.

John Grogan: As you have assured me that your favourite brewery in Yorkshire is Black Sheep brewery, I will take only 45 seconds, Mr Owen.

I urge the brewing industry, which has a great number of good leaders—including Mike Benner at the Society of Independent Brewers, Brigid Simmonds at the British Beer and Pub Association, Kate Nicholls at the Association of Licensed Multiple Retailers and Tim Page at CAMRA—to address this issue. The industry needs a consensus to put to Government about reform of the progressive beer duty. That would be the ideal situation.

Finally, I urge the pub industry not to absent itself from the debate about minimum pricing. If the Supreme Court upholds the Scottish Government's decision to introduce minimum pricing, this issue will be back on the political agenda. A decade ago there was a strong alliance between the health lobby and many in the pub sector. That led to the smoking ban, and I think there could be considerable scope for renewing that alliance.

3.34 pm

Mr Nigel Evans (Ribble Valley) (Con): It is an honour to follow the hon. Member for Keighley (John Grogan), who is such a champion of the pub and beer industry, and to serve under your chairmanship, Mr Owen. During the last vote, I bumped into the Chancellor of the Exchequer. I said, "Chancellor, come down to Westminster Hall and listen to the debate on the beer duty," and he smiled. I assume he is not here because he has rushed back to No. 11 Downing Street to pore over a spreadsheet and work out how much extra he can earn for the industry by reducing the taxation on beer—and also how popular he can become with each 1p reduction.

It is also a pleasure to be here with the former chairman of the all-party beer group, my hon. Friend the Member for Burton (Andrew Griffiths), who managed to have three successive 1p beer cuts and a freeze under his chairmanship—no pressure, then, on my hon. Friend the Member for Dudley South (Mike Wood), the current chairman of the beer group!

I get criticised for always prattling on about the pub that I live next door to, the Swan with Two Necks. In an emergency, I can be in that pub in three seconds. I will correct that today by mentioning three other pubs that serve the community that I represent. Alex Coward, the landlord of those pubs, is with us today and has lobbied me about the importance of cutting the beer duty. There is the White Bull at Alston, the White Bull at Gisburn and the Alston Arms at Longridge. I have eaten and drunk in all three of those pubs at some stage. Alex told me about all the charities that they support, from the Brittle Bone Society to the Air Ambulance, to Macmillan, as well as Longridge juniors and Longridge town football club and the local Joanne Smith Wareing cancer charity.

We know that pubs are a focal point for a lot of occasions, such as christenings, funerals, birthdays or just for people coming together. That is how important they are. The current chair of the all-party beer group went through a list of reasons why local pubs are important to the community, so I do not need to repeat those, but I want to stress a number of things about how important the local pub and brewing industry happens to be.

I hope that the Government will look at lower taxation on lower gravity beer. They tried an experiment on beer of 2.8% or less, but it has not taken off. People have not flooded to taste that beer, but I believe there is an audience for beer that is between 2.8% and 3.5% in strength. We are told that the Treasury would love to do it but that it cannot because of the European Union. Well, the good news is that we can all rush to our pubs post-March 2019 and celebrate our leaving the EU, but there are things that the Treasury can do, such as introduce a new rate of 2.8% and 3.5% and have a different rate of taxation on it. I have legal advice stating that the Government can do that, so I hope the Treasury will look at that.

We have argued for lowering the taxation rate generally. Every 1p that it was reduced by in the past created 4,000 more jobs in this area. Let us look again at business rates, which are going to clobber a load of pubs. I am a member of CAMRA. Twenty-one pubs are closing every week and that is a huge loss to the community, particularly when the pub is the only one in a community. It can have a savage impact.

Ruth Smeeth: As the hon. Gentleman knows, I am a proud representative of the Titanic brewery in my constituency. For the record, there is no better beer, but it also has a small pub estate, and its business rates have gone up by 37%. That is £70,000 a year that it can no longer invest in its estate or in its people. Surely at this point we need to reflect on what is really happening in the beer industry and what is likely to happen to pubs.

Mr Evans: The Treasury really has to take this issue on board. Business rates, the living wage and other costs that are heaped on the brewing and pub industry mean that this has to be looked at carefully. Pubs are closing. I mentioned Alex Coward, who employs 45 people in the local community, and we represent a semi-rural, or rural, area. These are vital jobs in those areas.

A lot of pubs play music and pay their licence under the Phonographic Performance Limited licence. A lot of pubs are now receiving a new notification. If they have a TV on the wall and show live TV—not just the sport, but something else—they are being asked to pay a minimum of £100. The larger the pub, the more they will be asked to pay. As a lot of people have mentioned, it is cheaper for someone to buy beer from a supermarket and then sit at home alone watching a big TV. How miserable is that! We need to do more to incentivise people to use pubs. If that means lowering taxation on pump-pulled beer compared with beer that someone buys in a pack—12 bottles or 24 cans—we need to do that. I am told again that that can happen when we leave the EU in March 2019, and I hope the Treasury will look at it.

Several hon. Members *rose*—

Albert Owen (in the Chair): I call Anne Marie Morris to speak for four minutes and I will then reduce the time limit to three minutes, because I want to hear the three next speakers after that. They will be Peter Aldous, Steve Double and Fiona Bruce.

3.39 pm

Anne Marie Morris (Newton Abbot) (Ind): Pubs are a core part of my very rural constituency and provide 2,000 jobs overall. In those rural communities, many

pubs are the only community centre. The small shop has gone. The post office has gone, and many of the pubs are now becoming the local store, in addition to being the local pub. We really need them but, despite all that, they are being penalised.

We have discussed a number of taxes, but I will focus on business rates. The challenge for pubs, as I said earlier, is that their business rates are based on turnover. As I understand it, the original intent was to base the tax on the turnover that could be generated given the square footage of the public house. In reality, the actual turnover is taxed. Not only does that mean that it is not comparable with how business rates in other sectors are calculated, but it also penalises successful pubs with rises in business rates and effectively gives handouts to unsuccessful pubs. That does not seem right.

The Smugglers Inn, a successful pub in my constituency, is a case in point. Before the revaluation, its rateable value was £66,500, and it paid £33,000 in business rates. After the revaluation, its rateable value was £125,000, and its business rates £60,000—a rise of 87%. The advice that the landlords received when they complained was to reduce their turnover. I thought that we as the Government of this country wanted to increase productivity, not cut it.

The rate relief provided in the 2017 Budget was welcome, but the £1,000 for pubs and the discretionary amounts available were not distributed quickly; the guidance from Government was slow. I am pleased to say that much of it has now been distributed, but the Government should look at it again. If the same happens again, we need to ensure that the money needed is distributed.

Fundamentally, the problem is that the system is unfair. If we want our pubs to survive, we absolutely must do more to assist them. As has been said, many of them are rural, meaning that their costs are high: pensions, living wage, tax. Burst water mains and power failures, which are common, cost money. They have to use kerosene and LPG, which are much more expensive and must be bought in bulk in advance—

3.41 pm

Sitting suspended for a Division in the House.

3.56 pm

On resuming—

Anne Marie Morris: I will give an example of the costs I mentioned. One of my publicans told me about the cost of Bombardier. In July 2012, a nine gallon barrel cost him £42.99 plus VAT and he sold it at £2.20 a pint. In July 2017, the same barrel cost him £120 plus VAT and he sold it at £3.80 a pint—not the £6.60 that would have reflected the cost.

We need to properly address the burdens that our pubs face. My focus is on business rates. I endorse other hon. Members' calls for a thorough review of the whole business rates system. The valuation office often gets valuations wrong because it is no longer staffed by local people and does not visit sites. My local council often pays refunds to schools and doctors' surgeries, but they are the last types of organisation that should be getting refunds after overpaying.

We need to review the appeals system. If pubs have got it wrong, the appeal system is not fit for purpose—it is slow and hard to afford. We should also look at the

[Anne Marie Morris]

turnover methodology for pubs, which clearly does not work. What is supposed to happen, and what happens, penalises the good and gives a subsidy to the not so good. That is not fair and not fit for purpose. Because of these circumstances and their importance, we need to look at a permanent rate relief system for all our pubs.

3.57 pm

Peter Aldous (Waveney) (Con): It is a pleasure to serve under your chairmanship, Mr Owen. I congratulate my hon. Friend the Member for Dudley South (Mike Wood) on securing this debate. I will focus on the specific issue of small breweries' relief. I ask that the Government consider removing export volumes from the relief's calculations.

There is clear evidence that the current arrangements hold breweries back from increasing exports, investing in buildings and equipment, and creating new jobs. St Peter's Brewery near Bungay in my constituency was established in 1996 and set out specifically to target the export market. Its exports to 50 countries make up 42% of its turnover. St Peter's is a great British success story, but it is constrained from doing better by the current structure of small breweries' relief. Although the relief is generous to microbusinesses, it discourages exports by breweries looking to grow and it significantly disadvantages small and medium-sized brewers above the threshold that have export potential. St Peter's advises that removing the duty on exports would enable it to invest in new buildings and equipment and to increase their workforce by five from 18.

St Peter's is not alone in making the case for removing export volume from the SBR calculations. That case is also supported by the Society of Independent Brewers, which describes it as a "no brainer", and by the British Beer and Pub Association, which includes it in its compelling eight-point export strategy. As Brexit approaches, it is vital that we realise the full export potential of an industry that is a fundamental part of the British brand. A relatively small fiscal change in next month's Budget would enable breweries such as St Peter's to realise their full potential, be part of a great British success story and create new, much needed jobs in their local communities.

Several hon. Members *rose*—

Albert Owen (in the Chair): Order. Before I call Fiona Bruce, let me say to Iain Duncan Smith that his debate will start at approximately 4.30 pm.

4 pm

Fiona Bruce (Congleton) (Con): Pubs are indeed great community assets, but many face challenges because of the availability of cheap alcohol in supermarkets and off-licences. Cheap alcohol carries tremendous costs to health, too. One particular product, high-strength white cider, causes disproportionate levels of harm and perpetuates deprivation and health inequalities. It is often called the drink of choice for the homeless, the lonely and vulnerable young people, many of whom are on the streets, underage or drinking simply to blot out their problems. It results in death for many who drink it, but it is people's drink of choice because it is so very cheap.

High-strength cider has developed largely because, as a result of anomalies in the tax system, it has the lowest cost per alcohol unit of any product on the market. A 3-litre bottle of white cider contains 22 units—the equivalent of 22 shots of vodka—and can be bought for just £3.59. The homelessness charity Thames Reach says:

"Super-strength drinks have become one of the biggest causes of premature death of homeless people in the UK, and...are doing more damage than both heroin and crack cocaine".

Some 78% of the deaths in Thames Reach's hostels are attributed to high-strength alcohol.

Before I speak about how the Treasury can address this problem, I would like to mention the touching story of one mother, Joanne Good, who came to Parliament in February to tell us about her young daughter, Megan, who went out to a new year's eve party aged 16 and drank half a bottle—1.5 litres—of Frosty Jack's. She died in her sleep. These high-strength products should not be available for pocket-money prices. In the light of the Government's commitment to put social justice at the heart of all they do, introducing a new higher band of duty in the forthcoming Budget that applied to cider with an alcoholic strength by volume of between 5.5% and 7.5% would be a targeted and proportionate response. It would leave the majority of ciders completely unaffected; the vast majority of products subject to the new rate would be white ciders.

There is compelling evidence that altering duty bands can influence consumer behaviour, so I ask the Government to consider increasing the rate for this band of drinks. I am offering them a healthier option. With an increase in tax take, what is not to like?

4.3 pm

Steve Double (St Austell and Newquay) (Con): It is a pleasure to speak in this debate; I congratulate my hon. Friend the Member for Dudley South (Mike Wood) on securing it and on his excellent opening speech.

I have the incredible honour and privilege of representing the constituency that contains St Austell Brewery, which since 1851 has been brewing high-quality beer in the centre of St Austell under the ownership of the same family. It now enjoys incredible success and exports a number of its brands around the world.

The three years of beer duty cuts and the subsequent freeze were incredibly positive, not just because of the money they saved on the cost of a pint of beer, but because they sent the brewing industry the clear message that the Government backed it and were behind it. That gave brewers the confidence to plan for the future and invest in products, plant and machinery to grow their businesses and the market. Unfortunately, the rise in the retail prices index earlier this year has undone virtually all the good work of the cut and freeze years and has sent a negative message to the industry.

I encourage the Minister to take back to the Chancellor and the Treasury the strong message that this year we really need at least a freeze in the beer duty, to restore confidence in the industry. We are a Conservative Government, after all; we believe in low taxes, and we know that punitive taxes do not work. Cutting, or at least freezing, the beer duty will allow the sector to continue to grow, with more and more jobs being created.

I must also mention the small breweries' relief scheme for brewers who produce up to 60,000 hectolitres a year—I did not know what a hectolitre was until a couple of days ago, but there we go. That threshold is clearly acting as a brake on small breweries that prevents them from investing and growing beyond it. Some form of tapering would be very welcome, because we have created a squeezed middle—brewers who are just above the threshold but are paying much higher rates of beer duty. I believe it is time for a review, and I ask the Government to work with the industry to get an overall view of small breweries' relief and see whether the limit can be increased.

Fiona Bruce: Does my hon. Friend support my request that the Minister consider applying small breweries' relief to cider producers, who do not enjoy that advantage at present?

Steve Double: I absolutely agree that cider should be considered for the relief as well.

The Budget gives us an opportunity to send the clear message to the brewing industry and our pubs that we back them, we understand how essential they are and we need to take action to support them.

Albert Owen (in the Chair): I thank the Labour and Scottish National party Front Benchers for agreeing to shave some time from their speeches, to allow all Back Benchers time to get their points across.

4.6 pm

Joanna Cherry (Edinburgh South West) (SNP): I congratulate the hon. Member for Dudley South (Mike Wood) on securing this debate and on his excellent and thorough opening speech. There has been great cross-party agreement today about the important role that pubs play as employers and as the hearts of our community. We have also heard heartfelt pleas for freezing the duty on beer and for assistance with business rates.

The Scottish National party is proud of the substantial economic contribution made by pubs, breweries and microbreweries to the Scottish economy. The brewing and pub industry supports the employment of 60,000 people in Scotland, some 72% of whom are directly employed in it. Individuals who work in these jobs earn a combined £767 million per year; the industry contributes £1.6 billion to the Scottish economy and generates £972 million in tax revenues for an annual investment of only £69 million.

The SNP has long supported a wider evidence-led overhaul of the alcohol duty regime. We believe that evidence-based decision making that levies alcohol duty based on alcohol content is fairer, more equitable and more in line with encouraging a healthier approach to drinking. That is what the Scottish Government's minimum alcohol pricing policy seeks to do; it will not attack the price of a pint in a pub, but it will affect supermarket cheap alcohol promotions.

The Scottish Government are encouraging new small businesses in the drink industry with the small business bonus, which provides 100% rate relief on business property up to a rateable value of £15,000. As the hon. Members for St Albans (Mrs Main) and for Berwickshire, Roxburgh and Selkirk (John Lamont) mentioned, the Scottish Government also introduced a 12.5% cap on

business rate rises for the hospitality trade. The national chairman of CAMRA, Colin Valentine—a constituent of mine—said that the cap

“has made a big difference and in some cases it has been, and will be, a life saver”

for pubs, so the policy has clearly been of some assistance, although I am sure he and others would say that there is much more to be done.

The Scottish Government are working closely with public bodies and industry to support jobs, infrastructure and the thriving sector. I am happy to say that start-ups have helped the Scottish brewery sector to double in size since 2010. In 2016, 115 breweries were up and running in Scotland, compared with 55 just six years earlier. I am very proud that my constituency of Edinburgh South West hosts one of Scotland's most iconic breweries: the Caledonian Brewery in Slateford Road. Edinburgh South West also boasts one of Scotland's most successful microbreweries, the Edinburgh Beer Factory, which is located on the Sighthill industrial estate.

As the hon. Member for Keighley (John Grogan) said earlier, Heriot-Watt University in my constituency has an International Centre for Brewing and Distilling—a unique facility devoted to teaching and research, and meeting the needs of brewing, distilling and malting industries worldwide. I applaud Heriot-Watt University, which of course recently won International University of the Year from *The Sunday Times*.

The Caledonian Brewery, which is in the heart of Edinburgh and close to my constituency office, opened in 1869 and it has been preserved by Heineken UK, which now owns it, as a working masterpiece of manufacture, utilising many of the more old-fashioned methods of brewing but in a modernised setting. Heineken's UK headquarters is in my constituency at South Gyle, employing around 550 people. Of course, Heineken is one of the UK's leading pub, cider and beer companies, and more than 90% of the beer it sells in the UK is brewed here. It is also a major supporter of British agriculture, sourcing 100% of its malt and barley for its UK-brewed beer from UK farms and maltsters.

Heineken is also a passionate supporter of the great Scottish pub, through its Star Pubs and Bars business. I am proud to say that I have visited several of its pubs in my constituency, including the Jolly Botanist; the Athletic Arms, which is a very old Edinburgh pub known as “the Diggers”, where I held my victory party after the SNP tsunami in 2015; and the Spylaw Tavern. These are all thriving, local, community pubs.

I also applaud Heineken for what it puts back into the community in Edinburgh. In the summer of 2016, I joined Heineken employees, in collaboration with the Edinburgh Festival Fringe Society, in a volunteering project to regenerate the Broomhouse Centre in Broomhouse in my constituency, which is a charity that provides personal, social and community development opportunities. At the end of a day of hard work, we celebrated by enjoying performances from Edinburgh festival artists.

Earlier, I mentioned the Edinburgh Beer Factory, which is also in my constituency. It was founded just over two years ago and is an independent, family-run brewery that is going from strength to strength. It has won multiple awards, including the award for the UK's best Helles lager two years running and the award for

[Joanna Cherry]

the world's best American brown ale in 2017. The company's products are really quite outstanding and 2018 will be an exciting time for it, as it launches two new products and starts to export its beers. However, like many other companies, the Edinburgh Beer Factory would like to see a freeze in beer duty in the next Budget, as well as measures to encourage exports. Beer is in the top three British food and drink exports, and, like all parts of the British food and drink industry, brewers fear the consequences of Brexit and require more reassurance on that front.

Albert Owen (in the Chair): I am very grateful to the hon. and learned Lady; if the next Front-Bench spokesperson takes the same amount of time, we will get a good response from the Minister.

4.13 pm

Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab): We hope, Mr Owen. It is a pleasure to serve under your chairmanship. I congratulate the hon. Member for Dudley South (Mike Wood) on securing this debate. It was in his company and that of my hon. Friend the Member for Stoke-on-Trent North (Ruth Smeeth) that last week I tasted and enjoyed many UK beers with the Titanic Brewery.

I will comment briefly on some of the contributions. My hon. Friend the Member for Ashfield (Gloria De Piero) made very astute references to microbreweries and the tax break provided for them by the last Labour Government; I hope the Minister will tell her that that will be retained. My hon. Friend the Member for Coventry South (Mr Cunningham) made an interesting point about the valuable work that young people and students can get in the hospitality industry, including in pubs.

It is worth mentioning at this stage some of the worries of brewers and pubs in the city of London about their requirements for European labour after Brexit. We also need to look at the planning issues, which my hon. Friend the Member for Barnsley East (Stephanie Peacock) mentioned, including permitted development rights.

The British pub is renowned around the world. Since the oldest one was established in the 11th century, the pub has continued to be a central feature of British life—a unique social hub for meetings, discussion and debate. Since then, of course, the world has drastically changed, but the continuity provided by the presence of a pub in the community remains. It is important that we work to preserve and encourage the growth of our pub industry; it makes both economic and social sense to do so.

According to the British Beer and Pub Association, the sector supports 900,000 jobs, with 42% of them held by under-25s; generates £23 billion in economic value; and provides £13 billion in tax revenues. On top of all that, 30 million adults visit the pub every month, which is proof that the British pub is not only a business but is at the heart of our communities. It brings people together and continues to be on the “to-do” list of almost every tourist visiting the UK.

Yet drinking establishments across the UK continue to be under severe threat. We have all seen the boarded-up pubs in our constituencies, not least because of the

burden of the business rates evaluations but also because of the unequal relationships between large pub-owning businesses and pub tenants. Unfortunately, the pubs code as it currently stands has failed to deliver effectively what it was set up to do, but that is a debate for another time.

I return to beer taxation. As colleagues have already said, it was announced in the 2016 Budget that the duty on beer, spirits and most ciders would be frozen in the year 2016-17. That freeze on a typical pint of beer followed three consecutive years of beer duty cuts. On the other hand, duties on other alcoholic drinks, including wine at or below 22% alcohol by volume and high-strength sparkling cider, rose by retail prices index inflation. However, in March 2017 the Chancellor announced an RPI increase for beer too, which beer groups have called a “setback”, especially given the fragile environment that pubs find themselves in.

Can the Minister confirm what the beer duty RPI increase has meant in prices for customers and what mechanisms are in place to monitor the effectiveness of any such measure? When the beer duty freezes were introduced, Labour did not oppose them, but we asked questions about what the tax freeze meant in distributional terms. For example, the freeze favoured those who consume more of the relevant types of drinks. The equalities impact statement relating to last year's freeze noted that

“any changes to alcohol duties will have an equalities impact that reflects consumption trends across the adult population”.

However, it failed to outline the specific equalities impact with respect to gender.

Although men are more likely to drink excessively than women, statistics from the Office for National Statistics show that wine, the tax on which was not frozen, is the most popular drink among women, while the most popular type of drink among all ages of male drinkers was normal-strength beer, lager, cider or shandy. Additionally, many trade bodies questioned why wine was singled out for a duty rise. Any future decision about alcohol levies should take that point into consideration.

Underlying this debate is a recognition of the importance of the pub as a local community hub and of the need to ensure that we do what we can to support it. That is why Labour is committed to securing the long-term future of pubs and the hospitality sector. Action must be taken to ensure that pubs are profitable and worth running as independent small businesses.

The Conservatives have neglected the needs of small business in favour of introducing tax breaks for big business that have failed to stimulate investment or create the high-skilled, well-paid jobs the country needs. Their cliff-edge approach to Brexit risks our access to the single market, and risks damaging all business by prioritising an economically damaging, undeliverable and unworkable cap on immigration at all costs.

Labour is the party of small business. We know that small businesses are the backbone of our economy, accounting at the start of 2016 for 99.3% of all private-sector businesses and 60% of all private-sector employment in the UK, or 15.7 million people. That is why we will end the Conservative attacks on small businesses by reforming business rates, scrapping quarterly reporting, ending the scourge of late payments and reforming employment allowance. Under a Labour Government, pubs will have the support necessary to thrive and grow.

Albert Owen (in the Chair): I am grateful to the hon. Lady for her remarks and for allowing the Minister a full 10 minutes, unless he wishes to allow the sponsor of the debate to finish. Either way, I will call time at 4.30 pm.

4.20 pm

The Exchequer Secretary to the Treasury (Andrew Jones): It is always a pleasure to serve under your chairmanship, Mr Owen. I congratulate my hon. Friend the Member for Dudley South (Mike Wood) on securing this well attended and enthusiastic debate. I participated in the Adjournment debate seven years ago—I remember it well. I take this opportunity to commend the work of both the all-party parliamentary beer group, which my hon. Friend the Member for Dudley South chairs so effectively, and of which my hon. Friend the Member for Burton (Andrew Griffiths) is a distinguished former chair, and the all-party parliamentary save the pub group. No one in the pubs and brewing sector across our country can be in any doubt that they have some enthusiastic and eloquent champions within Parliament.

I will try to respond to as many of the issues as I can, but I am sure that hon. Members will appreciate that I am not able to pre-empt what my right hon. Friend the Chancellor may or may not say in three weeks and one day's time. The requests to do so have been very tempting, but I am afraid that those making them will be disappointed. Before commenting on duty, let me just say that the Government recognise the importance of the UK beer and pubs sector. We hugely value the industry and its contribution to employment, to promoting responsible drinking and to community life. The sector's footprint covers every single constituency in the country.

As colleagues across the House have said, pubs play a central role in our communities, whether in urban areas, in villages or on the high street. They are often far more than just a social venue; they double as restaurants and I can think of somewhere where they are also the village shop and, indeed, the post office. In my constituency we have a very good not-for-profit organisation called Pub is The Hub, led by John Longden, which does fantastic work helping pubs to diversify their offering.

Colleagues have also mentioned the charitable work in which pubs are involved. Pubs raise more than £120 million per year for charity, so there is a significant impact. The British Beer and Pub Association estimates that the sector as a whole invests more than £2 billion per year in its pubs and breweries, which in turn has an impact on employment; the sector is estimated to employ nearly 900,000 people throughout its supply chain, generating £23 billion in economic value. The very good points made by colleagues about the sector's employment record have been powerful, and I entirely agree with them. In the run-up to preparing the Budget, I have met the British Beer and Pub Association and other businesses from the industry, including pubs and brewers of all sizes, and we recognise the contribution they make to economies and to the wider beer market—I have made that very clear to them.

The number of breweries in the UK has risen by 64% in just the past five years, to more than 2,000. The growth in the number of small breweries in recent years has increased the diversity and choice in the beer market, and has promoted consumer interest in a much larger range of beers, which has benefited the entire sector.

My hon. Friend the Member for Dudley South commented on export, and I can provide some further information about that. More than 1 billion pints of beer are exported from Britain every year and reach 184 countries. Beer is one of the top three food and drink exports, generating nearly £700 million in sales—nearly £2 million, therefore, every day.

Colleagues have spoken about beer duty. I must say, first, that since ending the escalation of the beer duty in 2013, we have demonstrated clear Government support for this industry. After ending the duty escalator, the Government proceeded to cut beer duty in the 2013, 2014 and 2015 Budgets, before freezing it in 2016. It is worth noting that, as has been the Government's policy since 2013, the public finances assume that alcohol duties will rise with the retail prices index each year. That means that there is a cost. If we choose to cut or freeze duties, there is an impact on the amount of money taken into our Treasury, which affects other areas of public expenditure or perhaps means that we have to seek to raise tax elsewhere. We just need to balance all those points; colleagues must remember that we are still running a giant deficit, which we inherited from the Labour party.

I know that hon. Members will want to reiterate the point made here this afternoon, that cutting duty supports growth and increases revenue. We have seen some evidence of that. I am, instinctively, a low-tax Conservative and I recognise that the lower the tax environment, the more businesses have to invest. It is not as straightforward to see direct cause and effect where we have had cuts, but the principle is, I think, understood. We, therefore, had to take the difficult decision last March that beer duty, along with other alcohol duty rates, needed to rise in line with RPI, but it is worth noting that in light of all the cuts and freezes to beer duty since 2013, a pint of beer costs 11p less than it would otherwise.

Some hon. Members have mentioned the price difference between the on-trade and the off-trade. That issue is raised regularly, and people would like to see the Government applying higher duty rates in the off-trade. Currently, however, that is not legal. European Union law requires member states to charge excise duty on all alcohol and alcoholic beverages, which prevents the UK from selectively charging excise duty on particular products, such as off-trade alcohol, or relieving other sectors, such as on-trade. I need to be clear about that so that we can manage expectations here. I cannot say what is in the forthcoming Budget, but I can say that I will take to it all the representations from today's debate and share them with my right hon. Friend the Chancellor.

A number of colleagues have raised the issue of business rates, recognising that they are a high fixed cost for some businesses, including pubs. We fully recognise that, and that is why in last March's spring Budget the Chancellor announced a £1,000 business rates discount for pubs with a rateable value of less than £100,000. To put that into context, that is 90% of all pubs, which basically means that the pubs that do not qualify are more likely to be managed by the much larger chains and are therefore able to manage business rates much more easily. Having said that, I can assure colleagues that we are aware of the request made both here and by the sector to extend the discount, and I can confirm that we will include it within our Budget representations, as we will the comments on business rates overall.

[Andrew Jones]

However, I should just note that the cuts in business rates announced in the 2016 Budget will cost nearly £9 billion over the next five years, so we are out there helping businesses.

I turn finally to small brewers relief. We know that the number of small brewers has increased significantly over the years, from 400 in 2002 to 2,000 now. I mentioned earlier that the Government recognise that that diversification has added to the sector and the small brewers relief has really helped the growth of the industry. However, we are aware of the concerns about small brewers relief that many have raised with me. When I consider what we need to do, I want to ensure that we work with the whole sector. I want to work with the sector, not against the sector, to support growth, and I would like to see what evidence can be produced to suggest that we can have some uniformity of opinion before moving anywhere forward.

We have heard the points that my hon. Friend the Member for Congleton (Fiona Bruce) made about white cider and will respond in due course. We have had a consultation on that; there is no doubt that it is a problem area.

I finish the debate by saying that it has been a great, constructive and positive one. We have clearly demonstrated support for the sector and the Government are clearly a part of that, with all the actions we have been taking, for all the excellent reasons that have been presented throughout the debate. I assure everyone here that I have listened keenly and that we will take the contributions to be Budget representations. It is only three weeks and one day until we all get to hear what the Budget says—not very far away. I thank hon. Members once more for their contributions and for raising the issue.

Albert Owen (in the Chair): I thank the Minister. I call Mike Wood to make the concluding remarks.

4.29 pm

Mike Wood: I thank the Minister for making a generally positive response and for the many meetings he has had with colleagues and industry groups over the past few weeks, and will have over the next few weeks. I thank the many industry groups that have contributed to support Members in this event: CAMRA, the British Beer and Pub Association, the Society of Independent Brewers, the Association of Licensed Multiple Retailers and the Small Brewer Duty Reform Coalition. I also thank the many hon. and right hon. Members—

Albert Owen (in the Chair): Order.

Motion lapsed (Standing Order No. 10(6)).

South Woodford Post Office

[MR NIGEL EVANS *in the Chair*]

4.31 pm

Mr Iain Duncan Smith (Chingford and Woodford Green) (Con): I beg to move,

That this House has considered the proposed closure of South Woodford post office.

It is a privilege, as ever, to serve under your chairmanship, Mr Evans. I will try to take interventions from colleagues who also have a direct interest in the subject of this debate: the proposed closure and removal of South Woodford Crown post office in my constituency. In 2016, the Post Office announced the closure of 31 Crown post office branches. In January this year, a further 37 Crown post offices were identified for closure, putting approximately 300 jobs at risk, including at the South Woodford Crown post office. That has caused huge and legitimate concern among many of my constituents.

I want to go back to 2008—

Mr Nigel Evans (in the Chair): Order. Before the right hon. Gentleman warms up, I suspend the sitting for 15 minutes while a Division takes place in the House.

4.33 pm

Sitting suspended for Divisions in the House.

4.58 pm

On resuming—

Mr Duncan Smith: It is a privilege to take so long to read about 35 words—that would normally be called a filibuster, I think, worthy only of my great hon. Friend the Member for Stone (Sir William Cash)—but I will now endeavour to proceed.

The debate is about the closure of the Crown post office in South Woodford. I want to go back to 2008, when I opposed the closure of Woodford post office on the High Road, a small sub-post office. At the time, the Post Office promised me that the Crown branch in George Lane could take the extra trade and it would not be a problem. I argued that it was still a bit of a walk and so on for some of the older residents, but none the less, there was at least the Crown post office there. Now, less than 10 years later, it has reneged completely on that guarantee and will leave the whole area without a post office. I find myself yet again campaigning—only this time I am campaigning against the reassurances and assurance that the Post Office gave me, to show that it cannot be trusted at any time on these issues in any community.

With the latest round of closures and franchising, the Crown post office network will have just 214 branches, a fall of more than 40% since the start of 2014, when it stood at 373. The Post Office has looked for a franchise partner—another high street retailer that would be willing to incorporate a post office counter into its premises—but there is evidence that fewer people use such outlets. I put that point to members of the management, who came to see me a few days ago. They said that they did not recognise my figures, but I maintain that most of the evidence from colleagues suggests that fewer people use such outlets. For example, a post office

was closed in Maidenhead, and when the service was relocated to a WHSmith unit, it saw a 40% drop in business.

John Cryer (Leyton and Wanstead) (Lab): On the issue of footfall, does the right hon. Gentleman agree that if we remove the Crown post office, which a lot of my constituents use, it will affect the surrounding businesses? Therefore, the Post Office's figures could be proved wrong.

Mr Duncan Smith: The hon. Gentleman is correct. Such figures are often used to justify things, but they are never returned to after the event and it is never recognised that they did not stack up. I know for a fact that many elderly people will not use a post office in a store—I think the Post Office wants to use an electrical retail store—because they feel intimidated and pressured to buy goods. It is unfair to do that, and it will only create further problems for those who have grown used to the services.

Following the announcement, I met Clive Tickner and Peter Meech—local representatives of the Communication Workers Union, whom I congratulate on their steadfast determination to work with anyone, regardless of their political party, to try to save the post office. They explained that the staff at the George Lane branch are worried about their jobs, and there is good evidence why they should be. Despite the Post Office's assurances, until an agreement is made with a franchise partner, the staff will not know whether they have a future with the Post Office. They also informed me last year that when branches are moved, most staff—many of whom have years of knowledge about post office service provision—leave the service altogether. They explained to me that, in 2014-15, only 10 out of 400 staff from the Crown offices that were closed were TUPE-ed over to a new retailer, and only six staff out of more than 200 were TUPE-ed over in 2006. There is a genuine concern. In fact, when I talked to the Post Office management, it became clear that the Crown post office is being shut for that very reason: they will employ people on lower rates with less understanding of the service. I found that peculiar for anybody who wants to provide a good service.

Wes Streeting (Ilford North) (Lab) *rose*—

Mr Duncan Smith: I give way to my constituency neighbour.

Wes Streeting: I am grateful to the right hon. Gentleman for securing this really important debate. I join him in congratulating the Communication Workers Union on its campaign to save Crown post offices. He correctly described the impact on staff, but I warn him, from our experience of the closure of the Crown post office on Barkingside High Street, that the Post Office often closes Crown post offices with no care or consideration for what will follow. That premise remains vacant and is an eyesore on Barkingside High Street. Many of my Barkingside residents are concerned, and my constituents who use the post office on George Lane are also concerned about what the future holds for that part of the high street.

Mr Duncan Smith: I have been looking at that issue, and the hon. Gentleman is absolutely right. He backs up everything I have been saying about the likely consequences for the Crown post office we are debating.

As previously suggested by my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) in his debate on the Post Office, which many people took part in, the Post Office should use its premises better. I know of no business that goes around reducing its outlets solely as a way of lowering its costs to the point at which it somehow breaks even. Why is it in business at all if its sole purpose is to make sure it has as few premises to do business from so that it can say it has managed to meet the challenge?

As an illustration of the point that the Post Office does not use its outlets properly, its financial services, which should be a key generator of revenue for the business, are diminishing. Earlier this year, 150 financial specialists were made redundant. The Post Office is locked into its partnership for financial services provision with the Bank of Ireland until 2023, which prevents it from creating a more profitable arrangement. The Cass business school at City, University of London produced a report for the Communication Workers Union entitled "Making the Case for a Post Bank". I want to share some of the points it raises, because I think it is relevant to the reason why the Post Office is embarked on the wrong route.

If the Post Office were to establish a post bank, it could ensure its long-term profitability by expanding its services and increasing its revenues. In addition, a post bank would probably offer other benefits to users, such as better access to finance for small and medium-sized enterprises, and improved financial inclusion for those who struggle to access services with the traditional banks. It would also align the Post Office with the successful strategy of other postal operators around the world. We seem to be almost unique in not using that concept to drive revenue and not having qualified staff. The Cass business school states that the amount of initial capital needed to create a post bank is equal to the investment that the Government have put into the Post Office in the past seven years. Interestingly, it also estimates that the profits that a post bank would generate would eliminate the need for an ongoing annual subsidy, putting the Post Office on a sustainable footing for the future.

It is worth reminding the Minister, who I know will respond to this point, of the figures for the Metro Bank. The way it has succeeded is really quite startling. The banking authorisation process to set up that challenger bank began in 2009, and in 2010 it launched its first branch. What is interesting is that its asset growth is 64% year on year and its revenues are up 62% year on year. It has strong common equity tier 1 capital ratio of 18.1%, and has seen a record 260,000 increase in customer accounts to a total of 915,000. While that is going on, it is also increasing its representation in the community and has opened about 41 stores in the past six years. On the one hand we have an organisation opening up in and serving the community, and on the other we have a well-established organisation retreating from the community and determined not to serve it in the way it could and should.

The Cass business school report also points out that the Post Office is currently suffering from a weak financial performance and lacks a clear plan to ensure long-term sustainability, which is true. The partnership with the Bank of Ireland has not delivered the expected results—I think it is a bad deal. One of the main drawbacks of the

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current partnership model, in terms of revenue generation, is the strong dependence on the partner's will and ability to expand the business. As we know, the Bank of Ireland has struggled since the crash of 2007 and is not really interested in expanding its business. Being locked to it is a bad deal for the Post Office, and yet it shows no determination to try to change that.

The Post Office's overall commercial revenue has therefore been virtually stagnant for the past few years. Compared with what overseas post offices are doing, it is really poor and verging on the pathetic. Even in places such as Italy, revenues in the postal area are predominantly driven by the financial sector, which secures post offices in high streets. Other countries do the same, but here in the UK the proportion of revenues that the financial sector is likely to drive is next to nil.

The Post Office possesses a positive public perception, compared with traditional financial institutions. Creating a post bank is one way of helping it to increase its revenues. My question to the Minister, therefore, is, why is the Post Office not making more of banking, financial services and other areas—particularly given that it is a trusted presence on the high street while most conventional banks have sunk in the public's estimation?

It is also worth reminding the Minister, the Post Office and the Government that post offices are not just meant to sit there; they are an integral element of high streets, which, bit by bit, are being removed. The banks have disappeared, and in many areas, including my own, there is real pressure to get rid of small industrial estates and start building on them. Those industrial estates, however, are vital to the life of communities, because people who work on the high street during the day or use it to shop for food and so on and so forth would otherwise be out of work and not in that area. That post office is like that, an integral element.

The absence of any sense of innovation in the Post Office is remarkable, given that it owns prime sites that could be used flexibly. When I was at the Department for Work and Pensions, I wanted to persuade the Government to allow post offices to be used for outreach, for identification. The Post Office was utterly negative about the idea and made no effort to entertain it, but I hope that the Government will press it again. Post offices with terminals where people, the elderly in particular, could receive good, reasonable advice about benefit claims might easily be utilised for further Government activity, beyond all the other existing work, especially with identity checks becoming more necessary and vital for the Home Office, and with the roll-out of universal credit. People might feel more comfortable going to a post office than to a jobcentre, so that is a perfect role for post offices and one that would enhance Government programmes. The Post Office has a unique and highly identifiable position as a high street brand, and I cannot understand why it is insisting on backing away from it, as with my Crown post office on the corner of the very road that leads 300 yards down to the tube station, which daily has big footfall because many people are going to the station and coming back past the post office.

In summary, local residents want the Crown branch in South Woodford to remain open. I ask the Post Office, through the Minister, to think again. We have spoken to a number of residents and local businesses and none of them, not one single one, wanted the post

office to move. The complete unanimity was interesting. The response that we gave to the Post Office's public consultation consisted of just under 2,000 signatures, which took us no time at all to gather—people were queuing up to sign our petition to keep the post office where it should be.

I have my concerns about the Post Office consultation process, however, because when we handed in the petition I realised that it was not in the slightest bit interested in consulting us on whether the branch should close. The consultation was solely about where the post office should move to, which in itself was a breach of trust of the local community. After all, the post office is a community asset; the Post Office management at least needs to put forward proposals and ask the community whether they agree that it needs to move. It was not until I badgered the Post Office again, writing twice to ask, "I hope this petition is being taken into consideration and that you are prepared to look at whether this post office should move again", that it said that it had not at that point closed the door to further considerations. I therefore urge the Post Office to use this opportunity to ensure that the branch does not close.

I hope that the Minister will recognise that, as a political party and a Government, we have a responsibility beyond just letting organisations be run by people who have the sole idea that they need to break even. In reality, we have an investment and a vested interest in a post office system that works. More importantly, it should work not only as a stand-alone financial organisation but in support of the community. That is the most important part. We bleat a lot about high streets, but we do nothing when things such as local post offices disappear.

I have to say that this is the one thing that unites political parties on the Back Benches, the absence of that asset on the high street. It is high time for—I hope—the Minister to be very hard on the Post Office management. I do not understand why it has been so hopeless at finding ways to use post offices so that other services can be delivered at the same time, which would bring the Post Office extra revenue. Instead of being an organisation that seems to think that its job is to get rid of all its main customer-facing areas on the high street, it would turn into an organisation that was flexible, sensible and highly profitable. Furthermore, we have seen post offices in other countries do that. I therefore urge the Minister to do her level best to drive the Post Office management to common sense and allow us at least to retain our excellent Crown post office, which has served my community incredibly well for all these years.

5.14 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James): I congratulate my right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith) on securing this important debate about the Post Office's proposal to franchise its South Woodford branch. He clearly set out his concerns about the plans and about the local consultation process that the Post Office follows. He rightly recognises the crucial community role that post offices play throughout the country.

Between 2010 and 2018, the Government will have provided nearly £2 billion of taxpayers' money to maintain, modernise and protect a network of at least 11,500 branches

across the country. Contrary to the impression that I gained from my right hon. Friend's remarks, far from closing branches and retreating the Post Office is acting in line with the manifesto commitments given in both 2015 and 2017: to protect the post office network in terms of the loss-making branches in rural and some poorer urban areas.

Today there are more than 11,600 post office branches across the country, and the network is at its most stable for decades. That is because the Post Office is transforming and modernising its network, thanks to investment from the taxpayer and to the hard work and dedication of Post Office staff throughout the country.

Government support has enabled the modernisation and transformation of more than 7,000 branches; more than 4,400 branches are now open on Sundays; and nearly 1 million additional opening hours per month have been added to the network through the modernisation programme. Financial losses reduced from more than £120 million to £24 million by 2015-16, which allowed the Government subsidy to be reduced by more than 60% from its peak in 2012.

That the network is at its most stable in a generation might be one of the reasons why customer satisfaction has remained consistently high. I understand that in my right hon. Friend's constituency people have benefited from more than 200 additional opening hours per month, and at least one of their branches is now open on a Sunday.

Mr Duncan Smith: I do not mean to take up much time, but I want to make the point that I made to the management: although they say that only by franchising can they have longer opening hours, there was never any reason why that could not happen in the existing post offices and Crown post offices. Longer opening hours is an illustration of something working right, but it could always have been done through the existing post office network—there was nothing to stop that.

Margot James: One of the reasons why it is difficult to extend the opening hours in some Crown post office operations is that those branches are already making losses. Extending the hours has an additional cost—even if doing so was possible given existing staff working arrangements in the Crown post offices. There would without doubt have been additional costs, which might have worsened the losses of most of the Crown post offices, including the one we are discussing. Additional hours are open to question.

The Post Office is offering more to customers by having operations in retail premises that are used to working to a model of longer opening hours, including Sundays. That is more efficient for the taxpayer and ensures that post office services remain on our high streets throughout the country.

I fully appreciate that there can be disappointment and uncertainty in communities where a change to post office services is proposed. Those communities can hold strong views and concerns regarding any planned change, as witnessed by the petition mentioned by my right hon. Friend—*[Interruption.]*

Mr Nigel Evans (in the Chair): Order. There is another Division, but this will be the final one.

5.19 pm

Sitting suspended for a Division in the House.

5.29 pm

On resuming—

Margot James: By looking for a franchise partner in South Woodford, the Post Office seeks to ensure continued access to post office services for customers in the area in a way that is sustainable for the long term, keeping post offices on our high streets and in our communities.

My right hon. Friend's community is not losing its post office service; it will be relocated to the convenience store operated by the proposed new partner, approximately 85 metres from the current location. I understand that the new partner plans to refurbish the premises, and that the Post Office will install a new modern post office in the convenience store. The Post Office recognises the importance of providing good access for all customers, including wide aisles and low-level counters for people with disabilities. It has high standards to ensure that, and that will remain the case in the new branch.

Working with a retail partner really is a sensible response to the challenges facing high street retailers. It has the benefit that overheads, including property and staff costs, can be shared across the combined post office and retail business. The host retailer also benefits from increased footfall and income from Post Office products. The vast majority—more than 97%—of post offices across the UK are operated by independent businesses and retail partners. Moving directly managed Crown post offices to retail partners has proved successful elsewhere and has helped to reduce losses in that part of the network from £45 million of taxpayers' money per year as recently as four years ago to near break-even today.

Of course, the Post Office needs to continue to take steps to ensure that the network remains sustainable for the future, as it is doing in South Woodford. It does not propose such changes if it does not consider them necessary to secure the long-term sustainability of post office services in communities in my right hon. Friend's constituency and across the country.

I know that my right hon. Friend has been disappointed by the consultation exercise. The Post Office welcomes and values feedback from customers, which is why it runs local consultation processes. He is absolutely right that such consultations are not designed to elicit views about whether Crown post offices should be franchised, but they generate a lot of data about how they should be franchised and about what services customers are particularly interested in, and the Post Office organises local customers' forums when proposing relocation, as it did in his constituency.

I know that my right hon. Friend considers that the Post Office should consult on the decision to franchise the current branch before it consults on any potential new location, but it must be for the business to take such commercial decisions, within the parameters set by the Government, to ensure that we protect our valued national network. Post offices operate in a competitive retail environment, and we should allow the business to assess how best to respond to the challenges it faces and to secure post office services for communities for the future.

The Post Office consults, in line with its code of practice, on changes to the network, and that has been agreed with the consumer body. Citizens Advice recently

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reported that that process has become increasingly effective, and that in most cases improvements are agreed or reassurances provided in response to customer feedback received during the consultation process. That has happened after nine out of 10 of the Post Office's similar consultations in the past year, demonstrating that the process is effective.

My right hon. Friend rightly mentioned the need for post offices to focus not just on reducing cost but on improving footfall by improving the quality and range of their services. He drew attention to the Cass business school report commissioned by the Communication Workers Union, which I commend for its efforts to assist Post Office to broaden its service offer. The state-backed post bank explored in that paper was actually assessed back in 2010, when the cost of instituting such a bank was put at approximately £2 billion. It was felt at the time that that money would be better invested in badly needed transformation and modernisation of the network, and that was the decision made.

The good news is that banking is now an increasing part of the Post Office's offer. I am delighted to say that the Post Office announced today that it has secured a deal with Lloyds bank that will enable it to offer a banking service to small and medium-sized enterprises across the country. That service will meet 95% of SMEs' banking requirements and 99% of retail banking requirements. That really is a step change. The Post Office is also a market leader in identity services; it now has a 40% share of that growing market.

I reassure my right hon. Friend that the Post Office is absolutely not resting on its laurels or just focusing on managing its cost base; it is actively seeking growth in the products and services that it offers. I commend Post Office's management, and its workers and staff, on the great progress that they are making.

Question put and agreed to.

Education Funding: Wirral

5.36 pm

Ms Angela Eagle (Wallasey) (Lab): I beg to move,

That this House has considered education funding in Wirral.

I am grateful to have obtained this debate about such a critical issue for my constituents ahead of the Chancellor's crucial autumn Budget on 22 November. I trust that the Minister, who represents the Government, will listen to what I have to say and convey to the Chancellor as he deliberates on the content of his Budget the anxiety of so many people who are involved in education at all levels. The reality is that the overall funding pot for schools is too small. Whatever claims the Minister may make, the lived experience of my constituents—parents, teachers, support staff and pupils—is that school budgets are not enough to keep up with rising running costs. The consequences are huge pressures and deteriorating education opportunities for Wallasey's kids.

In the 25 years that I have represented Wallasey in this place, I have paid regular visits to local schools and met many teachers, support staff, pupils and parents, and I have to tell the Minister that the warning lights are flashing. In all my time in Parliament, I have never heard expressed such wide-ranging concern about funding pressure as I hear now about the pressure that all Wallasey's schools are experiencing. That pressure extends right across the Wirral. It came up forcefully during the general election, and the Government subsequently had to find extra funding. Although that is to be welcomed as a good start, it is not enough to alleviate existing pressures, and the Government's decisions about how to distribute it disadvantaged further those who were already struggling from significant disadvantage.

This funding crisis hits the most vulnerable hardest. This crisis is happening now; schools in Wallasey are being forced now to cut back on staff, on the curriculum and on teaching materials. A National Audit Office report last year concluded that schools will need to reduce spending by an average of 8% per pupil by 2020. That would be the largest real-terms cut since the 1970s. School budgets have been cut by £2.8 billion since 2015 at a time of rising and additional costs, and schools are struggling to cope.

Frank Field (Birkenhead) (Lab): I very much endorse what my hon. Friend is saying about the crisis we are facing. Thanks to Feeding Birkenhead, Wirral adopted a policy of using its housing benefit data to identify those pupils who are eligible for free school meals and the pupil premium, resulting in another £750,000 for Wirral schools. However, despite that additional funding, which the council activated by using its IT sensibly, everything my hon. Friend says stands.

Ms Eagle: My right hon. Friend points out the layers of disadvantage that are often not taken into account by the Government's distributive mechanisms. The proposed new national funding formula is one such mechanism, and it will do nothing to alleviate the crisis in Wirral schools.

What is particularly insulting is the Government's persistent claim that the national funding formula is based on the principle of fairness and the frankly ludicrous claim that schools will see an increase in

funding as a result of it. No one believes that there are no flaws in the current system—we all recognise that—but, rather than rectifying them, the new national funding formula simply creates new ones. It shifts an already inadequate sum of money from one area of the country to another, with some of the most deprived areas losing out. I do not know about the Minister, but that is not my definition of fairness.

I have no doubt that we will be told by the Minister about the additional £1.3 billion over two years announced in September by the Education Secretary. First, that is not new money but rather a sum that has been assumed to be available from unrealistic, so-called efficiency savings and cannibalised from other parts of the budget. Secondly, it will do little to compensate for the £2.8 billion of cuts schools have suffered since 2015. Ask any teacher in my constituency, or any school governor, and they will talk about the cutbacks that schools are already having to make as a result of the real-terms reductions in their budgets at a time of spiralling costs.

Lord Harris of Peckham, a Conservative party donor who runs a large academy chain, let the cat out of the bag recently. He said that the schools he runs are facing a 20% cut in funding by 2020 and that the Government should put more funding into schools. I agree with him.

I turn to the specific impact that the funding pressures are having on schools in the Wirral. As I mentioned at the outset, I have maintained a frequent dialogue with schools in my constituency throughout my time as an MP. Everyone I speak to tells me the same story: funding from the Government has failed to keep pace with running costs in schools. According to figures from the National Education Union, my constituency is set to lose an average of £149 per pupil in real terms between 2015-16 and 2019-20, with a total loss of 29 teachers. Wirral as a whole will lose on average £111 per pupil and 108 teachers.

The cuts come at a time of additional pressures on school budgets such as rises in national insurance contributions and pension contributions and, most recently, the apprentice levy. There are also growing demands on schools to offer social services support and family support and to deal with increasingly complex mental health issues. Meanwhile, cuts to local authority budgets have made matters even worse, because they have decimated the support that the local authority used to provide to our local schools.

Wirral Metropolitan Borough Council has lost £150 million since 2010 and is set to lose a further £132 million by 2020-21. That amounts to a 40% cut in its budget. As a consequence, local authority support for schools has been cut drastically. In Wirral, cuts to the education services grant have left the council with a £1 million shortfall. That grant funds areas such as mental health support, fire safety and the maintenance of school buildings and playing fields. Likewise, social services and family support have been decimated by the huge cuts to local authority budgets. To make up for the shortfall, the council will have to absorb it into its already shrinking budget, cut services or force schools to pay up themselves, heaping more pressure on their already stretched finances.

Adrian Whitely, headteacher at The Mosslands School in my constituency, told me about the impact of funding cuts on his school. His quote is worth reading out in full, and I do so with his permission. He says:

“Five years ago, The Mosslands School, an 11-to-19 boys school with approximately 1000 pupils on roll, had 79 teaching staff and 18 teaching assistants. Due to budget reduction and rises in running costs, today it has 60 teachers and 8 teaching assistants. Average class size has risen with the majority of pupils now taught in classes of over 30. Over 40% of its pupils are entitled to free school meals at some stage; 26% of the students are identified as having additional special education needs; the number of children meeting the threshold for social services intervention has doubled in 24 months; and there are a further 20 pupils who are in the care of a Local Authority. It is a popular school and was deemed to be a good school when it was inspected last year. This year, it had to make a further 6 redundancies to balance its budget. This clearly cannot continue.”

Cuts such as those cannot simply be dismissed by the Government as efficiency savings. I note that the Government are increasingly fond of claiming, despite all the evidence to the contrary, that the cuts are actually increases. I intend to deal with that argument in detail a little later in my speech, but the fact is that the cuts are having a tangible effect on the breadth and standard of education that schools in Wallasey can provide.

I recently visited Birkenhead Sixth Form College, which as its name suggests sits just outside Wallasey in the constituency of my right hon. Friend the Member for Birkenhead (Frank Field), but it is attended by many of my constituents. In advance of the meeting, the principal, Mike Kilbride, wrote to me to outline the funding shortage faced by the college. He stated:

“At Birkenhead Sixth Form College we currently educate over 1,300 young people and passionately believe that every student deserves a first class education. Unfortunately, funding cuts and cost increases are making this increasingly difficult to provide. In the last year we have had to make many tough decisions including the withdrawal of some provision.”

Birkenhead Sixth Form College has had to reduce its curriculum in areas such as performance art and music. Perhaps the Government believe that such subjects are surplus to requirements, but I believe they are an integral part of a well-rounded education. The UK performs particularly well in music and the arts, and that success earns the country worldwide recognition and plenty of economic benefits. Those benefits are being put in jeopardy by short-sighted policies.

One headteacher of another school told me that funding for special educational needs children was becoming a cause for concern. There are statistically a high number of special needs pupils in the Wirral, and many of those needs are very complex. Many pupils have needs that require one-to-one attention from teachers with specific expertise. The funding that schools receive per SEN child does not always provide for that. The headteacher said that SEN funding “disappears in an instant”.

The vast majority of school spending goes on staff. With pay progression, the best teachers receive pay rises and older teachers tend to be paid more. However, as one headteacher pointed out to me, the national funding system takes no account of that. Schools are therefore struggling to fund pay increases as well as significant increases in national insurance contributions. One headteacher told me that

“teachers are teaching bigger and bigger classes”.

Not only does that create more work in the classroom; it also leads to more marking and more admin, and it is putting a bigger strain on them.

As figures from the National Education Union reveal, the pattern of funding cuts is being replicated in schools all over Wallasey and the Wirral. Most worryingly of

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all, some of the most deprived areas are being hit the hardest. To be clear, the figures I use take 2015 as their base year and reveal that, despite the Government's attempted sleight of hand with what they like to call new money for schools, the funding given to schools has been cut by 4.6% overall between 2015 and 2020.

I will now deal with how that reality affects schools in Wallasey. The Oldershaw Academy, a school where 64% of pupils are on free school meals, is set to lose £233,000 in total by 2020, or £455 per pupil. St Mary's Catholic College, where 53% of pupils are on free school meals, will lose £224,000, the equivalent of £186 per pupil. Primary schools in Wallasey are also being hit, and small schools, which can least afford to absorb huge funding reductions, are among the worst affected. Kingsway Primary School, where 53% of pupils receive free school meals, will see a real-terms cut of 19% per pupil. Eastway Primary School, where 52% of pupils are on free school meals, will see a cut of 10%.

As I outlined earlier, these figures do not tell the full story. They are accompanied by rising costs and additional sources of expenditure, such as the apprenticeship levy and national insurance contributions. There have been numerous press reports of state schools asking parents for donations to keep their school afloat—a double disadvantage for those schools that serve poor communities, where the parents simply cannot afford to fork out the extra money that schools now routinely ask for.

Many parts of Wallasey and the Wirral have high levels of deprivation. In Wallasey, a total of 41% of pupils are in receipt of free school meals, but we will lose £149 of funding per pupil by 2020. I do not call that an increase, even if the Minister is going to claim in his reply that it is. By contrast, the constituency of Bournemouth East will gain £36 per pupil, despite only having 19% of pupils on free school meals. North East Hampshire will see a small gain, despite only having 10% of pupils on free school meals. How can the Minister possibly justify that?

Another of the Government's flagship education policies is multi-academy trusts, which have implications for, and give rise to questions about, funding and accountability. In June this year, just after the general election, the Government took the decision to close the Kingsway Academy in Leasowe, in my constituency. The school will close on a phased basis by the end of the 2017-18 academic year, and many pupils have already been forced to move on to neighbouring schools. The school, formerly known as the Wallasey School, has a long and proud history, and provided an education for pupils in Wirral for generations. It is astonishing that the multi-academy trust, the Northern Schools Trust, was allowed to walk away as soon as it became clear that it could no longer turn a profit, just three years after taking over the school. That was after it had summarily closed down the sixth form a couple of years ago, leaving 80 pupils high and dry.

I cannot stress enough how much anxiety the announcement caused parents, pupils and staff when it appeared out of the blue just four weeks before the end of the academic year, but that was par for the course with the Northern Schools Trust. The decision was taken behind everyone's back and the local community was kept in the dark throughout the process. As soon as

I heard rumours of the school's closure, I asked the Minister to meet me. By the time he had agreed to do so, he had already taken the decision to close the school. I believe that the episode exposed a worrying lack of transparency and accountability at the heart of the Government's policy on multi-academy trusts. Had Kingsway been a maintained school, it would have been obliged to conduct a 12 to 18-month consultation, involving parents, trade unions and the local community, before a closure; yet there is no such obligation on academies to consult.

When we look at the list of income allocated to schools, we find that the only school in Wallasey that has had an increase, at £524 per pupil, and a 9% uplift in its funding, was the Kingsway Academy, which is now being closed. The Northern Schools Trust essentially announced closure within four weeks, having left council officials, unions and other stakeholders in the dark. The multi-academy trust seems to be free to walk away from the school, leaving the local authority to pick up the pieces, with the future of pupils' education left in the balance.

The lack of accountability was highlighted in the Education Committee's report on multi-academy trusts, published in February this year. With a multi-academy trust, the accountability is transferred from local governing boards to a central trustee board that holds the decision-making responsibilities. The report noted:

"We were told by parents that MATs are not sufficiently accountable to their local community and they feel disconnected from decision making at trustee board level. There is too much emphasis on 'upward' accountability and not enough on local engagement."

The report went on to recommend:

"MATs should demonstrate a sincere commitment to outreach and engagement with the local community."

In my experience, they are a long way from doing so. That is certainly advice that the Northern Schools Trust should have heeded during the Kingsway debacle.

Multi-academy trusts are recipients of huge amounts of public money, but they do not seem to be subject to the same standards of accountability. When school budgets are being squeezed as they are, and when schools are having to reduce staff numbers and are struggling to purchase equipment, is it right for MATs to pay their chief executive officers an annual salary of £160,000, as the Northern Schools Trust does? If multi-academy trusts were an unrivalled success, there might be at least a case for it, but when they are allowed to take over a school, fail to turn it around and walk away with no public consultation and little in the way of repercussions, the Government should ask themselves whether the policy is acceptable.

I have no doubt that the Minister has come armed with the Government's own figures, giving the impression that Wirral schools will receive funding increases as part of the new national funding formula. After all, he has been going round claiming that cash increases are actually real increases, and hoping that nobody would notice the huge rise in running costs that all schools have to cope with, which more than wipe out any of the so-called gains for which the Minister is spuriously claiming credit. If the claim of increases were remotely true, does the Minister imagine that Wallasey's headteachers, staff, parents and pupils would be complaining so much

about the funding pressures that are causing them to cut back on the curriculum, sack teachers and increase class sizes?

Let us take a moment to interrogate these figures before the Minister brandishes them about in his reply. The Government's figures show that in 2018-19, Wirral schools will receive, on average, a 1.6% increase in cash terms. Government figures also show that they will then receive a further 0.8% cash-terms increase in 2019-20. Schools in my own constituency in Wallasey will receive a 1.5% cash-terms increase—slightly less than the average for Wirral—in the first year, and an additional 0.6% the following year. Again, that is slightly below average. I note, however, that revealing ministerial phrase, “cash terms”. It does not take an economic genius to work out that, with inflation running close to 3%, that amounts to a significant real-terms cut.

The Government's wilful and convenient confusion between a cash-terms and real-terms increase is only part of the story. The Minister's figures show modest cash-terms rises from 2017-18, using that year as a baseline. By choosing that baseline, the Government are entirely and deliberately ignoring the cuts that took place before that—cuts that even as I speak are already being felt in classrooms across the country. That is pretty shoddy, but there is even more bad practice to come. The Minister's figures also overlook the additional pressures on school budgets that I outlined earlier: the apprenticeship levy, national insurance contributions, pension contributions, any increases in staff pay, loss of education services provided by local authorities and any additional help on issues such as mental health and social services support, which used to be provided by local authorities but have now been decimated by the swingeing cuts this Government have made to local authority budgets.

Despite this accumulation of budget cuts and cost increases, the Government insist on perpetuating the ridiculous and false claim that schools are actually receiving more money. I suppose they are, but only in the most meaningless, technical sense. Actually, they are not really. I hope that the Minister will be reasonable enough to not treat us to another bout of that nonsense. How can he claim that schools are getting more money when they are sacking staff, increasing class sizes and cutting subjects from the curriculum? Frankly, Ministers are living in a parallel universe if they think that their farcical claims bear any relation to the situation confronting headteachers and staff on the ground, where the effects of austerity are being felt in classrooms all over Wallasey and all over Wirral.

I encourage the Minister to visit the schools in my constituency and across the Wirral to observe the real-terms cuts that schools are having to make, and the very real consequences that those cuts are having on our schools' capacity to provide an outstanding education for all. Perhaps he may then see the error of his ways and realise that he has to persuade the Chancellor to put our children first and finally agree to the real-terms increases needed to give the next generation the educational chances they really deserve.

6 pm

Margaret Greenwood (Wirral West) (Lab): It is a pleasure to serve under your chairmanship, Mr Evans. I congratulate my hon. Friend the Member for Wallasey (Ms Eagle) on securing this important debate.

According to the Government's own figures, funding for schools in Wirral under the new formula will rise from £194.7 million in 2017-18 to £197.8 million in 2018-19, and then £199.3 million in 2019-20. Funding in Wirral in 2019-20 is scheduled to be 2.4% higher than in 2017-18. However, the average national increase for that period is 3.2%, so it is clear, even from the Government's own figures, that Wirral is set to miss out.

Figures from the National Education Union tell a different story, showing that funding for schools in Wirral is to fall by nearly £4.8 million between 2015-16 and 2019-20, and revealing a loss in per-pupil funding of 2%—£111 per pupil. It predicts that, as a result, schools in Wirral will lose more than 100 teachers overall. It has also pointed out that school cuts have not been reversed, and that the vast majority of schools will have less money per pupil next year and in 2020 than when the Government took office in 2015. As a former schoolteacher college lecturer myself, the quality of education we provide to our young people is a subject very close to my heart. I know only too well, from first-hand experience, what happens when schools struggle with cuts by Conservative Governments, because, of course, we have been here before.

The loss of 100 teachers from Wirral schools will have huge implications for pupils and teachers. Cuts are likely to lead to increased class sizes, the loss of subject choice and curriculum areas—especially in the arts, which are so important to ensure the development of a rounded education—and increased pressure on the remaining staff, who will have to teach the same number of pupils. All of that matters because education is vital to the development of the next generation and to the future of our country, and I believe there really can be no shortcuts. The National Education Union has said that high-needs, early years and post-16 education have suffered the biggest cuts and are not being fairly funded.

Headteachers of schools in my constituency have told me that they face a real challenge in supporting children with special educational needs. In one school, Fender Primary School, 39% of pupils have special educational needs, compared with the national average of 13.5% for primary schools, while more than 50% of its pupils are eligible for free school meals. That presents particular challenges, but the school's most recent Ofsted report noted that

“The school's commitment to ensuring all pupils equally succeed is strong. All pupils achieve well, and some outstandingly so, including disabled pupils and those with special educational needs.”

I pay tribute to the school's staff, its pupils and their parents. The report also said:

“The headteacher has high ambitions for pupils' personal development and academic achievement”,

and that she is “driving improvements”. High levels of support are important for children with special educational needs, whether provided by teachers or classroom assistants, who of course can often be very highly qualified.

In some cases in which a child is experiencing special difficulties, one-to-one support may be necessary; for other pupils, smaller class sizes may be sufficient. It can take considerable time for an education, health and care plan for a pupil to be approved. During that time, schools have to fund that extra support themselves and are not compensated for it, even though some pupils may actually have moved to another school by the time

[Margaret Greenwood]

the plan is in place. In 2017-18, 145 pupils out of 244 at Fender Primary School qualified for the pupil premium. It is clear that extra funding, whether through the pupil premium or SEN funding, is vital.

Fender Primary School works hard for the community it serves. It remains open for four weeks in summer and all of Easter to support the families of its children in a range of ways that go beyond the purely educational, such as emergency food parcels and furniture for families who need it. However, despite the clear high level of need, according to the School Cuts website, Fender Primary School is predicted to lose £109,500 per year by 2020—amounting to £452 per pupil and the loss of two teachers. I will be grateful if the Minister sets out what action he will take to ensure that Fender Primary School and others like it get the funding they need, particularly for SEN, and what he will do to drop the planned cuts to Wirral's schools as a whole.

Staff in schools across Wirral show immense dedication to their pupils. One such school, which works with children in their early years, which we all know are so important for everything that happens in the rest of their lives, is Ganneys Meadow Nursery School. Around 20% of the children there have special educational needs and/or a disability, including autism, epilepsy or mobility problems. The families of a number of the children are on low incomes, and some children may be quite vulnerable. The Ofsted report published this month judged it “outstanding” in every respect, and said of the children:

“Their joy at being at Ganneys Meadow is evident from the moment they walk through the door with happy, smiley faces.”

Ganneys Meadow's chair of governors even voluntarily teaches GCSE maths to mothers, such is the level of commitment at the school. However, like many other maintained nursery schools, it is under extreme financial pressure. We all know how important the early years are, and it is essential that the Government give the sector the funding it needs to give children the very best start in life; the Government should match the immense dedication shown by teachers by giving them the funding needed.

Post-16 education has also received severe cuts. In his March Budget, the Chancellor announced an extra £500 million a year in funding for technical education reforms. Wirral Metropolitan College, which sits in the constituency of my right hon. Friend the Member for Birkenhead (Frank Field), has provided technical education for people in Wirral for more than 160 years, but it, too, has been hit hard by a severe squeeze in funding, like so many colleges. The National Education Union's website reports that funding for 16 to 19-year-olds fell by 14% in real terms between 2010-11 and 2014-15. The Government announced in November 2015 that 16-to-19 funding would be protected in cash terms between 2016 and 2020. However, taking inflation into account, that is still likely to mean a real-terms cut of around 8%.

There is also the introduction of adult loans. Since their introduction in 2013-14 for students aged 24 and above, and their extension to 19 to 23-year-olds in 2016-17, 58% of the total budget—£910 million—has been left unspent, according to the Student Loans Company. In other words, people have not been taking out loans. I used to work in a further education college, and although the sector can often be overlooked, it has to be recognised

just how hugely important these colleges are for people as they progress from their school years through to their workplace—particularly for people who may have struggled during their time at school, due to something happening in their family, such as a bereavement, or because they were ill. It is a massively important sector, and the Government should look at it very closely.

Wirral Met serves a diverse population in Wirral, including many people from deprived backgrounds, who may be less likely to take out loans because they are already at higher risk of being in debt, which the head of the Financial Conduct Authority recently stressed as an issue. There has also been a fall of nearly 40% in the number of levels 3 and 4 learners since the loans were introduced, which the then Department for Business, Innovation and Skills actually predicted back in 2012. I will be grateful if the Minister outlines his plans to address the clearly detrimental impact that cuts to post-16 education and the introduction of loans is having on the education and training of young people in Wirral.

6.9 pm

Mike Kane (Wythenshawe and Sale East) (Lab): It is a pleasure to serve under your chairmanship, Mr Evans. I congratulate my hon. Friend the Member for Wallasey (Ms Eagle) on securing this very timely debate on funding in the Wirral and on her excellent speech. It appears that both her and her sister, my hon. Friend the Member for Garston and Halewood (Maria Eagle), have impeccable timing when it comes to winning Westminster Hall debates.

My hon. Friend the Member for Wallasey rightly spoke about the Government's sleight of hand in announcing further funding for education to appease their Back Benchers that never seems to materialise, and we have no idea where it comes from. As she said, it is not enough to alleviate current pressures, and the most vulnerable are the hardest hit. In the Wirral alone, the figures are stark: £5.1 million is being taken out of the system by 2020, which equates to 108 teachers.

Just last week, hundreds of teachers and school leaders descended on Westminster to do what is their democratic right: to lobby this place and the Government on school funding. Unfortunately, the Minister took a different view and took the opportunity to label those parents, teachers, school leaders and trade unionists as scaremongers. He has the opportunity today to apologise for using that language to ordinary working people who have come to this place to exercise their democratic right by protesting about school budgets being cut up and down the land.

Let us assess the facts. As my hon. Friend the Member for Wallasey said, £2.8 billion has been taken out of the schools budget. That means 88% of schools still face real-terms budget cuts per pupil. For the average primary school, there will be a loss of around £50,000 a year. For the average secondary school, it will be a loss of £178,000 a year. It gets worse. As Members have outlined, the primary schools with the neediest intake are set to lose £324 per pupil, per year, while the least needy primary schools will lose £116 per pupil, per year. For the secondary schools with the neediest intake, the figure is £343 per pupil, per year, while the least needy secondary schools lose £62 per pupil, per year. That certainly does not sound like scaremongering to me.

There may be more money going into education than ever before, as the Minister will point out—that is the Government’s mantra—but that is because of the simple mathematics: there are more children in schools than ever before. Both my hon. Friend the Member for Wallasey and my hon. Friend the Member for Wirral West (Margaret Greenwood) made the point that the Minister will come back to us by talking about increases in cash terms, but that does not take into account inflation, the apprenticeship levy, changes to national insurance and all the other pressures currently placed on schools.

As my hon. Friend the Member for Wallasey pointed out, there are more and more cases of multi-academy trusts siphoning money out of the education system—another issue that the Secretary of State and the Minister are failing to acknowledge. My hon. Friend mentioned the disaster that happened in the Wirral with the Northern Schools Trust. We saw a few weeks ago a multi-academy trust collapsing in Wakefield, affecting a whole city and 21 schools, on this Minister’s watch. It does terrible reputational damage to Government when that type of thing happens. As *The Guardian* pointed out, there is now an investigation into that trust, with hundreds of thousands of pounds allegedly siphoned off before it collapsed and walked away from the children of Wakefield.

The fact is that the £1.3 billion of additional funding announced by the Secretary of State is nowhere near enough to reverse the £2.8 billion in cuts that schools have suffered since 2015. We also know that none of the money announced so far is actually new money for education. I take this opportunity to ask the Minister again—I have asked in writing and in this place before, and I will do it again—whether he will confirm, in the interests of transparency and accountability, where the cuts to funding in the Department for Education budget will fall in order to fill the black hole that the Secretary of State has created.

As has been eloquently outlined, the overall level of education funding is totally inadequate and is resulting in devastating cuts to our schools, sixth forms and colleges as we speak. When will the Minister wake up to the fact that the Government need to invest more so that our children’s education is not sacrificed? The impact of these real-terms cuts in school funding are there for all to see. It means that schools are having to cut subjects and children are being taught in supersize classes, as my hon. Friend the Member for Wirral West pointed out.

Schools are cutting staffing, and we have a crisis in teacher recruitment and retention. Since 2011, a third of teachers who have trained have left the profession. We have 24,000 unqualified teachers working in our state schools and reductions in support for vulnerable children. Schools are once more beginning to crumble, and teachers are even having to pay out of their own pocket for supplies, let alone what is happening to our special educational needs system, where children’s needs are not being met. We have a crisis in our schools that the Minister is simply not willing to acknowledge.

Our key education unions—“the scaremongers”, as the Minister likes to refer to them, or the “truth-sayers”, as I prefer to call them—have set out five tests of what is required of a new fair funding settlement for schools to ensure that the education of our children and young

people does not continue to suffer. The fact is that the Minister has failed on every one of them. School cuts have not been reversed; 88% of schools still face real-terms budget cuts per pupil. There is no new money in the education budget, and we are yet to discover where cuts will be made to fill the funding shortfall. High needs, early years and post-16 education will not, as promised, be fairly funded under the proposed new formula.

The Minister has made no long-term funding commitments, so schools are still in limbo. What happens beyond 2020? When can our schools expect the information they need about longer-term funding so that they can plan their budgets effectively? Yet again, historic underfunding of schools is not being addressed. We have teachers leaving the profession in record numbers, more than half a million students now crammed in supersized classes and there are more than 24,000 unqualified teachers, as I just pointed out. If I were still a teacher, I would not be able to say that the Minister has managed a passing grade.

While I of course support the principle that all schools should receive fair funding, the answer is not to take money away from existing schools and redistribute it when budgets all across the country are being cut. A fair approach would be to apply the lessons from schools in the best-performing areas in the country everywhere. It would look objectively at the level of funding required to deliver in the best-performing schools, particularly in areas of high deprivation, and use that as the basis for a formula to be applied across the whole country.

Goodness knows, we have had enough Westminster Hall debates over the last few months where Members from every area of the country have expressed concerns about school funding cuts in their area. When will the Secretary of State and the Minister remove their heads from the sand and begin to truly hear the voices of schools, teachers and parents across the country? If they do not do that soon, it is our children’s education in the Wirral and right across the country that will continue to lose out.

6.18 pm

The Minister for School Standards (Nick Gibb): It is a pleasure to serve under your chairmanship, Mr Evans. I congratulate the hon. Member for Wallasey (Ms Eagle) on securing the debate and on her excellent speech.

I am delighted to be able to address this issue at a time when the Government have recently announced the outcome of our consultation on the national funding formula—an historic and necessary reform that will, for the first time, distribute funding on the individual needs and characteristics of every school in the country. This Government believe that all children should have an education that unlocks their potential and allows them to go as far as their talents and hard work will take them.

We are making significant progress. More schools than ever before are rated good or outstanding by Ofsted, and 1.8 million more children are in good or outstanding schools today compared with 2010, including 90% of schools in the Wirral. The attainment gap between poorer children and their wealthier peers is closing; it has not closed totally. We have launched 12 opportunity areas to drive improvements in parts of the country that we know need to and can do better.

[Nick Gibb]

Those improvements have been made against a backdrop of an unfair and arbitrary funding system. Similar schools across the country get markedly different levels of funding for no good reason and resources are not reaching the schools that need it most. The funding system has acted as a barrier to improvement, when we need it to be a support. That is why we are delivering on our promise to reform the unfair, opaque and outdated school and high needs funding system, and introducing a national funding formula.

Frank Field: A prime way in which the Government have tried to direct resources to the poorest pupils, sometimes to schools in the poorest areas, has been through the pupil premium. As I said in my intervention on my hon. Friend the Member for Wallasey (Ms Eagle), the data from housing benefit will be lost as universal credit is being rolled out. I ask the Minister to take away the idea, and talk with the Department for Work and Pensions, so that the data that is in universal credit will be made available on housing circumstances to councils, so that they can automatically offer registration for the school premium and free school dinners.

Nick Gibb: The right hon. Gentleman raises an important point. All these issues are being considered as we move to universal credit, to ensure that children who need to be funded through the pupil premium continue to be funded.

Frank Field: Will the Minister take the issue away and, when he has consulted his colleagues in the other Department, write to me please?

Nick Gibb: I am happy to write to the right hon. Gentleman, but these issues are being considered as we speak.

Given the significance of this reform, it was vital that we took into account as many views as possible, and the consultation process generated over 26,000 individual responses and responses from representative organisations, and we considered all of those views. The existing system is out of date. It is based on data and decisions from over a decade ago. Funding for each area has been determined by simply rolling forward the previous years' allocation, adjusting only for changes in the total number of pupils in each area and ignoring all the other changes.

Ms Angela Eagle: I have read some of the right hon. Gentleman's responses to other debates like this and he spends a great deal of time not responding to the actual questions that have been raised, by telling us in great technical detail about what the national funding formula is meant to do. Will he address some of the issues that I raised about the unfairness of Kingsway Primary School, which has 53% of pupils on free school meals, having a 19% cut in its funding, under the system that he is praising? How can that kind of result possibly be right or fair?

Nick Gibb: If the hon. Lady will be patient, I will come to each of those issues and specifically talk about the funding position of Kingsway Primary School, among the other schools that she mentioned, but I want to put this debate in the context of the reality of the situation that we are seeking to address.

When the proportion of secondary school pupils eligible for free school meals in London fell by more than 5% between 2007 and 2017, more than 25 times the decline nationally, the funding system did not respond to that change in the wealth level of London as the capital city. Addressing these damaging inequalities in the current system represents the biggest improvement in the school funding system for a decade, and from April 2018 we will introduce a national funding formula, which will, for the first time, put the funding system firmly on track to deliver resources on a consistent and transparent basis to every school in the country.

In September we published full details of the school and high needs national funding formula and the impact that it will have for every local authority. We have also published notional school-level allocations showing what each school would attract through the formula. This means that for the first time everyone can see what the national funding formula will mean for them and understand why. Alongside addressing these historical injustices, the importance of ensuring stability for all schools was also a consistent message throughout the consultation process. In recognition of that, over the next two years local authorities will continue to set their own local formula in consultation with the schools in their areas, which will determine each individual school's budget. This will provide a small but important element of flexibility for local authorities, to allow them to respond to the changes as they come through.

School funding, as the hon. Member for Wallasey acknowledged, is at a record high because of the choices we have made to protect and increase school funding, even as we faced difficult decisions elsewhere, across Whitehall, to restore our country's finances, and to address the historic budget deficit that we inherited in 2010. We understand that just like other public services, schools are facing cost pressures, and in recognition of this we announced in July an additional £1.3 billion for schools and high needs across 2018-19 and 2019-20—over and above the funding confirmed at the 2015 spending review. This additional funding means that the total schools budget will increase by over 6% between this year and 2019-20. As the independent Institute for Fiscal Studies has confirmed, that will mean that funding per pupil for schools and high needs will now be maintained in real terms for the remaining two years of the spending review.

Ms Angela Eagle: Will the right hon. Gentleman give way?

Nick Gibb: I will give way briefly, but I want to come in a moment to Kingsway.

Ms Eagle: The right hon. Gentleman is taking as his baseline this financial year, yet there have been real terms cuts in schools for the last two years, as I thought I had explained, so he is trying to claim that there has been an increase, when in fact he is discounting the cuts that have already happened. He knows that it is not an accurate way of talking about what happened. Why doesn't he just admit it?

Nick Gibb: There have been no cuts in funding to schools. There have been cost pressures, as I have acknowledged time and time again, that schools have absorbed, as have other parts of the public sector and

parts of the private sector. There have been cost pressures of higher taxes, higher employer's national insurance contributions and higher employer's contribution to the teachers' pension scheme, because we believe it is right that teachers' pensions are properly funded, but I am telling the hon. Lady and this House that spending will rise in real terms on a per pupil basis.

I will now come to the issue she raised about her schools. As a consequence of the consultation process, we introduced a de minimis funding level for the very lowest funded schools. We introduced a de minimis funding level of £4,800 per pupil for the very lowest funded secondary schools in the country. St Mary's College in the hon. Lady's constituency received £5,625 per pupil, and that will rise by 1% to £5,680 according to the national funding formula. The national average under the national funding formula for a secondary school is £5,389. On top of that, the school will also receive £935 per pupil for every pupil who qualifies or has ever qualified for free school meals over the past six years.

Margaret Greenwood: Will the Minister clarify which school he is talking about?

Nick Gibb: I am sorry. I am talking about St Mary's Catholic College in the constituency of the hon. Member for Wallasey. That school's funding per pupil will rise from £5,625 to £5,680.

We also introduced a de minimis figure of £3,500 per pupil for the very lowest funded primary schools. Kingsway Primary School receives £5,376 per pupil, and that figure will rise to £5,422. On top of that, the school will receive £1,320 per pupil for every pupil who has ever qualified in the past six years for free school meals. The hon. Lady referred to 53% of pupils as qualifying at some point for free school meals—all those pupils will bring the school an additional £1,320 on top of the £5,376.

Mike Kane: Kingsway Primary School will face a cut of £39,400 by 2020. That is £233 per pupil. It has already lost one teacher.

Nick Gibb: No, it is not receiving any cuts in funding at all. Its funding will increase from £5,376 per pupil to £5,422 per pupil. That is an increase of 0.8%. It is an increase in funding, not a cut. I acknowledge there are cost pressures facing schools, but to go around saying that schools have had their funding cut is simply not true. If I can refer to Eastway Primary School—

Ms Angela Eagle: They have had it cut.

Nick Gibb: They have not had their funding cut.

Ms Eagle: In real terms, they have had it cut.

Mr Nigel Evans (in the Chair): Order.

Nick Gibb: Eastway Primary School is having its funding increased from £4,495 per pupil to £4,604 per pupil—an increase in funding of 2.5%. On top of that, it will receive £1,320 for every child eligible for free school meals—on top of the £4,604.

Mike Kane: Will the Minister give way on Eastway Primary School?

Nick Gibb: I will not give way again because we are running out of time. The hon. Gentleman seeks to cite the National Education Union's schools cuts campaigning website, which says that schools are facing a cut in funding. Schools are not facing a cut in funding. Every single school across this country will get an increase in funding.

Mike Kane: Will the Minister give way?

Nick Gibb: No, I will not give way. I have only four minutes left. Every school in this country will see an increase in funding to it.

Mike Kane: A £101,000 cut—

Nick Gibb: The hon. Gentleman cannot cite a website that claims there are cuts in funding when every school in this country will receive an increase in funding. There are costs that schools face, whether those be national insurance in 2015-16 or pension contributions, and there will be salary increases to pay in the future, but those are cost pressures that are being incurred right across the system.

I have put the record straight on these matters so that we can have an honest debate about the issues. Opposition Members would acknowledge that every school, including those in the constituencies of the hon. Member for Wallasey and the hon. Member for Wirral West (Margaret Greenwood), who cited Fender Primary School, will, like that school, see its funding increase. There is no cut in funding to Fender Primary School. The funding will rise from £4,649 per pupil to £4,690 per pupil.

Mike Kane: Will the Minister give way on Fender Primary School?

Nick Gibb: I will not give way. *[Interruption.]*

Mr Nigel Evans (in the Chair): Order. I remind Angela Eagle that she does have a minute or so at the end to wind up, so she has an opportunity

Nick Gibb: There is no cut in funding at Fender Primary School. The funding will increase, on top of which it will receive £1,320 per pupil in pupil premium.

We will also be able to go further than our manifesto commitment that no school would lose funding as a result of the national funding formula. Now, every school in the country will attract at least 0.5% more per pupil in 2018-19 and 1% more per pupil in 2019-20. Thirty five of the 111 schools in the Wirral will attract funding increases as a result of this decision to raise the funding floor, but all schools in Wirral will see an increase in their funding over the next two years.

Our formula will also rightly result in a significant boost directed towards the schools that are currently the least well-funded. I have said that the formula will provide for all secondary schools to have a de minimis per pupil funding of £4,820 in 2019-20 and for primary schools to have £3,500. My consultation confirmed the importance of funding for additional needs such as deprivation and low prior attainment. The consultation found that those factors were the best way to identify

[Nick Gibb]

the children most likely to fall behind and to remain behind their peers. It is only right that we provide the greatest resources to the schools that are educating the greatest numbers of those children. In the Wirral, more students on average face these additional barriers, with greater than average percentages of children eligible for free school meals and living in the most deprived areas. Nationally, the formula will allocate £5.9 billion to additional needs funding and will distribute that funding more fairly. We have also protected the high needs budget, and there will be an increase in high needs spending in the Wirral.

In view of time, I will just say that for this Government, social mobility and education are a priority. The additional funding that we have announced, together with the introduction of a national funding formula, will provide schools with the investment that they need to offer a world-class education to every child in the country.

6.34 pm

Ms Angela Eagle: The Minister is living in a parallel universe. He says that schools are getting increases. Kingsway Primary School is going to lose £131,306—a 19% fall in what it would have expected—and three teachers. St Mary's College will lose £223,778—a 3% fall in funding—and four teachers. Fender Primary School, in the constituency of my hon. Friend the Member for Wirral West (Margaret Greenwood), will lose £109,000 on what it could have expected by 2020—that is £452 per pupil—and two teachers. If the Minister insists on calling those “increases”, I do not think that he is fit to be in the job that he is in.

Question put and agreed to.

Resolved,

That this House has considered education funding in Wirral.

6.35 pm

Sitting adjourned.

Written Statements

Tuesday 31 October 2017

CABINET OFFICE

Cabinet Committees and Implementation Taskforces

The First Secretary of State and Minister for the Cabinet Office (Damian Green): Today the Government are publishing an updated list of Cabinet Committees and implementation taskforces. The new list includes a new Sub-Committee and changes to an existing Sub-Committee.

The new EU Exit and Trade (Domestic Preparedness, Legislation and Devolution) Sub-Committee will oversee domestic policy preparations and implementation of the UK's withdrawal from the European Union. The new Sub-Committee will be chaired by the First Secretary of State.

The EU Exit and Trade (Negotiations) Sub-Committee will be extended to become the EU Exit and Trade (Strategy and Negotiations) Sub-Committee. It will oversee the negotiations on the UK's withdrawal from, and future relationship with, the European Union.

These will sit alongside the EU Exit and Trade Committee and the EU Exit and Trade (International Trade) Sub-Committee which will continue to serve the same purpose as previously.

Copies of the associated documents will be placed in the Libraries of both Houses and published on gov.uk.

[HCWS210]

COMMUNITIES AND LOCAL GOVERNMENT

Supported Housing: Funding

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): Supported housing is a lifeline for vulnerable older people, for individuals with learning and physical disabilities, for those at risk of domestic abuse, and for many others. It is an investment in our society and our economy, with the savings it brings to other parts of the public sector, such as health and social care. The Government have been clear that they are committed to protecting these homes and the people who live in them. Reforming the funding model for supported housing costs and putting it on a sustainable and stable footing is therefore vital.

In the autumn statement 2015, we announced our intention to apply the local housing allowance rates to social rents, including supported housing, with effect from 2018. The implementation date was subsequently deferred to April 2019.

Since then, we have listened carefully to the concerns raised by the supported housing sector and other key stakeholders about the issues that this measure would present, because supporting the most vulnerable people in our society is a priority for the Government. We value the important role that supported housing plays and we are committed to protecting and boosting the supply of supported housing, and ensuring tenants are able to enjoy the best quality of life.

In response to those concerns the Prime Minister announced last week that the Government will not apply the local housing allowance rates to tenants in supported housing, nor to the wider social rented sector.

Last year we also committed to reform the funding model for supported housing costs, in order to ensure it provides good outcomes for tenants, better oversight and cost control, and compatibility with the modernised welfare system. This covers the funding for housing costs only, as the support costs are funded separately: there will be no change to how these are provided. We have worked with the sector since then to develop a workable funding model, and we have heard their views and concerns. We are therefore bringing forward a flexible funding model that works for this very diverse sector, as set out in more detail in our policy statement published today.

All long-term supported housing will be retained in the welfare system. We heard calls for a separate model for older people's housing to ensure we are building more of these vital homes. We will therefore be introducing a "sheltered rent" for sheltered and extra care housing, a type of social rent that will see the social housing regulator use existing powers to control rent inclusive of eligible service charges. This approach means that we will set an overall limit on the amount that providers can charge in sheltered rent—rent inclusive of eligible service charges—on each unit of sheltered or extra care provision. It will also, as we currently do for net rents, limit annual increases. We will work closely with the sector to set these limits at an appropriate level.

The rest of long-term supported housing, such as housing for people with learning or physical disabilities or mental ill health, will remain in the welfare system as it currently is. We will be working with the sector in England to develop and deliver an approach that will ensure greater cost control across the sector while driving up outcomes for vulnerable people.

We recognise the need for a distinct model for short-term supported housing. Funding for this part of the sector will be provided through locally administered ring-fenced grants. This means that all the funding that was previously provided by housing benefit will instead be allocated to local authorities to fund and commission services at a local level. An individual's entitlement for help with their housing costs—though housing benefit or the housing cost element of universal credit—will be unchanged. In Wales and Scotland, an equivalent amount will be provided for short-term supported housing, and it will be for those Administrations to decide how best to allocate funding. We intend to retain this ring-fence in the long term to protect this important provision and the vulnerable people it supports. The amount of short-term supported housing grant funding will continue to take account of the costs of provision and also our current understanding of future need.

We are also seeking to improve local planning for supported housing and commissioning across service areas. Our policy announcement sets out proposals for a national statement of expectation and local level strategic planning to underpin the new funding regime.

These important and necessary changes will take time to implement and it is crucial that the support provided to people is not interrupted or put in doubt, which is why these changes will now commence from April 2020 rather than April 2019.

Alongside our policy statement, we are launching two consultations on specific elements of the model, and a draft national statement of expectation. We have today published the independent reports of our task and finish groups, which were instrumental in helping us design a new model that will work for the sector. We have also published our response to the November 2016 consultation “Funding for supported housing”, and our response to the joint Select Committee report “Future of supported housing”.

We have also considered the important role of refuges and calls from some of the sector to nationalise the funding and commissioning of this. The Government were clear in their violence against women and girls (VAWG) strategy that refuges provide a vital service. We believe that local authorities are best placed to deliver the better outcomes for vulnerable renters in crisis and emergency supported housing as they understand local needs and can take a holistic view on both housing and support provision. They will be funded as set out in the model above, on a local basis, protected by a ring-fence on the grant funding. The supporting oversight regime will also set out our expectations, including on supporting those without a local connection. The Government have already committed—in the 2016 to 2020 violence against woman and girls strategy—to review the current approach to refuge provision in England by November 2018. We will need to pay particular attention to the funding of care and support costs as we do this, and will continue to work closely with this sector to make good our commitment to the victims of these terrible crimes.

It is our aim through making these changes to provide funding security to the sector, allowing them to make long-term investment and therefore secure future supply. It will also ensure value for money for the taxpayer, and enable councils to have a stronger role in providing appropriately for their local areas. Most importantly, it will support positive outcomes for some of the most vulnerable people in this country.

I am placing copies of our policy announcement made today—comprising a policy statement, two consultations, and a draft national statement of expectation—and the Government response to the joint Select Committee inquiry in the Libraries of both Houses.

[HCWS209]

DIGITAL, CULTURE, MEDIA AND SPORT

Gambling

The Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport (Tracey Crouch): I wish to inform the House that on 31 October 2017, the Department for Digital, Culture, Media and Sport published a consultation on proposals for changes to gaming machines and social responsibility requirements across the gambling industry.

The Government announced a review of gaming machines and social responsibility measures in October 2016. The objective of the review was to ensure we have the right balance between a sector that can grow and contribute to the economy, and one that is socially responsible and doing all it should to protect consumers and communities. The responses to the call for evidence have also been published alongside this consultation so that respondents can see the evidence that we have drawn on in developing these proposals.

We believe that the current regulation of B2 gaming machines is inappropriate to achieve our stated objective of protecting consumers and wider communities. We are therefore consulting on regulatory changes to the maximum stake, looking at options between £50 and £2, in order to reduce the potential for large session losses and therefore to the potentially harmful impact on the player and their wider communities.

While the industry proposes increases to the remaining stakes and prizes, and permitted numbers and allocations across other categories of machine (B1, B3, B3A, B4, C and D gaming machines), we believe retention of the current regulatory environment will better protect players from potential harm than industry’s proposed increases.

We are aware that the factors which influence the extent of harm to the player are wider than one product, or a limited set of parameters such as stakes and prizes, and include factors around the player, the environment and the product. We are therefore also consulting on corresponding social responsibility measures across gaming machines that enable high rates of loss, on player protections in the online sector, on a package of measures on gambling advertising and on current arrangements for the delivery of research, education and treatment (RET). Within this package, we want to see industry, regulator and charities continue to drive the social responsibility agenda, to ensure all is being done to protect players without the need for further Government intervention, and that those in trouble can access the treatment and support they need.

The consultation will close on 23 January 2018, following which Government will consider its final proposals.

The consultation is available at:

<https://www.gov.uk/government/consultations/consultation-on-proposals-for-changes-to-gaming-machines-and-social-responsibility-measures>.

A copy will be deposited in the Libraries of both Houses.

[HCWS207]

Underwater Cultural Heritage

The Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport (John Glen): In the culture White Paper, published in March 2016, we undertook to review the Government’s position on ratification of the 2001 UNESCO convention on the protection of the underwater cultural heritage. Earlier this year we said we were considering plans for a review, with a view to making an announcement.

Since we published the culture White Paper, we have had to reconsider our priorities and our ability to carry out a review in the light of changing circumstances.

As a result, we have decided to defer the review while we focus our efforts and resources on delivering new and more immediate priorities.

The Government have adopted the principles set out in the annex to the convention as best practice in the management of underwater cultural heritage. There is no change to this.

We remain committed to reviewing the Government’s position on ratification of the convention when priorities and resources permit.

[HCWS208]

EDUCATION

Government Asset Sale

The Minister for Universities, Science, Research and Innovation (Joseph Johnson): Today, I can confirm that the Government are resuming the process required to sell part of the “plan 1” (i.e. pre-2012) English student loan book as previously announced to the House on 6 February 2017. The sale covers loans issued by English local authorities only under the previous (pre-2012) system, specifically those which entered repayment between 2002 and 2006, with a total face value of around £3.7 billion. This is the first sale of the Income Contingent Repayment (ICR) loan book and it is proceeding on the basis that there is a reasonable prospect of achieving value for money. It will only complete subject to market conditions and a final value for money assessment.

As the Government have previously made clear, the position of all graduates, including those whose loans are part of a sale, will not change as a result of the sale. A sale will not alter the mechanisms and terms of repayment and sold loans will continue to be serviced by Her Majesty’s Revenue and Customs (HMRC) and the Student Loans Company (SLC) on the same basis as equivalent unsold loans. These protections mean that purchasers will have no right to change any of the current loan arrangements or to directly contact borrowers. Government have no plans to change, or to consider changing, the terms of pre-2012 loans.

The sale terms are expected to include a number of warranties and indemnities for sale arrangers and investors, which give rise to contingent liabilities for Government. In this case, although there is specific statutory authority for the liability under the Sale of Student Loans Act 2008, in line with HM Treasury rules I believe it is appropriate to notify Parliament before incurring these liabilities. As a matter of record I have placed a Departmental Minute in the Libraries of both Houses describing the contingent liabilities that the Department for Education will hold on behalf of Government as a result of this first sale of the pre-2012 English student loan book. The maximum contingent liability against the Department for Education is unquantifiable and is expected to be in place for as long as there are outstanding securities.

The House will also be informed if and when a sale is completed.

[HCWS205]

HEALTH

Promoting Professionalism, Reforming Regulation

The Minister of State, Department of Health (Mr Philip Dunne): Today I am publishing a consultation on the reform of the regulation of healthcare professionals in the UK.

This takes forward the manifesto commitment to legislate to reform and rationalise the current outdated system of professional regulation of healthcare professions, based on the advice of professional regulators.

The UK’s model of professional regulation for healthcare professionals has become increasingly complex and outdated. It needs to change to protect patients better, to support our health services and to help the workforce meet future challenges. This consultation is a major step towards developing a modern system of regulation for healthcare professionals.

My Department has worked with the Governments in Scotland, Northern Ireland and Wales as well as the healthcare regulation bodies to develop proposals for reform. We have built on the work of the Law Commissions of England, Wales, Scotland and Northern Ireland.

The UK Governments have five objectives in taking forward reform:

- Improve the protection of the public from the risk of harm from poor professional practice;

- Support the development of a flexible workforce that is better able to meet the challenges of delivering healthcare in the future;

- Deal with concerns about the performance of professionals in a more proportionate and responsive fashion;

- Provide greater support to regulated professionals in delivering high quality care; and

- Increase the efficiency of the system.

This consultation considers the reforms that are needed in order to maximise public protection while supporting workforce development. We want to design a flexible model of professional regulation that secures public trust, fosters professionalism and improves clinical practice, while also being adaptable to future developments in healthcare.

The responses to this consultation will allow the Government to consider future options for professional regulation. The consultation will run for 12 weeks and close on 23 January 2018. The consultation document has been attached and can be accessed online at: <https://consultations.dh.gov.uk/professional-regulation/regulatory-reform>.

Attachments can be viewed online at: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2017-10-31/HCWS206/>.

[HCWS206]

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**not later than
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