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HOUSE OF COMMONS
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PARLIAMENTARY
DEBATES

(HANSARD)

Monday 20 November 2017

House of Commons

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The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Mr Speaker: I am sure that the whole House will join me in sending our very best wishes to Her Majesty the Queen and the Duke of Edinburgh as they celebrate their 70th wedding anniversary today.

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Knife Crime

1. **Mr Ranil Jayawardena** (North East Hampshire) (Con): What recent steps she has taken to reduce the level of knife crime. [901905]

The Secretary of State for the Home Department (Amber Rudd): May I take this opportunity to add my good wishes on the anniversary of Her Majesty the Queen and Prince Philip? Long may she reign.

To tackle knife crime we are taking action centred on four key strands: the first relates to police enforcement; the second relates to retailers and responsible sales; the third involves tightening the legislation to ensure that the police have the powers that they need; and the fourth is to encourage early intervention so that people do not get the knives in the first place.

Mr Jayawardena: My constituents in Yateley woke up to a nightmare after Halloween when they found that knife-wielding yobs had been on a slashing spree, including slashing car tyres and soft-top roofs. Some of them were as young as 12 and from outside my constituency. What is my right hon. Friend doing to ensure that the youngest in society cannot get their hands on knives and go on these armed rampages, terrorising communities? They are putting themselves at risk, too.

Amber Rudd: I thank my hon. Friend for his comment, and I have huge sympathy with his constituents. It is of course illegal for anyone under 18 to buy a knife, and we are working with retailers to ensure that that becomes the case more and more; we are making sure that that is enforced. We are also working with local communities, and we have a community intervention fund which will work with schools and local groups to ensure that young people are aware of just how dangerous it is to carry knives, for them as well as for their potential victims.

Jack Dromey (Birmingham, Erdington) (Lab): Dan, the beloved son of Lynne Baird, was knifed to death in a brutal attack. He was one of 253 additional victims in

the past 12 months, with knife crime rising 15%. Does the Home Secretary not begin to understand that the consequence of having 2,000 fewer police officers in the west midlands is that knife crime, gun crime and violent crime are soaring? The Government are betraying the first duty of any Government, which is to provide safety and security for their citizens.

Amber Rudd: It is because we recognise that the first duty of this Government is to keep the citizens safe that we have such a comprehensive plan to look at violent and serious violent crime. We recognise that the police need their resources, but it is more than that. It is about early intervention, and about making sure that those knives and guns do not get into the hands of the people who can do such damage. It is also about ensuring that we work with retailers online to ensure that people cannot access knives through those sources.

Lucy Powell (Manchester Central) (Lab/Co-op): Knife crime and youth violence are on the increase in Manchester as well. What consideration has the Home Secretary given to some of the tactics that are used in policing what is increasingly being called gang violence, even though often it is not? In particular, what consideration has she given to what is often the overuse of joint enterprise and to threats to life against young people? Such tactics are pushing away from the police the very communities they are seeking to bring on board.

Amber Rudd: The hon. Lady raises a good point; it is absolutely essential that we give the police the tools that they need to keep people safe, but we must also ensure that they are used in a way that reassures the local community. One of the areas that is often raised with me is the role of stop and search. We know that it is effective when used properly. I am determined to reassure the police and the communities that the police can continue to use stop and search, and should do so, in order to arrest the increase in knife crime, where it is taking place.

James Gray (North Wiltshire) (Con): A significant proportion of underage knife purchases are made online or by mail order. How on earth can we regulate that? What is to prevent a young person from simply going online and buying a knife?

Amber Rudd: There are two ways; my hon. Friend makes a good point. We have to work with the communications service providers and internet providers to ensure that it is not as easy to buy knives online. We also have to ensure that we work with the retailers, so that when people order knives, they have to actually go and collect them. That is the legislation that we are going to bring forward, so that people cannot lie about their age. If they order a knife online, they will have to go and collect it.

Unaccompanied Child Refugees

2. **Mohammad Yasin** (Bedford) (Lab): What steps she is taking to reduce dangerous journeys for unaccompanied child refugees with family in the UK. [901906]

3. **Mr George Howarth** (Knowsley) (Lab): What steps she is taking to reduce dangerous journeys for unaccompanied child refugees with family in the UK. [901907]

The Minister for Immigration (Brandon Lewis): We have a comprehensive framework for refugees and their families to be safely reunited in this country without the need for dangerous journeys. Our family reunion policy allows children to join refugee parents, and there are immigration rules in place for extended family members lawfully resident here to sponsor children, where there are serious and compelling circumstances. Children recognised as refugees by the United Nations High Commissioner for Refugees can also join close family members through our mandate resettlement scheme.

Mohammad Yasin: Bedford is proud to have given homes to six refugee families through the vulnerable person relocation scheme, but there are hundreds of unaccompanied children stranded in Europe for whom family reunion is the only safe, legal route. Will the Minister look again at family reunion so that unaccompanied refugee children can join their close family and not just their parents?

Brandon Lewis: Obviously, there are several gateway schemes, including the Dublin regulation and the Dubs scheme. As I have just outlined, our own immigration rules also contain a route that people can use, and I would encourage them to look at that.

Mr Howarth: I welcome the Minister's response, but the generosity and decency of the British people is such that they want the Government to do more. The £50 million raised by the BBC's Children in Need charity last week is testament to that generosity of spirit. Will the Minister match the welcome rhetoric with deeds that will break the logjam of children waiting to be reunited with their families in the UK?

Brandon Lewis: The right hon. Gentleman is right that that is a good example of the great generosity across this country. We see it not only at events such as Friday night's, but in the community sponsorship programmes and in communities wanting to do what they can to help some of the most vulnerable people in the world. We should all be proud of what we do as a country and of what the Government are doing to bring over children who need support and help. We are doing that, and our rules do allow for family reunion as well.

Kit Malthouse (North West Hampshire) (Con): One of the dangers that unaccompanied children face is human trafficking, meaning that they may end up being sold for sex in this country. Did the Minister see the appalling report in *The Times* last week about children as young as five being sold for sex on the streets of Glasgow? What engagement has the Home Office had with the National Crime Agency, Border Force, the Scottish Executive and Police Scotland to stamp that out?

Brandon Lewis: My hon. Friend rightly draws attention to a horrific case that many of us will have seen, and the Home Secretary spoke to Michael Matheson just today to offer our full support and help. My hon. Friend also highlights why it is important that we do all we can to deter people from making perilous journeys and to crack down on the rogue traders and the despicable behaviour of human traffickers. I am pleased by the

work that has been done recently across the Home Office, the police, immigration enforcement and the NCA to break down some of those routes, but there is always more to do, and we must stay focused.

Nigel Huddleston (Mid Worcestershire) (Con): What wider steps are the Government taking to tackle the root cause of the crisis: the horrible situation in Syria?

Brandon Lewis: My hon. Friend makes a good point. It is important that we focus as much as we can on developing and improving the situation upstream. That is why I am pleased that the Prime Minister was able this summer to put an extra £75 million into the Department for International Development to work with our partners around Europe to ensure that we do as much as we can to tackle the real problems upstream.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): I welcome the announcement this weekend of an agreement to transfer a Syrian teenager from Greece under the Dubs scheme. I wrote to the Home Secretary about that case on 7 August. The boy has been locked in a police cell in Greece because there was no other safe accommodation for him, even though a local council here had offered a place. I understand that he still has not been given a transfer date, so I hope that the Minister can look into that urgently. However, given that we still have 280 empty local council places, 90 of which were supposed to be filled by people from Greece, and given that there are around 3,000 lone child refugees in Greece, does he agree that it is not good enough for only four eligible children to have been identified in Greece? Does he agree that we cannot carry on with just a blame game between Britain and Greece and that urgent action must be taken to change the scheme so that more children can come?

Brandon Lewis: I am sure that the right hon. Lady will appreciate from previous answers that she has received that it is not just a matter of having empty spaces, but it is good news that children are now coming through from both France and Greece. As I have pointed out before, these other countries are sovereign states, and it is absolutely right that we do things in a way that works for them. I have been to Greece and to Italy to talk to people about what more we can do to make the process work fluidly. Ultimately, however, these are sovereign states that are working with the children, and we have to do what is right and what is in the children's best interests.

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): The 15-year-old Syrian boy referred to by the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) waited 14 months before the news of his transfer came through. What could be done to speed up transfers under the Dubs scheme?

Brandon Lewis: We are always working with our partners in other countries, including Greece, on how we can make the system move as fluidly as possible. I am as keen as the hon. Gentleman to see people coming through that system as quickly as possible, but ultimately

we have to do what is in the best interest of those children and we have to respect the law of sovereign states such as Greece.

Indefinite Leave to Remain

4. **John Spellar** (Warley) (Lab): How many applications for indefinite leave to remain are under consideration for her Department. [901908]

The Minister for Immigration (Brandon Lewis): At the end of June 2017, at the time of our last published data, some 31,368 applications for indefinite leave to remain were under consideration by the Department.

John Spellar: One wonders how long many of those cases are waiting. So often, we are told the cases are complex and, after maybe a year or two, the Department still cannot make a decision. Furthermore, even when people have won their appeal, they find it takes six or nine months to get a reply, and then their documents very often get lost, or they get their passport back without having their visa stamped. I recognise the Minister inherited this mess, but his reply seemed complacent on actually sorting it out.

Brandon Lewis: I am slightly surprised by the right hon. Gentleman's closing comments because I had not actually answered that question yet. I thank him for his question, which gives me a chance to highlight the excellent work done every day by the team at UK Visas and Immigration. I can confirm that UKVI processes 99.5% of all cases within the service level agreement of six months. The just under 0.5% of cases that take longer are those very complex cases, and we liaise with people on that. I simply do not recognise the picture he just painted.

Sir Edward Leigh (Gainsborough) (Con): I encourage the Minister to redouble his efforts. Everybody knows the Government's difficulties with immigration from the European Union, but what we cannot understand is why, after seven years of a Conservative Government, we have still not got to grips with immigration from the rest of the world. We need more police officers, more border officers and quicker decisions, and these people who have no right to stay here must leave, otherwise it undermines the whole system.

Brandon Lewis: UKVI decides 99.5% of cases within the timetable set out in its service level agreement. All of us in this House should be very clear that, if people are here illegally, we want them to return to their homes. Under the compliance environment, the ability to work and to employ people should be restricted. We are very clear that people who are here illegally will be removed.

Leaving the EU: Immigration Rules

5. **Mr Alister Jack** (Dumfries and Galloway) (Con): What discussions she has had with Cabinet colleagues on the economic effect of changes to immigration rules after the UK leaves the EU. [901909]

The Secretary of State for the Home Department (Amber Rudd): As we leave the European Union, we will be able to control our immigration more effectively. We will make sure we do that in a way that supports our economy; after 40 years of free movement of labour, we will need to do that. We will address the situation with

the evidence we get from the Migration Advisory Committee, which will be reporting towards the middle end of next year.

Mr Jack: I refer the House to my entry in the Register of Members' Financial Interests. Will the Home Secretary confirm to dairy farmers and other businesses in Dumfries and Galloway that they will still be able to hire migrant labourers on long-term contracts after Brexit?

Amber Rudd: I am aware of the issue with dairy farmers, as well as the other needs of industry for migrant workers. Rest assured that, when we decide on the right immigration policy after we leave the European Union, we will make sure it continues to support our economy.

Kate Green (Stretford and Urmston) (Lab): The all-party parliamentary group on migration, which I chair, recently conducted research asking a whole range of businesses about their labour needs and the effect of Brexit. Those businesses uniformly told us that it is not just a case of access to highly skilled labour but many jobs that are characterised as low skilled would also be difficult to fill if they could not access the EU labour market. Will the Home Secretary consider that report? What assurances can she give businesses across a whole range of sectors, from food processing to construction to care?

Amber Rudd: I share the hon. Lady's view. We talk enthusiastically and positively about wanting to be a country that attracts the brightest and best to support our economy, but we recognise that there will also be a need for migrant labour in different areas—potentially in construction and potentially in dairy farming, as my hon. Friend the Member for Dumfries and Galloway (Mr Jack) said. Dairy farming is exactly the sort of area on which I hope the Migration Advisory Committee will be able to report next year.

Rebecca Pow (Taunton Deane) (Con): I wonder whether the Secretary of State could also take seasonal workers into account. In my constituency we will have people turkey plucking, with Christmas coming up. A lot of these people are migrant workers—people who work on farms, fruit farms, and in the tourism and catering industries—but many are only temporary, so will she indicate whether this might be looked on favourably in the future?

Amber Rudd: My hon. Friend raises a good and important point about Christmas. I reassure her that we will be looking carefully at the need for migrant labour in that sector, too, but, above all, we will want to rely on the evidence, which is why the report from the Migration Advisory Committee is going to be so important.

Mr Speaker: The hon. Member for Taunton Deane (Rebecca Pow) rightly refers to fruit farms, and it therefore seems apposite for me to call Joanna Cherry.

Joanna Cherry (Edinburgh South West) (SNP): Thank you, Mr Speaker. May I add my good wishes to Her Majesty the Queen and the Duke of Edinburgh, on my behalf and that of my SNP colleagues, on the occasion of their 70th wedding anniversary?

Data analysis submitted to the MAC by the Scottish Government shows that in Scotland EU nationals who work in Scotland contribute an average of £34,400 each per annum to gross domestic product—that is more than £4.4 billion a year. Does the Home Secretary agree that that evidence shows that Brexit is putting a vital contribution to Scotland's economy at risk?

Amber Rudd: I point out to the hon. and learned Lady that we have not left the EU yet, so that labour will continue to be available until we do. I am delighted to hear that there has been an additional submission from Scotland, and I am sure the MAC will look carefully at the evidence provided.

Joanna Cherry: Scotland's demographic profile is very different from that of the rest of the UK, because over the next 10 years Scotland's population growth is projected to come entirely—100%—from migration, whereas the comparator figure for the UK is 58%. Will the Home Secretary look carefully at supporting the devolution of immigration to Scotland, in response to this strong evidence of divergence and to address concerns such as those raised by the hon. Member for Dumfries and Galloway (Mr Jack)?

Amber Rudd: The hon. and learned Lady will be aware that immigration remains a reserved matter. We will, nevertheless, be considering the needs of the UK as a whole. I recognise that Scotland has some particular circumstances and need for skilled labour. There is a Scotland-specific shortage occupation list, which will cover some of the areas she has drawn attention to, but I am sure that she, like me, will look forward with eager anticipation to the MAC's report next year.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): We on this side of the House would also like to congratulate Her Royal Highness on her 70th wedding anniversary.

Does the Secretary of State share the concerns of the National Farmers Union, which reports a fourfold increase in the number of vacancies because of the falling number of EU workers, of the Society of Motor Manufacturers and Traders, which says that the growth of the car industry depends on access to skilled labour in Europe, and of the Nursing & Midwifery Council, which reports a 96% drop in nurse registrations from the EU? Does she not recognise that industry wants answers on these issues sooner rather than later?

Amber Rudd: What I recognise is the incredible value that EU workers and professionals provide in the UK—we are fortunate to have so many of them working here. We will make sure that the immigration policy we design as we leave the EU continues to get the best out of that, but also adds some controls; we must acknowledge the fact that, having voted to leave the EU, the public expect us to put some controls on it. We will do that, but in a way that continues to welcome EU workers, who provide such important work in areas such as hospitals and schools.

Fire and Rescue Service: Remuneration

6. **Mr Tanmanjeet Singh Dhesi** (Slough) (Lab): What discussions she has had with the Chancellor of the Exchequer on additional funding to increase the remuneration of people employed by fire and rescue services. [901910]

The Minister for Policing and the Fire Service (Mr Nick Hurd): It is the responsibility of the National Joint Council to consider what pay award is appropriate for firefighters in England; central Government have no role in this process. The 2017-18 firefighter pay negotiations are still under way.

Mr Dhesi: I thank the Minister for that answer, but National Audit Office figures show that 30% of central Government funding has been cut from the fire and rescue service since 2011, with a further 20% cut by 2020. Basic pay for firefighters is nearly £3,000 less in real terms than it was in 2010. Is it not time that the Government stopped hiding behind cash-strapped authorities and stumped up the cash that these vital public servants deserve?

Mr Hurd: With respect, there is a reason why we have fewer firefighters in this country: at the last count, we had had 48% fewer fires over the past 10 years. The hon. Gentleman talks about a cash-strapped service, but he will be aware that single fire authorities such as the one in his area have had multi-year settlements and are part of a system that is sitting on £616 million of reserves—and that figure has grown by 153% since 2010.

James Duddridge (Rochford and Southend East) (Con): When he looks at the budgets for fire workers and police, I urge the Minister to consider the example of Essex, where the police and crime commissioner is now responsible for both those entities and is able to drive forward efficiencies and savings, which will be better spent if that policy is rolled out elsewhere.

Mr Hurd: I thank my hon. Friend for again giving me the chance to congratulate the Essex leadership, and particularly Roger Hirst, on seizing the opportunity that this Government provided to bring together the governance of fire and police. We did that not only in the name of better accountability and transparency, but to provide the opportunity to continue to pursue savings and efficiencies on behalf of the taxpayer.

18. [901922] **Emma Hardy** (Kingston upon Hull West and Hessle) (Lab): I met the Humberside fire chief just a couple of weeks ago. He knows that all his firefighters deserve a pay rise, but he was really worried that he would not have the money in his budget to pay for that. The Minister talks about the reserves that fire authorities have, but the fire chief also mentioned the fact that the Humberside fire service, like the services further down the coast, no longer deals with fires at sea because it does not have the money to pay for that. I would like a commitment from the Minister that the Government will fund the money for the fire service and look into the problem of fires at sea not being covered.

Mr Hurd: I completely share the hon. Lady's desire to see firefighters get a fair pay settlement. I defer to no one in my admiration for them, not least because I have met a number of the firefighters who did such heroic work at Grenfell Tower. The fact is that the Government will always listen to the evidence. With respect to making a case for fresh Government funding, the challenge for the fire service is to provide the evidence that it cannot manage the demand in the system now and explain its

plan for reserves because, as I have stated, reserves in the fire system have grown every year since 2010. That is not the action of a system that is strapped for cash.

Chris Williamson (Derby North) (Lab): May I correct the Minister, because Home Office figures show that fire deaths are actually up 17% in the past 12 months? He will also be aware that funding for local authorities has been slashed. Firefighters risk their lives every day to keep us safe and they have seen a real-terms cut in their pay every year for the past seven years. They cannot spend warm words from the Minister. The National Fire Chiefs Council, the employers representatives on the National Joint Council and the Fire Brigades Union all agree that to increase firefighters' wages additional central Government funds must be provided, so when will the Minister stop passing the buck and start taking responsibility for this own actions?

Mr Hurd: In response to that artificial rant, let me state the facts again: over the past 10 years, the total number of fires attended by fire and rescue services has more than halved. I am not offering warm words: the taxpayer is investing £2.3 billion of public money in the fire service. If there is evidence that that is not enough, we will always listen to it, but the first question we will ask is, "What are you doing with your reserves?"

Immigration Detention Centres

7. **Sir Edward Davey** (Kingston and Surbiton) (LD): Whether her Department has commissioned research into alternatives to the use of immigration detention centres. [901911]

17. **Dan Carden** (Liverpool, Walton) (Lab): Whether her Department plans to review the effectiveness of its policy on indefinite detention. [901921]

The Minister for Immigration (Brandon Lewis): The alternative to detention is to encourage compliance, thereby leading to fewer illegal migrants in the first place and an increased use of voluntary returns. We will continue to work with partners to ensure we are always exploring the best practice and opportunities in this space.

Sir Edward Davey: Given that more than half of migrants leaving detention centres are released into the community and not removed, that monitoring illegal immigrants in the community costs more than 80% less than detention, and the sheer inhumanity of Britain's immigration detention regime, many believe that it is now time to look at alternatives that actually work better in other European countries. Will the Minister agree to a pre-Christmas meeting with me and Detention Action, which has recently published detailed research on alternatives to detention?

Brandon Lewis: I respectfully say to the right hon. Gentleman that I do not recognise what he outlined at all. In addition to the fact that we do not have indefinite detention in this country, our policy is that there is always a presumption of liberty and that individuals are detained for no longer than is necessary. In fact, to be clear, some 93% left detention within four months, but we are always looking at best practice.

Mr Speaker: I call Mr Christopher Chope—no, sorry, I will come to the hon. Gentleman. My anticipation got ahead of me.

Dan Carden: It is completely wrong to say that we do not have indefinite detention. If someone is locked up and not given a timeframe for when they will be released, that is indefinite detention. Will the Minister not take on recommendations from Her Majesty's inspectorate of prisons, the all-party parliamentary inquiry on detention, the United Nations High Commissioner for Refugees, Amnesty International and the Labour party for a statutory requirement of 28 days before release?

Brandon Lewis: Detention is an important part of our process and of enabling returns, but we must be clear: to be lawful in this country, detention never lasts longer than is reasonably necessary to achieve the purpose for which it was authorised, which is to return somebody. That is the policy that we run.

Mr Speaker: After the dress rehearsal, we can have the real performance. I call Mr Christopher Chope.

Mr Christopher Chope (Christchurch) (Con): Does the Minister agree that there are too many people in detention centres who should have already been deported? They should have been deported before the expiry of their prison sentences. Why is that not happening?

Brandon Lewis: As always, my hon. Friend makes an important point. There are people in this country who are in prison and whom we would obviously like to return as foreign national offenders. I am pleased to say that we have returned a record number of people—almost 6,500—this year, but there is always more to do, and we will be very focused on doing just that.

Henry Smith (Crawley) (Con): My right hon. Friend is absolutely correct in saying that detention plays an important part in our immigration system, but, of course, while people are in detention, they should be free from abuse. There were some recent allegations of abuse at Brook House immigration detention centre in my constituency. What discussions has the Home Office had with the operator, G4S?

Brandon Lewis: My hon. Friend makes a good point. Many of us—if not all of us—will have seen the unacceptable situation on the BBC "Panorama" programme. I met the operator of Brook House several times, including to look at the work that will be done to review what happened as well as to draw up an action plan. I will continue to keep my focus on that matter.

Afzal Khan (Manchester, Gorton) (Lab): Last week, the chief inspector of prisons reported that the survivors of torture, rape and trafficking are still being locked up in Yarl's Wood detention centre. That corroborates what was set out by Stephen Shaw and many others. Why is the Home Office failing to implement the policy for adults at risk in immigration detention and why are vulnerable people still being detained?

Brandon Lewis: I can only repeat that we will detain people if we are looking to remove them and if we have a reasonable prospect of removing them. It is an important part of our process.

Regional Organised Crime Units

8. **Lucy Frazer** (South East Cambridgeshire) (Con): What assessment she has made of the effectiveness of regional organised crime units. [901912]

The Minister for Security (Mr Ben Wallace): Regional organised crime units are a critical part of the national policing network, and an efficient and effective vehicle for tackling complex and serious organised crime. Since 2013, the Government have invested £140 million in ROCU.

Lucy Frazer: Hare coursing is a regional issue and a serious concern to those in my constituency. What steps are being taken to ensure that local police forces can take measures to stop such offences?

Mr Wallace: I recognise my hon. and learned Friend's concern about hare coursing. If there is any suspicion that a crime has been committed, the concern should be referred to the relevant police force. Regional organised crime units lead investigations into complex and serious organised crimes. Decisions on investigations adopted by these units that are based on threat, risk and harm are for the police.

Tony Lloyd (Rochdale) (Lab): Does the Minister accept, though, that as important as the concept of regional co-operation is, organised crime is core business in our large conurbations, including Greater Manchester, Merseyside, West Yorkshire and down here in London, and that nothing should be done at the regional level to stop local police forces driving down against the organisational criminals, who distort and destroy people's lives?

Mr Wallace: I totally agree with the hon. Gentleman's observations. Tackling organised crime regionally is only one part of the line. That line goes from the grassroots of policing using local police forces alongside local authorities all the way up to the National Crime Agency, which can use its international reach to ensure that it stops organised criminals becoming suppliers, or becoming bigger and trafficking people, money and drugs.

James Heapey (Wells) (Con): My hon. Friend the Member for Colchester (Will Quince) wrote an excellent article in *The Times* last week about county lines for moving drugs around the country, which is an insidious problem in all counties, including Somerset. Will the Minister reassure the House that the regional organised crime units have the connectivity with one another to tackle this inter-regional problem?

Mr Wallace: I am grateful to my hon. Friend for giving me the opportunity to point out what we are doing about county lines. County lines is a growing problem—recently particularly in Merseyside, the south-east and Somerset—whereby some of the worst type of criminals take advantage of mentally ill or vulnerable people, using their properties to supply drugs, hide weapons and so on. The National Crime Agency is taking a part lead, alongside the regional organised crime units, to ensure that we deal with the issue. It is also linking up with local mental health trusts and local authorities to deal with the situation of people who are vulnerable to being exploited.

Ruth George (High Peak) (Lab): The Minister says that crimes should be referred to the local police force, but my area of Derbyshire has seen 411 fewer police officers in the last eight years, and three police stations in my constituency have closed, in spite of rising crime including knife attacks on Halloween. How does the Minister feel that local police forces will cope with both regional organised crime and local crime?

Mr Wallace: This year, the Government and police and crime commissioners are investing a record sum in regional organised crime units across the country. That is why, in the year alone, there have been convictions totalling 2,375 years and confiscation orders of more than £25 million, half of which can go back into police forces to catch the next lot of bad guys. Regional organised crime units have seized 300 kg of cocaine and 39 kg of heroin, and have safeguarded 65 vulnerable children in a year alone.

Scottish Fishing Industry: Visas for Crew

9. **Mr Alistair Carmichael** (Orkney and Shetland) (LD): If she will meet representatives from the Scottish fishing industry to discuss visas for crew members from outside the EEA. [901913]

The Minister for Immigration (Brandon Lewis): I have already had meetings with some of my hon. Friends from Scotland, and I am meeting a number of Scottish MPs to discuss the issue this very week. I was due to meet representatives of the industry during my recent visit to Edinburgh, but they were sadly unable to attend on the day.

Mr Carmichael: I will take that as my invitation to the meeting. I suspect that the Minister has already heard about the problem, which is that the few visas available are transit visas, meaning that boats are pushing for the visas allowed—not where the fish are to be found. This leaves many crew members vulnerable and exposed to exploitation. Will the Minister speak to Border Force about its insistence that crew members should be classified as unskilled labour?

Brandon Lewis: It is a cross-party meeting, and I am happy to ensure that the right hon. Gentleman has the details about that meeting later this week. We are obviously looking at all these issues, particularly in the light of leaving the European Union and our future immigration policy, so I look forward to hearing the views of Scottish MPs.

Major Cyber-Crimes

10. **Damien Moore** (Southport) (Con): What progress she has made on bringing perpetrators of major cyber-crimes to justice. [901914]

The Minister for Security (Mr Ben Wallace): UK law enforcement successfully identified suspects in nine out of 10 of the most serious cyber-crimes from October last year to March this year, and have arrested suspects in seven out of 10 of them. We are demonstrating that cyber-criminals will face the full force of the law—no matter how untouchable they think they are—and will be brought to justice.

Damien Moore: Will my right hon. Friend give the House details about what advice is being given to individuals and businesses so that they can protect themselves online?

Mr Wallace: Following the national cyber-security strategy, the Government set up the National Cyber Security Centre, which issues a range of advice to businesses and individuals. To complement that, the National Cyber Security Centre also helps to support the national campaign, Cyber Aware, the Take Five campaign and Cyber Essentials.

David Hanson (Delyn) (Lab): In order to help victims of cyber-crime and bring perpetrators to justice, are we expected to be a member of Europol, post our European Union membership?

Mr Wallace: The right hon. Gentleman asks a valid question. Of course, our ambition is to continue in the same way, with access to and from member states. We have made a good offer, and we will see what the European Commission's offer in response is.

Nick Thomas-Symonds (Torfaen) (Lab): Last week, the chief executive officer of the National Cyber Security Centre said that, in its first year of operation, the centre had responded to over 600 significant incidents. Some of those threats come from hostile states and from areas of the world that are ungoverned. What practical steps are the Government going to take to build the international coalition that will be required to deal with this issue?

Mr Wallace: The hon. Gentleman raises some really valid questions and points, which we have to build on. That is why, alongside the national cyber-security strategy, we have been working with the National Crime Agency and its international network—we have NCA officers all the way round the world. Embedded in that is the National Cyber Crime Unit. GCHQ, as an intelligence agency, works with many of the member states of the European Union and the “Five Eyes” to tackle this issue. We have seen a number of very successful operations, most recently in December, when, in an operation led by Europol, we took down the Avalanche cloud hosting service that was sending over 1 million fraudulent emails a week.

Net Migration Target: International Students

11. **Mr Virendra Sharma (Ealing, Southall) (Lab):** Whether she plans to exclude international students from the Government's net migration target. [901915]

23. **Jo Stevens (Cardiff Central) (Lab):** Whether she plans to exclude international students from the Government's net migration target. [901927]

25. **Mr Jim Cunningham (Coventry South) (Lab):** Whether she plans to exclude international students from the Government's net migration target. [901929]

The Minister for Immigration (Brandon Lewis): I can be very clear: there is absolutely no limit on the number of international students who can come to the UK, and nor is there any plan to impose one. What we have seen

this summer is that students are now compliant, and that means their effect on the net migration figures is marginal.

Mr Sharma: We are now coming to the end of a very successful two-year pilot allowing Chinese nationals a two-year, multiple-entry visa for the price of a six-month single-entry visa. It looks as though that will be made permanent in the new year. Will the Secretary of State commit to introducing the same scheme for Indian nationals, our best allies in trade post-Brexit?

Brandon Lewis: I was in India just a couple of weeks ago, and I had some conversations about the pilots we are running in China. The hon. Gentleman is a little premature, because the pilot with China is still running. It is based on a different situation from the situation with us and India, but we will look at that pilot, and I will feed back after it has ended and we have a chance to review it.

Jo Stevens: Recent polling by ComRes shows that much of the British public do not consider international students to be immigrants, and they want to see them work for a period here to contribute to the economy. Will the Minister commit to increasing the UK's post-study work opportunities so that we can continue to attract the brightest and the best students to the UK after Brexit?

Brandon Lewis: The hon. Lady makes a good point. These things are always kept under review, but students leaving university as graduates will, with a graduate job, normally be able to qualify under the tier 2 visa system anyway, and I would encourage them to do that.

Mr Cunningham: But should the Minister not take the student figures out of the immigration figures, because students do not come here as asylum seekers? They actually come here and contribute to local economies, so there is a contradiction in the Government's position.

Brandon Lewis: An awful lot of migrants who come here do not come as asylum seekers, and that is quite a wide issue. With regard to students, the net migration figures are assessed and published by the Office for National Statistics, which is entirely independent of Government, and those figures are based on the UN definition of a migrant, which is somebody who is in the country for 12 months or more.

15. [901919] **Stephen Kerr (Stirling) (Con):** Stirling University has a deserved global reputation for welcoming international students. When will Scotland's universities have the advantages of post-study work visas?

Brandon Lewis: As I said a few moments ago, students who leave university with a graduate-type job would be able to apply under the tier 2 visa system anyway. We are running a pilot at the moment, and I will be looking at the outcome very soon.

Michael Fabricant (Lichfield) (Con): Does the Minister realise how pleased the directors of Jaguar Land Rover will be with the answer he has just given? They sponsor students at Birmingham University and other universities in Birmingham, so they will be very relieved to know that those students can get graduate visas.

Brandon Lewis: My hon. Friend has just highlighted what many of us are very clear about, which is that students play a hugely important part in our national economy. They are huge contributors and have a great contribution to make when they leave university, when that is done in the appropriate format. We would encourage more people to come and study in this country at the excellent institutions we have right across the country.

Mr Speaker: I call Christine Jardine.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab) *rose*—

Mr Speaker: The shadow Home Secretary was seeking to come in. I do beg the right hon. Lady's pardon—we must hear from her. We will hold the hon. Member for Edinburgh West (Christine Jardine) in suspense, but not for long.

Ms Abbott: The Minister will be aware that the *Financial Times* reported on 8 November that an ally of the Home Secretary is in favour of removing international students from the Government's migration targets. Some people suspect that the unnamed ally may, in fact, be the Home Secretary herself. Whether or not that is the case, the Minister has conceded that international students make an enormous contribution not just to academia but to the economies of our university towns. Will the Government listen to voices on both sides of the House and remove international students from the migration target?

Brandon Lewis: Obviously, we are all allies, so it is quite easy for me to answer the right hon. Lady's question. I direct her to have a look at the answer I gave a few moments ago. The key thing with students is that, thanks to the work that this Government have done since 2010 in shutting down about 920 bogus colleges, students are now complying, so the effect on migration is marginal, at best.

Dubs Scheme

12. **Christine Jardine** (Edinburgh West) (LD): What progress she has made on implementing the Dubs scheme. [901916]

The Minister for Immigration (Brandon Lewis): We are fully committed to transferring 480 unaccompanied children under section 67 of the Immigration Act 2016. We are working closely with member states, the UN High Commissioner for Refugees, the International Organisation for Migration and non-governmental organisation partners to identify and transfer children to the UK in line with each individual member state's national laws.

Christine Jardine: I have an ongoing and heartbreaking case of a constituent—a British citizen whose one-year-old daughter is trapped in an Iraqi war zone. Attempts to get her a passport have stalled at the Home Office. After persistent attempts to meet the Minister, I was assured that my constituent would now be able to make a fresh application and the fee would be waived, but the Home Office has kept the papers and told him that he must get

new ones from Baghdad. Given that this is a British citizen's child, will the Minister meet me to see if we can resolve the situation?

Brandon Lewis: I am very happy to meet the hon. Lady. I am aware of this case, which we have reviewed. It is a complex case—there is more to it than she has outlined—but I am very happy to meet her and have a conversation after this session.

Tom Pursglove (Corby) (Con): I am very grateful to my right hon. Friend for agreeing to meet the leader of Northamptonshire County Council to discuss the financial support that the Government provide to the local authority to accommodate these refugee children. Will he undertake to keep the level and appropriateness of that funding under constant review?

Brandon Lewis: My hon. Friend makes a good point. We always keep these things under review. For example, there is the national transfer scheme, which was changed in 2016. I have met local authorities only in the past few weeks. I look forward to having further conversations with councillors such as his who do such excellent work to help people.

Knife Crime

13. **Stephen Hammond** (Wimbledon) (Con): What recent steps she has taken to reduce the level of knife crime. [901917]

Mr Speaker: I call the Minister.

Hon. Members: Hear, hear!

The Parliamentary Under-Secretary of State for the Home Department (Victoria Atkins): Thank you, Mr Speaker—no pressure.

We are taking a range of actions to tackle knife crime. I am particularly concerned that children and young people should not carry knives. Early intervention and prevention are key. That is why we have launched the new anti-knife community fund worth half a million pounds for voluntary groups that work with children and young people to support early intervention and prevention projects. The successful bids will be announced very shortly.

Stephen Hammond: On behalf of my right hon. and hon. Friends, I congratulate the Minister on her appointment. I thank her for her answer; she responded to the pressure well. Does she agree that it is a concern that, under the current Mayor, knife crime in London has risen in the past year? Does she also agree that the decision to close Wimbledon police station is clearly wrong-headed in that regard?

Victoria Atkins: I thank my hon. Friend for his kind comments.

Every death from knife crime is a tragedy for the families, friends and communities affected by it. That is precisely why addressing knife crime is a Government priority. This includes work such as supporting intervention with young people when they enter hospital accident and emergency units, to try to reach them at a vulnerable

time, and supporting the police in their Operation Sceptre work, which this July saw 32 forces involved in a week of action that resulted in nearly 3,000 knives being seized or recovered.

On my hon. Friend's local police station, since 2015 we have protected overall police spending in real terms, and crimes traditionally measured by the crime survey of England and Wales have fallen by over a third since 2010. But of course any decisions on police stations are a matter for police and crime commissioners, and, in London, a matter for the Mayor of London.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): In a kindly spirit, I welcome the Minister, but I ask her, please, to look at the facts. We cannot confront knife crime without police on the streets and without the police who used to have the time to go into schools and talk to students. That budget is being cut. Will she look again at the capacity of the police to be on the streets and in schools?

Victoria Atkins: That is a matter on which I hope we can work across the House, because knife crime, sadly, affects most of our constituencies. In terms of actions that the Government are taking, at a national level we are supporting the police with Operation Sceptre, which has had a great deal of success. There is also an emphasis on local police forces doing their bit—knowing the terrain and the local population, as they do, and using intelligence-led targeting to make sure that we get the people who are carrying the knives.

Mr Speaker: We are running late, but the voice of Amber Valley must be heard.

Police Funding Formula

14. **Nigel Mills** (Amber Valley) (Con): Whether she plans to introduce a new police funding formula in the next 12 months. [901918]

The Minister for Policing and the Fire Service (Mr Nick Hurd): We have not yet made a decision about what was called the fair funding review, but I assure my hon. Friend that a new formula will not be introduced without a full public consultation. In the meantime, we are completing our review of demand and resilience in the police system ahead of the 2018-19 funding settlement.

Nigel Mills: The Minister will know that Derbyshire has been particularly badly affected by the current formula, so we would greatly appreciate some progress on the new formula. In the meantime, can he assure my local police force that there will be at least an inflationary rise in its funding for next year?

Mr Hurd: I assure my hon. Friend that I have spoken directly to the police and crime commissioner and the chief constable in Derbyshire to get an update on the performance of the service and the demand on it. That will feed into the review that I have signalled, which will, in turn, feed into the decisions about the 2018-19 funding settlement, for which he will not have to wait too long.

Louise Haigh (Sheffield, Heeley) (Lab): The Minister says that he wants evidence for police funding. How about the document that every chief constable and PCC

in the country signed up to this month, which warned that without extra investment on Wednesday, up to 6,000 more police officers could be lost by 2020 and that usable resources are, in fact, a fraction of the figure that he keeps citing? If he thinks that the UK's most senior police leaders are wrong, will he commit today to making no further cuts to police officer numbers during this Parliament?

Mr Hurd: I can confirm that decisions about police funding have not been finalised, but that that will be done shortly. An announcement will be made to the House as part of the draft grant settlement for 2018-19 in the usual way. On the report that the hon. Lady cites, I hope she understands that we have worked with that report closely, because the Home Office and the police system wanted to do a proper job of updating our understanding of the pressures that the police are under, which are real.

Topical Questions

T1. [901895] **Ms Karen Lee** (Lincoln) (Lab): If she will make a statement on her departmental responsibilities.

The Secretary of State for the Home Department (Amber Rudd): I recently returned from America, and I would like to update the House on progress made there. Along with the US Justice Department, I met representatives from Facebook, Microsoft, Google and Twitter to discuss our collective efforts to fight child sexual exploitation online. I was very encouraged by the development of Project Arachnid, which is groundbreaking software developed by the Canadian Centre for Child Protection, backed by significant investment from this Government as well as start-up funding from Google. The technology proactively detects child sexual abuse material online and issues notices to content hosts, so that they can remove it. It has so far crawled 1 billion web pages to identify illegal material, and approximately 300,000 new images of child sexual abuse have been vetted. Appalling images of children being abused and extremist content have absolutely no place on our internet or in our society, and we will work internationally to combat them.

Ms Lee: From December, the Policing and Crime Act 2017 will stop police cells being used as places of safety for people detained under section 136 of the Mental Health Act 1983. In Lincolnshire, with around 750,000 residents, there will be only four hospital-based places of safety, and two of those will be in Lincoln's Peter Hodgkinson Centre. Last year, 89 people were detained in police cells because there were no other options. Will the Minister give an assurance that moneys will be made available to provide adequate resources for this change?

The Minister for Policing and the Fire Service (Mr Nick Hurd): The hon. Lady raises an important issue. I assure her that the Government have made £30 million of funding available to local areas to improve places of safety provision. Around half of that has been allocated and a second round of funding opened on 18 October, to which applications are invited. The legislation also provides that any suitable place may be used as a place of safety to help to supplement local provision.

T5. [901900] **Lucy Frazer** (South East Cambridgeshire) (Con): I welcome the reduction in traditional crime, but we still face challenges with online crime. On Friday, I attended a workshop run by Barclays in Ely to educate my constituents about how to keep safe online. How is the Home Office working with the police and other stakeholders to tackle online crime?

The Minister for Security (Mr Ben Wallace): Like my hon. and learned Friend, I recently met a number of banks to discuss how they can help to keep people safe online. Barclays has done an extremely good job with its latest campaign, as has NatWest; I went to its launch today. The Government work closely with them in the joint fraud taskforce to make sure that we come up with joint responses and help each other fund tackling such problems.

T2. [901897] **Julie Elliott** (Sunderland Central) (Lab): Will the Minister ensure that any scheduled repayments from Tyne and Wear Fire and Rescue Service do not have a negative impact on the residents of Sunderland and the wider Tyne and Wear area because of the constraint of the cap on the precept?

Mr Hurd: I am aware of this issue, and I am more than happy to have a meeting with the hon. Lady to give her the assurances she seeks.

T7. [901902] **Tom Pursglove** (Corby) (Con): As we leave the European Union, will my right hon. Friend confirm that the UK will continue to be at the very forefront of international intelligence and security co-operation, working with our international partners?

The Minister for Immigration (Brandon Lewis): The short answer is yes. We are very determined to do that. We have made a very ambitious and full offer on law enforcement and national security to our partners in the European Union, and I hope we will be able to move forward in a really positive way to ensure the security and safety of people in both the United Kingdom and Europe, as well as other partners more widely.

T3. [901898] **Sarah Jones** (Croydon Central) (Lab): I welcome the new Minister, the Under-Secretary of State for the Home Department, the hon. Member for Louth and Horncastle (Victoria Atkins), to her role, which covers knife crime and serious youth violence. I warmly invite her to come to the all-party group on knife crime, which I chair.

Cressida Dick, the Metropolitan Police Commissioner, told the Home Affairs Committee that she has to find £400 million of savings over the next two years, despite the Mayor of London using the maximum precept that he is allowed. This means 10% fewer police officers in London, less prevention, less early intervention and less serious crime investigation at a time when violent crime and knife crime are rising. Will the Minister pass this on to the Treasury and ask for more police funds in the Budget?

Mr Speaker: Order. Some of these inquiries are very good, but there is an emerging tendency for colleagues to have a script prepared that—forgive me—is rather too long for topical questions. It may be exceptionally good and delivered with brilliance in every case, but it is

too long and takes too much time. For future reference, please may I ask colleagues to curb this tendency, because you are crowding out other colleagues who may also wish to take part?

Mr Hurd: As a London MP, I assure the hon. Lady that I am very interested in the Met police having the resources they need. To my eyes, they do in the sense that the level of resources and number of police officers per head are—for good reason—far and away above those anywhere else in the country. I do not recognise her figure of £400 million, because no decisions have been made yet about the funding settlement for 2018-19. As I have already said, that announcement will be made shortly.

Mr William Wragg (Hazel Grove) (Con): The return to the United Kingdom of those who have fought for Daesh is a matter of grave concern. Is my right hon. Friend confident that the Home Office has the necessary powers to deal with them and to neutralise any danger they may pose?

Mr Wallace: My hon. Friend makes a valid point about the threat that these people pose. That is why the Government will where possible—where we have the evidence—prosecute, as we have prosecuted them in the past, people who go to fight, no matter whom they fight with, if they commit an offence overseas. We also use things such as temporary exclusion orders, deprivations of citizenship and terrorism prevention and investigation measures as ways to make sure we mitigate the threat.

Mr Speaker: I call Mohammad—[*Interruption.*] It is very good of the hon. Member for Enfield, Southgate (Bambos Charalambous) to drop in on us. We are deeply obliged to him. I call Mohammad Yasin.

T4. [901899] **Mohammad Yasin** (Bedford) (Lab): Research from Women for Refugee Women shows that women who have survived rape, female genital mutilation and other forms of gendered violence are still routinely detained in defiance of the guidance on the management of adults at risk. Will the Minister urgently assess why the guidance is failing these vulnerable women?

Amber Rudd: I thank the hon. Gentleman for drawing attention to this important matter. I am aware of the research, and I think it is absolutely essential that the guidance is properly adhered to. I will be looking into it and having conversations with Justice to ensure that that is the case.

Helen Whately (Faversham and Mid Kent) (Con): Women who have suffered a sexual assault are at great risk of mental illness. Will my hon. Friend advise us what steps the Government are taking to support women and their mental health following a sexual assault?

The Parliamentary Under-Secretary of State for the Home Department (Victoria Atkins): My hon. Friend has led a strong campaign for ensuring that more notice is taken of mental health. Rape and sexual violence are devastating crimes, and the Government are committed to ensuring that every victim has access to the specialist support they need, including mental health services. The Government are protecting funding of over £6.4 million

for 85 female rape support centres across England and Wales, which provide independent specialist support to female victims. In 2017-18, the Government will also provide £27 million for 47 sexual assault referral centres in England.

T6. [901901] **David Linden** (Glasgow East) (SNP): My Gallowgate constituent Umma Adado is required to take an English language test, and to do that she needs to provide her passport, which is being held by the Home Office. We have requested that this be released at least three times now, but it has not happened. Will the Minister agree to intervene personally in the case, to release the passport and to release my constituent from limbo?

Brandon Lewis: I am happy to look into that case and come back to the hon. Gentleman.

Philip Davies (Shipley) (Con): There has been a spate of crimes in Wilsden, a normally quiet village in my constituency, culminating in popular local vet Terry Croud being subjected to a hammer attack and having his car stolen on Friday last week. The police and crime commissioner says that the Home Office is getting more money from the Treasury for policing, but it is not passing it on to police forces. Will the Home Secretary commit to West Yorkshire police getting sufficient funding, so that they can catch those vile thugs and people in Wilsden can again sleep easily at night?

Mr Hurd: I will restate what the Home Secretary said earlier: public safety is a No. 1 priority for the Government. We are determined to make sure that the police have the resources they need, which is why we are reviewing funding. I have spoken to police colleagues personally, and as I said previously, decisions on the 2018-19 funding settlement will be put before the House shortly.

T8. [901903] **Sarah Champion** (Rotherham) (Lab): We have hundreds of new cases of child sexual exploitation in Rotherham, and literally thousands of adult survivors who have not received support or justice. Two weeks ago, the Home Office rejected our application for additional funding for victims and survivors. Will the new Minister please meet me, the council and the police, so that we can find a solution once and for all for the victims and survivors?

Victoria Atkins: The hon. Lady has done a great deal of work on this subject for her constituents. I will be pleased to meet her and relevant parties to discuss it further.

Kelly Tolhurst (Rochester and Strood) (Con): Rural parts of my constituency, such as the village of Allhallows, have suffered from an increase in antisocial behaviour, but in rural areas getting support from the police and PCSOs can be difficult, leaving troublemakers free to intimidate residents. Will the Minister work with our police force to see how we can boost support in places such as Allhallows?

Mr Hurd: I have spoken with or visited every single police force in England and Wales, including Kent, so I am well aware of the concerns felt by colleagues from rural areas about pressures on the police and the support

that rural communities get. That all feeds into the process of evidence-based decision making by the Government on the right funding settlement for 2018-19.

T9. [901904] **Mr Jim Cunningham** (Coventry South) (Lab): Will the Home Secretary take steps to ensure that police forces are better resourced to roll out domestic violence protection orders more widely?

Amber Rudd: I assure the hon. Gentleman that we will always make sure that police forces have the resources they need.

James Duddridge (Rochford and Southend East) (Con): Sadly, children as young as 14 are dealing drugs in Southend. What can we do to protect those vulnerable individuals, but also to punish those who coerce vulnerable children into such pursuits?

Amber Rudd: It is a combination of enforcement and early intervention—enforcement because that sort of illegal abuse of children is wholly unacceptable and we need make sure that we stop it, but we also need to make sure that children do not fall victim to words that might be said to them that might lead them to fall into the trap of using drugs.

Maria Eagle (Garston and Halewood) (Lab): A third of the 110 firearms incidents on Merseyside in the past year resulted in injury—indeed, there was yet another gun injury in my constituency last month. What will the Home Secretary do to make sure that Merseyside police can deal with that increasing threat?

Mr Wallace: I met a number of Merseyside MPs recently to discuss that threat, and I speak to the hon. Lady's chief constable on the subject every week. After the initial meeting, I looked at proposals being offered by the Home Office. I have asked that we go back and look again for more assistance for Merseyside and the wider region, because more needs to be done. That is why we are investing in the network of regional organised crime units, and I will continue to meet with police to make sure we get some results.

Alex Burghart (Brentwood and Ongar) (Con): I am sure the whole House will welcome the fact that more women who have been victims of domestic abuse are coming forward to report crimes. What is the Home Office doing to ensure that women are properly supported by the criminal justice system and that we get more successful prosecutions?

Victoria Atkins: I thank my hon. Friend for raising this important issue. Victims of domestic violence and abuse deserve the best treatment and justice. Despite record numbers of prosecutions and convictions, sadly there are still nearly 2 million victims of domestic abuse every year in England and Wales. That is precisely why the Prime Minister put at the centre of the Queen's Speech a new domestic abuse Bill. I look forward to it being a Bill around which we can all agree and coalesce, because it will tackle violence in the home, both helping victims and making sure the perpetrators of these vile crimes are brought to justice.

John Cryer (Leyton and Wanstead) (Lab): This morning, I met students from Leyton Sixth-Form College who talked persistently about the rising levels of knife crime and gang activity. Is that entirely unconnected with closing police stations—I do not have a single one open now in my constituency—and falling police numbers?

Amber Rudd: Closing police stations is a matter for local police and crime commissioners to decide. The issue of young people and knife crime is incredibly serious, and the age of perpetrators is reducing. We need to ensure early intervention is in place, so they understand the danger of knives and of carrying them. We have introduced legislation to ensure that if somebody is caught carrying a knife twice there will be a custodial sentence. It is a combination of prevention and enforcement.

Several hon. Members *rose*—

Mr Speaker: A Member cannot ask two questions in substantives or two questions in topicals. A Member can try to do one in each, but attempting to do a bit more than that is possibly biting off more than one can chew—or wanting more bites of the cherry.

Lisa Nandy (Wigan) (Lab): Last month in this House, the Home Secretary told me that some papers would be withheld from the Cyril Smith inquiry for reasons of national security. This week, the Prime Minister has written to me to say:

“We are clear that the work of the security services will not prevent information being shared with other such inquiries.”

Will the Home Secretary confirm, for the survivors of Cyril Smith who have waited for justice for decades, that she was wrong and that the Prime Minister is right?

Amber Rudd: I am happy to confirm that the Prime Minister is always right. I will certainly look carefully at the letter the hon. Lady has received to ensure that we comply with it.

Steve McCabe (Birmingham, Selly Oak) (Lab): Does the Home Office accept that there are some areas of police activity—tackling aggressive antisocial behaviour and domestic violence, and some aspects of counter-terrorism work—that are in danger of being severely undermined unless additional specific resources are made available, especially for efficient and hard-pressed forces such as West Midlands?

Amber Rudd: We accept that police forces are under pressure because of the high level of terrorist activity this year, which has been unprecedented, and because of the success of some of our campaigns to increase reporting, such as on child sexual exploitation and domestic abuse. We are looking at what we can do, which is why we have invited comments from all police forces and will be taking them into account.

Several hon. Members *rose*—

Mr Speaker: Any chance of a single sentence inquiry?

Alex Norris (Nottingham North) (Lab/Co-op): Eighteen months since the Modern Slavery Act 2015 came into force, the power to injunct offending companies is yet to be used. Will Ministers say when they will start to use it?

Amber Rudd: I am proud of the Government’s work on the Modern Slavery Act and the fact that we are a world leader in delivering on it. We will always ensure that we protect people who have been victims of modern slavery. If the hon. Gentleman wants to write to me about his particular concern, I would be happy to address it.

Mr Speaker: The hon. Gentleman has set a very good example, below which others would not want to fall.

Alison Thewliss (Glasgow Central) (SNP): I understand the Home Secretary met a constituent of mine at a Trafficking Awareness Raising Alliance event on 26 July. She assured her that she would monitor her case and not go away and forget about the conversation. Will the Home Secretary have a fresh look at the case, because my constituent has been waiting for three years for a decision on her asylum claim and wants to get on with her life?

Amber Rudd: Every case matters. I understand that every case is an individual looking for help. If the hon. Lady wants to meet me afterwards and give me the details of the individual’s case, I will certainly look at it.

Sir Edward Davey (Kingston and Surbiton) (LD) *rose*—

Mr Speaker: Surely a Kingston and Surbiton knight of the realm must be capable of brevity. I call Sir Edward Davey.

Sir Edward Davey: I will try, Mr Speaker.

Has the Home Secretary read last month’s statistical bulletin on crime figures in England and Wales, which looks at the problem of the difference between recorded crime and the outcomes of the crime survey? If not, will she read it and send me her comments?

Amber Rudd: I think I have been given an essay question here. I have read the bulletin and am aware of the issues it raises—the fact that recorded crime is on the rise; that this does not necessarily mean that actual crime is; and that there are disparities within the figures depending on the types of crime. I think that that partly answers the right hon. Gentleman’s question, but perhaps we could discuss it at a later date.

Mr Speaker: I am grateful to colleagues for their co-operation and good humour.

Student Loans Company

3.40 pm

Gordon Marsden (Blackpool South) (Lab) (*Urgent Question*): To ask the Secretary of State for Education if she will make a statement on the management and operation of the Student Loans Company.

The Minister for Universities, Science, Research and Innovation (Joseph Johnson): The Student Loans Company's performance has improved year on year for the past six years. SLC services account for about 1.8 million applications per year. It responds to about 4.5 million phone calls from borrowers and has more than 6 million repaying or due-to-repay customers, with loans totalling over £100 billion. In addition, it has delivered a range of new products for the Government on time and successfully, including postgraduate loans and simplified advanced learner loans.

This year, the SLC has processed more than 1.4 million applications for student funding, and so far this academic year it has paid out approximately £2.5 billion in maintenance funding and £2 billion in tuition fee payments to providers. Customer satisfaction remains high, at about 85%, and, for borrowers in repayment, at about 72%. It receives complaints from just 0.1% of its 4.7 million customers. The SLC is, of course, constantly looking to learn lessons from this low level of complaints and to use these complaints to improve the quality of its services.

The Department for Education is also working closely with the SLC on a range of initiatives that will further improve the user experience for the SLC's borrowers and in respect of staff engagement. Proposals currently being developed include greater digitisation of the student loan application and repayment processes and investment in more efficient SLC systems.

Following two independent investigations into allegations about aspects of his management and leadership, the SLC has terminated Steve Lamey's contract as chief executive officer of the SLC. The SLC and its shareholders expect the highest standards of management and leadership and, having taken into account the findings of the investigations, have concluded that these were not being upheld by Mr Lamey during his time in his role. The SLC board acted swiftly and has appointed the current chief executive of the Education and Skills Funding Agency and of the Institute for Apprenticeships, Peter Lauener, as interim CEO, with effect from 27 November. He will remain in post at SLC until a permanent appointment is made.

Mr Lauener was formerly chief executive of the Institute for Apprenticeships and the Education and Skills Funding Agency. He has had a long and successful career in a number of senior leadership positions in the Department and its partner organisations, and I have every confidence that he will provide the drive and stability the SLC requires at this time, as we recruit a permanent chief executive.

Gordon Marsden: This announcement was snuck out over the November recess on the same day as the Secretary of State for International Development resigned. Since last Monday, two articles in *The Times* have raised severe questions about the process. Why, in the Minister's letter to me on 17 October, sent six weeks

after I wrote to him about the SLC, did he refer to the suspension of the chief executive as a neutral act that did not imply wrongdoing, when he was actually made fully aware of the allegations against Steve Lamey in June, as his written reply has told me?

Will the Minister publish the findings of the performance review of the SLC, issued two months before the suspension, in which, as *The Times* says, Steve Lamey was rated "outstanding"? Was the Minister aware at the time that Mr Jenkins's report on Mr Lamey had concluded that he was

"making a real and positive difference"

to the Student Loans Company, and was a popular and effective leader who staff found supportive, before the decision was made to sack him? Will he also publish the findings of the internal investigation, in which 52 of 58 allegations against Mr Lamey were dismissed, so that all Members can understand the issues at the SLC?

Who appointed the chair and the other three board members of the SLC, and what were the criteria and processes for those appointments? Can the Minister confirm that Simon Devonshire, the board member who heard and dismissed Mr Lamey's appeal, and David Gravells are also members of the same venture capital trust?

The lack of proper co-operation between the SLC and HMRC has led to significant overpayment of debts. Can the Minister tell us how many overpayments amounting to more than £10,000 have been made since 2015-16? I have just been told that the Government have tacitly admitted their failure in this regard by saying that from 2019 onwards, HMRC and the SLC will co-operate on these matters. However, that does not address the fact that Mr Lamey and the HMRC's permanent secretary have blamed each other for the issue. Mr Lamey has claimed that he asked for real-time updates that HMRC would not share. Who is telling the truth?

The BBC's "Panorama" has raised questions about private providers of courses in which students have fraudulently enrolled in order to claim loans. How much has been paid to students of private higher education providers who were subsequently determined to be ineligible in the last five full financial years, and what mechanisms are there to enable the misused taxpayer money to be reclaimed? In the light of all that, will the Government now suspend the sale of a further chunk of the student loan book?

The Minister recently admitted that changes in interest rate thresholds on student debt would cost £175 million by 2020. Can he tell us where the money will come from? Given that tens of thousands of graduates are footing the bill for SLC failures, what confidence can Parliament have in the competence of this Minister, who is the key shareholder in the Student Loans Company?

Joseph Johnson: I would encourage the hon. Gentleman not to denigrate the hard work of the dedicated public servants at the Student Loans Company, who are undertaking a vital task in securing the finance that young people and learners in this country need to pursue higher education and who, as I have said, are doing so in a successful way: fewer than 0.1% of the SLC's 4.7 million customers complain each year. They are delivering an important service, and the hon. Gentleman should support them rather than running them down.

[Joseph Johnson]

The hon. Gentleman asked about a number of matters. He asked about the investigations that led to the dismissal of Mr Lamey from his position as chief executive of the SLC. The concerns were brought to the board's attention in May, and to the attention of the Department for Education.

Gordon Marsden: When did you learn about it?

Joseph Johnson: We learnt about it in May.

Gordon Marsden: But when did you learn about it?

Joseph Johnson: I learnt about it in May, as I have just said. The two investigations were immediately set in motion to get to the bottom of the allegations received by the SLC board. One was led by the Government Internal Audit Agency, and the other by Sir Paul Jenkins, former Treasury Solicitor and head of the Government's legal services. They concluded that Mr Lamey had not shown the leadership which would be expected of someone in that role, and accordingly the board decided that he should no longer continue in the role. As a consequence of the SLC's decision, the Department decided to relieve him of his responsibilities as accounting officer of the SLC.

The hon. Gentleman asked about ineligible payments, some of which were highlighted by the "Panorama" programme that was broadcast a few days ago. I am sure he will be interested to know that the level of ineligible payments made to alternative providers has been falling sharply in recent years. In fact, it has fallen by over 80% since 2012-13, from about 4% of all payments to 0.5% of all payments in 2015-16. This rate is low; of course we want to eliminate fraud wherever we can identify it, but this is a low rate of ineligible payments to these providers. Indeed, the rate is now no higher than the average across the HEFCE-funded higher education system. So if I were the hon. Gentleman, I would not use this as a means of running down the newer entrants to our higher education system—which he often does from the Dispatch Box—because it cannot be used to support that sort of attack. This reduction in the level of ineligible payments is the direct consequence of the controls that previously the Department for Business, Innovation and Skills and now the Department for Education have been putting in place to ensure that public money is not abused.

We take the issue of overpayments extremely seriously, and the hon. Gentleman mentioned some of the steps we are taking. We want close and effective co-operation between HMRC and the SLC so we avoid the risk, to the extent that we possibly can, of students overpaying when they repay. I understand that the Chancellor will be considering this issue further in the Budget later this week, so the hon. Gentleman might want to wait to see the contents of the Budget for further details. We are committed to improving the interface between HMRC and the SLC. We ensure that all borrowers, as they enter the last two years of their repayments, are given the opportunity to move directly to a direct debit system of repayment, so that they eliminate almost all the risk of overpayment.

Robert Halfon (Harlow) (Con): I welcome the Minister's efforts to reform the SLC, and he will know that our Select Committee on Education is doing a value-for-money inquiry into universities. As well as looking at the management of the SLC, will the Minister use this opportunity to look at reducing the rate of interest for students, which is much higher than in many other countries in the developed world?

Joseph Johnson: We keep all aspects of our student finance system under review, to ensure that it is fair and effective as a system, and that it is meeting our core objectives of removing financial barriers to access, funding our university system fairly, and sharing the costs of doing so equitably between individual students and the general taxpayer. The rate of interest is heavily subsidised. This is to be compared with unsecured personal commercial borrowings. The Bank of England benchmark reference rate for unsecured personal commercial borrowing would be well over 7%, and this is a particularly unique product, which is written off entirely after 30 years with no recourse to a borrower's other assets, and it only enters the repayment period when people are earning more than £25,000. So it is a unique product, and it is not easy to compare any element of it with loan offerings from elsewhere in the commercial sector.

Carol Monaghan (Glasgow North West) (SNP): In recent years the SLC has been plagued by mishaps, complaints of inefficient bureaucracy, and poor customer service. The latest student loan sell-off is also concerning; we saw the problems for many graduates, receiving letters telling them they must pay even though their earnings had not reached the repayment level. Can the Minister confirm that the SLC will not now, or in the foreseeable future, syphon loans off to a third party?

Devolved Administrations are shareholders in the SLC. Can the Minister outline the discussions he has had with fellow shareholders on the circumstances of the dismissal of the chief executive of that company?

Over 1,400 people are employed by the SLC in Glasgow. Can the Government confirm that any shake-up of practices will not involve a plan to move any part of the company from Glasgow and that all employees will have an opportunity to be consulted in any future discussions?

At a time when graduates are paying up to 6.1% in loan interest, student debt in England is nearly treble what it is in Scotland, so does the Minister not think that, while the SLC could use a radical-shake up and reform, his policies could, too? The Budget is just around the corner, so while the Minister works to clear up the managerial problems, why does he not clear up the mess of his policy and stop saddling English students with the millstone of debt around their necks?

Joseph Johnson: I am not sure that we need lessons from Scotland on our higher education policies. Over successive Administrations in this country, those policies have resulted in levels of access for people from disadvantaged backgrounds that should frankly be the envy of Scottish National party Members rather than a source of criticism. The hon. Lady asked about the work that SLC staff do from its location in Glasgow, and of course that is valued. We support everything they are doing to ensure that the SLC continues to

perform at the level that we all want it to, as an important agency of the Department for Education. As I have said, it is now in its sixth consecutive year of improvement in all its operational metrics, and we want that to continue. I am sure that Glasgow will play its part in that.

John Howell (Henley) (Con): Would the Minister like to explain what role the Office for Students will play in this, and how it will help?

Joseph Johnson: The new Office for Students comes into existence progressively from 1 January 2018, with its full operational existence commencing in April 2018. The Student Loans Company has its own statutory existence, independent of the Office for Students, and it will continue to carry out its vital function of ensuring that the loans we make available to remove barriers to access to higher education continue to be made available seamlessly to the students who are in need of them.

Several hon. Members *rose*—

Mr Speaker: Order. I am looking at all these very academic colleagues, and of course my eye immediately focuses on Dr Roberta Blackman-Woods.

Dr Roberta Blackman-Woods (City of Durham) (Lab): Thank you, Mr Speaker. I hope the Minister appreciates that the problems at the SLC go beyond the actions, or lack of them, of the previous chief executive. The Jenkins report pointed to “bad behaviour” among the whole of the executive leadership team. Will the Minister tell us what that bad behaviour is, how long he has known about it and what action is being taken to stop it?

Joseph Johnson: The SLC board has taken prompt action to address the shortcomings in the leadership of the company that were identified in the two investigations that I have mentioned: the Government Internal Audit Agency report and the report by Sir Paul Jenkins. I have every confidence that the new chief executive we have put in place, Peter Lauener, who has worked successfully across a range of Department for Education partner organisations including the Institute for Apprenticeships, will do the job that we need him to do.

Jeremy Quin (Horsham) (Con): Picking up on the Minister’s reply about the Office for Students, what role does he see it playing in driving value for money across further education for our students?

Joseph Johnson: Of course value for money is a critical part of our reforms, as it has been since the Green Paper, the White Paper and the Higher Education and Research Act 2017. We want the SLC to hold universities to account for the tuition fee income that they receive from the SLC, and to ensure that students are made aware of where the best teaching is available across the system and where really good outcomes are emanating from specific higher education institutions. We want that to be made clearer to students so that they can make informed choices about where to study, and so that universities can be held to account for the use of public resources.

Bambos Charalambous (Enfield, Southgate) (Lab): An external audit of the SLC placed it at the bottom of all organisations in 35 out of the 36 criteria against which it was assessed. Can the Minister tell us what those criteria were?

Joseph Johnson: I cannot tell the hon. Gentleman the precise criteria against which the SLC was assessed. I can tell him that the organisation is steadily improving from when the coalition Government inherited it in 2010. As I have said, it is in its sixth consecutive year of performance improvement, and that is something that we should be celebrating. No one is denying that all organisations have room for improvement, and we want to work with the company to ensure that steps are taken in particular to improve the interface between itself and HMRC.

Michelle Donelan (Chippenham) (Con): Does the Minister agree that it is imperative not only that university students get value for money but that they are able to see where their money goes, and that both of those elements will be promoted by the Office for Students, which will be launched on 1 January?

Joseph Johnson: I am happy to confirm that. Indeed, we are consulting on the new regulatory framework that the Office for Students will use as its operating manual. Among the things that we are consulting on is how we can clarify to students how institutions use their tuition fee income so that they—and the Government—can be confident that that income is supporting the core activities that we intend it to be used for: teaching, producing world-class research, and helping students to go on to get great outcomes in the world of work.

Mr David Lammy (Tottenham) (Lab): I have huge sympathy for Mr Lamey—not least because he has such a fantastic surname—but I also have sympathy for the Minister, because I have been in his shoes. Given the failure of the SLC to which colleagues have alluded, it is important that the House understands how often over the past year the Minister met Mr Lamey, the chairman and the senior management team. In the spirit of probity, will the Minister put before the House a list of those meetings so that the proper inquiries can be made?

Joseph Johnson: I would of course be happy to do that, but I remind the right hon. Gentleman that the SLC is in many ways a successful organisation, so we should not denigrate it. Opposition Members are doing a massive disservice to public servants who are working hard in Darlington and in Glasgow to ensure that students are getting access to the finance they need to undertake higher education. It is an achievement for an organisation to have 4.7 million customers but to receive complaints from less than 0.1% of them each year, so we should not endlessly run the SLC down. Of course it has room to improve, and the Government are committed to helping it do so.

Bob Stewart (Beckenham) (Con): What does my hon. Friend consider to be the most significant change brought about by the Higher Education and Research Act 2017?

Mr Speaker: Order. That question is not altogether adjacent to the matter of the management and operation of the Student Loans Company. If I am being very

[Mr Speaker]

polite to the hon. Gentleman, which I invariably am, I will say that his inquiry is at best tangential. It has at best a nodding acquaintance with the SLC, but no better than that. However, the Minister is a versatile and dextrous fellow, and I feel sure that he will be able to handle the matter eloquently and pithily.

Joseph Johnson: Thank you, Mr Speaker.

Students receive their funding indirectly from the Student Loans Company, and universities receive their funding directly from it, so it is vital that there is a strong relationship and that students feel that they are getting value for money from the funding that the SLC provides. The spirit of the Higher Education and Research Act 2017 is to promote value for money in our system, and to ensure that universities are delivering great teaching, great research and great outcomes for students.

Mr Speaker: The Minister is not known as a considerable boffin for nothing.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Minister mentioned denigration, but no Opposition Member would denigrate the Student Loans Company. In fact, the SLC has offered a good service to many students and parents. If we compare it with our commercial banking sector, in which so many people should have gone to prison, the SLC has done very well indeed. Is there some secret agenda here? This Government are about to sell off £4 billion of student loans, and who is leading that consortium? It is British banks led by Barclays.

Joseph Johnson: I thank the hon. Gentleman for acknowledging the good work that the SLC does—it is important that we all recognise that. The sale of the student loan book is a policy that the previous Labour Government made possible following the passage of the Sale of Student Loans Act 2008, so there is considerable cross-party recognition of the importance of ensuring the sustainability of our public finances. The sale of the student loan book, which was made possible by the previous Labour Government, is something that this Government are quite prepared to continue.

Wendy Morton (Aldridge-Brownhills) (Con): When we talk about student loans and access to university, we often quite rightly talk about disadvantaged students. Does my hon. Friend recognise that the current system has created opportunities for such students?

Joseph Johnson: My hon. Friend is right that the income-contingent student loan repayment system has made a huge expansion of access to higher education possible. I have referred to this statistic several times while speaking at the Dispatch Box: young people from disadvantaged backgrounds are 43% more likely to go to university or other higher education today than they were in 2009-10, which is a direct result of successive Governments deciding to share the cost of higher education equitably between students and the general taxpayer.

Diana Johnson (Kingston upon Hull North) (Lab): Will the Minister have another go at the question put to him by the right hon. Member for Harlow (Robert

Halfon), the Chair of the Education Committee, as to exactly why our students have to pay such a high rate of interest compared with those in other countries?

Joseph Johnson: Many hon. Members are under the impression that all students in the repayment period are paying a 6% interest rate, which is of course wrong. Only between 2% and 5% of students in that period are paying rates of about 6.1%. Most students in the repayment period are paying somewhere between RPI and RPI plus 3. That takes us from RPI, which is roughly 3%, all the way to around 6.1%. Students are paying a spectrum of interest rates, and only those earning more than £42,000 in the repayment period will be paying the high rate of interest that has caught the imagination. From the statistics I have, that represents between 2% and 5% of students.

Michael Fabricant (Lichfield) (Con): Notwithstanding my hon. Friend's previous answer, is it not the case that far fewer people from deprived backgrounds now go to university? At least that is what I have heard from the Labour party—or has it got that wrong?

Joseph Johnson: Yes, I am afraid the Labour party has got that wrong. As I have just said, the rate at which students from the most disadvantaged backgrounds are going to university has jumped sharply over the past six or seven years. They are now 43% more likely to go into higher education than they were in 2009-10.

Christine Jardine (Edinburgh West) (LD): As the mother of a daughter with a student loan, I was appalled by a BBC report of evidence that education agents are recruiting bogus students to private colleges to defraud the taxpayer of thousands of pounds in student loans. What are the Department, the Quality Assurance Agency for Higher Education and the Student Loans Company doing to detect and prevent bogus students? For instance, will the Government legislate to ban essay mills?

Joseph Johnson: The Department takes allegations of fraud and malpractice extremely seriously, and we are grateful to "Panorama" for bringing to our attention the fraud allegations it aired in relation to student loans at three private providers. Fraud devalues the work of honest providers and students. Working with stakeholders, including the City of London police, we will take robust action where abuses of the system are evident.

To put this in context, it is vital we remember that the number of ineligible payments to such providers is very low. It is about 0.5% of all payments, and that has come down sharply from 4% in 2012-13. The rate is no higher than the rate of ineligible payments across the rest of the Higher Education Funding Council-funded, or publicly funded, world of higher education.

Kevin Foster (Torbay) (Con): The Minister will agree that one of the key ways of judging the success of the student loan finance system is the number of people from disadvantaged backgrounds who are going to university. What role does he see for access agreements in particular alongside the support provided by the SLC?

Joseph Johnson: Access agreements play a vital role. The funding now flowing through access agreements to support widening participation has doubled over recent years and now stands at well over £800 million a year.

Access agreements are driving progress in widening participation, and the rate at which people from the most disadvantaged 20% of households are accessing higher education has jumped, with the figure now standing at more than 20% of that particular group.

Wes Streeting (Ilford North) (Lab): Given that Mr Lamey has criticised the lack of support from the Department for Education, and given that this House has had to rely on various media reports that paint a picture of a Student Loans Company plagued by bullying, low morale and high sickness rates, is it not in the public interest that the Jenkins report is put into the public domain, not least so that Committees of this House can properly scrutinise the performance of the Student Loans Company and the support provided by the Department for Education?

Joseph Johnson: This is an employment matter between Mr Lamey and the SLC. The Department for Education has taken quick action in response to the two reports by the GIAA and Sir Paul Jenkins. It suspended Mr Lamey from his role as accounting officer and took quick steps to put in place new management, in the form of Peter Lauener, to take the SLC forward in the coming months and years.

Tom Pursglove (Corby) (Con): I declare my interest, in so far as I am currently repaying a student loan. What involvement does my hon. Friend see for Ministers or the new Office for Students in the appointment of a new permanent chief executive?

Joseph Johnson: I think we can all agree that my hon. Friend is a good advertisement for the student loans system—he is a good outcome from his particular institution. The OFS will not have a direct role in the appointment of the new SLC chief executive. That will be a matter for its board, and of course it is a ministerial appointment as well.

Dr Rupa Huq (Ealing Central and Acton) (Lab): The incompetence of the Student Loans Company is seen in things ranging from its scaremongering fake debt collection letters, to the predicament of my constituent Sibhoz Hallet of Acton, who is perversely barred from working any overtime as her debt would double—that is not an anomaly, but the norm. Is it not apparent that by exposing the SLC as a mess, with 50% of calls mishandled at peak times, Steve Lamey was dismissed for telling the truth?

Joseph Johnson: Mr Lamey did not live up to the standards the SLC board felt were required for his role, so it took action to dismiss him, and the Department for Education followed on by removing his function as accounting officer. We want the SLC to continue to be a high-performing organisation, and we should remember that overall it is a successful organisation, with just 0.1% of its customers complaining every year. Many private sector organisations would envy such a record.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): In his initial response, the Minister referred to last week's "Panorama" revelations. Is he aware of any

Welsh higher education institutions that have been caught up in fraudulent activity, and what discussions has he had with the Welsh Government?

Joseph Johnson: I am personally not aware of any such allegations, but they would be a matter for the Higher Education Funding Council for Wales and the Welsh regulatory authorities. If the hon. Gentleman is aware of any, he should not lose any time in relaying his concerns to the appropriate bodies.

Margaret Greenwood (Wirral West) (Lab): This chaos at the SLC adds insult to injury for those who are paying off these huge debts following graduation. A constituent who came to see me last Friday showed me his SLC statement. He is a paramedic who is doing an important, highly-skilled job in our emergency services. He completed his training with more than £28,000 of debt. He has paid off £1,084 since April 2016, but the SLC has applied £878.10 interest during that period. He said to me, "It's no wonder graduates are tempted to leave the country." What would the Minister say to him?

Joseph Johnson: We want the student repayment experience to be as simple, smooth and effective as possible, and it is striking that the level of complaints is as low as it is. Of course there will be complaints, such as that made to the hon. Lady by her constituent, and she is right to raise it. We want to learn from all student experience, and the SLC does learn from the relatively few complaints it gets—it is important to do so.

Alex Sobel (Leeds North West) (Lab/Co-op): I have been in contact with Leeds University union about many cases, particularly those involving overpayment. One student was given incorrect information and made a repayment, but now cannot get a further loan, having been told by the SLC that he had made a voluntary repayment. Another student was given four years' loan but was subsequently told that he did not meet the residency requirement, so the full amount has now been demanded, even though the SLC admits that that was its mistake. How will the Minister ensure that students are treated fairly when the SLC makes a mistake and students are already deeply in debt?

Joseph Johnson: Of course we want all students in repayment to be treated fairly by the SLC and we take the issue of overpayments particularly seriously. As I said in response to the hon. Member for Blackpool South (Gordon Marsden), we can expect to hear more on the theme of overpayments and the interaction between the SLC and Her Majesty's Revenue and Customs in a couple of days' time at the Budget.

Clive Efford (Eltham) (Lab): The Minister seems complacent about the extent of fraud. He can report to us only the amount of fraud that is known about but, by their very nature, the people who carry out fraud are devious. Did the "Panorama" programme suggest to him an area of fraudulent activity of which he was not aware before? What action did he take in response to what was exposed by that programme?

Joseph Johnson: The hon. Gentleman is of course right that the nature of fraud is such that we only really have a sighting shot at understanding its extent in any

[Joseph Johnson]

system. We have to look at comparable levels of ineligible payments across different types of provider. As I said, we do not see more fraud in the so-called alternative providers than we see in the HEFCE-funded public part of the higher education system.

Emma Hardy (Kingston upon Hull West and Hessle) (Lab): Last Thursday, senior NHS leaders told me about the growing desperation to grow our own senior NHS professionals. Such people will have to pay all the money back because their earnings will be above the threshold, so will the Minister look again at the interest rate they will have to pay and the fact that they will start to accumulate interest before they even graduate?

Joseph Johnson: The student loan product is heavily subsidised overall. Around 45% of loans are consciously written off by the Government as a deliberate investment in the country's skills base. We do not want any financial barriers to access, so we make the money available on very favourable terms. The interest rate is a means of ensuring that graduates who go on to have higher than average lifetime earnings make a contribution towards the overall cost and sustainability of higher education, ensuring that it continues to drive access and widen participation systematically across the piece.

Mr Dennis Skinner (Bolsover) (Lab): Is the Minister aware that this is not subsidised enough? There is only one solution and it stares us in the face every time he opens his mouth: let us have free education like we used to have, from the cradle to the grave.

Joseph Johnson: The thing is that our system of student finance has enabled far, far more people to go to university than the kind of system that the hon. Gentleman advocates. In the 1950s and 1960s, when others in this House were thinking about whether to go to university, a far smaller proportion of each cohort of 18 to 19-year-olds was given the chance to do so. Now almost 46% of 18 and 19-year-olds get a chance to go to university, and that is a world away from the situation when we had an entirely state-funded higher education system, which meant that it was really just the preserve of a narrow elite.

Mr Skinner: That is not very good electioneering—and your name's Johnson!

Mr Speaker: Order.

Mr Chris Leslie (Nottingham East) (Lab/Co-op): On a point of order, Mr Speaker.

Mr Speaker: Order. We have a statement coming, but if the hon. Gentleman is in a state of uncontrollable perturbation, I will take his point of order now.

Mr Leslie: You may not be aware, Mr Speaker, but in the other place this afternoon, Lord Callanan, a Minister in the Department for Exiting the European Union, had to give a specific statement to correct something that he said about whether article 50 could or could not be revoked. Indeed, he said that “for the avoidance of any doubt, the Supreme Court...did not rule on the legal position regarding its irrevocability.” That is relevant, because we are set to resume Committee proceedings on the European Union (Withdrawal) Bill tomorrow. It is important that everybody recognises that it is possible for article 50 to be revoked. The Government should not contradict that, even though it may be Government policy not to revoke article 50. Following that statement in the other place, have you had notice, Mr Speaker, of whether a Minister will also come to clarify the matter in the House of Commons?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. In short, I have received no indication that any Minister intends to come to this House to make a statement on that matter. What I can say to the hon. Gentleman is that if an error is made in the other place, it can be corrected only in the other place. The requirement for correction does not span the two Houses. However, the hon. Gentleman is an eager beaver and if, as these matters are broached by Members in Committee, he wishes to leap to his feet with the athleticism for which he is renowned in all parts of the House to challenge a Minister to confirm the veracity of that correction, it is open to him to do so. Knowing the hon. Gentleman as I do, I feel sure that he will be in his place and ready to leap at the first opportunity.

Yemen

4.20 pm

The Minister for the Middle East (Alistair Burt): With permission, Mr Speaker, I will make a statement to the House on the humanitarian and political situation in Yemen and the implications of the conflict for regional security.

Her Majesty's Government remain deeply concerned about the humanitarian situation in Yemen, and the impact that recent restrictions are having on what was already the worst humanitarian crisis in the world and the largest ever cholera outbreak. We recognise the risk of a severe deterioration of the humanitarian situation if restrictions are not quickly removed, and call on all parties to ensure immediate access for commercial and humanitarian supplies through all Yemen's land, air and sea ports.

We should be clear about the reality of the conflict in Yemen. The Saudi-led coalition launched a military intervention after a rebel insurgency took the capital by force and overthrew the legitimate Government of Yemen as recognised by the UN Security Council. Ungoverned spaces in Yemen are being used by non-state actors and terrorist groups to launch attacks against regional companies, international shipping lanes and the Yemeni people.

As my right hon. Friend the Foreign Secretary made clear, we strongly condemn the attempted missile attack against Riyadh on 4 November. This attack, which has been claimed by the Houthis, deliberately targeted a civilian area and was intercepted over an international airport. The United Kingdom remains committed to supporting Saudi Arabia to address its legitimate security needs. We are therefore deeply concerned by reports that Iran has provided the Houthis with ballistic missiles. That is contrary to the arms embargo established by UN Security Council resolution 2216 and serves to threaten regional security and prolong the conflict. I understand that a UN team is currently visiting Riyadh to investigate those reports. It is essential that the UN conducts a thorough investigation. The UK stands ready to share its expertise to support this process.

We recognise that those who suffer most from this conflict are the people of Yemen. We understand why the Saudi-led coalition felt obliged temporarily to close Yemen's ports and airports to strengthen enforcement of the UN-mandated arms embargo. It is critical that international efforts to disrupt illicit weapons flows are strengthened. At the same time, it is vital that commercial and humanitarian supplies of food, fuel and medicine are able to reach vulnerable Yemeni people, particularly in the north where 70% of those in need live. Even before the current restrictions, 21 million people were already in need of humanitarian assistance and 7 million were only a single step away from famine. Some 90% of food in Yemen is imported and three quarters of that comes via the ports of Hodeidah and Salif. No other ports in Yemen have the capacity to make up that shortfall.

Our non-governmental organisation partners in Yemen are already reporting that water and sewerage systems in major cities have stopped operating because of a lack of fuel. That means that millions no longer have access to clean water and sanitation, in a country already

suffering from the worst cholera outbreak in modern times. The current restrictions on access for both commercial and humanitarian shipments risk making an already dire situation immeasurably worse for the Yemeni people. We have heard the UN's stark warnings about the risk of famine. We call on all parties to ensure immediate access for commercial and humanitarian supplies to avert the threat of starvation and disease faced by millions of civilians.

We also call for the immediate reopening of Hodeidah port and the resumption of UN flights into Sana'a and Aden airports, as the Foreign Office statement on 15 November made clear. Restrictions on humanitarian flights are causing problems for humanitarian workers, including UK nationals, who wish to enter or exit the country.

We have been urgently and proactively seeking a resolution of this situation. Our ambassador in Riyadh has been in frequent contact with the Saudi Foreign Minister. The Foreign Secretary has discussed the situation in Yemen with His Highness the Crown Prince, with whom we have emphasised the urgency of addressing the worsening humanitarian crisis. The Secretary of State for International Development, since her appointment on 9 November, has spoken both to the UN Secretary-General and the UN Under-Secretary-General for Humanitarian Affairs about the situation in Yemen. We also continue to work closely with other regional and international partners, including the UN.

The Foreign Secretary spoke to the UN Secretary-General on 18 November. Central to this discussion was how the security concerns of Saudi Arabia can be addressed to enable these restrictions to be lifted. It is vital that the UN and Saudi Arabia enter a meaningful and constructive dialogue on this. More broadly, we will continue to support the people of Yemen through the provision of life-saving humanitarian supplies. The UK is the fourth-largest humanitarian donor to Yemen, and the second-largest to the UN appeal, committing £155 million to Yemen for 2017-18. UK aid has already provided food to almost 2 million people and clean water to over 1 million more.

The only way to bring long-term stability to Yemen is through a political solution. That is why peace talks remain the top priority. The Houthis must abandon preconditions and engage with the UN Special Envoy's proposals. The UK has played, and continues to play, a leading role in diplomatic efforts to find a peaceful solution. This includes bringing together key international actors, including the US, Saudi Arabia, and Emirati and Omani allies, through the Quad and Quint process. We intend to convene another such meeting shortly. It is vital that we work together to refocus the political track.

The United Kingdom will continue to play a leading role on Yemen through the UN. In June, we proposed and supported the UN Security Council presidential statement, which expressed deep concern about the humanitarian situation in Yemen. The statement called for an end to the fighting and a return to UN-led peace talks, and stressed the importance of unhindered humanitarian access. It is vital that the words of the text are converted into action. The international community's unified and clear demands must be respected. I commend this statement to the House.

4.26 pm

Fabian Hamilton (Leeds North East) (Lab): I am standing in today for the shadow Foreign Secretary, who has a child in hospital.

As we discuss the human cost of one seemingly intractable conflict, I am sure that the whole House will join me in commemorating the 100th anniversary of the Battle of Cambrai. I was able to visit the tunnels under Arras—the Carrière Wellington—last Thursday afternoon and to salute the service of the Royal Tank Regiment, for whom this day rightly remains sacred.

I thank the Minister for advance sight of his statement. I will not address all the points he made at this stage, given that there may be another opportunity to do so later in today's proceedings. For the time being, I wish to address the urgent matter of the escalating humanitarian crisis in Yemen, as he has done in his statement. On that point, the Minister has joined a long line of Foreign Office Ministers who have come to this House since 2015 and told us, time after time, that they are doing everything they can to tackle the humanitarian crisis in Yemen and to limit civilian casualties. Yet, time after time, whatever the Government's good intentions, the humanitarian crisis keeps getting worse and the civilian death toll continues to rise ever higher. We now face a dramatic escalation of that crisis, with millions of lives in even more immediate danger. I am afraid that more good intentions on the part of the Government will simply not cut it this time. Instead, we need urgent action.

We are all familiar with recent developments, as summarised by the Minister. The Saudis have reacted with understandable anger to the Houthis' firing of a ballistic missile at Riyadh—an act that all Labour Members unequivocally condemn, in the same way in which we have condemned all the thousands of Saudi air strikes against civilian targets inside Yemen. Following the Houthi missile strike, the Saudis strengthened their blockade of all rebel-held areas of Yemen. As a result, what little supplies there were—of food, medicine and other humanitarian goods—have now ground to a halt. Millions of children, who were already facing severe malnutrition, a cholera epidemic and an outbreak of diphtheria, have had their very last lifeline cut off.

Let me quote this weekend's joint statement by the World Health Organisation, the World Food Programme and UNICEF. They say the tightening of the blockade "is making an already catastrophic situation far worse."

They say the supplies the Saudis are blocking

"are essential to staving off disease and starvation. Without them, untold thousands of innocent victims, among them many children, will die."

They estimate that if nothing is done over the coming months, 150,000 already malnourished children could starve to death. They conclude:

"To deprive this many from the basic means of survival is an unconscionable act and a violation of humanitarian principles and law."

The Minister has said that he shares those concerns and is urging the Saudis to open up humanitarian access, but at what point will he admit that that strategy is not working? At what point will he warn the Saudis that Britain will withdraw its support if they carry on with this blockade? And at what point do we say that this is no longer a question of diplomatic persuasion but a matter of international law?

International humanitarian law is clear, and Britain's "Manual of the Law of Armed Conflict" is clear: the starvation of a civilian population cannot be used as a weapon of war. Let me quote specifically from the British manual:

"The...establishment of a blockade is prohibited if...the damage to the civilian population is... excessive in relation to the concrete and direct military advantage".

It also states:

"If the civilian population...is inadequately provided with food and other objects essential for its survival, the blockading party must provide for free passage of such...essential supplies".

So if the Saudis continue to enforce the blockade in its current form and deny humanitarian access, will it be the judgment of the Government that the Saudis are in breach of international humanitarian law? If so, will the Government suspend the sales of British arms that are being used to enforce that blockade?

The truth is that the Government have invested considerable political capital in their relationship with Saudi Arabia. They have championed Crown Prince Salman, the architect of the conflict in Yemen and the man who is calling the shots on the blockade. If that diplomatic strategy has been worth anything, now is the time to prove it. Now is the time for the Government to show that we can have influence and impact on the Saudis and to persuade them that, as a matter of urgency, they should open up the ports to humanitarian supplies and bring relief to the millions of children facing starvation and disease. If the Government cannot achieve that, it is time for them to change their approach.

Alistair Burt: I thank the hon. Gentleman for his comments, a large part of which I would not disagree with.

May I start by passing on the good wishes of all of us on the Government Benches to the right hon. Member for Islington South and Finsbury (Emily Thornberry)? We trust that all is well with her child. Secondly, I recognise what the hon. Gentleman said about the first world war battle. We all saw tweeted pictures of the tanks yesterday, which brought a glad smile to many hearts, so I thank him for reminding the House of that.

The hon. Gentleman was right to recognise, first, the frustrations in terms of the conflict. The actions to bring it to an end are not solely within the power of the UK Government; we have to work with partners to achieve that. I set out what we have been seeking to do ever since it became clear that the conflict would require political negotiation, and not a military solution, to bring the parties together and find an answer to something that has already taken too many lives.

This is very much about two sides. There is an awful lot of concentration on the Saudis and on the coalition, but very little attention is paid to the activities of the Houthis and their supporters, and to those who have been involved in human rights abuses on their side. It does take two sides.

The efforts that the United Kingdom has made, at the UN, through our ambassador in Yemen and through our work with the Quad and the Quint to try to bring this to an end have been significant, but I agree with the hon. Gentleman that our frustration is that this has not yet produced the end of the conflict, which is the only thing that will resolve the humanitarian issues we are

talking about. I do not in any way quibble with the concerns that have been raised by agencies. I am in touch with the World Food Programme and others who have warned, as has Mark Lowcock of the Office for the Co-ordination of Humanitarian Affairs, of the severity of the problems to be faced if the restrictions are not eased.

I would challenge the hon. Gentleman and put a different complexion on his comments about what happens if the representations that we are continuing to make on the political solution do not work. We are pressing on these representations. We do not know what the answer will be, but we are making very clear the seriousness of the situation, as have other parties, and we expect and trust that there will be a change—there has to be.

I also challenge the hon. Gentleman in relation to international humanitarian law, which he says prevents starvation of civilians as a means or method of warfare. That is quite correct. The publicly made statement by the Saudis on their intent was that it is not to cause starvation but to ensure that missiles do not enter Yemen. To that extent, the solution still lies in the remarks I made in my statement. It is about a combination of two things. First, there is the support that those who wish to prevent missiles entering Yemen need in order to protect themselves, and that comes through the work being done by the UN and the coalition to try to secure the entry ports to make sure that there are no threats in the same way that there was to the airport in Riyadh. At the same time, it is vital to make sure that there is humanitarian access. We believe that concentrating on both those things will relieve the humanitarian situation while securing the safety of those who wish to protect their own people. We will continue to do that in addition to the work that we are continuing to do on the political negotiations that are the only solution to the conflict.

Mr Andrew Mitchell (Sutton Coldfield) (Con): My right hon. Friend has been most helpful in coming to the House today. I thank him and the Opposition spokesman for their comments about my old regiment, which will be celebrating and commemorating the events of 100 years ago in Cambrai next weekend.

On Yemen, are not three features of our engagement absolutely clear? First, the current policy on Yemen is doomed to strategic failure both for Saudi Arabia and, by extension, for the UK. Secondly, Saudi policy violates international law, as clearly set out in the United Nations Secretary-General's letter of last Friday. Thirdly, we are dangerously complicit in a policy that is directly promoting a famine and the collective punishment of an entire population. Are we not on the brink of witnessing in Yemen a totally preventable, massive humanitarian catastrophe the likes of which we have not seen in decades?

Alistair Burt: On my right hon. Friend's last point, it is for the very reason that we wish to prevent the concerns raised by agencies and the UN from coming to fruition that we are bending all our efforts to working with those who have put on restrictions to the ports in order to preserve their safety and prevent arms getting through to make sure that humanitarian access is indeed given. He is right to raise these concerns, which are shared by the whole House. That is giving the United Kingdom Government every extra incentive, as if we needed any, to try to continue to do all we can to raise

those issues with those who fear for their own safety to make sure that they are not putting others at risk in the manner described by so many agencies.

Alison Thewliss (Glasgow Central) (SNP): I very much agree with the comments of the hon. Member for Leeds North East (Fabian Hamilton) and the right hon. Member for Sutton Coldfield (Mr Mitchell). I thank the Minister for giving me advance sight of the statement. I am glad to hear that there is dialogue, but we need to hear an awful lot more in this House about actions.

I, too, understand the difficulties facing the Saudis regarding the attack on Riyadh, which of course we also condemn. There needs to be a recognition of the two sides to this conflict—at least two, if one counts al-Qaeda. We know about the sophisticated weaponry that the Saudis have because the UK sold it to them. The £155 million in aid that the Minister talks about is dwarfed by the £3.8 billion in arms sales to Saudi Arabia. There are daily reports of Yemeni civilians on the ground being hit by Saudi airstrikes. Will he speak a little more about those?

Aid agencies have reported for years the difficulties of getting aid into Yemen and across Yemen, including the difficulties involved in getting visas and moving goods and people around the country. Only recently, I heard from the head of Islamic Relief. When he visited to see how the organisation's projects were going, he was unable to travel around the country because of the visa system that is in operation.

Despite the UN verification and inspection mechanism, Save the Children reports that 13 ships carrying vital humanitarian aid were denied entry to Yemen. What are the UK Government doing to get air and sea ports open, especially when those aid convoys are quite clearly aid convoys and they do not contain missiles? It is fine to say that the Government are providing funding, but without access and without workers on the ground who can deliver it, it is almost meaningless.

The population of Yemen are deliberately being starved by the country's neighbours, which are key allies of the UK. Today is International Children's Day. Save the Children reports that 130 children in Yemen will die today, tomorrow, the next day and each day until this conflict ends. Will the Minister tell us how he will stop this?

Alistair Burt: Again, I come first to the hon. Lady's last point: how will this conflict come to an end? This conflict will come to an end when both sides are brought together by people who make it clear that there is no military solution to it, and that there has to be a political one. That is what the United Kingdom has sought to do for many months, through meetings with appropriate parties here in London, in New York and in the region. We share her frustrations because, like others, we can see the impact.

I will comment on one or two of the hon. Lady's other perfectly proper remarks. First, the key test for our continued arms exports to Saudi Arabia in relation to international humanitarian law is whether there is a clear risk that the items that are subject to the licence might be used in a serious violation of international humanitarian law. That situation is kept under careful and continual review, and, like all other aspects of the United Kingdom's arms control policy, it is subject to rigorous examination here and by the law.

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Secondly, the hon. Lady is right to raise the question of access, as we have done. The restrictions on access do not mean that our work now is meaningless, as she indicated; I am sure that she does not mean that. We are working through partners who are there on the ground, but distribution is, of course, harder. That is the case not just in coalition-controlled areas, but in Houthi-controlled areas; I have to remind the House that there are two sides to this.

Lastly, I will deal again with the subject of arms exports, because I know that it is fundamental. I related this to the hon. Member for East Dunbartonshire (Jo Swinson) the other week, and I shall do the same thing again; I do not mean to be harsh about it. If we thought that our not sending support to our allies—who are facing attacks on their own soil, from missiles imported into ungoverned space, where they are trying to support an elected Government against the insurgency—would send the right signal in the region and would prove to be of any use, it would be a course of action, but I do not believe that that is the case. I do not believe that if we were to take that action, it would not fundamentally undermine a number of other regional issues and make our allies wonder, when they faced an attack on their Heathrow, whether we were making the right judgments. We have to pursue other means of bringing the conflict to an end, and that is what we seek to do.

Sir Desmond Swayne (New Forest West) (Con): Is Yemen subject to a blockade?

Alistair Burt: Yemen is subject to restrictions brought in by the coalition parties following the attack by a Houthi missile on Riyadh, and because of the smuggling of arms and weapons that has threatened the coalition in the UAE and Saudi Arabia for some time. I am not sure that the nomenclature adds a great deal, but that is the reality of the situation.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): I think it is pretty clear that this is a blockade, and the sheer scale of the humanitarian crisis must now require urgent action by this Government and our partners to press the Saudis to lift the blockade. The Minister said in his statement that our NGO partners in Yemen are already reporting that water in major cities has “stopped operating because of a lack of fuel.”

Can he tell us how extensive the fuel supplies are? When will it no longer be possible to distribute food? The level of death will increase dramatically as a result.

Alistair Burt: We of course hope that we do not reach such a case. Mark Lowcock from OCHA has made it clear that both these issues will become critical within a number of days. On what we have done since the attack on 4 November and the response from the coalition, on 5 November, an FCO statement condemned the missile attack; on 13 November, the Secretary of State for International Development called Mark Lowcock to speak to him about the circumstances; on 15 November, we issued a further statement stressing the need for immediate humanitarian and commercial access; and on 18 November—just this weekend—the Foreign Secretary

conferred with the Secretary-General. Conversations are taking place in Riyadh all the time to reassure the authorities there on the security they need to deal with weapons capable of launching an attack on their civilian areas. At the same time, however, humanitarian and commercial access is absolutely vital.

James Duddridge (Rochford and Southend East) (Con): I fully understand why the Minister has made a statement at the Dispatch Box today, but may I remind him that there have been 15 oral statements, 16 written ministerial statements and nine urgent questions on Yemen since 2010? Through your good offices, Mr Speaker, may we tell the Minister to spend more time in the Department sorting out the problem, and less time coming to the House to discuss it?

Alistair Burt: I am grateful to my hon. Friend, a former Minister, for his support, and I understand his point. Since 2010, when I first stood at the Dispatch Box to speak about Yemen, we have had all sorts of opportunities for a different future for the people of Yemen: the end of the presidency of Ali Abdullah Saleh; a process that resulted in a national dialogue; an opportunity for a new democratic future; and an opportunity for voices that had never been heard—those of young people and women—in the governance of Yemen. However, those opportunities were dashed by the current conflict and an insurgency by a group seeking to take power with violence, removing the chances we had seen for people to benefit from the development and building of democracy. The United Kingdom has been engaged right the way through the process to encourage all the right things. Reporting to the House is important, and it has not taken any time away from the time we have needed to spend on Yemen itself.

Jo Swinson (East Dunbartonshire) (LD): The Minister is of course right to say that a political solution is essential and the only route to solving the humanitarian crisis in the medium term, but access for aid is vital in the short term. I am glad that the UK Government have raised this issue with the Crown Prince. What was his response, and do the Government, if they stick to their current position, have any hope that the Saudis will let in vital supplies of food and medicines in the near future?

Alistair Burt: The Crown Prince’s response, on behalf of the Kingdom of Saudi Arabia, was to point out the need to control weapons that might threaten Saudi Arabia being smuggled into Yemen and used by those with whom the Saudis are in conflict, as has been the case for a period of time. We worry that the sophistication of the missiles being smuggled in has increased, which has thus increased not only the risk to Saudi Arabia and neighbouring places, but the risk of the conflict escalating and becoming still worse. There is a serious concentration on trying to prevent that, because it looks likely to prolong the conflict and make the humanitarian situation still worse.

At the same time, I understand that the Crown Prince was absolutely aware, as the public statement by the Saudis made clear, that the restrictions were intended not to cause the humanitarian situation about which there are now concerns, but to deal with the arms supplies being smuggled in. The partners, the agencies

with which we work and we ourselves are impressing on the coalition that such a situation may be the unintended effect. That is why the restrictions need to be lifted, and there has to be the access for which the hon. Lady is looking.

Jeremy Lefroy (Stafford) (Con): Given that the United Nations has recently said that if the blockade is not lifted we are likely to see the worst famine for decades and given the outbreak of the deadly disease diphtheria and the 1 million cases of cholera, may I urge my right hon. Friend to make some kind of statement—not necessarily an oral statement, but one in writing—to this House every week, because the situation is developing daily and weekly, and we must be kept informed about it? I hope there will be a turn for the better.

Alistair Burt: I will talk with the Department and the House authorities about what the best way to do that would be. I quite understand my hon. Friend's point. If there is a way to make sure that adequate information from Government and the other agencies involved is made available rapidly and effectively, of course I will try to do that.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): Like many others, I utterly condemn the missile attack on Riyadh. I would argue that arms should not be supplied by anyone to any of the sides in the conflict, given the humanitarian catastrophe, but may I press the Minister on access to the airport and to Hodeidah? In discussions with the Crown Prince, did the right hon. Gentleman get any idea of timescale, or have the UK Government expressed any idea of timescale? Is there any reason why Sana'a airport should not be reopened to UN and humanitarian flights within the next 24 hours, for example?

Alistair Burt: I thank the hon. Gentleman for his condemnation of the missile attack, echoing his Front-Bench spokesman. On the timescale, we have asked for the restrictions to be lifted immediately. No, I cannot speak for the coalition regarding its timescale, beyond the fact that it wants to be assured that the ports are adequately protected against the sort of attack that was carried out. That is why we are urging that the UN has access to the ports and works with the coalition authorities, with neither side demanding that the other side moves first, to make sure that there is an opportunity to secure the ports against weapons being smuggled in and at the same time immediately to improve access.

Ms Nusrat Ghani (Wealden) (Con): The missile attack on Riyadh takes the conflict to a new and dangerous phase, sending ripples through the Muslim world, with Muslims urged to take sides, Sunni versus Shi'a, in a regional cold war between Saudi Arabia and Iran, which is supplying missiles to the Houthis. Will my right hon. Friend outline the Government's efforts to tackle the political deadlock and secure humanitarian access?

Alistair Burt: I thank my hon. Friend for her perceptive question, which sadly goes to the heart of the situation. This is another conflict in the region being fought out over people who ill deserve it, where the issues between regional powers have brought them into direct confrontation. She is right to say that the sophistication

of the missile launched at the Saudi equivalent of Heathrow takes the conflict into a different sphere. Had that missile landed on the airport and destroyed civilian airliners carrying passengers from all over the world, perhaps including the United Kingdom, we would be facing a still greater crisis. My hon. Friend is right to say that our actions are seen in relation not only to this conflict, but to a wider issue of legitimacy and those who seek to disrupt it. That is why we need to bend all our efforts first on the humanitarian side, and secondly on making sure that the political negotiations and solution improve the regional situation, rather than make it worse.

Richard Burden (Birmingham, Northfield) (Lab): All of us condemn the missile attack on Riyadh, but may I express some surprise at the Minister's reluctance to use the word "blockade"? When the UN is warning that diesel and petrol will run dry within a month, when we know that in that month 150,000 already malnourished children will die and when Save the Children is saying that 130 die every day now, as well as pushing for the political solution, which the Minister rightly says is necessary, is he indicating in any way to Saudi Arabia that it could be accountable for the deaths of potentially millions of people?

Alistair Burt: I think the descriptive term used is less material than the impact. The impact of the restrictions is clear: they have led the situation in which the agencies warn about running out of food, fuel and water. That is one of the reasons why the UK has called, as we did in a statement last week and have again today, for the immediate lifting of the restrictions, subject to what we believe are reasonable controls by the coalition authorities to protect themselves. There is no doubt about the seriousness of the situation. Whether it is called a blockade or restrictions, it is the impact that is important, and that is why we must work to relieve it with our partners as quickly as possible.

Simon Hoare (North Dorset) (Con): I refer the House to my entry in the Register of Members' Financial Interests. Given the supposition that the rebels will not engage in the important UN-led process unless Iran allows them to and that there is no interest in Iran in thawing relations with Saudi Arabia or improving Saudi Arabia's perception in the world, how does my right hon. Friend see peace being delivered?

Alistair Burt: My hon. Friend speaks with knowledge of the area and asks a question that goes to the heart of the issue. Our perception is that channels are always available to different parties in conflict, which is one reason why all parties to the Quint process are so important. We hope that common humanity prevails in terms of what is being inflicted on the people of Yemen as a result of the insurgency—the attempted removal of a legitimate Government and all that has flowed from it—and that the parties appreciate that there is no military solution and that therefore there has to be a political solution. That applies to all parties. There are skilled negotiators, not least the UN special representative, those working with the Quint and those in the countries in the area who wish to see an end to this conflict because of the pain being suffered. I pay tribute to the

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Governments in the region who are attempting to mediate with both sides. The United Kingdom will give them every support.

Diana Johnson (Kingston upon Hull North) (Lab): Can the Minister say a little more on how Saudi Arabia's security concerns can be addressed to allow humanitarian aid access into Yemen?

Alistair Burt: There is a UN verification and inspection mechanism, which works through UN professionals and technicians, to provide the tools to ensure that supplies coming into ports are subject to the right sort of testing. My understanding is that the UN and Saudi Arabia are in contact on this matter, and we would wish them to get onside as quickly as possible to do this. The problem with the smuggling of weapons is that they can go through various routes, which is always difficult, but we have to respond to the concerns of those who have had improved and increasingly sophisticated missiles targeted against them before there is a further catastrophe. It should not be impossible to be able to satisfy security conditions as well as to relieve humanitarian problems.

Edward Argar (Charnwood) (Con): I highlight my entry in the Register of Members' Financial Interests. As someone who has spent time in Yemen on a number of occasions in the past, I associate myself with the remarks made by those on both sides of the House about the tragedy befalling this special country. The Minister is absolutely right. The immediate priority must be the alleviation of humanitarian suffering. Does he agree that the UK should, and indeed must, continue working to facilitate a multilateral ceasefire followed by a political solution, but that for that to have any long-term chance of success, it must emerge ultimately from the Yemenis and other parties to the conflict and not be imposed externally?

Alistair Burt: I thank my hon. Friend, who speaks with some knowledge of the area and the subject. First, I commend Matthew Rycroft, our permanent representative at the UN, and our ambassador to Yemen, Simon Shercliff, for their efforts in driving the UN process and trying to bring the parties together. Secondly, ultimately there must and should be a Yemeni solution. If we could go back to the opportunities presented by the national dialogue—the people of Yemen were so close to something different before those in the country who have traditionally held power through the gun reasserted themselves—that is the solution we would all wish for. The reality, however, is that that will only come about when there is agreement between the current parties to the conflict, who have to find a way to set their weapons aside.

Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab): The closure of Sana'a airport has reportedly cost over 10,000 lives as it continues to restrict humanitarian assistance. It is therefore paramount that the airport is reopened immediately. What recent representations has the Secretary of State made to the Saudi-led coalition on reopening Sana'a international airport?

Alistair Burt: We agree with the hon. Lady, and it is not just a question of getting supplies in; it is about getting humanitarian workers in and some medical cases out. There is worry about the airspace around Sana'a, hence the restrictions and concerns there, but I say again that we recognise the importance of Sana'a airport. It is one of those areas of access we wish to see reopened as quickly as possible.

Rebecca Pow (Taunton Deane) (Con): I draw the House's attention to my entry in the Register of Members' Financial Interests. It is highly commendable that the UK is the fourth-largest humanitarian donor to Yemen, but equally we play a key role in diplomatic talks, not least with Saudi Arabia, so will the Minister give assurances that all pressure is being kept on Saudi Arabia to open access lines, especially given that Yemen is pretty much completely reliant on food imports?

Alistair Burt: My hon. Friend speaks with knowledge. Some 90% of the food and supplies that Yemen needs is imported. That is why the issues of the ports and airport are so important. Her question makes it very clear how important these issues are to the people of Yemen and why the United Kingdom is so engaged in dealing directly with parties to the coalition, whose security concerns we understand, but who must also appreciate the humanitarian consequences of the actions they are taking to protect themselves.

Graham P. Jones (Hyndburn) (Lab): It is worth noting that the Houthi-Saleh alliance, which started this war against a legitimate Government, is a brutal army that has done some brutal things, as Members will see if they read the UN reports. Not only that, but it is 750 miles to Riyadh, so we are not talking about missiles made at the local foundry; this is the import of high-tech equipment. Moreover, the vast majority of people suffering are suffering in Houthi-held territory, and the Houthis are blocking the peace process. What can the Minister do to unblock the process and get the Houthis involved in peace in Yemen?

Alistair Burt: The hon. Gentleman speaks with some knowledge on this subject and puts a necessary balance into the conversation. It is much easier to pick up on media interest in the Saudis and the coalition, so it has been harder to talk about what the Houthi insurgency has done, but he rightly points a finger at its numerous atrocities and human rights abuses. Its willingness to bring in sophisticated missiles to spread the conflict emphasises how important it is to bring it to an end and to support those trying legitimately to prevent it from taking over the country and subjecting its people to still more conflict and ill rule.

Michelle Donelan (Chippenham) (Con): As previously pointed out, today is the UN's Universal Children's Day, and the UN estimates that more than 2 million children are starving in Yemen, so will the Minister assure the House that the Government are doing all they can to lobby the Kingdom of Saudi Arabia to allow aid into Yemen?

Alistair Burt: I can absolutely assure my hon. Friend that we are doing that, but again I draw attention to remarks made in the House about there being two sides

to the conflict and the need to make sure that both contribute to an end to the conflict. That is the only way to ensure access to food, medicines and water in those areas currently under Houthi control. The heart-rending pictures of suffering children are an affront on a day like today, which is why we must continue to bend all our efforts to supporting a conclusion to this terrible conflict.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The Minister says he hopes the crisis will be addressed via diplomatic and political means, but if this strategy fails and the blockade continues, will the British Government and other countries, given the pressing nature of the crisis, also consider sanctions against the Saudis, especially on arms exports?

Alistair Burt: I say again that we are some way away from that. First, we are working extremely hard with the coalition to understand the impact of those who would bring missiles to target their airports and civilian population, and in those circumstances, threatening them with sanctions is not appropriate. Secondly, to recognise just one side in this conflict only gives comfort to those who might wish to prolong the conflict because it puts pressure on others. I am sure the hon. Gentleman does not mean to convey that, but it is why we are working so hard for a negotiated solution through the good offices of other states in the region.

Ross Thomson (Aberdeen South) (Con): The conflict in Yemen has led to a cholera outbreak that has affected more than 902,000 people and caused the deaths of more than 2,000. Given that the Yemeni medical system has collapsed, what engagement have the United Kingdom Government had with key international allies and the World Health Organisation to help to stem the rapid spread of cholera? Is treatable and also preventable if people have access to clean drinking water, which for too many has been out of reach owing to rising prices, lack of fuel for delivery and the blockade.

Alistair Burt: Two or three things are worth mentioning. One of the problems in the region has been the non-payment of public health workers. I have had three conversations with the current President of Yemen in which I have urged the Yemeni Government to make finance available to pay the workers whose job is to try to assist those who may be likely to get cholera. I know that some of the aid agencies have stepped into the breach and paid people to do the same, which has been magnificent. However, the United Kingdom has played its part. We have given £27 million to UNICEF to treat children with severe acute malnutrition, provide safe water supplies and critical hygiene items and support mobile health clinics, and £6 million has been specifically allocated to cholera response. We have been supporting the vaccination programme to try to make a difference. Of course access is vital, but we work through partners, and that is the way to help tackle the cholera epidemic.

Alex Sobel (Leeds North West) (Lab/Co-op): May I, like my hon. Friends, condemn in the strongest possible terms the missile attack on a civilian target in Riyadh? There have also been many attacks on civilian targets in

Yemen. What plans have the Government to apply the arms trade treaty to Saudi Arabia in future licensing decisions?

Alistair Burt: As has been mentioned before, arms licences in the United Kingdom are subject to strict controls. Everything is done on a case-by-case basis. I stress that we regularly raise the importance of compliance with international humanitarian law with the Saudi Arabian Government and other members of the coalition. Saudi Arabia has publicly stated that it is investigating reports of alleged violations of international humanitarian law, and that lessons will be acted on. The coalition's Joint Incidents Assessment Team has announced the findings of a total of 36 investigations, and the most recent were released on 12 September 2017. It is all being taken very seriously. However, the hon. Gentleman was right to condemn that missile attack.

Robert Courts (Witney) (Con): What are the Government doing to bring all parties together, so that we can find an overall, collective solution to this tragedy?

Alistair Burt: The efforts to bring all parties together have pursued a number of different lines from the summer onwards, and, indeed, for months before that. At the New York General Assembly I hosted a meeting of the so-called Quad, which consists of the United States, the United Arab Emirates, Saudi Arabia and the United Nations, to see what could be achieved. There is shortly to be another meeting of the Quad, and also a meeting of the Quint, which includes the Omanis, because we believe that they are key to the mediation in the area.

We are working to support the UN special representative, who has been tireless in his efforts to seek a solution, and working with all those who are using back channels and direct contacts to try to make all parties see that there is no future in the conflict. However—I must be clear about this—there are people in the region who make money out of the conflict, and numerous Yemenis have said that at present too many people who are involved in the conflict are comfortable about its going on. It is hard for us to understand how dreadful that is, but it is true. We must ensure that achieving peace is more beneficial for more people than those who wish to perpetrate war.

Bob Stewart (Beckenham) (Con): The firing of short-range ballistic missiles by Houthis towards Riyadh is designed to be provocative. I am worried that there are some reports that the Houthis are now able to manufacture a short-range ballistic missile, perhaps a Qaher 1, but I cannot believe they have that level of sophistication. What is my right hon. Friend's opinion?

Alistair Burt: There are some matters on which I am unqualified and on which the backgrounds of my hon. Friend and others in the House is rather greater. I have no comment to make on the detail of the sophistication of the weaponry being used in the conflict, except to say that some very sophisticated weaponry appears to be coming in. That is a threat to the region as a whole and, through that, to all of us.

Mr Speaker: The self-effacement of the Minister of State is not only unsurpassed; it is unequalled in this House.

Kevin Foster (Torbay) (Con): I welcome the Minister's statement and comments so far in recognition of the humanitarian disaster, which is almost of biblical proportions. Can he say a bit more about the work we will be doing as a member of the Security Council to help the UN get the aid that is so desperately needed into Yemen?

Alistair Burt: The UK holds the pen at the UN, which means we have the primary responsibility among Security Council members for efforts to secure support for a negotiated peace, and the UK sponsored a presidential statement agreed on 15 June. That was an important signal of international concern, particularly about the deteriorating humanitarian situation. Our focus at the UN remains on encouraging all parties to convert the words of the text into action, and that work is going on in the UN all the time.

Wendy Morton (Aldridge-Brownhills) (Con): I am grateful to the Minister for coming to the House today yet again to make a statement and to continue to keep us updated. What efforts are the Government and diplomatic staff undertaking to unlock the political deadlock of this terrible situation?

Alistair Burt: Part of the problem, as I alluded a moment ago, is that some parties have become comfortable with the conflict, and some parties in Yemen have been able to make a living with the conflict going on. There have to be incentives to people to make sure that a peace can be reached. To most of us, it is horrendous that anyone should be in that position, but the realities after a couple of years of conflict in the region have to be understood, and we only have to talk to Yemenis themselves to understand their despair and frustration. Accordingly, that is where the will of states must come in, in order to make sure that they can enforce a negotiated peace, but above all to make sure that those responsible for others realise that the only future for the people of Yemen is not in a continual state of conflict, but is in having government with the consent of the people, which can take a wonderful country, which is full of culture, music, architecture and all the good things we rarely talk about, and give its people the chance of the future they richly deserve.

John Howell (Henley) (Con): UNICEF has praised the UK for the aid it has already contributed to the country. Will the Minister say a little more about what pressure he feels can be brought on Iran to end its supply to the Houthis, who are still indulging in things like forced marriage and the use of children as soldiers?

Alistair Burt: Our relationship with Iran is changing: since going to the inauguration of President Rouhani we have made it clear that, although there are many differences between us—not least Iran's support for what we consider to be insurgencies and terrorist action—it

sees the world differently from others in the region, but the logical consequence of that not being addressed is dire. Accordingly, if there are pathways to encourage people to see their region differently and to try to create relationships that at present seem difficult, the UK's role these days is to encourage that. There are already relationships between certain states in the region that 50 years ago we would not have expected, so who knows what can happen in the future, but we will continue to work with those in the region, including Iran, to encourage them towards a regional situation that no longer relies on confrontation, but relies instead on consensual support for their peoples.

Helen Whately (Faversham and Mid Kent) (Con): I draw the House's attention to my entry in the Register of Members' Financial Interests. Considering the awful humanitarian situation, and despite the missile being smuggled into Yemen and fired into Saudi, does my right hon. Friend believe that it is possible to get more aid, perhaps trusted UK aid, to the Yemeni people?

Alistair Burt: Although there is some access through some of the southern ports, the quality of access is not yet good enough and does not cover enough areas. We are looking to use any means we can—with our partners the World Food Programme, UNICEF and others—to get aid in, but more access is needed, which is why we want to ensure that the ports are safe for those who fear weapons coming in and are also open to the humanitarian access that is so badly needed.

Jeremy Quin (Horsham) (Con): Following the Minister's response to my hon. Friend the Member for Beckenham (Bob Stewart), does he share my concern that there appears to have been a serious breach of United Nations Security Council resolution 2216, at the ultimate cost of a worsening of the conditions of the people of Yemen and of greater regional instability? Alongside supporting humanitarian efforts, what can the UK do to assist the UN in the ongoing investigation to which he has referred?

Alistair Burt: My hon. Friend is right to say that a UN investigation is taking place into the circumstances surrounding the missile. We are certainly concerned about where the parts for that missile might have come from, and that could indeed involve a breach of the arms embargo. We have offered the UN all our technical expertise because it is essential that the incident is fully investigated, and it is unfair to cast aspersions if they are not correct. It is also essential to get to the root of this and, above all, to stop the smuggling getting in. That is part of the key to improving humanitarian access.

Mr Speaker: I am most grateful to the Minister of State and to colleagues. I fear that it will almost inevitably be necessary for these matters to be aired again in the Chamber before very long.

Point of Order

5.17 pm

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): On a point of order, Mr Speaker. You might be aware that we are awaiting the results of the successful elections in Somaliland, and all of us in the House and in the all-party parliamentary group on Somaliland and Somalia are watching closely and hoping that stability and peace will be maintained, and that all parties, whatever the final result, will work to establish mechanisms to resolve any grievances and help to move Somaliland forward. Have you had notice of any statements or updates from the Foreign Office on those important elections, not least in the light of the UK's funding for the important electoral monitoring mission there?

Mr Speaker: The short answer to the hon. Gentleman is that I have not, but I hope that that will be forthcoming ere long, principally because this is a matter of great concern to the hon. Gentleman and many other Members across the House. I might add, almost in parenthesis, something I think that he did not know and at this moment does not know, but is about to know—namely, that in the distant past, I was myself a member of that all-party group and made common cause with the hon. Member for Bristol East (Kerry McCarthy). So this is a matter of considerable interest to me as well. I am sure that Ministers on the Treasury Bench will have heard what the hon. Gentleman has said, and I hope that the House will be enlightened before very long.

Ways and Means

Duties of Customs

Mr Speaker: Before I call the Financial Secretary to the Treasury to move the first Ways and Means motion, I should make it clear to the House that all three founding resolutions will be debated together. I inform the House that I have selected amendments (e) and (f), tabled in the name of the hon. Member for Edinburgh South (Ian Murray).

5.19 pm

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

That—

(a) provision may be made imposing and regulating a duty of customs chargeable by reference to the importation of goods into the United Kingdom,

(b) provision may be made conferring power to impose and regulate a duty of customs chargeable by reference to the export of goods from the United Kingdom,

(c) other provision may be made in relation to any duty of customs in connection with the withdrawal of the United Kingdom from the European Union, and

(d) provision may be made dealing with subordinate matters incidental to any provision within any of paragraphs (a) to (c).

Since the British people took the decision to leave the European Union in June last year, the Government have taken a number of significant steps to put that decision into action, including triggering article 50, taking forward the European Union (Withdrawal) Bill and, of course, undertaking the extensive consultation and planning that inform our negotiation objectives. The motions before us today represent another essential step in that process. We are here to debate legislation that will allow a new customs regime to be in place by the time the UK leaves the EU and its customs union and, in doing so, allow the UK to respond to the outcome of the negotiations. I do not need to tell the House how important that is.

The Taxation (Cross-border Trade) Bill will pave the way for new domestic legislation that will enable the UK to establish a stand-alone customs regime. It will allow the UK to charge customs duty on goods, including those imported from the EU. It will allow the Government to set out how and in what form customs declarations should be made. It will also give the UK the freedom to vary rates of import duty as necessary, in particular in the case of trade remedies investigations and for developing countries.

Mike Gapes (Ilford South) (Lab/Co-op): The Minister talks about the decisions that the Government have already made. Before they decided to trigger article 50 and begin the process, did they give any consideration to the complications that would be caused in the relationship between Northern Ireland and the Republic of Ireland, which were explained to the Foreign Affairs Committee when we were in Dublin last week?

Mel Stride: In exercising article 50, the Government's consideration was the decision taken by the British people in June last year to leave the European Union. On the hon. Gentleman's specific point about the Northern

[*Mel Stride*]

Ireland-Ireland border, we are of the same mind as the European Union and the Irish Republic that there should be no return to the hard borders of the past. We are committed to as frictionless a solution as possible for the border between Northern Ireland and the Irish Republic.

Tom Brake (Carshalton and Wallington) (LD): The Minister will be aware that the Irish Prime Minister has called on the UK Government to give a written guarantee that there will be no controls on the border. Is the Minister able to give that guarantee?

Mel Stride: We have made it clear on numerous occasions that we have no intention of reverting to the hard borders of the past, and that we will ensure that we fully take into account the unique political and cultural circumstances of Northern Ireland and the Irish Republic.

In addition, the Bill will modify elements of our VAT and excise legislation to ensure that it functions effectively upon our EU exit. In doing so, the Bill will give the UK the power to implement new arrangements that will ensure that trade is as frictionless as possible.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Has the Minister heard the judgment of the UK Chamber of Shipping, which talks of an “absolute catastrophe” unless issues relating to transport through the ports are resolved? Are the Government taking that seriously?

Mel Stride: The hon. Lady raises an extremely important point, particularly in relation to roll-on/roll-off ports. I have been to Dover to meet the port’s chief executive and other staff, and Her Majesty’s Revenue and Customs is closely engaged through various roundtable exercises with all the UK’s ports. We recognise the paramount importance of ensuring that we have fluid trade flows through those ports. The hon. Lady will know that the White Paper set out clearly the sorts of approaches that we will be taking, if necessary, to ensure that those flows are rapid and effective, and that trade is kept moving.

Stella Creasy (Walthamstow) (Lab/Co-op): Following our time together in Committee considering the Bill that became the Finance (No.2) Act 2017, the Minister will know my concern that small businesses in Britain will be saddled with the 13th VAT directive. He has set out that the Government’s intention is that a new directive will come into place before we leave the European Union, so will he clarify whether he expects British businesses to have to deal with all the vagaries of the 13th VAT directive?

Mel Stride: As the hon. Lady knows, at the point at which we leave the European Union, we will gain further control over VAT, although that depends on the precise nature of the deal that is negotiated. It might be that we move from acquisition VAT to import VAT depending on where that negotiation lands, which remains to be seen. The general principle is that the Government are entirely committed to ensuring that burdens on businesses are kept to an absolute minimum and that trade flows are maintained.

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): The Minister will be aware that there were many responses by manufacturing organisations to the White Paper on the Trade Bill. The British Ceramic Confederation, which is based in my constituency, is genuinely concerned about the market and trade remedies that will exist post-exit, particularly for dumped goods such as tiles and tableware, which could undermine the indigenous manufacturing base. Will he clarify what those remedies might look like once we leave the EU? The time between the closure of the consultation on the White Paper and the publication of the Trade Bill was very short, so we cannot really be sure whether those representations were considered.

Mel Stride: The bulk of the measures to which the hon. Gentleman refers will be in the Taxation (Cross-border Trade) Bill, including trade remedy measures on dumping, excessive subsidy and safeguarding. He will know that we take those issues extremely seriously. In the event that there is evidence of dumping or the other things to which I have referred, there will be a trade remedies authority, the details of which have already been disclosed to the House in the Trade Bill. That body and the Secretary of State for International Trade will be able to work together to ensure that, when there are problems due to activities such as dumping, we will be able to take appropriate action in the normal manner.

John Howell (Henley) (Con): Will the Minister comment on the extent to which the Bill will allow the VAT and customs system to continue, whatever the outcome of the negotiations? Has enough flexibility been built in to the measure regardless of the outcome?

Mel Stride: My hon. Friend raises an important point that goes to the heart of the Bill. This is a framework Bill, so it will allow us to make sure that we can deliver wherever the negotiations land. It does not presuppose any particular outcome from the negotiations; its purpose is to enable the outcome of the negotiations to be put into effect.

Anna Soubry (Broxtowe) (Con): I have made it very clear to people in Broxtowe that I believe in our continuing membership of the customs union and the single market. Can the Minister help me with this? Will the measure be able to cope with all eventualities, including our staying de facto as a member of the customs union through a period of transition? Could we—if everything goes the way I would like—even stay a member of the customs union under this Bill, if that were the will of the Government and the House?

Mel Stride: The Bill deals with our leaving the European Union, which means, as a simple matter of law, that we will be leaving the customs union. However, it does indeed allow for a transition period in which there could be a very close customs association with the European Union.

Mr Chris Leslie (Nottingham East) (Lab/Co-op): How?

Mel Stride: The Bill will be presented this evening. When the hon. Gentleman reads it tomorrow, he will be more enlightened as to how it can facilitate a period of transition.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): The Minister referred to the Bill's ability to deliver in all possible circumstances. Is he aware of the report by the Home Affairs Committee and of discussions with HMRC about concerns over its capacity to deal with various customs arrangements? The report says that the Home Office is providing only an extra 300 staff by 2019, yet HMRC says that it needs 5,000 additional staff to cope with a changed customs regime. What assessment has he made of how many new staff are required and what they will cost?

Mel Stride: We will be guided by HMRC on the number of staff required, and we are working closely with it on this issue. As the hon. Gentleman will know, Jon Thompson, the head of HMRC, has suggested that between 3,000 and 5,000 staff will be needed in a day one contingency scenario, if that is where we end up, and he and HMRC are in discussions with us about both the timing of the pressing of the buttons on these issues and the costs involved. The hon. Gentleman can rest assured that HMRC will be provided with whatever resources it requires to ensure that we are ready on day one.

Mr Leslie: Will the Minister assure us that the Bill, which, of course we do not have but which he is saying we will be able to see—although not until we have debated this paving resolution—will contain arrangements for sanitary and phytosanitary regulatory checks at Dover and the channel tunnel entrance and exit? They are not there at present and if we were going to institute customs checks, we would similarly have to institute those regulatory checks. Has Her Majesty's Revenue and Customs allowed for that in the budget as well?

Mel Stride: The hon. Gentleman makes it sound as though the fact that we do not have the Bill available right now is in some way inappropriate or not right, but he will know that this Bill is a finance Bill—a taxation Bill—and it is coming in under Ways and Means. I will introduce the Bill at the end of this debate, having the opportunity to walk the Floor accordingly and to be admired by many Members on both sides of the House when I do so. He will also be aware that HMRC is involved in our ongoing negotiations on the issues he has raised, and these things will come out of those discussions in the normal manner.

James Duddridge (Rochford and Southend East) (Con): Does the Minister agree that there is some faux misunderstanding of the situation going on here? There is a body of evidence of what life will be like outside the EU: our trade with the rest of the world. This is not a new thing we are doing; it is something we are replicating within the EU that exists in our trade with the rest of the world, which dwarfs what we do within the EU.

Mel Stride: My hon. Friend raises an important point: our nation is quite capable of ensuring that wherever the negotiation lands, we will be able to have the resources, talents and wherewithal to go out and make a success of Brexit, getting out and engaging in our future trading arrangements. The important thing is that this Bill does not presuppose any particular outcome, but facilitates whatever outcome we finally arrive at.

Dr Andrew Murrison (South West Wiltshire) (Con): Does the Minister agree that it is wrong to say that phytosanitary checks do not happen—or could not happen—at the moment? We experienced such checks clearly in 2001, at the time of the bovine spongiform encephalopathy outbreak. These things are very real and they happen from time to time. It is right that member states should be able to protect public health and animal health, and they are perfectly capable of doing so within the European Union.

Mel Stride: My hon. Friend has put the point very clearly and effectively, and nothing in this Bill acts counter to our ability to act in the way he has suggested.

Damian Collins (Folkestone and Hythe) (Con): As the Minister will know, more than 80% of the UK's freight movement goes through the channel tunnel and the port of Dover. Anything that slows, let alone delays, that processing will cause massive backlogs, and the physical infrastructure is not yet in place to do this. Alongside the Bill he is presenting this evening, does he believe that we need to make sure the resources are there so that whatever is necessary is in place on day one to make sure the physical infrastructure can support cross-channel trade?

Mel Stride: My hon. Friend raises a crucial point for ro-ro—roll on, roll off—ports, and these are just the kinds of issue that I discussed with the personnel and the chief executive at Dover when I visited. I have regular discussions with HMRC on these matters, and it in turn has regular roundtable events and a particularly close association with the port of Dover. He is absolutely right to say that we must ensure that trade is fluid and moves quickly across that border. He will have noted the suggestions set out in the White Paper of the pre-lodging of customs declarations away from the port—from Calais, in this instance—and making sure we have the right inventory software in the port so we can match up those goods coming in against those declarations to make sure we keep the flow going.

Several hon. Members rose—

Mel Stride: If I may, I will finish the point. As to my hon. Friend's specific question about whether I believe we are ready, let me say that I believe we will be ready. I believe that the customs declaration system—the IT system that is coming into place—will be ready by January 2019, that we will start seeing businesses and traders migrating to that system around August next year, and that we will be in the position we want to be in come day one.

Tom Brake: In his meeting with the Port of Dover—I have also met its representatives—what did the chief executive say about how much the extra average processing time per vehicle would need to be for the port to stop functioning?

Mel Stride: As the right hon. Gentleman will know, the figure is very low. I think it is a matter of a couple of minutes—if the whole system stopped for more than a couple of minutes we would start to see major problems, which is why we are placing such an extremely high priority on making sure that our ro-ro ports continue to move as effectively as they should.

Ruth Cadbury (Brentford and Isleworth) (Lab): I thank the Minister for his full responses to the questions on ro-ro. I wish to ask similar questions about our biggest port by value: Heathrow airport. With respect to the IT systems and other processes, will Heathrow be ready for this process?

Mel Stride: Yes, absolutely. In the case of Dover, most of the traffic is intra-EU trade, whereas a high proportion of the traffic going into Heathrow is more international than simply the EU, so there is already greater engagement with third-country trading. We are therefore confident that Heathrow will be ready.

Charlie Elphicke (Dover) (Ind): My right hon. Friend is giving a typically powerful and effective exposition on this incredibly complex and detailed matter. Does he agree that it is really important for the channel ports that parking facilities and resilience are built in off the M20 so that whatever eventuality arrives with respect to needing to do checks—whether for animal health or customs purposes—we have the right kind of infrastructure and facilities in place on day one?

Mel Stride: I thank my hon. Friend for his intervention and, before I address his specific question, I also thank him for his insights and the fairly powerful lobbying he has quite rightly done on behalf of the Port of Dover and his constituents. On his specific question about infrastructure being ready, we certainly recognise that we need to have infrastructure there and that the port itself would generally not be able to handle a large number of stoppages at any one time. As I say, I have been down to the port to inspect the facilities there, so I certainly appreciate that. That is an issue that is receiving ongoing consideration.

Mrs Ellman: Will the Minister tell us what financial provision is going to be made if Operation Stack has to be put into practice on the M20 every week, if not more regularly, when there is a blockage at the port?

Mel Stride: Of course, Operation Stack arose not because of a general deficiency in the customs arrangements but because of the specifics of what occurred on the French side of the channel. If that situation occurred again, which I suppose it could do irrespective of the arrangements we have for customs, the Government would clearly make sure that we had sufficient resource to deal with that eventuality. As I have said, though, in terms of the customs arrangements themselves, the resourcing of the facilities and the arrangements that we need to put into place, we are confident that they will be there to keep the traffic moving on day one.

Damian Collins: As the Minister will know, this is in the interests of my constituents, as well as those of my hon. Friend the Member for Dover (Charlie Elphicke). Will he confirm, if not from the Dispatch Box then in writing afterwards, that the £250 million allocated by the Government in the autumn statement two years ago for the provision of an Operation Stack relief lorry park on the M20 is still in place? The Department for Transport has unfortunately had to withdraw its plans for that lorry park because of a judicial review, but it intends to go back into the planning process with new plans. My constituents would benefit from knowing that the funds allocated to that project are still there.

Mel Stride: I have taken a rather large number of interventions, so in the interests of making progress I shall do as my hon. Friend suggests and write to him on that specific point.

Working in tandem with the Trade Bill, which was introduced to Parliament earlier this month, this legislation will help to provide the continuity and smooth transition that everybody wishes to see.

Let me be clear to the House that, by virtue of leaving the EU, the UK will also leave its customs union—that is a legal fact. It is also a critical part of allowing the UK to forge a new relationship with new partners around the world. Leaving the EU customs union will allow the UK to negotiate its own trade agreements. Those trade agreements will be based solely around the UK's national interests and needs. We will also want to ensure that we have an ambitious new customs arrangement with the EU that will allow us to keep trade between the UK and EU member states as free and as frictionless as possible. As the Prime Minister has made clear, although we are leaving the EU, we are not leaving Europe. Having mutually beneficial customs, VAT and excise arrangements is clearly in the interests of businesses on both sides—a resounding message that we have been hearing from the hundreds of businesses that we have consulted on this matter since the referendum.

Crucially, the Government remain firmly committed to avoiding any physical infrastructure at the land border between Ireland and Northern Ireland. We welcome the recognition from our European partners that this is a point of absolute importance, by which I mean their commitment to the Good Friday agreement and their focus on flexible and creative solutions to avoid a hard border. We look forward to making progress on that issue.

To meet those core objectives—establishing an independent international trade policy, ensuring UK-EU trade that is as frictionless as possible and avoiding a hard border on the island of Ireland—the Government have set out two options for our future customs regime. One is a highly streamlined customs arrangement. That approach includes a number of measures to help minimise barriers to trade: negotiating continued access to some facilitations that our traders currently enjoy; introducing innovative new-technology-based solutions to reduce the risk of delays; and simplifying and streamlining the administrative demands on businesses. The other is a new customs partnership. It is an unprecedented and innovative approach under which the UK would mirror the EU's requirements for imports from the rest of the world, removing a need for the formal customs border between the UK and the EU. Both of those options would take time to put in place. We are clear that “cliff-edge” changes are in no one's interests. Businesses should have to adjust only once to a new customs relationship. It is for that reason that we are proposing an implementation period, during which businesses and Governments in both the UK and the European Union would have time to adapt. How long that period lasts and the form that it takes will be a matter for the negotiations, and it would of course cover issues beyond customs. However, as the Prime Minister has set out, the duration should be linked to the amount of time required to prepare for our future relationship with the EU. Current evidence points to the need for an implementation period of around two years.

Although the precise nature of the relationship that we will end up with on customs is a subject for the negotiations, there are sensible steps that we can take now to prepare for the future. This Bill is one of those steps, providing, as it does, a framework for a new customs regime. This will allow the Government to give effect to a range of outcomes from the negotiations, including an implementation period. Businesses have called for certainty and continuity, and this Bill will, as far as possible, allow us to replicate the effect of existing EU customs laws. It is only prudent that the Government should prepare for all eventualities, so this Bill will also allow the Government to operate effective customs, VAT and excise regimes even if a deal with the EU is not reached, although, as I have set out, a negotiated settlement is in the interest of all parties. That is exactly what the Government hope and expect to achieve.

Just as with the European Union (Withdrawal) Bill, this Bill is about laying the groundwork for our successful future outside the European Union. Trade is clearly going to be a key part of that. The UK has long been a great trading nation. Today, the UK's trade with non-EU countries is equivalent to more than half of our exports by value, so getting our customs, VAT and excise arrangements right to support that—as well as continued trade with EU countries—is vital. We need to be able to pursue trade deals with partners across the world, while, at the same time, keeping our trade with the EU as frictionless as possible, and avoiding a hard border between Northern Ireland and Ireland. This Bill is a crucial stepping stone to the new arrangements that will allow us to meet those objectives.

5.43 pm

Peter Dowd (Bootle) (Lab): At last, we have the Ways and Means motion before the House. The enigmatic—some might say pretty puzzling—part of it all is that it does not have much to say practically about taxation, cross-borders or trade. That is somewhat perplexing given that the title of the Bill is the Taxation (Cross-border Trade) Bill. The only word in the title that in any way reflects this subject is the word “Bill”.

I wait with bated breath for the customs Bill, which I trust will have—hope springs eternal—more substance to it. Perhaps we will see more of the same powers to alter primary legislation going into Ministers' back pockets. However, if this Ways and Means motion is the warm-up act to the customs Bill, I imagine that it will be just as disappointing, vague, opaque and abstruse.

I exhort the Minister to have a look at the representations of the Chartered Institute of Taxation. I am sure that he will read those observations with alacrity, as I do. In the institute's response to the Government's White Paper, “Customs Bill: legislating for the UK's future customs, VAT and excise regimes”, it made a number of observations that are worth highlighting. For example, paragraph 1.3 states:

“The paper gives rise to an unusually complex mix of legal and technical issues within equally complex political constraints. It is not our remit to enter into debate about the political constraints, but a lack of clarity around the political constraints makes the technical analysis somewhat more difficult.”

That is a fair reflection, in very measured tones, of what the rest of us think, which is that the cack-handed manner in which the Government have approached the negotiations with the EU has left the important detail

that is necessary to ensure the deal that the Prime Minister ostensibly wants—namely, streamlined customs arrangements—to the vacillations of the Government in general and the Brexit Secretary in particular. That is very worrying.

It is worrying in that the Government continue to be dragged screaming and shouting to this Chamber on any issue that they feel uncomfortable debating. When they do discuss it, they try to curtail the debate. The Chartered Institute of Taxation also has something to say on that in paragraphs 5.4 and 5.5 of its response to the White Paper, which state:

“We acknowledge the predicament of needing to begin the legislative process before knowing the outcome of negotiations. However, we have concerns around the limited level of scrutiny that this law-making process allows, given the political uncertainty, the potential for large-scale changes and tight timescales... The Bill will, we understand, have the powers to amend primary legislation using secondary legislation; raising similar concerns around delegated powers as with the EU Withdrawal Bill.”

The Government are even dragging their feet on the production of the 58 impact assessments, some two weeks after this House demanded them. The Opposition recognise the need for the Government to begin preparations for an independent customs and tariff regime, as that is both logical and necessary. However, it does not mean giving the Government a blank cheque to concentrate power in the hands of the Executive. The upcoming Taxation (Cross-border Trade) Bill will outline the powers of a new trade remedies authority, the creation of which is outlined in the Government's Trade Bill.

Let me be clear: although Labour supports the creation of a truly independent trade remedies authority to help to protect UK industry and advise the Government on how best to tackle the dumping of state-subsidised cheap goods on the UK market, we do not want to see an authority compiled of the International Trade Secretary's cronies, who are tasked with advising him on how best to dismantle key sectors of the UK economy. Instead, we want a trade remedies authority that reports directly to Parliament, rather than to the Department for International Trade. It should have representatives from the trade union movement, British business and each of the devolved Administrations. We will not allow this House to be sidestepped or side-lined by a Government consumed by chaos.

Whether with the Henry VIII powers in the European Union (Withdrawal) Bill or the delegated powers set out in the Trade Bill, this Government have shown an unhealthy obsession for cementing power in the hands of the Executive and shying away from any parliamentary scrutiny.

Ian Murray (Edinburgh South) (Lab): It seems that the mantra of “taking back control” that we saw during the EU referendum campaign essentially means taking back control to Ministers, not to this democratically-elected Parliament.

Peter Dowd: My hon. Friend hits the nail on the head. That has been the line that this Government have taken. Power stops at Westminster and it does not go beyond. It is, quite frankly, a sham.

The Government cannot even bring themselves to include in this Ways and Means motion any reference whatever to parliamentary scrutiny; they do not like that. At every opportunity, even if the Government have contempt for this House, we will ensure that they

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will be forced to explain why they are so frightened of parliamentary scrutiny. At every corner, they will be required to explain in the cold light of day why they seem so reluctant to send Ministers to the Dispatch Box to explain the Government's rationale.

Now, the Government, in their faux generosity, will claim that they have set aside eight days to debate the withdrawal Bill and other days to discuss Brexit. However, in the withdrawal Bill, they are institutionalising an accretion of powers to the Executive that is quite unheard of in the modern history of this country. [Interruption.] Ministers are huffing and puffing, but that is the reality: the accretion of power to Ministers is absolutely disgraceful.

We have to go back to the second world war to see powers of this magnitude and extent reserved to the Government, and those were dismantled as soon after the war as practical. At least our forebears had good reason in that situation, in so far as there was a national Government—a true coalition—united against one of the most odious regimes. The methods being used to sideline Parliament are quite shocking. History will treat this Government with the contempt they deserve for their feculent attempts to disenfranchise this House.

Mel Stride: I have patiently listened to what the hon. Gentleman has had to say. He has referred to the powers in the European Union (Withdrawal) Bill and to the operation, setting-up and independence or otherwise of the TRA. Neither of those items is actually included in this Bill, so what is it in this Bill that he wants to make a point about?

Peter Dowd: The right hon. Gentleman misses the point. This is part of the whole pattern and process by which this Government accrue and accrue powers. Government Members do not seem to grasp that concept, but the fact is that the Government continue to pull powers to themselves and do not devolve them to any of the other nations.

Anna Soubry: I think the hon. Gentleman is really struggling on this. It makes eminent sense that the Government should have the powers to deal with all eventualities. Perhaps he could help this place by explaining the Labour party's current policy on the customs union. Is the Labour party in favour of us remaining in the customs union de facto as we go into transition, or is it against that? Is it in favour of our staying in the customs union by way of a final deal, which I think is an eminently good idea?

Peter Dowd: I will tell the right hon. Lady what we are in favour of: parliamentary scrutiny. It was John Bright who reportedly coined the phrase "the Mother of Parliaments", which is completely alien to Conservative Members and, obviously, to the right hon. Lady. I suspect that he, along with many other Radical and Conservative parliamentarians, would be turning in his grave at the idea that a Government living on borrowed time have the arrogance, hubris and others would say bluster to treat Parliament in the fashion this Government are intent on doing.

Conservative Members have to ask themselves this question: did their constituents send them to this House to acquiesce is the systematic stripping away of

parliamentary scrutiny, which is not in the national interest, or did they send them here to hold the Government to account, regardless of their party allegiance? The Minister should take seriously the concerns I have raised, as many others inside and outside the House have, about the fast and loose approach the Government are taking to parliamentary scrutiny.

Charlie Elphicke: The hon. Gentleman has not answered the incredibly important intervention made by my right hon. Friend the Member for Broxtowe (Anna Soubry). Can I ask him a different question? Will he be supporting amendment (e), which is the unofficial Opposition amendment?

Peter Dowd: The fact of the matter is that we are not closing off options, which the Government seem to have a pathological obsession with doing.

I hope that, between now and Second Reading, the Government will consider the importance of comprehensive parliamentary oversight and pay attention to the concerns of this House in relation to this whole question.

5.54 pm

Mr Marcus Fysh (Yeovil) (Con): It is a pleasure to stand here tonight and to talk about this Bill on behalf of my constituents. Having listened to the speech by the hon. Member for Bootle (Peter Dowd), they might have been a bit surprised to hear that there was no point to this place at all. However, what we are doing tonight, if we pass these resolutions, is giving our consent to the Government bringing in a Bill that is a key part of enabling us to have the proper machinery of Government if, and as, we leave the European Union. This is not a warm-up act for the Bill itself; this is a gateway we need for the Bill, and it is entirely sensible. This is about giving our consent to the Government making changes to financial matters that will affect every one of our constituents.

As part of those mechanics, we have a massive opportunity to set our own tariffs and duties as we go forward as a nation and to set our own trade policy and all that goes with that. However, this is a very technical matter.

Kerry McCarthy (Bristol East) (Lab): The hon. Gentleman talks as if it was an entirely unilateral decision on our part what tariffs and trade agreements we have. We have to get out there into the wide world and try to negotiate these trade agreements. Does he not acknowledge that we are in a much weaker bargaining position than we were when we were negotiating those as part of the EU?

Mr Fysh: I do not accept that at all, but I thank the hon. Lady for her intervention. We have a major opportunity to think about what tariffs are best for all of our economy, rather than always having to think about just the EU. This is a really big opportunity to shape many of our industries, when we have just had to cope with a one-size-fits-all solution for many years now.

Our ability to cope on day one is dependent on the measures in the Bill being effective. I have to thank my right hon. Friend the Minister for listening so intently when I have slightly harangued him about trying to ensure that we have enough resource and application on

these detailed matters. It is absolutely right that leaving the European Union is a complex business; it is not something we can just assume will be fine. We really need to devote resource, time and application, and to get as much as we can out of the private sector advising and helping us, to make sure we have the necessary technological solutions as part of these processes.

Wendy Morton (Aldridge-Brownhills) (Con): Does my hon. Friend agree that the Bill is very much about preparing the way for when we leave the EU? When we talk about going forward with a global Britain, that is about seeking every opportunity we can to take our country forward.

Mr Fysh: My hon. Friend makes an important point, and I completely agree.

It is massively important that we look at the data systems, and I have talked a lot with Ministers about the customs declaration service that we are putting in place by January 2019. I have met industry representatives, and I have to thank my hon. Friend the Member for Dover (Charlie Elphicke) for organising some of those meetings in a very efficient fashion. They have been incredibly useful in bringing key civil servants and key stakeholders up to date with exactly what is required.

I do not think we need to reinvent the wheel. We do not need to go for full, all-singing, all-dancing, new solutions overnight; there are some practical steps we can take in the interim. We heard from one panel about a system called Intrastat, whereby economic flows around the European Union, based on actual transactions, are recorded. It was suggested that it is possible to, effectively, bolt the tracing of different liabilities on to that system, with the customs system operating in parallel with it.

What our partners in the EU, or in any other part of the world, want to know when goods are moving across one of their borders is what is in those consignments and whether they need to think about a tariff or take into account some other regulatory provision. It is massively important that we can talk to our counterparts on the other side. I implore Ministers to try to persuade the EU, even though so far it has been very reluctant, to allow member states' national customs authorities to talk properly to us about what data interfaces are going to be required for what will probably be quite a lot of extra transactions and considerations that will have to be made. I certainly stand ready to help with my contacts, if I can, to enable some of those conversations to happen. Whether it is a ramped-up trade facilitation exercise—the “option 1” that the Minister described—or a partnership based on a new type of tracing of the way in which goods move around our economy and across our external borders and those of the EU, at the moment, we will need to make and record lots of declarations of one kind or another, and the other side will have to be confident that what we say is the status of these goods is in fact the case.

VAT processing has been the Cinderella of this conversation over the past few months. Everyone has been focused on the duty side, and not enough focus and attention has been given to the VAT side. The manner of the processing of VAT really makes a difference to very many businesses, and it is a major cash-flow issue for most businesses. If we want to stay open to ideas, as we do, with our EU friends and allies, and if we want to

have good facilitation of cross-border trade, we need to address, for example, the ability of a vendor to attend a trade show and take a load of samples with them, because if there is a VAT issue, that could really be a problem. It is also a problem in the art world where very high-value objects are moving around. We need to think about that.

Stella Creasy: I entirely agree with the hon. Gentleman's comments. Does he share my concern that because the Government are not giving any clarity on this issue, it is very likely that British businesses will have to deal with all the vagaries of the 13th directive on VAT unless we look for some clarity on retaining our current systems for trading, whether through the customs union or the single market?

Mr Fysh: I thank the hon. Lady. I agree that we need clarity as early as possible on all these issues, and I encourage Ministers to come forward with ideas on that.

Returning to what we heard about Ireland in various interventions on the Minister, I would like him to think about whether, in the VAT resolutions, we are confining ourselves a little too much by saying that the Government may not, through the Bill, make any amendment relating to VAT rates, exemptions and zero rating. One of the issues with the Irish border historically, and where the real problems came from when Ireland was given its independence, was the amount of smuggling, and the rates and tariffs on goods going into the UK were a major factor in that. Perhaps we could look to smoothing the feelings and the actual processes on the Irish border to make sure that, as far as possible, our VAT rates are as harmonised as they could be so that there is no temptation to smuggle there.

Dr Murrison: My hon. Friend makes some extremely important points. In connection with the Irish border, a derogation already exists, potentially, between the European Union and its neighbouring states through EC regulation 1931/2006, which allows, particularly within a certain distance of the border, small and medium-sized enterprises legally to avoid duties and customs, thus ensuring and promoting cross-border trade. Does he agree that that model could be appropriate on the island of Ireland?

Mr Fysh: I thank my hon. Friend. That is a very interesting point, and I am sure that Ministers will look at it.

The Irish economy probably has more to lose than any other party in the negotiations between us and the EU. We have been talking in our papers about wanting to maintain the common transit convention, and that is probably right. Ireland is incredibly dependent on that because 80% of its trade with the mainland EU goes via our UK land bridge. There are many issues with that, not least the licensing of drivers who currently drive these goods across the borders in a seamless fashion. We need to make sure that we focus on enabling that if we want—

Ian Murray: Will the hon. Gentleman give way?

Mr Fysh: I cannot take any more interventions, I am afraid, because other people want to speak.

[Mr Fysh]

Given the apparent attitude of the Government of the Republic of Ireland to some of these matters at the moment, we should not automatically assume that we will allow them access to the common transit convention. Ministers should take a pretty firm view of that given that we certainly do not want our islands and our nations to be split into different areas. I am very happy to support these resolutions.

6.6 pm

Kirsty Blackman (Aberdeen North) (SNP): I am pleased that the Government have finally brought forward something that is at least a bit more solid than things were previously, albeit not yet very solid.

The customs White Paper says that we should refer to the future partnership agreement and to the Northern Ireland position paper, and the Northern Ireland position paper says that we should refer to the customs White Paper—this is a complete guddle! Having read all these things, not only am I still not clear about how customs will look after the UK leaves the EU, but I am not clear about how the UK Government want customs to look. The only thing that I am even vaguely clear about is that they want the process to be as close to frictionless as possible, yet they have not made any clear commitments about exactly how they expect that to work. Let us look at some of the things they have said in their various papers. With regard to Northern Ireland, for example, they want to agree

“at an early stage a time-limited interim period, linked to the speed at which implementation of the new arrangements could take place, that allows for a smooth and orderly transition.”

I might be wrong, but I think that now is an early stage. In fact, before now would have been a good time at which to make decisions and commitments, and to be clear to business about at least what the direction of travel is, but we are not there yet. We are very close to Brexit day. Brexit day is coming in March 2019—who knows at what time?—and the Government have not been clear with businesses about even their aspirations for how customs will look.

It is undoubtedly the case that we benefit from being members of the EU single market and members of the customs union. Even those who are most vociferously in favour of Brexit agree that we benefit from those things. The lower estimate of the effect on GDP due to leaving the customs union and the single market is that we will lose 3.8%. The upper estimate of the effect of the trade deals that we will strike with Japan, the USA, the Association of Southeast Asian Nations, Canada, Australia, New Zealand and India all added together is a gain of 2.37 percentage points. That is significantly less than the 3.8% that we are going to lose, so even on the best estimates, we are going to be down. The EU is pretty close to striking a trade deal with some of those countries anyway, so the benefits to us are notional rather than actual.

The single market and the customs union continue to benefit us. We are told by the independent and respected Fraser of Allander Institute that a hard Brexit could cost Scotland 5% in GDP growth. A really interesting paper by the National Institute of Economic and Social Research told us last year that if we have these free trade arrangements instead of being a member of the single market and customs union, Scotland will lose £5 billion of exports in services alone. That is very

significant. Analysis by the Scottish Government states that Scottish GDP could be around £11 billion a year lower by 2030 than would be the case if Brexit did not occur.

For those reasons and many others, we in the SNP have been clear from the beginning that we are against Brexit. We are against driving off this cliff, and we are against the incredibly hard landing that will happen when the Brexit bus hits the bottom. Despite our opposition to all these things, we are trying in this House to mitigate the impacts of Brexit. If the Government are determined to drive us off this cliff, we will try to make sure that there are fewer spiky things at the bottom for us to be impaled on.

I do not know how many Members have read the Government's White Paper on customs, but it refers to the Government's two proposed scenarios for the working of the future customs relationship. It also talks about contingency options for if the Government do not achieve their aspirational, bespoke deal—nobody has ever managed to get such a deal, and the Government do not really know what it is—and I think that people at home will be really interested to hear what it says. In a contingency situation, there would not be a £15 VAT-free threshold on parcels posted to people by family members, businesses and organisations in the EU. The Ways and Means motions that we are supposed to be agreeing today would allow the Government to charge VAT on gifts sent to people from the EU, which is ridiculous. If somebody gets a parcel worth less than £15 from a person in America, no VAT is payable on it, but the Government propose that such an exemption would not apply to things that came from the EU in a contingency situation. A lot of people would be pretty unhappy to discover that they will have to pay a customs charge on presents or other items that have come from the EU. Such things have not been spelled out to people or fully discussed.

I have referred to the various papers—I think we are up to four—that the Government have published on this matter. They have been pretty comprehensively savaged not just by experts, but by businesses, which are the real experts in this area. The Minister talked about roll-on/roll-off ports and the speed at which things have to come through ports. The Government have tried and failed to solve the problems with Operation Stack at Dover. Only last week, the Under-Secretary of State for Transport, the hon. Member for Hereford and South Herefordshire (Jesse Norman), put out a statement to say, “Our plans for sorting out Operation Stack are, basically, dead in the water, and we're going to have to start again. But don't worry: we'll definitely have something done by March 2019 when the UK leaves the customs union and the single market.”

Colin Clark (Gordon) (Con): The hon. Lady will agree that the oil and gas industry, which is important to both our constituencies, largely trades internationally outside the EU. It does not fear international trade. Is it wrong?

Kirsty Blackman: I am not saying that anybody should fear international trade. International trade is a very good thing, particularly for productivity, for example, which the oil and gas industry has been quite good at bringing up. The more international trade a country has, the better its productivity growth, but Brexit is not

going to result in more international trade—[*Interruption.*] Brexit is going to result in the UK having more say over the terms of some trade deals with third countries. It will not result in more international trade, because the EU is international—it is made up of a number of other countries—and there is going to be a reduction in frictionless trade to the EU as a result of the changes. [*Interruption.*]

Peter Grant (Glenrothes) (SNP): My hon. Friend will have noticed that Conservative Members are expressing a fair degree of anger. Clearly some of them do not believe her when she says that Brexit will not lead to an increase in international trade. The Government have carried out assessments, so is it not the case that if they wanted to demonstrate that Brexit would lead to an increase in international trade, they could quite easily publish those assessments and we could find out for ourselves?

Kirsty Blackman: I absolutely agree.

Monique Ebell from the National Institute of Economic and Social Research has written a report that compares participation in very comprehensive free trade agreements with membership of an organisation such as the single market, which is pretty much unparalleled in its encouragement of cross-border trade. Being part of a very close free trade arrangement does not give the same access to trade in services or goods as membership of the single market. Even if we had a comprehensive free trade agreement with every country in the world, we would still lose out as a result of Brexit.

Dr Murrison: I am listening with a great deal of interest to what the hon. Lady has to say. The amendments she tabled express commendable encouragement to the European Union, which does her great credit. However, in the interests of being balanced and fair, is she also concerned for much of Africa and South America? At the moment, they suffer the whip end of the customs union, as it makes the export of raw food products to Europe virtually impossible for many of them. Would she like to comment on that, since I am sure that the SNP is very concerned to promote the wellbeing of people in those countries?

Kirsty Blackman: The hon. Gentleman raises an interesting case. I have not looked into all the impacts, but the WTO gives developing countries tariff protection, for example. It is likely that some of these things balance out, but I have not looked into the exact details. I am aware that some Brexit supporters are suddenly concerned about how developing countries will cope with international trade, although they were not particularly worried about that before.

I want to move on to talk specifically about some of the impacts of the proposed changes. I have mentioned the problems that people sending and receiving parcels might face. The Government's "Future customs" paper states:

"Trade is a key driver of growth and prosperity. It stimulates greater business efficiency and higher productivity, sharing knowledge and innovation across the globe."

It goes on to say that trade

"provides a foundation for stronger and more prosperous communities. It ensures more people can access a wider choice of goods at lower cost".

Those are all arguments for staying in the customs union, not leaving it.

All the Government's papers refer to consulting businesses. In all our conversations, the Government have said that they have spoken to businesses. The problem is that although businesses are lobbying the Government as loudly as they possibly can about the impacts of Brexit, the Government are not listening. The Government have an aspirational picture of how wonderful Brexit is going to be and no matter how much evidence to the contrary they are provided with, they continue to push on. Even Conservative Members who supported remain are suggesting, in the main, that we will have benefits from Brexit. In my eyes, that is not right.

The customs declaration service was mentioned by the hon. Member for Yeovil (Mr Fysh). The Minister is generally very good at explaining such things. He has said that he hopes to have pilots soon, with the service up and running by January 2019, but three months is not enough to test a customs declaration service fully. It is not enough to allow businesses to iron out all the problems that might arise or to get used to the red tape.

I want to go back to the issues raised by some of the Government's aspirations and ideas that are, honestly, unworkable. One of the nine principles they have set out for what they expect to do to deal with trade between Northern Ireland and Ireland is:

"Consider how best to protect the integrity of both the EU Customs Union, Single Market and trade policy, and the new independent UK customs regime, internal market and trade policy, in the context of finding flexible and imaginative solutions, while recognising that the solution will need to go beyond any previous precedents."

That is an aspiration without a solution. They are not putting forward a potential solution. They cannot even think of anything to square this circle, fix this problem or dig themselves out of the hole into which they have fallen.

This is an unmitigated disaster. The changes that the Government propose, particularly the customs duties that will be put on goods coming from the EU, or leaving the UK to go to the EU, are a disaster for businesses and for people at home. Some of those goods cross the border several times. For organisations such as car manufacturers or aerospace companies, sometimes the widgets—for want of a better word—cross from the UK to the EU and back many times before there is a finished product. If there has to be a customs declaration each time, and if there is an increase of even a few minutes in the time taken on each occasion, real problems will be caused to a huge number of businesses.

Businesses are speaking to the Government and raising concerns, but the Government are not listening. They now need to give businesses a clear direction. They need to make it absolutely clear today that their intention is that we will not have customs duties between the UK and the EU, so they should support the amendments.

6.21 pm

Ross Thomson (Aberdeen South) (Con): Great Britain's historical reputation as one of the greatest trading nations on earth can be revived and rejuvenated by Brexit. In freeing ourselves from our EU blinkers, we can now open our eyes to the rest of the world and the vast new opportunities that lie ahead of us. Scotland, as a proud partner in the UK, has played a crucial role in cementing Britain's place as a truly great trading nation. The city of Glasgow was a key trading centre for the

[*Ross Thomson*]

UK and acted as an international business hub. For the past 40 years, the UK has legally been forbidden from striking its own trade deals.

Ian Murray: Will the hon. Gentleman give way?

Stephen Doughty: Will the hon. Gentleman give way?

Ross Thomson: No, I will not give way at the moment. I want to make some progress.

As we decouple from the EU, I am excited by the opportunity for Scotland to play a key role in a global trading Britain once again.

Ian Murray: Will the hon. Gentleman give way on Scotland?

Ross Thomson: I will give way.

Ian Murray: The hon. Gentleman and I argued during the Scottish independence referendum that one of the key arguments for Scotland not leaving the UK was that it would leave the UK single market, which would mean having a hard border at Berwick. Does he think the same in relation to Northern Ireland and the Republic of Ireland?

Ross Thomson: Let us be absolutely clear that during that referendum campaign, the hon. Gentleman and I were on the same side. It actually said on page 210 of the White Paper produced by the Scottish Government that, if we voted to stay within the UK, the UK could very well leave the European Union. Everyone had all the information to hand and they voted with their eyes open, and Opposition Members have—

Ian Murray: That is not what I asked.

Ross Thomson: Does the hon. Gentleman want to intervene, rather than shouting.

Ian Murray: I am grateful to the hon. Gentleman for allowing me to clarify that that is not what I asked him. I said that we were on the same side in the independence referendum, and one of the key arguments we both made incessantly during the referendum was that the UK single market would be broken up if Scotland became independent, which would require a hard border. The question was: why is that any different from the situation in Ireland now?

Ross Thomson: As we have heard from the Minister, no one wants a hard border between the rest of the United Kingdom and Northern Ireland, and the Government are working to achieve just that. I also made it clear during the referendum campaign that I have always believed in Britain's future being outwith the European Union. I made such an argument, and I am sure others, especially those in the Labour party, would have done so too if they had perhaps been a bit more honest about their positions.

Stephen Doughty: Will the hon. Gentleman give way?

Stella Creasy: Will the hon. Gentleman give way?

Ross Thomson: No. I want to make some more progress.

Scotland's exports are world-renowned—I am sure the hon. Member for Edinburgh South (*Ian Murray*) and I can absolutely agree about that—and whisky is just one example of a British export success story, with more than 90% of Scotch whisky being sold outwith the UK.

Gareth Snell: Will the hon. Gentleman give way?

Ross Thomson: No. I want to make some more progress.

The city I represent, Aberdeen, is a global leader in some of the most innovative sectors, such as life sciences, new oil and gas technology, and food and drink. As the oil capital of Europe, Aberdeen is a global city and new bilateral trade deals—whether with the US, South America, Africa or even the middle east—will help the granite city to grow and to take advantage of trade inward and outbound investment.

Chris Bryant (*Rhondda*) (*Lab*): Will the hon. Gentleman give way?

Ruth Cadbury: Will the hon. Gentleman give way?

Kirsty Blackman: Will the hon. Gentleman give way?

Ross Thomson: No. I want to make more progress.

Furthermore, striking new trade deals will unlock the potential of many more Scottish businesses, helping them to make their mark around the world and boosting our economy at home, too. If we are to seize these opportunities and make the greatest possible success of them, Britain needs to be ready on day one of our exit from the EU for new trade relationships. On this point, the clock is now ticking.

Peter Grant: Will the hon. Gentleman give way?

Ross Thomson: No.

That is why this customs Bill is so important. Irrespective of any agreements reached between the UK and the EU as part of the negotiation and exit process, the UK will need primary legislation to create its own stand-alone customs regime, and to amend the VAT and excise regimes so that they can function effectively after the UK has left the EU.

The Bill will create a framework that lasts for a new UK customs regime. It will lay before us the necessary foundations to allow new arrangements on customs to be put in place depending on whatever the outcomes of the Brexit negotiations are, such as the implementation of a negotiated settlement with the EU, or leaving the EU without an agreement on customs.

I am sure that all Members of this House want our withdrawal from the EU to provide as much certainty and continuity as is possible for our businesses, employees and consumers. Currently, as the majority of rules governing customs in the UK are contained in directly applicable EU law, such as the Union customs code, it is important at this stage that new domestic legislation is brought forward and put in place for when we leave the EU in March 2019.

In the longer term, depending on the outcome of the negotiations with the EU, the Government will want to consult on possible changes to this law to help UK businesses, but now is the time to help businesses in all of our constituencies by providing the continuity of the existing rules, wherever possible.

Kirsty Blackman: Will the hon. Gentleman give way?

Ross Thomson: No.

Furthermore, the Government will ensure, as they do at present, that their future customs regime is consistent with internationally agreed rules and arrangements. What does this mean in practice? As we all know, trade is not just about the trade deals that we strike or where the growing markets are in the world; it is also about the tariffs, regulatory barriers and terms of trade that we decide to set as part of a new UK policy. The Bill therefore enables the UK to establish a new UK tariff, charge customs duty on goods, set and vary rates of customs duty, and suspend or relieve duty at import in certain circumstances. The UK will be able to set preferential duties and additional duties—for example, to implement a preferential tariff applicable to developing countries.

Gareth Snell: Will the hon. Gentleman give way on that point?

Ross Thomson: No, I want to make this important point: free and fair trade is the greatest poverty alleviation policy. As the Secretary of State for International Trade has already highlighted, over the last generation more than 1 billion people have been taken out of abject poverty, thanks to the success of global trading. The Bill will therefore enable the development of policy that helps some of the world's poorest and developing countries to trade their way out of poverty, rather than simply to depend on aid.

As we set an independent UK trade policy for the first time in 40 years and take up our own seat at the World Trade Organisation, we as champions of free trade can be at the forefront of ensuring that, across the world, there is an ever widening sharing of prosperity. Such prosperity encourages and develops social cohesion, underpins political stability and supports conflict resolution, which in turn supports Britain's own national security aims. The Bill also includes powers for the Government to introduce trade remedies and to protect domestic industries from injury caused by dumped, subsidised or unexpected surges of imports.

In all of this debate, the key point to bear in mind and to stress is that once the UK is outside the EU's customs union, we will take our destiny into our own hands and be able to determine our own overall independent trade policy. We will no longer be bound by the EU's protectionist tariff structure. Free of this, we will have the choice to lower duties on goods. In leading the world on free and fair trade, we can take forward a policy that liberalises trade. I am excited and optimistic about the new deeper and freer trade deals we will be able to strike that will support businesses and services in my constituency.

The golden opportunity of Brexit is the opportunity to open up our markets and lead the world in liberalising trade across the globe. It is not every day that an economy the size of the UK gets to set up a new Department for

trade, or to draw up and set its own trade policy. This opportunity will not come again, so let us seize it with both hands.

6.29 pm

Ian Murray (Edinburgh South) (Lab): With deep pleasure, I beg to move amendment (e), in paragraph (a), after “goods”, insert

“other than goods originating from the European Union”.

I will also speak to amendment (f). Both amendments stand in my name and the names of my right hon. and hon. Friends.

Let me first say to the hon. Member for Aberdeen South (Ross Thomson) that, although I did not agree with a word he said, I thought he made a good speech. However, while he and I have always disagreed on the European Union and we respect each other's position—I am very much an elected Member of Parliament who wishes to stay in the EU; I am pro-European Union and he is very much anti-European Union—I have to point out to him the complete intellectual incoherence of the two arguments he makes. He says we can leave the single market, the customs union and European Union and have a frictionless, seamless, invisible border between Northern Ireland and the Republic of Ireland, but during the Scottish independence referendum campaign, he argued that leaving the UK single market would result in a hard border in goods, services and the movement of people. He does the fight against the scourge of independence in Scotland no good by making those contradictory arguments. Many of the arguments that our colleagues in the Scottish National party make about staying in the European Union and working with our closest colleagues and neighbours with regard to trade in goods and free movement of people completely contradict their arguments on coming out of the UK single market. These positions are contradictory, and I warn politicians that when they play with fire, they get burned.

Sir Edward Leigh (Gainsborough) (Con): May I bring the hon. Gentleman back to amendment (e), to which he is the lead signatory? It would close off options and prevent us from imposing any tariffs on goods from the EU. The hon. Member for Bootle (Peter Dowd) described such closing off of options as “pathological”. The hon. Member for Edinburgh South (Ian Murray) always strikes me as a very nice chap; does he share my concern that his own Front-Bench spokesman thinks that amendment (e) is pathological?

Ian Murray: I anticipated that intervention, although not quite so early in my speech. I return the hon. Gentleman's compliments—he is one of the nicest gentlemen in this House. The Labour party's position on the customs union is that we want the UK to have tariff-free access to the European Union throughout the transition period, with the added option of the UK staying in the customs union. That is the position of our Front-Bench team. It is perfectly clear and chimes perfectly well with amendments (e) and (f).

I am disappointed that the amendments in the name of the hon. Member for Aberdeen North (Kirsty Blackman) were not selected. She has done a lot of work to bring the Ways and Means motion to the House, and I think the arguments advanced reflect the fact that we both

[*Ian Murray*]

want our country to stay in the single market and the customs union, not for ideological reasons, but because we know that the businesses of Aberdeen North and Aberdeen South require us to stay. It is impossible to suggest that the United Kingdom should have exactly the same benefits of the single market and the customs union, with a frictionless border and tariff-free access, but not keep the customs union and the single market on the table. It makes no sense.

Stella Creasy: My hon. Friend is making a powerful case. Often it is said that sometimes we just need to simplify: if it walks like a duck and talks like a duck, it is a duck. If everything the Government are saying they want looks like and sounds like the customs union and single market, why are we wasting time debating other things?

Ian Murray: I am tempted to say that is because they are all quackers, but I am sure that would not go down well and I gave up on the bad jokes some time ago. My hon. Friend is right: the Government are actually arguing for the single market and the customs union, but do not want either. That is why the Bill on the customs union, which will be published tomorrow, will show clearly that the Government are hell-bent in the negotiations with the EU to take us off a cliff edge. No deal is probably their preferred option, and that is what they are promoting in the Ways and Means motion.

Stephen Doughty: Is my hon. Friend intrigued to learn that a former Minister in the Department for Exiting the European Union plans to make a speech tomorrow arguing for precisely that proposal—that we should abandon all plans and trade talks and move ahead into a no-deal, WTO-rules Brexit?

Ian Murray: If that is indeed the case, anyone who is surprised by that speech has not been listening to the debate to date. It seems that the whole thrust of the Government's negotiating position so far has been to just walk away—that no deal would be the best deal to have. As my hon. Friend the Member for Lewisham East (Heidi Alexander) said at Prime Minister's questions not long ago, the Prime Minister is in thrall to the extreme right-wing Brexiteers of the Conservative party, and that is dictating the Government's policy. We can see from this evening's debate that that is true.

Mr Jim Cunningham (Coventry South) (Lab): My hon. Friend makes an important point. We will have to think about investment in this country if there is no deal, because a lot of international companies have invested here for the option of being able to trade in Europe. There would be serious consequences, particularly for industry.

Ian Murray: Indeed, and I will come to more of those arguments later in my speech. The Foreign Affairs Committee, of which I am a member, visited the border regions in Ireland and Northern Ireland just last week, and one of the key concerns we heard from the businesses that employ many thousands of workers on both sides of the border was that they use the UK as the transit route into the European Union. We are the landing

strip for all the goods they export through the United Kingdom into the European Union, because it is the fastest way; the alternatives are not suitable for their businesses. It will be exactly the same for businesses in Coventry, in Aberdeen and in Edinburgh South. The hon. Member for Aberdeen South spoke eloquently about the Scotch whisky industry, which we all defend and champion. That industry needs easy access to the markets in which it sells its products, so it too is pushing for as close a deal as possible to the customs union.

Gareth Snell: My hon. Friend will be aware that the finest Scotch whisky in the world is sold in ceramic bottles made in my constituency. Exiting the European Union without a proper trade deal will result in not only the price of the whisky but the cost of the bottle going up, which will threaten jobs in my constituency. What does he make of the Government's proposals so far on market and trade remedies?

Ian Murray: I am glad my hon. Friend makes that point because the Scotch whisky industry is not just a Scottish industry. It is a UK-wide industry involving bottling, packaging and delivery companies—a whole UK supply chain. If the main driver of that supply chain, which is the whisky coming out of Scotland, is disturbed, the jobs in my hon. Friend's constituency are potentially disturbed, too.

Angela Smith (Penistone and Stocksbridge) (Lab): Much though I enjoy a decent malt whisky, the impact of leaving the customs union would be far greater. If we take into account the agriculture, defence, aerospace and automotive industries, it is clear that if we do not get this right, the impact on complex supply chains in the integrated European Union marketplace could severely disrupt the UK economy.

Ian Murray: That is why the three motions before us tonight, the customs Bill, the Trade Bill and the European Union (Withdrawal) Bill are so important.

Chris Bryant: Before my hon. Friend moves on from Scotch whisky, I wonder whether he would like to comment on the fact that when several of us were in Peru recently, Peruvian Ministers asked the British ambassador what we wanted out of a new free trade deal with Peru, post-Brexit, adding that they knew what they wanted: all Scotch whisky to be made in Peru, or at least 40% of it, or at least for the whisky to be bottled in Peru. Does not that undermine the argument made by the hon. Member for Aberdeen South (Ross Thomson)?

Ian Murray: Absolutely. My hon. Friend tempts me to go down a road you may not want me to take, Mr Deputy Speaker, but let me at least tiptoe to the start of that road. Not only does the EU give Scotch whisky solid legal protection, but Scotch whisky has to be made in Scotland, and as my hon. Friend the Member for Stoke-on-Trent Central (Gareth Snell) has highlighted, the supply chain extends across the United Kingdom. We will be competing with markets where bottling and packaging are much cheaper, not only for Scotch whisky but for a host of other manufactured items that this country makes so much money from—money that pays for our public services and creates employment for our people.

While I am on that point, can the Minister tell us what representations he will make in the talks to leave the EU with regard to defending big industries such as aerospace, automotive, and food and drink, which in Scotland is underpinned by the Scotch whisky industry? In the 20 minutes or so in which he spoke and in answer to a lot of questions from my right hon. and hon. Friends, it was clear that HMRC, customs and so on will need more resources. The Government cannot tell us how much more they will require, why they will require them, when they will get them and whether that will be enough. It is very easy for Ministers to talk in platitudes, but we need solid answers on how many people are required and what the consequences will be for the public purse.

Tom Brake: Is the hon. Gentleman surprised, as I am, that Government Members seem quite content to recruit 3,000 to 5,000 more people for HMRC, and, as I understand it, 1,200 more people to work for the Home Office—many, incidentally, from the EU, because of a shortage of staff? Was this not about getting rid of red tape? It seems the Government are willing to invest huge amounts in creating more red tape.

Ian Murray: That is a key secondary argument to the one I have been making. They say they want everything to be as close as possible: they want it to be frictionless and as close to the customs union as we currently are. My hon. Friend the Member for Walthamstow (Stella Creasy) said that if it walks like a duck and sounds like a duck, it probably is a duck. I do not understand, and have never understood, the Government's position in taking the single market and the customs union off the table. Regardless of whether we want to argue that they are positive or negative, good for the country or bad, they immediately took them both off the table, so right from the very start the negotiating position was diminished, for all the reasons my hon. Friend has just mentioned.

Chris Bryant: Is my hon. Friend aware—he probably is not, because I have not yet told him—that a couple of weeks ago I asked the Secretary of State for Exiting the EU whether a deal like the Canada's free trade agreement with the EU would be a good deal for Britain. He said, "No, because it would not be as good a deal as the customs union. It would leave us worse off." I therefore cannot see how one can possibly argue that one should automatically discount staying in the customs union.

Ian Murray: That is indeed the case. The Comprehensive Economic and Trade Agreement between the EU and Canada has been held up as a blueprint for what world trade agreements should look like in the future, and we look as though we are just about to walk away from it because we want something better. If there was something better, I am sure Canada and the EU would have negotiated it. I was aware of my hon. Friend's question, because I was sitting behind him when he posed it to the Secretary of State for Exiting the EU during Brexit questions. I thank him for his intervention.

I would like to set out the three reasons why I tabled my amendments. The first reason chimes with what my hon. Friend the Member for Bootle (Peter Dowd) said from the Opposition Front Bench about Parliament having a say. "Taking back control" became the strapline for the leave campaign during the EU referendum. If taking back control is truly what we wish to do—I think

that it is what the public wishes us to do—it should surely mean taking back control for this Parliament. Whether through the European Union (Withdrawal) Bill, which is going through the House at the moment, this Ways and Means motion or the customs Bill when it is published, Ministers will hold the power to do anything they want, *carte blanche*—on trade, tariffs, immigration and removing us from the EEA and the customs union—without any recourse at all to this House.

In the past six weeks or so, the Government have been championing a meaningful vote—whatever a meaningful vote would mean—that would be neither meaningful nor even a vote. The Government's position on what it means is never the same from one day to the next. Indeed, a couple of weeks ago they made three clarifications on one day, with the Secretary of State and the Prime Minister saying contradictory things. Their spokespeople had to correct what they had said, as they had both been incorrect.

We need greater clarity from the Government, rather than platitudes from the Minister, on what they want to do. Lord Callanan has had to make two statements to correct what he said about article 50 in the other place just a few weeks ago. We need answers to these questions. Opposition Members are very doubtful about whether we can trust a Government who say, "We'll take the power. We may not use it. We may use it. We need to use it. We need to have it in case we want to use it, but trust us everything will be fine." Unfortunately, trust has to be earned. The Opposition are being told clearly that they cannot trust the Government to do things properly on our behalf, because they are not able to do so. My first point, therefore, is to ensure that that power is not held by Ministers. We should give Parliament a say if we truly want to take back control.

That leads on to my second point. Nobody in this House, when we get to the end of this process, will ever have voted on leaving the customs union. Nobody will ever have voted on leaving the single market. Nobody will ever have voted on leaving the EEA. The people of this country voted to leave the European Union. When we start to work through the process and see how complicated it is—how difficult it could be for businesses, and all the challenges, barriers and hurdles that will be put in place—it is quite clear that nothing can be as good as what we have at the moment. Whatever happens, there will be losers, but nobody voted to be poorer. It is wrong for the Government to bring this motion on excluding tariffs with the European Union, because nobody has yet voted for us to leave the customs union. The customs union is vital to this country and not just for businesses on the UK mainland—I will come on to comment on the island of Ireland shortly.

My third point, and the main reason why the motion should be defeated or at least amended, is that the Government are clearly preparing for no deal. My hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty) said that a former Minister will make a speech tomorrow saying that the Government should be persuaded to prepare for no deal. It seems that the talks are stalling. The clock is still ticking, but they seem to be no further forward. The Brexit Secretary and the Foreign Secretary seem to have the attitude that we can wrap ourselves up in a Union Jack, ride the waves like Britannia used to and everyone will listen to us. That is the sort of 19th century British arrogance

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that created many of the problems in the world today. Everything the Government are putting through Parliament is being done on the basis of preparation for no deal, which would be utterly disastrous for this country.

I am very grateful to Mr Speaker for selecting my amendments. Let me tell the House why no deal would be disastrous and why I tabled them. We have heard many Members talk about that economic impact. Our annual goods trade with other countries within the customs union is £466 billion. It has been estimated that leaving the customs union would cost £25 billion every year until 2030. If the Opposition brought a proposal to this House for the Government to consider that cost £500 billion and £25 billion every year, the word “bankruptcy” would be coming out of the Minister’s mouth every second minute. It would be irresponsible for us to do that, yet that is what is being proposed with the customs Bill and this motion.

The cost of new tariffs alone could be at least £4.5 billion for UK exports, according to detailed research, and analysis by HMRC suggests that new customs checks could increase the cost of imported goods by up to 24%. We have already had reports that there will be 17-mile tailbacks at ports across the United Kingdom. I wonder whether the Minister can remember the French customs strike and how long the queues were. They formed very quickly and the impact on local communities, let alone the perishable goods sitting in trucks, was devastating. It is okay for the Minister to suggest that we will have so many customs border checks and that we will pushing things through as quickly as possible, but the way to resolve the situation is to stay in the customs union.

Angela Smith: A humble bottle of fabric conditioner crosses the border of a member state four times in the process of its manufacture. Imagine how many times the components that make up a Rolls-Royce jet engine cross the border—thousands of times. On that basis, how can this country’s economy afford to even think about leaving the customs union?

Ian Murray: I am grateful to my hon. Friend. If I were the Minister and she made that point to me, I would just say, “It’ll be okay. We want something that’s as close to the customs union as possible. It will be frictionless. It will only take seconds. We’ve got new technologies”, but the Government are not spelling out what those are, how they will work or how a company such as Rolls-Royce, exporting and importing goods and parts all the time, would actually operate. It seems that we have to take this on trust. Well, many of the businesses around the country need certainty, because they will be making decisions very shortly about the years ahead.

Stephen Doughty: Further to the point from my hon. Friend the Member for Penistone and Stocksbridge (Angela Smith), Simon Hemmings, one of the chief negotiators for Rolls-Royce at its manufacturing site at Derby, told the *Financial Times*:

“If we are not in the customs unions there will be job losses”. We could not have it clearer than that.

Ian Murray: I am grateful for that intervention. I said earlier that nobody voted in the EU referendum to be poorer, yet all the analysis shows that we will be. I would

be delighted, if the Minister wants to intervene, if he can point to any analysis done internally, externally or otherwise—by any other Government in any country, any think-tank, any organisation, any business organisation, any individual business—saying that what the Government are offering will make the country better off. I will let him intervene now—I know he is listening; he is just pretending to ignore me. The answer is: absolutely none. The silence is deafening. Not even the producers of our microphones will make more money, because the Minister refuses even to use his to point to just one organisation that says our position will be even remotely similar once we have left the EU. The answer is clearly none. The Government are on the wrong track and gambling everything—the family silver, everything—on a no-deal scenario.

On the impact of our leaving the customs union, I want to deal with a few particular sectors. My hon. Friend the Member for Penistone and Stocksbridge (Angela Smith) mentioned the automotive sector earlier. The Society of Motor Manufacturers and Traders, which is an organisation whose briefings on Budgets and Bills we, as parliamentarians, trust and which I always read with great interest—it is the knowledge in motor manufacturing—has said that going off the cliff and moving to trading on WTO rules would see a 10% tariff on vehicles and an average 4.5% tariff on car components. These figures have been repeated in the House ad nauseam. It also said it would push the cost of an average car up by £1,500. We have already heard figures recently showing new car sales and levels of new car manufacturing dropping dramatically. I think that most people considering whether to buy a new car would decide not to if they knew it was costing an additional £1,500. I appreciate that the Minister does not agree, but I am more likely to believe the SMMT’s figures than the Government at the Dispatch Box saying, “Don’t worry. Everything will be all right on the night”, without giving us any detail about how that could possibly operate in the context of no customs union and no customs arrangements.

Sir Edward Leigh: Is the hon. Gentleman happy, then, for us to be locked for all time into a situation where we can never make a free trade deal with any country, bloc or anybody outside the EU, locked into a body with a declining share of trade and locked out of free trade deals with the growing markets in Asia and America? He is happy with that, is he?

Ian Murray: I am happy with the intervention—I am delighted with it—because it allows me to say three things: first, the reason the Scotch whisky industry is doing so well is partly because of EU free trade arrangements, particularly with countries such as South Korea; secondly, we are already in 57 free trade agreements; and thirdly, the hon. Gentleman’s Government have failed wholeheartedly to start to negotiate just one free trade agreement, despite all the bluff and bluster about being at the front of the queue, about their happening easily, about our seamlessly entering into these wonderful free trade agreements all over the world.

I say also to the hon. Gentleman that his intervention completely contradicts his first intervention. If he votes against my amendment and we end up trading with WTO rules, and we end up without tariffs with the EU, we will have tariffs with no one and we will ride the waves—rule Britannia—setting up more than 57 free

trade agreements with every country banging at our door to trade with us. He is not listening to his Foreign Secretary or Trade Secretary when they say this is becoming much more difficult, if he thinks that free trade agreements with more than 57 countries will just appear as low-hanging fruit from this magic money tree the Government seem always to produce.

Gareth Snell: To pick up on the point from the hon. Member for Gainsborough (Sir Edward Leigh), of course free trade is to be welcomed, but in certain sectors, such as the ceramics industry, what we need is protection against the illegal dumping of tiles and white goods, which affects our industry and puts our jobs at risk. In some sectors, the unilateral free trade and open markets that some talk about would harm employment and make my constituents poorer.

Ian Murray: Absolutely. Illegal dumping is something that the House will have to come back to and debate at length, because it is one of the key issues around what might happen when we leave the EU and do not have that bloc to defend us. On my hon. Friend's point about free trade, I have a great idea for how to advance free trade in this country: we could have a customs union and a single market, and that would certainly advance free trade, would it not? Or we could come out, as the hon. Member for Gainsborough wants, and end up with no free trade agreements, rather than 57.

I wanted to mention a whole list of sectors, but I will not in the interests of time. I will briefly mention two or three of the very big ones that have raised concerns. Pharmaceuticals is a key area bringing a lot of tax and corporation tax into the public purse. The Association of the British Pharmaceutical Industry has called for free trade with the EU on terms

"equivalent to those of a full member of the Customs Union".

I would rather believe the pharmaceuticals industry, an industry that has brought so much economically—in terms of jobs and growth—than the Minister, and it says it wants free trade on terms equivalent to those of a full member of the customs union. Well, the Government will be ruling that out tonight when they pass the motion, so what will he say to the pharmaceuticals industry, which says it needs it to trade as it does now?

Tom Brake: Would the hon. Gentleman like to speculate on what contribution today's departure of the European Medicines Agency to Amsterdam has made to our pharmaceuticals industry?

Ian Murray: Well, it is jobs, isn't it? [HON. MEMBERS: "Nine hundred jobs."] Yes, 900 jobs, and maybe even more, if we include the knock-on effect. So the Government have just given up 900 jobs; that is the start—the tip of the iceberg. If the pharmaceuticals industry cannot get equivalence with the current customs union, how many more jobs will go in that industry? Before everybody says, "Oh, you're just a remoaner"—

Kwasi Kwarteng (Spelthorne) (Con): Yes, you are.

Ian Murray: Well, if being a remoaner means defending the jobs of the people of my constituency and the country, I will buy a badge—perhaps the hon. Member for Spelthorne (Kwasi Kwarteng), who is chuntering away over there, could get me a badge. I am a proud remoaner. It means caring about jobs, not giving up on them.

Kirsty Blackman: I am loth to interrupt the hon. Gentleman's excellent speech, but I am slightly concerned that he keeps talking about the views of experts. We know that Government Members are not keen on the view of experts. Does he think they might listen this time?

Ian Murray: I can answer the hon. Lady's intervention in one word: no. They clearly are not going to listen to the experts on these issues. In fact, they have sown the seed of doubt that none of us should listen to experts, and the country will be much diminished as a result.

I want to touch on two more sectors. The chemicals sector is another key driver of the UK economy. We have a great chemicals sector—one of the key chemicals sectors across the EU—and it has said that

"the best way to guarantee no adverse disruption to business and trade...and to guarantee only one adjustment before reaching a final agreement with the EU, is to seek to retain our existing membership of the Single Market and Customs Union".

So we have the automotive industry body—the one we all trust—and the pharmaceuticals sector, and we now have the chemicals sector, yet the Minister has come to the Dispatch Box and said, "Don't worry. We'll put more people in place to help all this along". I suggest that the customs union might be an answer to this particular question.

I will finish with the shipping sector—the very sector that takes the goods from these islands to the continent. The UK shipping sector has warned that the UK is facing an "absolute catastrophe" if it does not sort out a "frictionless and seamless" border at Dover and other ports. The Government keep talking about a frictionless and seamless border but cannot tell us what it means. I suggest that the best way to maintain or enhance the border—to make it frictionless and seamless and operate as a single market—is to maintain our status in the customs union.

If we were starting from scratch—with a blank sheet of paper—and seeking to determine the best way for an island nation to trade with other nations, it would be to have a customs union with those nations. Under such an agreement, we would not need to use the word "frictionless", because there would be absolutely no friction at all, and it would be completely seamless. The best way to highlight how seamlessly and how frictionlessly a single market and a customs union can operate is to look at the markets between Scotland, Wales and England. They have a completely seamless border: they are completely free market, completely single market, completely customs-free.

I am delighted to see that the Secretary of State for Environment, Food and Rural Affairs has joined us. At the time of the referendum, he claimed, along with me—and I have said this to his colleague the hon. Member for Aberdeen South—that one of the key arguments against an independent Scotland was the lack of a border at Berwick. Now he is arguing the opposite in the context of Northern Ireland and the island of Ireland. That is completely contradictory, and he cannot tell us how it will be resolved. How could it not have been resolved in the Scottish context?

As a member of the customs union, the UK is party to preferential trade agreements. We want to walk away from those agreements, and make our own. It is likely that, outside the customs union, the UK would need to renegotiate many, if not all, of those agreements with

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those who would become third parties. It is not as easy as just rolling over those agreements, which is what the Government seem to want to do.

I am conscious of time, Mr Deputy Speaker, so let me move on a little. I want to talk about Northern Ireland and the Republic. [*Interruption.*] I know that the Government do not like to hear these arguments, because they have no answers to them, but I think it important for them to be highlighted in the House. If the Government can provide only limited time for the European Union (Withdrawal) Bill, they may as well rehearse some of the arguments today. We have until 10 pm, after all, and if the hon. Member for Gainsborough (Sir Edward Leigh) wants to intervene and waste time, he is more than welcome to do so.

We have already talked about the massive queues at our ports, airports and rail terminals. Now, as I have said, I want to say a little about Northern Ireland and the Republic. The Foreign Affairs Committee visited Dublin and the border on Thursday and Friday last week to consider the consequences of our leaving the European Union. Let me say again to the Minister that if he wants to name any organisation in either Northern Ireland or the Republic which thinks that Brexit will be good for the isles of Ireland, let him please do so, because I have not heard of any, and am unlikely to hear of any. In fact, the only two people I heard supporting our withdrawal from the customs union and the single market in the context of the isles of Ireland were the two Brexiteers on the Foreign Affairs Committee. Some of the words used were “catastrophic”, “irreconcilable” and “unsolvable”.

I simply cannot understand how the Minister can table motions such as this to pave the way for major Bills without having the basic answers to these questions, while using meaningless phrases such as “frictionless” and “seamless”. I am very concerned about the Belfast agreement, or Good Friday agreement, which is underpinned by the European Union, underpinned by a seamless border, and underpinned by a single market in the island of Ireland. It is almost impossible for the Government to reconcile wanting no borders, and frictionless and seamless trade, with the route that they are taking with a non-deal Brexit.

I have another suggestion, which the Minister may recognise. The way to have a seamless and frictionless border between Northern Ireland and the Republic is the customs union. That would mean that trade in goods could go across the border, unfettered, seamless, and I may even push it to frictionless, which is what the Government have been saying all along.

Our Committee travelled from Cavan—Cavan County Council hosted us on Thursday evening—to drive on to the motorway back to Dublin. It is a distance of about four and a half miles, and we were in a minibus. We crossed the border seven times just to travel a short distance. That is irreconcilable. Many people in Northern Ireland and the Republic who spoke to the Committee—and I am sure that the Minister will be pleased to read its conclusions when they are published—said that it was intellectually incoherent to argue that it was possible to have no border while requiring a border. It is not possible to have frictionless and seamless trade while

having to check goods, and it is not possible to have a border at sea level while trying to ensure that the Good Friday agreement is maintained.

Former president Mary McAleese spoke to us in great depth about the passion for the Good Friday agreement. Let me say to the Minister and the Government, in all seriousness, that they ruin that agreement at their peril. It is something of which everyone should be incredibly proud. The way in which the Government are going about the Brexit negotiations, the way in which they are treating the border between Northern Ireland and the Republic, the way in which they are fooling the public that it is possible to have everything and not have everything, is indeed wrong. Michel Barnier, the chief negotiator whom we all know so well now, has said to the Government, particularly in relation to the issue of Ireland, that they cannot have their cake and eat it. Something will have to give, and that is why I tabled the amendments. The Minister must think very seriously about that physical border.

Let me end by saying a little about the Labour party’s position. I think that we are right on this issue, and our position is written into the documents that we have here. We want to stay in the customs union, if possible. I agree with my hon. Friend the Member for Bootle, who tabled the amendments about parliamentary scrutiny. We should always press such amendments, because the Government, who talk of taking back control, are not giving control to Parliament.

All the issues relating to Ireland, to trade, to tariffs and what will happen in the future, to jobs, to borders and to tailbacks at customs can be resolved if the United Kingdom at least leaves on the table—regardless of whether we agree—the possibility of remaining members of the single market and the customs union. That would take away all these concerns. When we reach the end of the process, whether or not there is a meaningful vote in this place, the Minister and his Government will know when the jobs start leaving this country, when borders start being erected, when customs becomes more difficult, when trade becomes much more difficult, when public services become much more difficult to fund, when debt rises and deficit rises, that his Government have let the people down by not telling them the truth about the consequences of leaving the single market and the customs union.

That is why I tabled my amendments, and I hope that many of my right hon. and hon. Friends will join me in the Lobbies.

7.6 pm

Richard Graham (Gloucester) (Con): It is a great pleasure to follow the hon. Member for Edinburgh South (Ian Murray), who spoke, at considerable length, of his conviction that the customs union is the way forward. He has always spoken with great clarity and certainty, although I suggest that he is more compelling in his usual manner as Tigger than as the Eeyore whom we saw tonight. I would also say that the difficulty of assuming that business is monolithic, and always speaks with one voice, is that it does not. There are businesses in my constituency with which I deal as a trade envoy that are concerned about the future, but there are others that are relaxed. Both those views will depend, ultimately, on what sort of arrangement we reach on trade and customs, and on what terms.

That brings us to this preparatory Bill. As the Minister has explained, it is fundamentally nothing other than necessary preparation for when we leave the European Union. It is a framework, not a position on a preferred type of future customs relationship. It allows for either of the Government's options: a streamlined system that is, as far as I can see, identical to the current one; and a new customs partnership of which I am sure we shall hear more when the Bill is published. This preparatory work will be even more important in the sad event of future arrangements not being agreed with the EU.

The Minister confirmed that HMRC arrangements at our roll-on/roll-off ports will be in place in January 2019, ready to deal with worst-case scenarios. I believe that there is an important political point behind that, which Members who, like the hon. Member for Edinburgh South, would much prefer to stay in the customs union need to consider very carefully. There are some who believe that leaving the EU without a future deal or any implementation period would be a walk in the park, whereas others believe that it would be impossible to operate our ports, and, perhaps, much of our trade, and that it would therefore be a disaster to leave the customs union at all.

However, many of us who have always thought that both the UK and the EU would benefit hugely from a strong customs partnership for the future, and what Michel Barnier calls a "new partnership" in general, believe that this preparatory Bill is essential to that. It is absolutely vital that the EU does not overplay its strong hand at this delicate stage of negotiations, for if it decides that negotiations on citizens' rights, Ireland and finance have made insufficient progress to allow us to move on to debating an implementation period, future trade and other partnerships, there is a real danger that the momentum will move behind those who believe not only that no deal is possible, but that it is likely or even desirable, and that we need to prepare for that situation above all else.

Peter Grant *rose*—

Richard Graham: I am sorry, but I will not give way.

For those of us who want the negotiations to succeed and a new partnership, it is therefore incredibly important that our partners in the EU encourage us to build momentum for that by moving to detailed talks on future trade and customs arrangements as soon as possible. For now, this is simply an enabling Bill of changes, allowing for future UK tariffs, VAT levels, goods classifications and so on. As the hon. Member for Bootle (Peter Dowd) said, it is both practical and necessary. Today's amendments close off the options and it would be sensible to avoid them.

7.10 pm

Tom Brake (Carshalton and Wallington) (LD): It is a pleasure to follow the hon. Member for Gloucester (Richard Graham), a fellow remainder, and I hope that remainers on the Conservative Benches will be a little more outspoken about their concerns.

Richard Graham: For clarification, I point out to the right hon. Gentleman that he is following a pragmatist.

Tom Brake: If I am indeed following a pragmatist, I hope that the hon. Gentleman will listen to what is being said by many economic sectors, and perhaps read

carefully the 58 sectoral reports once they are published, and come to the very pragmatic conclusion that he, as a pragmatist, will want to start to be more outspoken about the Government's agenda of taking us over the cliff.

Members have suggested that the UK needs to leave the EU to be able to trade, but that is clearly not true. Many European countries are just much more successful than us at trading with other countries, including Germany, France and Italy. They do so within the EU, so there is no reason why we could not do so more effectively than at present. If we are unable to trade while we are part of the EU, I wonder why previous Prime Ministers, particularly David Cameron, spent so much time and effort sending trade delegations to various countries around the world to drum up trade. Was that a completely pointless exercise? Was that just about having 10-course banquets in Beijing, or was it because we can do a lot to boost trade while we are in the European Union? I think it was the latter, rather than a desire to have big dinners courtesy of foreign Governments. Of course the UK is in a position to trade—and, perhaps, to do so more effectively—with other countries while we are members of the EU.

It is nice, as a Liberal Democrat, to be able to make a speech that is longer than three minutes, so I might take full advantage of that in the couple of hours that remain for me to make a contribution, before the Front Benchers make their response. First, I want to focus on the issue of Ireland and Northern Ireland. Frankly, Opposition Members have had enough of listening to Ministers' platitudes about how they will sort out the problem that is the border between Ireland and Northern Ireland. We do not want to hear about "frictionless" any more, or about blue-skies solutions that do not yet exist. What we want to hear from Ministers is the solution to this problem, because if the Irish Prime Minister was asking on Friday for a written guarantee from the UK Government that there would be no border controls, that was because he is worried and because he has heard nothing from our Government to explain how we will be able to leave the customs union, yet have no border and no border controls between Ireland and Northern Ireland.

Peter Grant: Does the right hon. Gentleman also agree that if the Government were to have a change of heart and agreed to ask to remain in the single market, that would take out two of the three stumbling-blocks? The rights of EU and UK citizens would be solved immediately, and the Irish question, although not completely answered, would be made a lot more soluble. We would then be left with the financial settlement as the only stumbling block to getting on to talk about trade deals, which is what we want to do.

Tom Brake: I entirely agree. Like other hon. Members, I am perplexed as to why the Government ruled out several obvious solutions to the dilemmas they face from the outset.

I am sure that a number of Members in the Chamber will have visited Northern Ireland. When I did so, which was about five weeks ago, one of the communities I visited was Forkhill in South Armagh, which was very badly affected during the troubles. A garrison of 3,000 soldiers in that town was responsible for the safety of

[Tom Brake]

approximately 24,000 people. The people of Forkhill reckon that when the garrison was there, it was the most militarised place in western Europe, and they are worried about returning to the troubles they experienced there in the '70s, '80s and so on. People were placing improvised explosive devices in culverts, under roads and on the approach roads to the border, and the residents of Forkhill are worried that there will be no means to control safely the 275 border points between Ireland and Northern Ireland. If the proposal is that part of the solution will be to conduct ad hoc checks at separate border points, or at some distance from the border, those people are worried that the British customs officer, the British police officer, or perhaps the British soldier will become a target.

All we have heard from a succession of Ministers is dismissive comments. The Secretary of State for Exiting the European Union dismisses any concerns expressed about the difficulties that could arise at the border. We need reassurances from Ministers, not the dismissive comments they are making.

Mr Kenneth Clarke (Rushcliffe) (Con): As far as I can gather, the Government's policy is that they are definitely not going to have a hard border and they are definitely leaving the customs union. That could be very good for the community that the right hon. Gentleman visited, because smuggling was a very profitable source of income in the past for a large number of inhabitants on both sides of the Irish border. It seems to me that so long as the Government maintain their totally contradictory pose, smuggling will once more come back to the border in a big way.

Tom Brake: Indeed, and it might be a growth industry. When I was in Northern Ireland, the people who were taking me around pointed out a number of large homes and suggested that they might have been acquired through not entirely legitimate means. The Government might be reopening that way of doing business. We also know what has happened with regard to common agricultural policy payments, and with cattle or fuel being transferred from one side of the border to the other within a shed. That long-standing problem has the potential to become an even greater one, courtesy of what the Government propose.

Graham P. Jones (Hyndburn) (Lab): If we are outside the customs union, it suggests that there will be a hard border, but if we follow the Government's logic that that will somehow be mitigated and we will have an open, frictionless border, surely the border will simply have to be around Great Britain—it will have to be at the Scottish and Welsh ports. Does the right hon. Gentleman agree that if Northern Ireland is treated separately, that will cause a constitutional problem?

Tom Brake: Absolutely, and that is why I believe that the question of Ireland and Northern Ireland is the most challenging of the three. The Government could and should have resolved the question of EU citizens 15 months ago by simply saying to them, "You have the right to remain." The settlement bill is clearly very difficult politically for the Conservative party, because many of its Members are on record as saying, "We won't give the EU a single penny; in fact, they owe us loads

of money," so they now have a difficult political position to adopt if they say that they support a payment. We do not know how much that will be, but one figure that has been mentioned is £40 billion, and an interesting article in *The Sunday Times* a couple of weeks ago, which seemed to be flying a kite, referred to £53 billion. Although that question could be resolved at the cost of some political pain, no one has put forward any solution to the issue of Ireland and Northern Ireland that does not involve some sort of control. That might be ad hoc control, and it might not be directly at the border, but some sort of control will be required.

Richard Graham: The right hon. Gentleman has touched briefly on citizens' rights. Given that both sides have said that that is their absolute top priority, can he explain why the European Union turned down our proposal to treat citizens' rights first, on their own, so that the matter could have been agreed in perpetuity, regardless of what happened to anything else?

Tom Brake: That might be an issue on which we agree. If we are moving towards a no-deal scenario, there is an overwhelming case for parking the issue of EU and UK citizens' rights and resolving it, because it is a question of humanity and giving safety and security to the 3 million EU citizens here and the 1.2 million UK citizens in the EU.

The border between Ireland and Northern Ireland has 275 crossings. If there is to be some sort of control, will it be at each and every one of those crossings? Presumably not; otherwise, the number of people that HMRC is going to have to recruit would be much greater than the 3,000 to 5,000 it already needs.

Alison Thewliss (Glasgow Central) (SNP): The right hon. Gentleman is making a good point about border crossings. I have spoken to someone who has the border going through their kitchen. Does he agree that that would pose a practical difficulty for them, should they wish to get to their cake and eat it?

Tom Brake: Presumably they would have no difficulty in smuggling their cake from one side of the border to the other.

If some of those 275 border posts were closed down, many issues would ensue. I have heard examples of graveyards with entrances on both sides of the border, and of children going to school and people going to work across the border from where they live. If border crossings were closed, as happened during the troubles, that would be a major issue for Ireland and Northern Ireland. If I were to speak for the next couple of hours, that might give the Minister time to work out what the solution is. Clearly there is not one yet, but perhaps that would enable him to go away and find one.

Ian Murray: I am delighted that the right hon. Gentleman is making these arguments about the Irish border. This is not just about a physical border; it is about what this says symbolically. There has been no border on the island of Ireland since the troubles, and the symbolism of reinstating one should be avoided at all costs.

Tom Brake: The hon. Gentleman is right, and I thank him for pointing me in that direction. Clearly, there would be substantial economic problems associated

with a border, but the fundamental problem would be the message that would be sent out to those who want to cause trouble, if there were to be a British presence on the border. That would be a step in the wrong direction in terms of a united Ireland and it could give such people a reason to resume the troubles. That is the major risk, which is probably why the Government and the European Union are both saying that progress is being made. No one wants to admit that this remains a problem without a solution, because of its potential to generate trouble.

I have referred in interventions to the port of Dover. Many Members will have visited it, as I have done, and I certainly recommend it. The first thing to know about the port of Dover is that it is not really a port. The port authorities clearly state that it is in fact a bridge. I have stood in the control tower and watched the trucks flowing virtually seamlessly—that is an interesting word; perhaps the Government could look at how things operate there—on to the ferries. They slow down and go into channels and if they are lucky they can drive straight on to the ferry while the trucks coming into the UK are being unloaded from the lower deck. There is nothing to stop those trucks getting on to those ferries. They are not booked on to a specific ferry; they just turn up and drive on to whichever one is there. The only checks that the UK is carrying out on trucks coming into this country are related to smuggling, and they are done on the basis of intelligence, rather than, for example, on the basis of checking one truck in every 100. That is why the system flows smoothly.

Martin Whitfield (East Lothian) (Lab): The right hon. Gentleman is making an excellent speech. Has he heard the often-quoted statistic that if each truck were held back by just two minutes, we would have a 17-mile tailback? Is he as pessimistic as I am in thinking that two minutes is a remarkably short period of time to stop each truck, even simply to ask where it is going?

Tom Brake: Absolutely; I do have those concerns. It is worth knowing that when the 17-mile tailback occurred two years ago, it was the result of just two French border officers not turning up for their shift. The 20 sq km lorry park—whose construction has now been kicked into the long grass because of the judicial review—would accommodate 3,500 lorries. However, 10,000 lorries go through that port each day, so a lorry park that would accommodate 3,500 lorries will not do very much if there is severe disruption at the port. That is why one of the options the port is considering is to create lorry parks all over the country. In the event of a delay, the port could text drivers in, for example, Leeds or Edinburgh to say, “Sorry, we’ve got a bit of a problem at Dover. Don’t bother coming, because if you do, the town will collapse. Just stay in that lorry park and we’ll tell you when it’s safe to come down.”

Richard Graham: We have heard much of what the right hon. Gentleman is saying before. No doubt he will have heard the mayor of Calais and the head of the port there saying that no deal would be a catastrophe for them as well. Does that not encourage him to believe that good sense should prevail, and that we can arrive at an arrangement that suits those on both sides of the channel equally well?

Tom Brake: Like the hon. Gentleman, I would like good sense to prevail. However, when the Government seem to be planning for no deal, there does not seem to be much good sense available. I shall say a bit more about Calais in a moment.

As I was saying, Dover has what is effectively a bridge between Dover and Calais. The Minister was very frank when I intervened on him earlier, saying that any level of disruption and delay in the processing would have a significant impact. That is true, and that is what he will have heard from the port of Dover. Unfortunately, nothing that the Government have come forward with as a solution is likely to provide the answer.

I want to touch briefly on the issue of Calais. We have said a great deal about the need for the UK to be prepared in terms of our customs systems, of what we are going to do on the border and the approaches to the border, and of how we are going to put in place the 3,000 to 5,000 members of staff needed at HMRC and the 1,000-plus at the Home Office. The same will be true at Calais, and at the ports in Belgium and Holland. We could have fine-tuned everything at our end, but if they do not do the work on their side, there could still be a problem with ferries getting to Calais, for example, and having nowhere to discharge their trucks. So unless everyone else is just as prepared as we are, we could still be in an almighty jam. Before I was elected, I used to work in the IT industry. If anyone thinks that we can have an IT solution in place that will cope with a no-deal scenario in March 2019, they really need to have their head examined, because achieving that is an impossibility.

Madam Deputy Speaker, you will be pleased to hear that I am not going to take full advantage of the two hours available to me, and I would like to conclude by commenting on the Government’s apparent solutions to these customs problems. We know that they are preparing a contingency plan for no deal. I have not seen anyone on the Government Benches nodding their head and saying, “No deal is a fantastic thing and we really need to press for that”, so this is their opportunity to intervene and say that no deal would in fact be fantastic for the UK. No one is doing that, however, so I have to assume that nobody on that side wants that, even though the Government are apparently planning for it.

We are therefore left with two options. The first is a highly streamlined customs arrangement. Now, reading between the lines, I am absolutely certain that a “highly streamlined customs arrangement” means a border between Ireland and Northern Ireland. It does not mean “frictionless” or some high-tech, blue-sky-thinking solution that does away with the need to check the contents of trucks. One of the Government’s solutions therefore involves a border between Ireland and Northern Ireland and all the associated complications.

The other solution is a new customs partnership. I must say that the customs Bill paper makes for entertaining reading, and I am sure that Members on both sides of the House will have read what it means. It will be

“an innovative and untested approach”—

that reassures me—

“that would need to be discussed further with the EU and businesses”.

[Tom Brake]

The customs Bill paper was published in October, so there is not much time left to discuss that arrangement with the EU and businesses. The paper also states that “the Customs Bill could not be drafted to specifically provide for the implementation of this outcome. Should negotiations conclude that future customs arrangements with the EU should follow this model, further domestic primary legislation may be required.”

As for how many times a statement can be caveated in one paragraph, I think that is probably five or six, so good luck to the Government if they plan to roll out that particular solution—the blue-sky solution that no one has thought of, has programmed for or has any hope of implementing any time soon.

It will be to the relief of Government Members that I will conclude at this point. Nothing we have heard so far from Ministers gives me or anyone on the Opposition Benches any reassurance that in March 2019—or even at the end of a two-year transition period—the Government will be in a position to have a smooth customs arrangement that prevails on the border between Ireland and Northern Ireland or a smooth, seamless, frictionless border, or bridge, at Dover and Calais.

7.31 pm

Vicky Ford (Chelmsford) (Con): The Taxation (Cross-border Trade) Bill is important, because customs matters have been governed by EU law for many decades, and Britain needs its own primary legislation on customs. A good Government need to be prepared for all eventualities, but while the Bill would provide customs legislation in a no-deal scenario, I am glad that the UK is instead looking for more bespoke solutions. We should not just cut and paste the customs procedures that we use for products from far-flung parts of the globe on to our trade with Europe. Goods that travel long distances can have their customs paperwork cleared while they are on the sea or in the air, which would be much more challenging for our cross-channel activities, let alone those between Ireland and Northern Ireland.

Tom Brake: Will the hon. Lady give way?

Vicky Ford: No.

Furthermore, EU-UK trade covers vast quantities of goods. Honda estimates that it alone transports 2 million parts across the channel every day. Additional paperwork or delays add costs and hit competitiveness, and companies—both UK and EU companies—need time to adjust to new procedures. We need a specific deal. We need a transitional period.

The legislation covers customs matters, but it does not cover many other activities that happen at our ports and airports, such as tackling counterfeit goods, detecting firearms or plant and animal health checks. The latter—the so-called sanitary and phytosanitary checks—will be a particularly sensitive element of any future trade deal, and we here should not underestimate how seriously our counterparts in Europe take the issue of counterfeit goods, not just fake handbags, but dangerous electrical goods, fake chemicals and fake medicines. Britain and Europe are stronger when we face those sorts of challenges together. Our trading partners will want to ensure not only that we have custom laws and processes, but other procedures and the ability and commitment to police them properly.

Mr Barnier said today that if the UK wants an ambitious partnership, we must also find common ground on food standards and product standards and on many other areas. I say back to Mr Barnier that the vast majority of people in this country want that amicable partnership and a close trading relationship, so please—I know that this is difficult as there is no Government in Germany—let us move on to the detailed negotiations, so that we can find that common ground together.

7.34 pm

Mr Chris Leslie (Nottingham East) (Lab/Co-op): I think that the Minister said at the outset that it is the Government’s policy to leave the customs union. It was not on the ballot paper in the referendum; it is a policy choice that the Government are taking. It is therefore the Government’s policy to exit the most efficient, tariff-free, frictionless, free trade area anywhere in the world, and what we will end up with afterwards is therefore bound to be inferior—possibly very much inferior—to the basic free trade arrangements enjoyed by most countries around the world. We could find ourselves at the mercy of basic WTO tariff arrangements, so the Bill that we are paving the way for with this Ways and Means motion comes at a crucial juncture.

I thought it was unfair that many Government Members referred to the speech of my hon. Friend the Member for Edinburgh South (Ian Murray) as Eeyore-ish. He is actually quite a positive character, who wants to do the best for trade, for business and for this country. In fact, if anything is negative, it is the legislation that the Government are proposing. The Minister was the harbinger of doom, because the Bill plans for a no-deal scenario. This set of legislative changes paves the way for circumstances in which the UK may be imposing tariffs on our nearest trading neighbours and vice versa. I cannot think of something more depressing, defeatist or premature, especially given that we have not even had the negotiations yet. In fact, I cannot think of anything much more aggressive towards the negotiation settlement that we are trying to get than the suggestion that we are going to put into legislation the ability for us to raise significant tariffs with our nearest trading partners, with whom 50% of our trade takes place.

Richard Graham: The hon. Gentleman is talking rationally, as always. The reason why I felt that the hon. Member for Edinburgh South (Ian Murray) was being rather Eeyore-ish is that he underestimates the impact on Scottish whisky, about which he talked quite a lot, of the far east. He needs to go and see the Johnnie Walker shops in Shanghai and Beijing. He needs to look closely at Whyte & Mackay—a failing Glaswegian whisky manufacturer now saved and re-energised by a buyer from the Philippines—to understand that the future of Scottish whisky lies as much in Asia and other far-flung places as it does in Europe.

Mr Leslie: That may be so, but this is not an either/or situation. This is not about selling a fantastic Scottish whisky product to China or to Europe; we should be doing both. German car manufacturers and French food producers are trading exceptionally well with the far east, while remaining a member of the customs union and of the single market. My quibble with Ministers and some Government Members is that they give an impression that this is a binary, either/or arrangement.

They say, “Oh well, we can ditch our trading relationships and partnerships with our nearest neighbours, because we might eventually be able to do something with China, India, Australia or Brazil,” but we should be able to do all those things. We can do all those things simultaneously, while remaining part of the greatest free trade area of any set of nations anywhere in the world, but we are about to throw that overboard for no reason resulting from the referendum, but due to Government policy.

We all obviously hope that we can salvage that relationship within the single market and the customs unions in a short transitional period, but that will take quite a lot of negotiation and depends on several different things. It is a shame that the German Government are in an unstable situation, because I suspect that that will make things far harder. I did not vote in favour of triggering article 50 because I thought that doing so was premature. I thought we should have secured a better timetable than the one we ended up with, because of course the clock ticks down. We could end up with unforeseen diplomatic wrinkles in the process and be backed into a corner, possibly finding ourselves with an inferior transition arrangement and a snap general election that nobody anticipates, least of all Conservative Members.

Let us bear in mind what this Ways and Means motion might presage for tariffs on our different imports and exports. *[Interruption.]* I know the Whip, the hon. Member for Beverley and Holderness (Graham Stuart), and the Minister are listening very carefully. A 7% tariff would be introduced on ceramic products. On cars, the tariff would be 10%.

Gareth Snell: Will my hon. Friend give way?

Mr Leslie: Of course I give way to my hon. Friend, who is a great campaigner for the ceramics sector.

Gareth Snell: I thank my hon. Friend for raising ceramics. He will know that the best ceramics in the world are made in this country, but the Ways and Means motion, which talks so much about how we will trade around the world, talks very little about the protections that can be afforded to the ceramics industry, so that it remains one of the best producers in the world. Is he, like me, worried that with this motion the ministerial team appears to be completely devoid of any intention to help this country’s manufacturing bases?

Mr Leslie: That, of course, is exactly why the amendments tabled by my hon. Friend the Member for Edinburgh South should be accepted and embraced by Ministers and by Labour party Front Benchers. I am sure my hon. Friend the Member for Oxford East (Anneliese Dodds) will reflect on that. We should fear such tariffs, because they might not just be one-offs. Products can sometimes cross a border multiple times and accumulate tariffs.

There would be an 11% tariff on footwear, 20% on beverages, potentially 45% on cereals and 50% on meat products. Those are serious impediments to some major industries in the United Kingdom. We can prepare for a tariff regime, but as stated in the amendments tabled by my hon. Friend the Member for Edinburgh South, we do not wish to impose tariffs on goods traded with our nearest neighbours in the European Union. In essence, we want to replicate the customs union arrangement we currently have.

I am delighted with the amendments, and I want to ensure the House has the opportunity to voice support for them this evening. It is a shame that, in Committee on the European Union (Withdrawal) Bill, the amendments on the customs union have not been selected, so we will not get a chance to vote on customs union issues in Committee. In many ways, we now have an opportunity to do so.

Tom Brake: I also want the House to have the opportunity to vote on the amendments today, and I look forward to it. Has the hon. Gentleman been following the question of local content in cars? The UK could, of course, be in a very difficult position whereby the local content of the cars we manufacture would not be high enough to allow us to sell any of them abroad.

Mr Leslie: The question of rules of origin, of course, is the other factor in the debate about the customs union, because it is not just a question of tariffs; it is about what proportion of these products originates from within the United Kingdom and what proportion relates to components or other parts that may have come from the inventory or warehouse of the whole European Union. Currently, under just-in-time arrangements for warehousing, a car manufacturer located in the UK can avoid the need to stack up expensive inventory. It can assume that goods and parts are able to be transmitted within a matter of hours or days, which is what we risk losing if we end up with such tariffs and impediments at our borders.

Tom Brake: Is the hon. Gentleman aware that, apparently, the solution the UK Government are proposing to rules of origin might be to ask the European Union to allow its content to be included as part of our local content?

Mr Leslie: Some solutions have to be forthcoming. I have high hopes for the Minister’s winding-up speech. I do not know whether he is able to say anything about that suggestion, or about any other part of the negotiation.

Let us remember that the customs union currently allows a vehicle manufacturer to sell a car in Berlin as easily as in Birmingham or Bradford. That is the nature of the market we currently have, but it could end if we impose tariffs at the levels to which the motion paves the way.

Earlier, the right hon. Member for Carshalton and Wallington (Tom Brake) raised the border with Northern Ireland, and my hon. Friend the Member for Edinburgh South talked about how the Belfast agreement is one area where that question is crystallised most of all. I cannot think of any hon. Member who would say that there should be a hard border between Britain and Northern Ireland. If we are not to have such a border, there should not be a hard border between Northern Ireland and the Republic of Ireland. Of course there cannot be a hard border between the Republic of Ireland and the European Union, but, somehow, we are talking about instituting a hard border between the European Union and the United Kingdom. The logic of that, as the right hon. and learned Member for Rushcliffe (Mr Clarke) said earlier, completely falls to pieces. We are still waiting for that blue-sky solution, the kite flown in the recent trade White Paper. The Irish Government are now asking for written proposals from UK Ministers on those points.

[Mr Leslie]

These are serious questions, and a lot of it roots back to whether we will find ourselves voluntarily opting for circumstances in which we want tariffs, hard borders and rules of origin checks to be put in place. By supporting the amendments tabled by my hon. Friend the Member for Edinburgh South, the House has a way to signify that, actually, we choose a different course by choosing to retain as much as possible of the frictionless free trade and tariff-free area that we currently enjoy in the customs union.

Lady Hermon (North Down) (Ind): The Prime Minister has emphasised that there will be no “physical infrastructure” on the border between Northern Ireland and the Republic of Ireland. The Secretary of State for Northern Ireland, in evidence to the Select Committee on Northern Ireland Affairs, ruled out having cameras on the border. If we are not to have cameras or physical infrastructure on a frictionless, seamless border, how exactly does the hon. Member for Nottingham East (Mr Leslie) foresee the Government being able to collect customs duties on imports between Northern Ireland and the Republic of Ireland?

Mr Leslie: There is absolutely no logic to the Government’s position right now. Again, none of this was on the ballot paper in the referendum. That is important to remember because people are assuming that, somehow, this is a natural consequence of the referendum result. It is not. We could choose to negotiate to remain in the customs union. By doing so, of course, not only would we have that fantastic free trade access for 50% of our imports and exports, as at present, but we would retain our access to the 57 free trade agreements with non-EU countries that we have by virtue of our membership of the European Union and customs union—that is another 12% of our trade. Added together, knocking on two thirds of our trade is, in many ways, dependent on our current relationship with the customs union.

I look forward to the speech of my hon. Friend the Member for Oxford East from the Labour Front Bench. I say to her and to our Front-Bench colleagues that we cannot just sweep away the question of the customs union. It is positive that the Labour party is saying we want to stay in the customs union for the transition period, and it is positive we are saying that, after Brexit, we want to get as close as we can to a customs union, but I urge Labour Front Benchers to go that little bit further.

It is nonsense to suggest that there is such a thing as a jobs-first Brexit, which is as nonsensical as saying that we could have a books-first library closure. It just does not work. If we end up going down this route, exiting the customs union and the single market, jobs will be lost. We have already seen 900 jobs go in the European Medicines Agency today from the UK to Amsterdam; we are talking about highly skilled, highly valuable activity. I am appalled that we are in that circumstance, and it is just the tip of the iceberg. I therefore urge my colleagues to support the excellent amendments from my hon. Friend the Member for Edinburgh South.

7.50 pm

Anna Soubry (Broxtowe) (Con): I rise not only to support those excellent amendments, but to make it clear that I shall be voting for them. That is because I

made it clear in the run-up to the general election in June that I would continue to make the case for the customs union, the single market and the positive benefits of immigration to everybody in Broxtowe. Having been returned to this place, admittedly with a diminished majority but with an extra 1,800 votes, I take the firm view that to be true to the words I have said and to my conscience, I am going to vote for these amendments. It is an absolute pleasure to follow some of the excellent contributions we have heard tonight, notably those of the hon. Members for Nottingham East (Mr Leslie) and for Edinburgh South (Ian Murray), and the right hon. Member for Carshalton and somewhere equally pleasant—

Tom Brake: Wallington.

Anna Soubry: Exactly—somewhere equally pleasant.

The pleasure I have in speaking in this debate is primarily this: the fact that we are actually having a debate and, moreover, we are actually having a vote. We are providing this House and this place at last with an opportunity to have a real and meaningful say in the future of our country, which has been denied within this place ever since 23 June 2016. If only the Government had at that time—I can understand why in many ways they could not—looked to build a consensus and to find what elements united us far more than had divided us during the EU referendum debate, we would not be in the unholy mess we are undoubtedly in today. As this Brexit reality or nightmare begins to dawn increasingly on the people of this country, we see that this scenario of either deal or no deal is not the real option facing the British people. We are being painted the idea of the hard Brexit as something that we should prepare for, and although it is right of the Government to be responsible and examine that, the reality is that we are more likely than not to not get a deal.

Not only are all the things the Prime Minister promised and said she did not want—no deal—likely, but in quarters of this place some people are positively urging and welcoming that. I find it utterly perverse and bizarre that my party, the party that has always been so proud to be the party of business, is increasingly being seen as the party that no longer represents business in this country. Let us be absolutely clear: the overwhelming majority of businesses, not just in Broxtowe, but the length and breadth of this country, do not want a hard Brexit. This is not just a choice between a hard Brexit—that no deal—or a bad deal, because there is a third option, one that has not even been debated and until tonight has certainly not been voted on. I refer to this third way; tonight we are talking about the customs union, but in my view this also includes the single market.

I am not going to repeat the excellent arguments advanced by the hon. Member for Edinburgh South, but I absolutely endorse all the arguments he made and the interventions that he took from other hon. Members who also see the value of the customs union. It delivers what I think the British people want. Overwhelmingly the majority of people in this country are thoroughly cheesed off with the whole darned thing; they are fed up with Brexit. They are fed up with the arguments and the squabbling. I am going to be blunt about it: they are getting fed up with a Government who have still not worked out what their policy is for the transitional deal or for the final deal. Some might say that that is shameful,

given all the time that has progressed since we jumped, as I fear we did, into triggering article 50. Some of us—my goodness, we know how we got all the attacks for having said this—did caution the Government, saying, “Please don’t trigger article 50 until at least the Germans have had their elections and that stable Government have been put in place.” I get no pleasure in saying how right we were to put that caution forward. The British people are looking at all of this, they are fed up to the back teeth with it and they want us to get on with it. I do not demur from it—we should get on with it—but not in the way that a small ideological group of people, mainly in my own party, I am sorry to say, are now urging the Government to do: by leaping off the cliff and getting no deal.

Ian Murray: When the history books are written about this period of time, the right hon. Lady’s name will be prominent for trying to pull her own Government back from the brink, so we all appreciate the work she is doing on this. We have heard all the arguments tonight, and I, too, am delighted we are debating the customs union. The Government are suggesting a frictionless and seamless border and frictionless and seamless customs arrangements, so does she agree that the best thing they could do to deliver that is to stay in the darned thing?

Anna Soubry: I could not agree with the hon. Gentleman more. That is what the people need to understand now: there is this third option. There is this other way of getting a Brexit. We would be out of the European Union, so we would have satisfied the 52% of voters on that, but we would deliver what everybody wants, which is the best possible Brexit that is in the interests of everybody in this country, with the economy, jobs and prosperity right at its heart. This would solve the problem that Northern Ireland faces and that Ireland faces, because we would keep the customs union.

Lady Hermon: I am deeply disquieted by the fact that prominent Conservative Members are seemingly in favour of no deal as we leave the EU, because today’s *Belfast Telegraph* carries a report saying that republican organisations in Northern Ireland and Sinn Féin are hoping that there is a hard Brexit. They are exploiting that idea to then campaign for a border poll to try to rip Northern Ireland away from the rest of the UK. That is extremely concerning to me, as a Unionist.

Anna Soubry: I listen to the wise words of the hon. Lady, as she, more than many, knows exactly the serious consequences of getting this wrong. It is not just about trade and the economy in Northern Ireland; it is also about the politics. I take the point that there is a huge danger of abandoning the customs union and going for some ghastly hard border, which plays right into the hands of Sinn Féin, the IRA and all the rest of them.

I am not going to speak for much longer, because I agree with so much of what has been said by the three Members I particularly picked out and by the hon. Lady. I am old enough to remember my father having a car and when we asked what had happened with it and why did we not have it, we were told, “It is down in the garage and we are waiting for a part. It hasn’t cleared customs.” Some other Members will remember that, too. The terrible problem with much of this debate is that so many people are so much younger than I am and

they have never experienced this. People like me are old enough to remember the days of having to have our suitcases opened at customs control, but this is lost on huge swathes of our population. Yet here we are actually beginning to plan for a return to those bad, dark days when we were the sick man of Europe.

So we need to stay in the customs union for the sake of our economy and because it will deliver what the people want: we will get on with this and we will make progress. We can take it, because it is there on a shelf and we can take it off the shelf. We may have to tweak it here and there but it will get us on and it will deliver Brexit, and it will ensure that we can then look at these huge other domestic problems we face.

I was going to say something else, but I have no doubt completely forgotten it. It matters not, though, because these are important matters. [*Interruption.*] Ah, I know what it is. As I said the other day, history will record the profound irony, which cannot be right, that the overwhelming majority of right hon. and hon. Members in this place agree that we should be in the customs union and the single market. The only reason why that is not even on the table anymore—this is an uncomfortable truth—is because, I fear, my party is in hock to 30 to 35 hard, ideologically driven Brexiteers. The British people will not thank my party unless we stand up for business and for the economy. We must deliver Brexit but also make sure that we deliver for the British people.

Stephen Doughty: The right hon. Lady talks about the extremists in her own party; does she share my horror that a former Minister in the Department for Exiting the European Union is planning to make a speech tomorrow morning in which he actually advocates our dropping off the cliff and going on to WTO rules, and in which he will tell the Prime Minister that she needs to take forward a no-deal Brexit? What an absurdity!

Anna Soubry: I do not like to speculate or comment on things about which I do not know, but that is terribly interesting.

Finally, I just need to ask: why are we leaving the customs union? Apparently, we are leaving the customs union so that we can make trade deals with other countries. It is the stuff of complete fantasy. As the hon. Member for Nottingham East rightly pointed out, we already have this fantastic arrangement: the customs union and single market, the biggest in the whole world. We are turning away from that, causing this dreadful self-inflicted wound, looking into other places and dreaming of deals that will never be done. Was there ever a better example than if we look to America? Look at Bombardier, and look at the most protectionist, anti-free-trade President that that nation has probably ever seen. That is the reality. There is no wonderland ahead of us; what there is ahead is real economic damage to our country unless we stay in the customs union. That is why I shall vote for the amendments tonight.

8.2 pm

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): It is a pleasure to follow the right hon. Member for Broxtowe (Anna Soubry), who spoke with her trademark passion in this debate on one of the most important issues to arise from the Brexit referendum vote. I admire the ingenuity of the hon. Member for Edinburgh

[Jonathan Edwards]

South (Ian Murray) in tabling the amendments that have been selected. If he presses them to a Division, my colleagues and I will support him.

The British Government are intent on pursuing a Brexit strategy that does not put the economy first. In her Lancaster House speech at the beginning of the year, the Prime Minister stated clearly that the British Government intend to leave both the single market and the customs union. Like many Members who have spoken today, I could not understand for a second why the British Government decided at that stage to close off both those options, which was why I could not bring myself to vote subsequently for the triggering of article 50. No outline was given of what the British Government were going to put in place to replace two key cornerstones of our economic policy framework that have existed over the past 40 years.

Tom Brake: Has the hon. Gentleman, like me, spent the debate waiting for a Conservative Member to give a ringing endorsement of our leaving the single market and customs union? That has not happened, has it?

Jonathan Edwards: That is a valid point. When we begin to consider the customs Bill and the Trade Bill, answers will have to be forthcoming, because the House and people throughout the UK are becoming increasingly restless. We need answers from the Government about what they propose to put in place instead of those frameworks, rather than the empty platitudes we have heard since the referendum result.

The customs union is of course the largest and most lucrative trading bloc in the world. It gives us unhindered access to nearly half a billion of the wealthiest consumers in the world. It also acts as a protective measure against cheaper and lower-standard goods, thereby safeguarding our domestic producers, especially food producers, who are a vital part of the Welsh economy. Of course, the UK Government have not negotiated a trade deal since the UK joined the customs union because doing so has been a European competence. There is little expertise in the British civil service to deal with the task at hand.

In the previous Parliament, I visited Washington DC with a parliamentary delegation to scrutinise the Transatlantic Trade and Investment Partnership deal between the EU and the US. When, over a pint one evening, I asked a British Government official there how many people were on his team, he said, "Well, it's just me." That indicates the difficulty of getting the British civil service ready to deal with the challenges we will face with respect to our trade policy. Recent press reports about the staff and expertise required in the Department for International Trade do not give me much grounds for confidence. A huge amount of work needs to be done to get the British state ready for the shark-infested waters of modern international trade negotiations, because they are hugely complex.

I do not profess to be an international trade expert in any shape or form, but it seems clear to me that large trading blocs have far more power in negotiations than smaller ones. As I said earlier, the EU customs union is the world's most powerful trading bloc, and it obviously helps to promote and protect our interests and those of its producers during negotiations. As we move forward,

there are big questions as to whether the UK will, as an insular trading bloc, be able to perform the same tasks to the same ability.

During the aforementioned visit to Washington, we had several difficult meetings with representatives from US sectors, who all bemoaned EU intransigence. Nevertheless, the reality was that they had no option but to accept it, because the EU customs union was such a large trading bloc. I remember vividly one meeting with people from the food sector who were impressing on us the need to open up EU markets to the chlorinated chicken and hormone beef that they have in the US, as well as, of course, genetically modified products, but they knew that there was no way they would get that past EU negotiators. I wonder whether UK negotiators will be able to withstand such pressure when they start trade negotiations with the US—I doubt it very much.

Tom Brake: The hon. Gentleman may be interested to know that a couple of weeks ago I tabled a parliamentary question to ask how many people in the Department for International Trade had successfully completed a trade negotiation. The answer I got was the newly appointed Crawford Falconer, so there is apparently one person in the Department who has completed a trade negotiation.

Jonathan Edwards: That is grounds for huge concern, because these trade negotiators will be up against expert teams that have been carrying out such negotiations for many years, and this is not just about the EU deal. If it is the British Government's intention, as one of their first options, to take on the United States in trade negotiations, I would advise them to take the advice of the experts who told the Exiting the European Union Committee in the previous Parliament that the UK should perhaps look to smaller countries for their initial trade negotiations, rather than something as powerful as the US trade lobby.

The EU customs union's numerous existing international trade deals have already been mentioned. Those deals cover more than 50 countries, and several other trade negotiations are ongoing. A third of all EU members' trade outside the EU is with those countries. When the Department for International Trade was set up and the Secretary of State for International Trade answered oral questions for the first time, the first question I asked him was what would happen to all the trade deals that we already enjoy around the world. His view was that they were going to be renegotiated, seamlessly, but I fear that that showed extreme naivety on his part. Why would those countries agree to the same terms and conditions with a far smaller trading bloc, which is what the UK will be, as they agreed with the EU customs union? Surely they will want to renegotiate so that they look after and promote their own interests, rather than just accept what is on the table.

The British Government's intended policy of leaving the single market and customs union is already having a huge impact on Welsh people's standard of living. The Centre for Economic Performance has calculated that Brexit has already cost the average worker in Wales £448 annually, with its effect on wages and the higher cost of living disproportionately affecting people in Wales—and that is before we actually leave the EU.

With 90% of Welsh food exports destined for the EU customs union, a reckless Brexit could be disastrous for the communities I serve in rural Carmarthenshire. In a

recent meeting with sheep farmers, I was amazed to find out that 50% of their produce was sold domestically, with 50% sold in Europe. Domestic markets will not be able to fill those gaps if we lose unfettered access to European markets.

It is also worth concentrating on some of the tariffs associated with food products. The average tariff on dairy products is 38%. For meat products, we are talking in the region of 58% to 70%. That would clearly make our food products destined for the EU completely uncompetitive. Farmers are preparing for 2019-20 at the moment, so they need answers now. They cannot wait for a protracted trade negotiation.

I also want to concentrate on the impact of leaving the customs union on the border between the British state and the Republic of Ireland. Much has already been said on this matter tonight and it has also had considerable media coverage, not least because the border on the island of Ireland is one of the three sticking points that need to be resolved before we reach first base in our negotiations with the European Union. Despite the fact that both sides have focused on this matter since the beginning of the negotiations, we are no nearer a solution. Indeed, press reports over the weekend seemed to indicate that things are getting even more difficult.

The British Government have miscalculated the resolve of the European Union. The EU's overriding priority in these negotiations is maintaining the integrity of the single market and the customs union. Therefore, in choosing to leave those frameworks, the UK will become a third country—in other words, a competitor. In those circumstances, we will not get a “have your cake and eat it” solution. As the right hon. Member for Broxtowe said, the British Government are living in fantasy land. There will be no such thing as a special partnership. If we are not part of the single market or the customs union, the best thing that we can hope for is a free trade agreement similar to that of Canada. A welcome development in recent months is the fact that both Labour and the Government have agreed that a transition is a good idea, but the key question is what happens at the end of the two years.

Anna Soubry: Does the hon. Gentleman agree that the reality is that we will not get a great deal because the EU does not want to give us a great deal? If it gives us a great deal, it would have to give one to a whole load of other people who might decide to leave the European Union. Although I am not saying that it wants to punish us—I do not think that it does—it does have a responsibility to keep the European Union together.

Jonathan Edwards: The right hon. Lady captures my sentiments exactly. By deciding to leave the single market or the customs union, we effectively become a competitor—a third country. On that basis, the overriding priority of the European Union is to protect its interests. A lot of the problems that are arising in our negotiations, as we heard from the hon. Member for Glenrothes (Peter Grant), could be dealt with if we said that we wanted to stay in the single market and the customs union.

The transition period is a welcome development, although I am slightly unclear about whether the British Government and indeed the Labour party are arguing for being in “the” customs union or being in “a” customs union with the European Union, because they are diametrically opposed. Even if we did decide to stay

within the single market and the customs union for the transition period, the key question arises of what happens at the end of that two-year period. If we are to have a free trade agreement such as that with Canada, it will take far longer than two years to negotiate.

With reference to the border on the island of Ireland, Michel Barnier, the chief negotiator on behalf of the European Union, has said that the EU will not tolerate the UK using this soft border between the six counties and the Republic as a way of avoiding the trade consequences of leaving the customs union. That is the crux of the problem. Even if the British Government's position stands, there will be two types of borders between the Irish Republic and the British state. There will be a soft border on the island of Ireland and a hard border on the maritime divide between Ireland and Wales. Inevitably, that will have a huge impact on Welsh ports.

We heard earlier about the huge tailbacks that we can expect at Dover and some of the Channel Island ports. Welsh ports will face exactly the same situation, and the infrastructure is not there to deal with such challenges. That might lead to business being diverted away from the traditional Wales-Ireland trade routes to trade routes between Belfast and Scotland and England. Therefore, instead of businesses flowing between Dublin, Dun Laoghaire, Rosslare and Cork to Holyhead, Fishguard and Pembroke, they will be flowing between Belfast and other parts of the UK. We must remember that the Welsh ports sustain thousands of jobs. This is all an unintended consequence of the British Government's muddled policy.

I want to finish with a point about the impact of leaving the customs union on the UK's constitutional arrangements. International trade is a reserved matter. However, trade policy could have massive ramifications on the ability of the Welsh, Scottish and Northern Irish Governments to deliver on devolved competences. For instance, if the British Government were to allow food products of a lower standard to enter the UK, it would obviously have an impact on Welsh agricultural policy, not least our ability to export to our main European market in the customs union. If the British Government, for whatever reason, open up public services to further private interference, which has been the concern of many experts in this field, it would fundamentally undermine the ability of the devolved Governments to deliver competences within their public services for which they have responsibility. There is probably a whole range of other problems that I have not even considered yet.

In recognition of those potential problems ahead, the trade White Paper does talk about reconstituting the Board of International Trade with representatives from all four constituent parts. However, that does not go anywhere near far enough. In my view, trade policy would have to become an area of shared competence between the British and the devolved Governments. Within the EU customs union, EU trade deals need the endorsement of all member states and even some other governments, as we saw with the issue of Wallonia during the comprehensive economic and trade agreement discussions. It would be absolutely incredible to me if trade policy was the sole preserve of Westminster, with the interests of Wales, Scotland and Northern Ireland neglected, and our devolved and democratic Governments

[Jonathan Edwards]

and Parliaments not allowed to have a say on that. In my view, Brexit will make a new UK constitutional settlement inevitable. Inter-governmental networks within the British state will need to be formalised and strengthened. If we fail to do that, every trade deal could be a constitutional crisis.

8.17 pm

Peter Grant (Glenrothes) (SNP): I am pleased to speak in favour of amendments (c) and (e) in the name of the hon. Member for Edinburgh South (Ian Murray). I sincerely hope that he will press them to a vote later this evening.

No one here would disagree with the need to have new customs legislation in place. Given that much of the customs legislation that we currently have is derived from EU legislation, nobody would argue with the fact that when the UK leaves the European Union that legislation will have to be replaced. However, as is so often the case in the debate about the European Union, we have moved very quickly from, “We need to have something in place” to being told that, “You will agree to put this in place whether you like it or not.” It is quite clear that there is a fundamental disagreement between—I suspect—a substantial majority of Members of this House and the Government on whether we should also be preparing to leave the customs union and the single market.

As well as paving the way for new customs tariffs, which is what this resolution is about, the resolution also implicitly paves the way for all the additional bureaucracy, all the additional infrastructure and all the additional border delays that leaving the customs union will inevitably create for every single journey of every single person and every single lorry and every single suitcase that travels to and from the European Union in future. It has been estimated that there will be an additional 548,000 customs declarations needed every day—that is six and one third declarations per second.

Angela Smith: I am sure that the hon. Gentleman will recognise that this particular problem will apply pretty severely to perishable goods such as food, agricultural produce and fresh fish.

Peter Grant: Absolutely. There are significant implications for perishable goods and, as was mentioned earlier, for the manufacturing supply chain where the goods can cross borders several times. There are also implications for medical supplies such as radioisotopes, which are useless if they are held up for a few hours at customs. That, of course, is before we even think about the massive inconvenience to travellers—either for business or leisure. Even if they have nothing to declare, they have no guarantee that they will not be on a plane when, for whatever reason, UK or French customs decide that they are going to search every single passenger coming off that plane.

We are told that in return for that, we will have this brave new world of trade deals with everybody and anybody. The hon. Member for Aberdeen South (Ross Thomson), who is no longer in his seat, harked back to the glory days of Glasgow’s place as the second city of the empire, blithely forgetting that, to our eternal shame,

that empire was built on slavery. We cannot go back to the days when Glasgow was a huge trading port for tobacco, sugar and cotton because—thank God—we no longer have the slave plantations that were such an important part of that economic model.

We are not going back to the days of empire and too many virtual reality Government Members—well, there are not currently many Members on the Government Benches—need to understand, once and for all, that empire has gone. It is now partnership. Partnership means that when we are in a weakened position and the big players such as the Chinese, the Singaporeans and the Malaysians are in a strong position, we are not going to get a favourable deal from them if we negotiate on our own.

I do not want this motion to apply to goods going to and from the European Union or the customs union, because I want us still to be in the customs union. It has been made clear that that offers by far the simplest and least disruptive way of giving effect to the referendum result in June last year. The referendum, as far as the voters of England and Wales were concerned, certainly gave a mandate to leave the European Union, and we have to respect that. But there has never been a referendum mandate to leave the customs union or the single market. There was what looked to be an almost spontaneous, hasty and precipitate decision by the Prime Minister; a red line was drawn that has now painted the Government into a corner.

It is becoming clear that many of the Government’s highly plausible-sounding objectives simply cannot happen if we leave the single market. Those highly plausible-sounding objectives include the “deep and special partnership” that we are going to have with the European Union, the “continued close association” with the customs union, and the

“freest and most frictionless trade possible”

with the single market. Except it will not be as deep and special a partnership as it would if we were in the EU, it will not be as close an association with the customs union as being in the customs union, and it certainly will not be anything like as free or frictionless a trade deal as we can get by staying right where we are now in the single market.

As an indication of how much substance there is to these sound bites that the Government Whips are so fond of encouraging their Back Benchers to use, it is worth remembering that they were doing the same thing just over two years ago. But the sound bites that got cheers on the Tory Benches then, on the days when there was anybody there to cheer, were “long-term economic plan” and “Majority Conservative Government”. “Hear, hear”, they would shout. The Government’s current platitudes about easy trade deals are likely to be consigned to history just as quickly as the things that they thought would be around for a long time back in 2015.

We are now more than halfway through the journey from referendum to leaving day, and there is not one single major policy area where the Government have put forward a clear, concrete proposal for discussion. That means that on every major policy decision, the Government have taken longer to come up with an idea than 27 Parliaments—and 27 Governments will have to agree it. Putting pressure on those Governments and

telling them that it is not fair to delay it will not work; they will act and speak in the interests of their people. It is ridiculous to condemn the Irish Prime Minister for speaking in favour of the interests of the people of the Republic of Ireland. That is what Prime Ministers are supposed to do. I wish that some Prime Minister would maybe listen to that.

As it stands, we are in serious danger of crashing out of the EU without a deal, but there is a simple way that the Government can avoid that. There is a simple way that they can move very quickly to clear the logjam—to avoid having interminable discussions about Northern Ireland that do not have a solution and to avoid having interminable discussions about the rights of 4.5 million citizens. Both those major problems can be substantially resolved simply by the Government having the humility to say, “We got it wrong. We have to change tack and stay in the single market.”

There is an urgent need for the Government to follow their own advice, listen to their own rhetoric and listen to the advice that the Brexit Secretary gave to the Germans last week: stop putting politics before prosperity, because it is never a smart thing to do. The Government should take the decision that they know as well as I do will prevent the worst economic and social damage of Brexit. The Government should confirm today that they want to remain in the single market and the customs union, and they should signal that intention by accepting the amendments of the hon. Member for Edinburgh South without forcing the House to a Division.

8.25 pm

Stella Creasy (Walthamstow) (Lab/Co-op): It is a pleasure to follow the hon. Member for Glenrothes (Peter Grant), who made another powerful case for what is becoming incredibly evident in British society.

Let me start by trying to find some common ground on something that has divided us for more than 18 months now. I do not think that anybody here tonight wants to re-run the referendum; we all recognise the referendum result. I do, however, disagree with the right hon. Member for Broxtowe (Anna Soubry). I think we can get deals with anybody. The question is, what kind of deal and what are the consequences? And that includes no deal. Yes, we could get a free trade deal with other countries but, as we saw when Switzerland tried to negotiate with China, when big goes against little, the results are often not good for little. It is a real Hobson’s choice. China now has immediate access to the Swiss market, while the Swiss will have to wait decades to get similar access to the Chinese market.

All the options have consequences, including the option that this Government have taken over the past 18 months: trying to fudge and bombast their way through. Like many Government Members, I welcome the fact that we are finally having this debate because I want to speak up, above all, for the people whose lives, livelihoods and businesses depend on the certainty of knowing what happens next. That is a certainty that they are not getting from this Government. Some 18 months after the referendum, there are some 759 different treaties that have to be renegotiated, but there has been no progress on any of them, and we are fewer than 18 months away from the date on which we are supposed to leave the European Union.

The Government are spending money, hand over fist, to try to sort out the mess that they are creating every single day. We have had it confirmed that that money is coming from our armed forces, and the Minister has confirmed to me today that it is also coming from our education services. Money is being reprioritised to try to figure out what on earth a deal with Europe would look like. Eighteen months on, we have no answers. And all because the Prime Minister simply cannot admit that she simply got it wrong in the Lancaster House speech when she ruled out of access immediately the customs union and the single market.

I support the amendments in the name of my hon. Friend the Member for Edinburgh South (Ian Murray) because the British public deserve better. If the Government are going to make a mess of it, it is up to us as parliamentarians to try to give the people we represent—who need certainty and to understand what their future holds—the clarity that they desire.

Peter Grant: Does the hon. Lady think that it says something about the Prime Minister’s priorities that she took the time to apologise to her own Back Benchers for the disastrous general election that she dragged them into, but she will not apologise to the people of these islands for the disastrous Brexit that she is dragging us into?

Stella Creasy: I was struck by the discussion earlier about making decisions so quickly. I, too, did not vote for the article 50 legislation to be triggered, because I was concerned it was too soon in the process. However, some disasters are of our own making, and a snap general election in which the public thoroughly rejected her hard Brexit is certainly something the Prime Minister should learn from.

In her Lancaster House speech, the Prime Minister said that she wanted associate membership of the customs union—a membership that does not exist. The legislation that will come from the motion before us tonight is supposed to answer that question. Yet, I have read the Government’s White Paper, I have asked the Prime Minister repeatedly about the idea of associate membership, and I have asked her whether she has raised it with her European counterparts, and we have no answer.

It is a bit like someone asking to be an associate member of a gym—to use the swimming pool, but not to pay for all the weights or classes. Oddly enough, most business people would turn them down flat or at least give them an answer. I am very struck by the fact that, 18 months on, the Government cannot even tell us whether they have asked whether the wonderful, mythical, innovative, creative, dynamic partnership they believe they can get is even on the table.

This approach literally makes no sense. If we look at the reality of how we trade as a nation, we see that we are not an island factory; we are a nation that works with other countries to produce goods, and we are proud of the goods we produce through our hard endeavour. Let me give a great example. In the food and beverages industry, the EU accounts for almost 70% of our supply chain. In our car industry, 44% of the value of UK car exports comes from imported products. In the UK, we are great at making bumpers, brakes and clutches, but we are not so good at radiators, suspension or gearboxes. That is why we work with other countries to produce the great British cars that we are all so proud of.

[Stella Creasy]

That is what is at stake when we reject the customs union out of hand: the ability to navigate and manage those relationships effectively and efficiently. For every £1 in car exports from the UK, 44p is spent on importing foreign parts. Some 24% of all imports from the EU are from the car industry. That is at stake when we suddenly rip up the rules under which that relationship happens.

The car industry is not alone. In 14 different sectors, at least 15% of the supply chain is dependent on the European Union—dependent on not having the kind of customs tariffs we are talking about and on having frictionless trade. That is true of some sectors much more than others. In the paper industry, 71% of the supply chain is dependent on the European Union. In the rubber and plastics industry, the figure is 69%; in pharmaceuticals, it is 66%. That is why we know that leaving the customs union will cost us £25 billion. These new tariffs alone will add at least £4.5 billion a year to importers' costs—money they can ill afford to spend.

Then we get on to the practicalities—this is not just about the money that being part of the customs union and the single market helps us to save. We will see delays at Dover because nobody has yet invented the technology that will allow this frictionless trade. When we talk about pre-lodging customs checks, we know that that means still more paperwork and more complexity in the supply chain. It is no wonder the car industry is desperate for us to continue our membership of the customs union. So too is the National Farmers Union; so too are the leading pharmaceuticals brands. Being part of the EU gives us access not just to markets in the EU but, through our free trade agreements, to a third of all global markets at preferential trading rates.

When we look at the case for the customs union and at what it gives us now, it is clear that this is not about nostalgia for the “Ode to Joy”; cold, hard business sense says that if we have a good way of working, why would we rip it up? But ripping it up is exactly what the Government are doing—for something that, 18 months on, they still cannot tell us will exist. [Interruption.] I am sorry to see that I have made the Ministers entirely leave the Front Bench by pointing that out, because I really hope that at least one Minister will be here to answer one of my concerns about this legislation and particularly about the VAT proposals.

We have all talked about tariffs and customs tonight, but I want to unmask myself as a geek interested in VAT. When I talk to small businesses in my local community, VAT is one of their prime concerns. [Interruption.] I am grateful to the Minister of State, Ministry of Justice, the hon. Member for Esher and Walton (Dominic Raab) for being here. I am particularly looking for answers on the 13th directive—I know it is something he knows intimately.

VAT is one of those issues every business will say is a nightmare. I never thought that Labour Members would be arguing for less red tape than Government Members were, but that is exactly what we are talking about tonight. Some 63% of small businesses say that Europe is their priority market. If we add to the paperwork they have to deal with by removing the customs union and the single market, we will of course make trading harder

for them. Compared with the bigger companies, they do not have the flexibility that Ministers blithely suggest they have.

Currently, businesses incurring VAT in the EU are able to claim it back through intra-country mechanisms. If they sell printers to Sweden, and they incur VAT as part of that, they can claim it back—it is relatively easy. Specifically—I am sure the Minister will want to look this up—we are talking about articles 170 and 171 of Council directive 2006/112/EC—the prime VAT directive. The detailed rules are in Council directive 2008/9/EC, and they are in our legislation. These Ways and Means resolutions will therefore have to address this point. I am sad that the Financial Secretary to the Treasury is not here to hear it, because I have been raising it with him for some time. I can see that he is talking to his officials. I very much hope that in his concluding remarks he will finally be able to tell me the answer.

Right now, because we have the single market, businesses trading with Europe can reclaim their VAT and manage VAT relatively simply. If we leave the single market, they will have to move on to the 13th directive, which covers non-EU companies trading in the EU. The details of the 13th directive are clearly written to be advantageous to companies, saying that they can set their own VAT terms. Let us think about that for a moment. A UK car manufacturer trying to trade across Europe in radiators and the pieces and parts that make them will suddenly have to deal with VAT across 27 different countries, and 27 different pieces of paper. I am glad that the Financial Secretary is now here because he and I share a concern to remove red tape for our businesses to make sure that British businesses are not facing additional paperwork and additional complexity.

Mrs Ellman: Does my hon. Friend agree that the very serious problems for businesses that she is so ably identifying have implications for the whole of a local community? As companies get into great difficulties and jobs may be lost, that reduces spending power and affects the whole community and the services there.

Stella Creasy: I absolutely agree. This is the challenge that we face.

Eighteen months on, it is not unfair that businesses across the country are saying “What next?” and asking how they might adapt to whatever the final deal with Europe might be. Eighteen months on, none of us is any closer to being able to give them any answers. They do not need White Papers that talk about ambition and creativity in VAT proposals; they need clarity, because if they are going to have to learn new systems and have additional paperwork, and if there are going to be excessive delays in their imports and exports, they need to be able to adjust for it. The Government can say all they want about getting these ambitious deals, but they have to negotiate with 27 other countries that are quite happy with the relationships that they already have, perfectly satisfied with the intra-EU arrangements that they already have, and think that the customs union works for them. If we in this House want frictionless trade, if we want to make it as easy as possible for our businesses, big or little, to trade, and if we want them to have as little paperwork—digitised as it is—as possible, then the answer is the single market and the customs union. In 18 months, nobody has been able to come up with a better arrangement. I will wager that the same will be true in 18 months' time.

Let us not leave British businesses hanging any longer. I am backing the amendment tabled by my hon. Friend the Member for Edinburgh South because I want to be able to go tomorrow to those businesses in my community that trade with Europe and say to them, “This is what it’s going to look like. You can plan ahead in your supply chain, you can buy ahead, you can do the deals you need to do, and you can invest.” I understand why they feel that they cannot do that right now, and it is my job to try to help them gain that certainty. That is why I ask other Members of this House to join us in voting for this amendment and giving this Government the message that Britain deserves better.

8.37 pm

Sarah Jones (Croydon Central) (Lab): I am grateful for the opportunity to make a very brief contribution to this debate. I support the powerful case that my hon. Friend the Member for Bootle (Peter Dowd) made for preventing Parliament from being sidelined on this important issue, and welcome the very significant contribution by my hon. Friend the Member for Edinburgh South (Ian Murray).

The provision for customs duties is a crucial consideration in what is rapidly unravelling as the very expensive and complicated process of Brexit. The Home Affairs Committee, of which I am a member, held an inquiry looking in detail at customs operations in the delivery of Brexit. The evidence given to our Committee should give us all great cause for concern, particularly if the Government’s uncosted and unspecific plans proceed unamended. Delivery of our customs policy is a cross-Government process, with a wide range of Departments and agencies working in a delicate balance and under significant pressure.

The impacts of changes to our customs regime are widespread. There are serious concerns about the urgent work needed on port and transport infrastructure, customs operations, capacity in the Border Force, and HMRC—particularly in preparation for a no-deal scenario, which the Home Secretary described in our Committee as “unthinkable”.

The customs White Paper continues the Government’s worrying trend of relying heavily on secondary legislation and circumventing Parliament. My constituency in Croydon has been on a key trading route between the coast and the City for hundreds of years, and it continues to be so today. It is my job to ensure that businesses and industries in my constituency continue to flourish.

Sweeping new and unscrutinised arrangements for customs duties are a threat to our domestic industries and have the potential to choke up our entire customs system. I want to highlight a few issues identified by the Home Affairs Committee that show us how important it is to get this right and how damaging it will be if we do not. Having the right checks and balances in place before changes are made is a big part of that.

IT systems are a particular concern. Amyas Morse of the National Audit Office has warned that the current system threatens to become “a horror show” because of a lack of flexibility to cope with any new rules after Brexit. The chief executive of HMRC told us that the delivery of the customs declaration service was absolutely vital and that it would be “catastrophic” if the system was not operational on Brexit day. HMRC will need to

add another 5,000 staff by March 2019. Its capacity to deliver what is needed has been mentioned, and it remains a significant concern of the Committee.

The Government’s planning to date was completely unconvincing to the Home Affairs Committee. The National Audit Office expressed further concerns about the struggles that the Border Force will face in dealing with the training, workforce, financial and prioritisation adjustments that will result from the multitude of operational changes caused by Brexit in a very short timescale. My right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper), the Chair of the Committee, warned that getting things wrong in our ports infrastructure could lead to “Operation Stack on steroids”.

The Committee made the obvious point that the option that would cause the least upheaval would, of course, be the operation of the status quo and that the Government should agree transitional arrangements to that end—that is, remaining in the customs union. The Committee expressed a lack of confidence in the important question of who is in charge of the customs change, and the Committee was not satisfied with the Government’s answers to that question. Progress seems to rely on working groups of Government officials with no meaningful ministerial leadership. The fact that multiple Departments and agencies are involved in delivering customs means that a fully joined-up approach from the Government is urgently needed. We recommended that a Minister of State, at the very least, should be named as the lead Minister responsible for delivery of post-Brexit customs arrangements.

The more unfettered the power held by Ministers and unaccountable agencies, the greater the risk that we get this wrong and leave our current systems simply unable to cope. The House should not accept the Government’s approach of trying to undermine Parliament, doing Brexit on the cheap and perhaps steering us towards a no deal, while sneaking measures through the back door. The hon. Member for Aberdeen North (Kirsty Blackman) said that she had read all the things and that she remained very unclear about how customs might look in the future. I agree with her point.

I was part of the Government Olympic executive as a senior civil servant, and we spent years putting in place the right frameworks and doing very detailed planning for the Olympic and Paralympic games. The House will remember that the one area where we faltered was the recruitment of security staff by G4S, which led to the Army being brought in. We read today that there are already problems with the recruitment of staff to deal with Brexit. It is crucial that Ministers do what they can to ensure that the right framework remains in place or that we continue with the status quo on customs, so that we do not find ourselves in a similar situation.

8.43 pm

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): It is a pleasure to follow many excellent speeches on this crucial issue. Sadly, it seems to have attracted less attention than it deserves, given its huge implications for our economy and our future trading partnerships. It has always been my view that we should stay in the customs union, and I am glad that the Labour party position keeps that possibility open.

[Stephen Doughty]

I very much agree with what my Front-Bench colleagues have said today about the importance of scrutiny. That applies not just to customs deals; I have signed early-day motions and supported many other motions calling for us to have much greater scrutiny in this place over trade deals. Whatever our views might be on the nature of those deals and where they should go, it is only right that they are properly scrutinised in this place.

For me, there are two fundamental issues: first, the practicalities and, secondly, the cost. I want to draw somewhat on the report on customs arrangements by the Home Affairs Committee, of which I am a member. The report encapsulated the situation most clearly with the statement:

“At some ports, including Dover, as much as 99% of traffic relates to trade with the EU; witnesses told our predecessors that a no deal scenario might therefore result in effectively 100% of trade becoming ‘non-EU’, leading to a hundredfold increase in the number of customs declarations. This would be an unprecedented delivery challenge to UK border operations.”

Darren Jones (Bristol North West) (Lab): My hon. Friend can see the coast of my Bristol North West constituency from across the channel. Does he recognise that the issue involving ports such as Bristol that import and export tens of thousands of cars, wings, landing gears and engines every year is one not just for businesses, but for the entire city, which will be clogged up, as will cities around ports throughout this country? This will be a nightmare for constituents, but it will also create air pollution, as well as ruining business.

Stephen Doughty: I wholeheartedly agree with my hon. Friend’s points. I can indeed see his constituency across the waters of the Bristol channel. I will come on to say something specifically about the aerospace industry, which is crucial not only for his constituents, but for many of mine and for the whole of Wales.

Our report made very clear the costs involved. It highlighted the fact that an Institute for Government report has stated that the introduction of customs declarations on EU trade could cost traders between £4 billion and £9 billion a year, based on its various estimates, including an expected 200 million additional declarations after Brexit. Mark Corby has estimated that the additional cost is likely to be between £19 billion and £26 billion a year, as a result of losing the customs and trade facilitation and duty benefits that EU membership offers.

We must also look at the costs of putting in place all the infrastructure. We have heard much discussion today about infrastructure, whether at Dover or at other ports. I am thinking in particular of Welsh ports, especially in relation to the maritime border between Wales and the Republic of Ireland, which is important to get right. This is not only about the relationship between Northern Ireland and the Republic of Ireland, but about the maritime border between Wales and the Republic. Jon Thompson, the chief executive of HMRC, has told the Public Accounts Committee that HMRC estimates the costs at between £300 million and £450 million in the scenario of the UK leaving the EU without a deal and that between 3,000 and 5,000 additional staff would have to be recruited.

These are huge sums, and it is very important that the public understand the costs, the risks and the practicalities. However they voted in the referendum and whatever

form of Brexit they prefer, these are the sorts of facts that we need to put before the House and the country when we are taking decisions about the nature of our future relationship with our European partners.

I said that I would talk about the aerospace industry, and I draw attention to the relevant declarations in my entry in the Register of Members’ Financial Interests. Airbus has been very clear that its work involves 80,000 trips between the UK and EU countries a year, which relies on a seamless flow of goods and people, and that removing the seamless nature of that will be dangerous for its business and its prospects. Airbus and companies in its supply chain currently collect limited data for customs needs, but on the assumption that the UK becomes a third country, it would need to produce a customs declaration on wings and satellite components moving from the UK to the EU27. One early assumption is that this would require as many as 50 datasets for declarations, including for country of origin.

At the moment, the Airbus transport aircraft fly from Toulouse, Hamburg and Broughton with only two hours between landing, loading and departure, but should they need to await additional customs inspectors or paperwork, that would lead to delays and have an impact on its delivery schedule. As many Members will be aware, there are heavy commercial penalties for missed deliveries and delays in parts and equipment. This is not just a trifling matter: Airbus spends £5 billion a year in its UK supply chain. We are looking at the problems of transferring small parts and equipment back and forth, which has an impact not only on Airbus directly as a company, but on all those involved in its supply chain, which stretches much further than the thousands it employs directly.

Anna Soubry: Does the hon. Gentleman know of any Government plan to solve this problem for Airbus? I think this would be fatal to such a fantastic project, which completely relies on all these different components moving right across the European Union so frictionlessly. Does he know whether anybody has come up with an alternative?

Stephen Doughty: I am not aware of any alternative. Indeed, we can sense growing frustration in the country at the moment about the lack of such information. In fact, Airbus has come out in public today to make very clear its view that we need a “lengthy transition”, in its own words, and it has made a very clear statement about what it wants if it is to keep its business going.

I have mentioned Rolls-Royce. I was recently visited by Unite’s shop stewards from its manufacturing facilities in Derby, who were very clear about the implications for them. Simon Hemmings, the chief negotiator for Rolls-Royce staff, said:

“If we are not in the customs union there will be job losses. If we have a hard Brexit, the foundations we have built...for the next generation of engines will not be built upon. They will be built elsewhere.”

That is absolutely clear: some aerospace parts cross the channel five times as they move along the various assembly lines in factories in both the UK and continental Europe. That is just one example, one industry that contributes an incredible amount in terms of high-skill, high-tech jobs not only to Wales, but to south-west England, Derby and more widely. We ignore the concerns of those businesses at our peril.

The Home Affairs Committee was clear about the implications—for example, concerns about IT systems, the lead times needed to train new customs officials and the worries about whether the Home Office, which maintains Border Force, which would carry out many of the customs checks on behalf of HMRC, plans only 300 extra staff, even though HMRC says between 3,000 are 5,000 extra staff are needed. Where is the planning going on? Who is in charge of the process within the Government? Whatever the final scenario, it is crucial that we have trained, skilled staff in place. It is crucial to our security that staff who are there to police our borders, checking passports and other identity documents and people who may be involved in illegal activities, are not diverted into dealing with customs backlogs. One can imagine a situation in which we crash out with no deal, leading to queues—Operation Stack on steroids—and the Government suddenly having to drag staff back and forth, with delays at borders and delays at customs. If we do not plan and get the staff in place, we will have serious problems.

The report is clear that, given the lead times for changes in staffing, technology and infrastructure, Border Force, HMRC and other public sector agencies need to clarify rapidly whether and what changes will be required for transition, and crucially, how much they will cost. It is only right that the British public and Parliament see the costs of a no-deal Brexit, or a hard Brexit versus some of the other options, such as staying in the customs union.

Our report states that

“If no deal is reached on customs arrangements, it will result in all those involved in customs in the UK experiencing a huge amount of change in a very short time, with a vast increase required in capacity and processes at the border, with the risk of either significant delays at points of entry, or of inadequate checks taking place.”

The Minister said earlier that cliff-edge changes were in no one’s interest and spoke of a two-year implementation period and various plans that he will produce. I hope that if, as I suspect, we hear from the more extreme elements on the Government Benches saying, “Get on with a no-deal Brexit. Let’s fall out of these arrangements,” he will be the first to condemn and criticise those voices. To do otherwise would be at odds with his statements today.

These matters are fundamental to the future of our economy, our jobs and our ability to trade with the rest of the world. It is important that they are given due scrutiny and that we understand the full costs. I commend the many speeches that have been made in this debate.

8.52 pm

Anneliese Dodds (Oxford East) (Lab/Co-op): I am grateful to the Minister for his introductory remarks, but I have to say that both they and the resolutions leave four important problems unresolved. Many Members have spoken to those problems today. I will speak as telegraphically as I can about them, and speak to amendments (e) and (f).

First, as many colleagues have said, the resolutions fail to ensure that the Government’s approach on customs is properly democratically accountable. The hon. Member for Aberdeen North (Kirsty Blackman) said the Government proposals were a guddle, and my hon. Friend the Member for Croydon Central (Sarah Jones)

spoke eloquently about their incoherence, but I think there is an element of coherence, as stated clearly by my hon. Friends the Members for Edinburgh South (Ian Murray) and for Bootle (Peter Dowd), who highlighted the presence of the paragraph that, sadly, we see in the European Union (Withdrawal) Bill, elements of the Finance Bill and the Trade Bill. The resolutions would give Ministers the ability to vary customs duties without what we regard as proper parliamentary scrutiny, and we cannot stand by and allow that as a House that is accountable to our constituents, who could suffer greatly from that sort of action.

Secondly, the Minister would say only that we need some kind of customs association during the transition period. It is unfathomable to Opposition Members why the Government are refusing to rule in continuing customs union membership, even during a transition period, when that is what business has so clearly demanded.

Thirdly, we had very little enlightenment about the capacity of HMRC and the concrete actions the Government will take to deal with the many challenges my hon. Friends expressed so very eloquently. My hon. Friends the Members for Liverpool, Riverside (Mrs Ellman) and for Walthamstow (Stella Creasy) expressed concerns about the additional administrative burdens that will apply, as did my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty). It has been suggested that the number of customs declarations could shoot up by 100%, and that is in the context of HMRC’s headcount being reduced by over a sixth since 2010. Of course, we did not have the clarification we needed about the scope and functions of the new trade remedies authority, despite my hon. Friend the Member for Stoke-on-Trent Central (Gareth Snell) pushing hard on the issue.

Fourthly, we have had much discussion about the dangers of a hard border between Ireland and Northern Ireland. I can say very strongly that we on the Labour Benches do not just want an aspiration to avoid such a border, we need a cast-iron assurance and we do not have it yet from the Government.

I understand, and indeed agree, with many of the sentiments underlying amendments (e) and (f), especially as they were articulated by my hon. Friends the Members for Edinburgh South and for Nottingham East (Mr Leslie). It is absolutely right to highlight, as they did, the recklessness of the Government in ruling out membership of the customs union as part of our future relationship with the EU. I am concerned, however, about how the amendments would interact with WTO rules, not least because of the Government’s disturbing unwillingness to rule out leaving the EU without a deal. The amendments would apply regardless of the future customs model. The scope is not restricted, as currently drafted. We on the Labour Benches have repeatedly indicated why leaving the EU without a deal would be a huge blow to British businesses and British jobs, yet the Government have failed to rule out this eventuality and their existing negotiating approach does not inspire confidence—quite the opposite.

Angela Smith: May I read my hon. Friend’s comments as a statement that the Labour Front Bench does support staying in the customs union, but on technicalities will not support the amendment? Do Labour Front Benchers support staying in the customs union?

Anneliese Dodds: I am grateful to my hon. Friend for her helpful intervention. As she will know, the Labour position is that we want to leave all possibilities open. We think that is an appropriate approach to take. *[Interruption.]* I see Government Members laughing at that. We are in a negotiation where it is surely absolutely essential that we put Britain's interest first and that means not taking options off the table. Sadly, the Government did that very early on and caused an enormous amount of bad will from our other EU partners, which we regret enormously. They should not have done that.

If the worst does happen and the Government lead us—through their lack of application and, frankly, the internecine squabbles on the Government Benches—to leave the EU without a trade deal, the rules of the WTO leave us no option but to trade with our European partners on the same basis as we trade with all countries with which we have no free trade agreement. This is the most favoured nation principle at the heart of the WTO: that there must be no arbitrary discrimination between trading partners of a similar developmental status, unless those countries have negotiated a free trade agreement that meets the WTO's definitional requirements.

If we were to adopt amendments that allow the UK Government to set customs duties on imports and exports from every other country in the world but not our European neighbours, in the case of a chaotic no-deal situation we would be faced with two unpalatable options. First, we could disregard the most favoured nation rule, in which case we would be exposed to virtually limitless potential dispute challenges from all other WTO members. The second option is abiding by the most favoured nation rule, but that would mean having to trade with all other countries on the same basis as we traded with the EU—namely, as the amendments would have it, without tariffs or quotas. Some Conservative Members and groups, such as the so-called Economists for Free Trade, would wish for such an outcome—a unilateral abolition of tariffs and all other trade barriers—freely admitting that such a scenario would see the end of manufacturing in the UK, as well as the end of agricultural production and the concomitant loss of millions of jobs.

Mr Leslie: I hear very much my hon. Friend's argument, but would she acknowledge that this is a paving Ways and Means motion seeking, at this snapshot in time, to circumscribe the scope of the Bill to ensure that we can replicate the current customs union? Should we have, at some hypothetical point in the future, that crashing-out scenario, Parliament could address that at that point, and so at present the amendments from my hon. Friend the Member for Edinburgh South (Ian Murray) are absolutely pertinent to the message we need to send to the Government.

Anneliese Dodds: I am grateful to my hon. Friend for his question, but the problem is that the Government's stated intention with these motions—they have said it time and again—*[Interruption.]* May I finish my point? They have said time and again that these motions are about our future relationship with the EU. I am afraid that they do not see them as part of a negotiation that might change. I would hope that generally the Government would be far more open about their negotiating position—

The Parliamentary Under-Secretary of State for Work and Pensions (Guy Opperman): Answer the question.

Anneliese Dodds: I just have, if the hon. Gentleman doesn't mind. The Government have stated that the motions are about that future relationship, and so we have to take them at their word, even if we might have been mistaken in doing that on other issues.

It has been suggested that, if the Government recover a sense of responsibility and sincerity and genuinely engage us in negotiations, albeit after wrongly ruling out a customs union with the EU, it could involve the adoption of deals similar to CETA or the Turkish deal. Now, CETA does not cover agriculture, so if we get a deal on industrial goods procurement and so forth, we might then need, concomitantly, still to have a deal on the protection of sensitive agricultural products, so we would need to have those powers still there. The Turkish bespoke deal, for its part, still necessitates anti-dumping and countervailing duties on both the Turkish and the EU sides.

To conclude, we have to be clear about what amendments (e) and (f) ask for. They do not, in and of themselves, guarantee that the Government will seek continued customs union membership, because they would apply across the piece of whatever arrangements the Government lead us to.

Ian Murray: I have tremendous respect for my hon. Friend and the work she has done on this, but if she disagrees with the technical aspects of my amendment but agrees with the principle of staying in the customs union, where are the Front-Bench amendments to do that?

Anneliese Dodds: I am a new Member and I do not know how appropriate it is to talk about which amendments have been allowed and which have not. Ultimately, we are seeking a more democratic process, but we cannot vote on that, which is unfortunate. My hon. Friend will know, as will other Opposition Members, that, as I stated before, the Labour Front-Bench position is to leave all options on the table. That is the best thing for Britain to do. It is very unfortunate that the Government have failed to do that, because it is enormously damaging to our negotiating position. I very much regret that the Government still could, irresponsibly and recklessly, lead us towards a no-deal scenario. In that case, these amendments—sadly—would worsen our situation. I know that that is not his intention—quite the opposite—but as stated that is technically what they would lead to.

9.3 pm

Mel Stride: We have had a full and good debate this evening on an extremely important matter. I do not think that anybody on either side of the House would suggest that these matters are not of the utmost importance. Perhaps I could run through some of the points raised.

My hon. Friend the Member for Yeovil (Mr Fysh) rightly raised with me, as he has done on many occasions, the importance of HMRC being appropriately resourced. He will know that to date we have provided more than £40 million to HMRC and that we will provide it with such funds and resources as it needs going forward. The hon. Member for Oxford East (Anneliese Dodds) bemoaned the fact that the Government would be able to change duties as a consequence of the Bill through secondary

powers without parliamentary scrutiny. I urge her to wait until she sees the Bill and the opportunities in it for the Government to provide that scrutiny.

The hon. Member for Aberdeen North (Kirsty Blackman) said she was not clear what we wanted from these negotiations. We have in our White Paper made clear the direction of travel we foresee in these negotiations. She also raised a point about the customs declaration service computer system, suggesting that we had allowed just three months for testing—that being, I assume, the date between January 2019 and our exit from the European Union. In fact, the full system will be up and running in about August next year, and companies and traders will be migrating to it between August and January 2019.

The hon. Member for Edinburgh South (Ian Murray) says that he wants to stay in the customs union. That is a perfectly reasonable aspiration, but it overlooks the fact that we have voted to leave the European Union, and that we will therefore, of necessity, be leaving the customs union. We want to be able to go out and put together our own trade deals across the world.

My hon. Friend the Member for Gloucester (Richard Graham) said that the amendments closed off options. He is entirely right, but it is worse than that: they introduce options that are deeply unattractive. If we passed the amendments, we could find ourselves in a position whereby we unilaterally offered the same terms to European countries, but did not receive the same duty arrangements in return, which would be hugely to our disadvantage. Moreover, in the absence of a deal, if we offered those arrangements to European countries, we would find that, under the most favoured nation rules, we would have to offer the same duty arrangements to all the other countries with which we were trading, which would of course be an absurdity, and they would not necessarily have to reciprocate.

My right hon. Friend the Member for Broxtowe (Anna Soubry) talked of our jumping off a cliff into no deal. The Government have no intention of going anywhere near any cliffs or jumping off them. We are pushing for a good deal, we are negotiating hard, and I am confident that we will get a deal that is in our interests and also in those of the European Union.

The Bill is an enabling Bill that allows opportunities, whereas the amendment is disabling in the way I have described. I urge the House to reject both amendments, and I commend the motions to the House.

Question put, That the amendment be made.

The House divided: Ayes 76, Noes 311.

Division No. 43]

[9.7 pm

AYES

Alexander, Heidi	Carmichael, rh Mr Alistair
Ali, Rushanara	Chapman, Douglas
Bardell, Hannah	Cherry, Joanna
Black, Mhairi	Clarke, rh Mr Kenneth
Blackford, rh Ian	Coffey, Ann
Blackman, Kirsty	Cowan, Ronnie
Brake, rh Tom	Coyle, Neil
Brock, Deidre	Crawley, Angela
Brown, Alan	Creasy, Stella
Bryant, Chris	Day, Martyn
Cadbury, Ruth	Docherty-Hughes, Martin
Cameron, Dr Lisa	Doughty, Stephen

Edwards, Jonathan
Ellman, Mrs Louise
Farron, Tim
Fellows, Marion
George, Ruth
Gethins, Stephen
Gibson, Patricia
Grady, Patrick
Grant, Peter
Gray, Neil
Green, Kate
Hayes, Helen
Hendry, Drew
Hermon, Lady
Hobhouse, Wera
Hosie, Stewart
Jardine, Christine
Jones, Darren
Kyle, Peter
Lake, Ben
Lamb, rh Norman
Law, Chris
Leslie, Mr Chris
Linden, David
Lucas, Caroline
Mc Nally, John
McCarthy, Kerry
McDonald, Stewart Malcolm

McDonald, Stuart C.
McFadden, rh Mr Pat
McGinn, Conor
McGovern, Alison
McKinnell, Catherine
Monaghan, Carol
Murray, Ian
Newlands, Gavin
O'Hara, Brendan
Perkins, Toby
Saville Roberts, Liz
Sheppard, Tommy
Smith, Angela
Soubry, rh Anna
Stephens, Chris
Stevens, Jo
Thewliss, Alison
Thomas, Gareth
Umunna, Chuka
Whitford, Dr Philippa
Williams, Hywel
Williams, Dr Paul
Wishart, Pete
Zeichner, Daniel

Tellers for the Ayes:

**Phil Wilson and
Martin Whitfield**

NOES

Afolami, Bim	Cartledge, James
Afriyie, Adam	Cash, Sir William
Aldous, Peter	Caulfield, Maria
Allan, Lucy	Chalk, Alex
Allen, Heidi	Chishtii, Rehman
Amess, Sir David	Churchill, Jo
Andrew, Stuart	Clark, Colin
Argar, Edward	Clark, rh Greg
Atkins, Victoria	Clarke, Mr Simon
Bacon, Mr Richard	Cleverly, James
Badenoch, Mrs Kemi	Clifton-Brown, Geoffrey
Baker, Mr Steve	Coffey, Dr Thérèse
Barclay, Stephen	Collins, Damian
Baron, Mr John	Costa, Alberto
Bebb, Guto	Courts, Robert
Bellingham, Sir Henry	Cox, Mr Geoffrey
Benyon, rh Richard	Crouch, Tracey
Beresford, Sir Paul	Cryer, John
Berry, Jake	Davies, Chris
Blackman, Bob	Davies, David T. C.
Blomfield, Paul	Davies, Glyn
Blunt, Crispin	Davies, Mims
Bone, Mr Peter	Davies, Philip
Bottomley, Sir Peter	Davis, rh Mr David
Bowie, Andrew	Dinenage, Caroline
Bradley, Ben	Djanogly, Mr Jonathan
Bradley, rh Karen	Docherty, Leo
Brady, Mr Graham	Dodds, Anneliese
Brereton, Jack	Dodds, rh Nigel
Bridgen, Andrew	Donaldson, rh Sir Jeffrey M.
Brine, Steve	Donelan, Michelle
Brokenshire, rh James	Double, Steve
Brown, rh Mr Nicholas	Dowd, Peter
Bruce, Fiona	Dowden, Oliver
Buckland, Robert	Doyle-Price, Jackie
Burghart, Alex	Drax, Richard
Burns, Conor	Duddridge, James
Burt, rh Alistair	Duguid, David
Cairns, rh Alun	Duncan Smith, rh Mr Iain
Campbell, rh Mr Alan	Dunne, Mr Philip
Campbell, Mr Gregory	Ellis, Michael

Elphicke, Charlie
 Eustice, George
 Evans, Mr Nigel
 Evennett, rh David
 Fabricant, Michael
 Fernandes, Suella
 Ford, Vicky
 Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fysh, Mr Marcus
 Gale, Sir Roger
 Gardiner, Barry
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Ms Nusrat
 Gibb, rh Nick
 Gillan, rh Mrs Cheryl
 Girvan, Paul
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Luke
 Graham, Richard
 Grant, Bill
 Grant, Mrs Helen
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Grogan, John
 Gyimah, Mr Sam
 Hair, Kirstene
 Halfon, rh Robert
 Hall, Luke
 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
 Hendrick, Mr Mark
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Adam
 Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jack, Mr Alister
 James, Margot
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenrick, Robert

Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Kevan
 Jones, Mr Marcus
 Kawczynski, Daniel
 Keegan, Gillian
 Kennedy, Seema
 Kerr, Stephen
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lamont, John
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Letwin, rh Sir Oliver
 Lewer, Andrew
 Lewis, rh Brandon
 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, John
 Mann, Scott
 Maskell, Rachael
 Masterton, Paul
 Maynard, Paul
 McDonnell, rh John
 McLoughlin, rh Sir Patrick
 McPartland, Stephen
 McVey, rh Ms Esther
 Menzies, Mark
 Mercer, Johnny
 Metcalfe, Stephen
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 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
 Norris, Alex
 O'Brien, Neil
 Offord, Dr Matthew
 Onasanya, Fiona
 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
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Reynolds, Jonathan
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Ross, Douglas
 Rowley, Lee
 Rudd, rh Amber
 Sandbach, Antoinette
 Scully, Paul
 Seely, Mr Bob
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, rh Julian
 Smith, Nick
 Smith, Royston
 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
 Tami, Mark
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt
 Watling, Giles
 Whately, Helen
 Wheeler, Mrs Heather
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:

**David Rutley and
 Nigel Adams**

Question accordingly negatived.

Main Question put and agreed to.

Resolved,

That—

(a) provision may be made imposing and regulating a duty of customs chargeable by reference to the importation of goods into the United Kingdom,

(b) provision may be made conferring power to impose and regulate a duty of customs chargeable by reference to the export of goods from the United Kingdom,

(c) other provision may be made in relation to any duty of customs in connection with the withdrawal of the United Kingdom from the European Union, and

(d) provision may be made dealing with subordinate matters incidental to any provision within any of paragraphs (a) to (c).

The Deputy Speaker put forthwith the Questions necessary to dispose of the remaining founding motions (Standing Order No. 51(3)).

VALUE ADDED TAX AND EXCISE DUTY ON GOODS

Resolved,

(1) That provision may be made—

- (a) amending the law relating to value added tax in connection with the withdrawal of the United Kingdom from the European Union,
- (b) amending the law relating to any excise duty on goods in connection with that withdrawal, and
- (c) dealing with subordinate matters incidental to any provision within paragraph (a) or (b).

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

- (a) for a new description of supply or importation to qualify for a zero-rate or a reduced rate or for an exemption,
- (b) for a refund of an amount of tax by reference to a particular description of supply or importation, or
- (c) for a new relief applicable only in relation to a particular description of supply or importation.—
(*Andrew Stephenson.*)

TAXATION (CROSS-BORDER TRADE) (MONEY)

Queen's recommendation signified.

Resolved,

That, for the purposes of any Act of the present Session which imposes a duty of customs, it is expedient—

- (a) to authorise the payment out of money provided by Parliament of any expenses incurred by any public authority by virtue of the Act, and
- (b) to authorise the payment into the Consolidated Fund of any fees which any public authority receives by virtue of the Act.—(*Andrew Stephenson.*)

Ordered, That a Bill be brought in on the foregoing Resolutions;

That the Chairman of Ways and Means, the Prime Minister, Mr Chancellor of the Exchequer, Dr Secretary Fox, Secretary Greg Clark, Elizabeth Truss, Mel Stride, Stephen Barclay and Andrew Jones present the Bill.

TAXATION (CROSS-BORDER TRADE) BILL

Presentation and First Reading

Mel Stride accordingly presented a Bill to impose and regulate a duty of customs by reference to the

importation of goods into the United Kingdom; to confer a power to impose and regulate a duty of customs by reference to the export of goods from the United Kingdom; to make other provision in relation to any duty of customs in connection with the withdrawal of the United Kingdom from the EU; to amend the law relating to value added tax, and the law relating to any excise duty on goods, in connection with that withdrawal; and for connected purposes.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 128) with explanatory notes (Bill 128-EN).

COMMITTEES

Madam Deputy Speaker (Dame Rosie Winterton):

With the leave of the House, we will take motions 2 to 5 together.

Ordered,

NORTHERN IRELAND AFFAIRS

That John Grogan be a member of the Northern Ireland Affairs Committee.

PROCEDURE

That Ronnie Cowan be discharged from the Procedure Committee and Alison Thewliss be added.

PUBLIC ACCOUNTS

That Stephen Morgan be a member of the Committee of Public Accounts.

WOMEN AND EQUALITIES

That Tonia Antoniazzi be a member of the Women and Equalities Committee.—(*David Evennett, on behalf of the Selection Committee.*)

Companies House and Transgender Persons

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

9.26 pm

Nicky Morgan (Loughborough) (Con): I am grateful to be granted this Adjournment debate, which is particularly appropriate as today is the annual Trans Day of Remembrance, remembering those who have lost their life to anti-trans violence and those who continue to face anti-trans rhetoric and abuse.

During my time as Minister for Equalities, I was able to engage with the transgender community on a national level and to learn more about the inequalities they face and how those inequalities affect their daily lives. I was therefore pleased to publish the Government's response to the report of the House of Commons Women and Equalities Committee on transgender equality in July 2016, which was another step towards acknowledging that, although we have the Gender Recognition Act 2004 and although the coalition Government published the world's first transgender action plan in 2011, the Government, among others, could do more to address the remaining inequalities, unfairness, violence and discrimination faced by transgender people.

Since July 2016, I have welcomed the work in this area by my successors, my right hon. Friend the Member for Putney (Justine Greening) and the Minister for Equalities, my right hon. Friend the Member for Bognor Regis and Littlehampton (Nick Gibb). I was particularly pleased to learn that the vast majority of commitments made in the Government's 2011 action plan have now been met, and I look forward to reading the Government's new action plan on transgender issues when it is published.

I also welcome the Government's national lesbian, gay, bisexual and transgender survey on experiences of using public services in the UK, which will no doubt help guide future policy on improving public services for LGBT users. Finally, I support the Government's plans to consult on the Gender Recognition Act, which will look to improve the recognition process and reduce the stigma faced by the transgender community. I understand that the proposals will include removing the need for a medical diagnosis of gender dysphoria before a person is able to apply for gender recognition, as well as options for reducing the length and intrusiveness of the gender recognition system.

Mims Davies (Eastleigh) (Con): I thank my right hon. Friend for her work when she was Minister for Equalities.

This is, of course, the annual Trans Day of Remembrance. The inequalities that trans people face are extraordinarily great, and the violence and discrimination they face are really concerning. Does my right hon. Friend agree that, as the first Parliament in the world to consider these issues and given the amount of work that still needs to be done, what we are discussing this evening is easily rectifiable for this important community?

Nicky Morgan: I thank my hon. Friend very much for that. I am going on to show that we are dealing with a simple loophole, which is completely unintended, and closing it would be another step that Government and

Ministers could take to show a continued commitment to the transgender equality plan. Some of these very simple steps can make a great deal of difference to people, both those who are watching tonight and those who find out about this debate later.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): I commend the right hon. Lady for securing this Adjournment debate. I met one of my local trans support groups in Cardiff and they shared with me many of their concerns. Steps such as the one we are discussing can go a long way in reducing stigma. Does she agree that there have been some unpleasant headlines in certain media outlets in recent weeks and that many trans people feel very stigmatised because of some of the ill-educated and ill-informed debate that goes on in the media?

Nicky Morgan: I agree very much with what the hon. Gentleman says, and I know that he is a great campaigner on these issues. As he says, and as we all know, prejudice often comes from fear, and we need to talk about these issues. During my time as Equalities Minister, I met trans young people and their families, some of whom struggled to accept what was happening to their families, but with the right support a huge amount of difference was made. All of us can benefit, not just on this issue, but on many others facing us a country at the moment, from standing back, listening to other points of view, trying to understand, even though that is not always easy, and not rushing to judgment.

As I was saying, the Government have committed to consulting on the Gender Recognition Act 2004, and I welcome the words of Ruth Hunt, the chief executive of Stonewall, who said:

"We need a simple process which isn't medicalised, intrusive or demeaning."

These are complex issues here that do challenge many people, but let us have a properly informed debate about them, rather than somehow thinking it is best not to discuss these difficult issues.

I would like to take this opportunity to again raise another aspect of the Gender Recognition Act that needs to be reviewed. In September last year, I received a letter from Alex, who wrote:

"I am the sole director of a company I set up some years back to manage a small property portfolio... When I changed my name and title the process to inform Companies House was actually very easy and my name was updated quickly... I noticed afterwards however, that this change of name and title was recorded in the company filings that are freely available for public inspection on the Companies House website. The document in question is a...Change of Particulars for Director form and clearly states my original name and title and subsequently my new name and title. This very obviously discloses my change of gender to anyone who happens to look at the filing history of my company, publicly outing me without my consent. The main issue I take with this is that of safety. In future there will be many people I meet and interact with who will have no idea of my transgender status because I simply will not tell them. If someone later finds out, this could potentially lead to violence, which is a reality that you are already aware the trans community faces."

The potential for inadvertent disclosure comes about because of a conflict between section 22(4)(j) of the Gender Recognition Act 2004 and section 1087(1)(k) of the Companies Act 2006. The Under-Secretary of State for Business, Energy and Industrial Strategy, my hon. Friend the Member for Stourbridge (Margot James),

who is on the Treasury Bench this evening, will be aware that I wrote to her about this last year and that, in her response to me dated November 2016, she made it clear that the companies registrar must make available to the public all information held on the public register unless he is specifically forbidden to do so by section 1087 of the Companies Act.

Section 22 of the Gender Recognition Act generally prohibits the publication of protected information held on a transgender person. However, section 22(4) details the circumstances under which it is not an offence to disclose protected information, which are if

“the disclosure is in accordance with any provision of, or made by virtue of, an enactment other than this section.”

The Minister’s letter to me stated:

“The Government is satisfied that this applies to the disclosure of a director’s former name as this is required to be placed on the public record by enactments in the Companies Act. In conclusion the data is not considered to be material excluded from public inspection by the Gender Recognition Act for the purposes of section 1087 of the Companies Act.”

I do not disagree with this interpretation, but, as I have said, this is an unintended loophole that needs to be closed, which is why, before the general election, I introduced the Companies Documentation (Transgender Persons) Bill to the House. When I introduced that Bill, I referenced another part of Alex’s letter to me, which said:

“In 2004 the GRA came in to place with the clear main goal of protecting people who were at risk of being vulnerable, and it was a world-leading piece of legislation which frankly I’m proud to say came out of the UK. What is happening now with Companies House is an entirely accidental and unfortunate flaw in the way that the GRA 2004 and CA 2006 interact with each other. This flaw is entirely against the spirit of the GRA 2004, and I think that anyone would be hard pushed to argue against that...I’m currently able to protect myself when it comes to my credit profile, my tax profile at HMRC, the FCA register, Government Gateway. I just personally think it is the right thing to do to force Companies House to be held to the same standard.”

My Bill proposed that that loophole be closed by amending the 2004 Act in a way that would allow transgender persons to apply to Companies House to withhold from public inspection information about a director’s former name, and for that information to be treated as protected information under section 22 of the 2004 Act. The case for this small legislative change is compelling, as such a disclosure can have a profound effect on transgender people, particularly as transition and history are very personal and should be something that a person chooses to share, rather than being forced to do so by someone else. The legal mechanism for people to change their gender is also not a decision that anyone enters into lightly, and nor does it happen quickly. In my experience, once that decision is made, transgender people want to be able to move on with their lives, to be treated with respect, and to live without the fear of being inadvertently outed or subject to violence.

I am afraid to say that, as we have heard, violence and discrimination do still occur. Since my previous speech to the House, the Home Office has published updated statistics that show that in England and Wales in 2016-17, there were 1,248 transgender hate crimes, up from 858 in 2015-16. That is an increase of more than 45%, which is higher than the previous yearly increase of 41%. Living in fear because of who you are is unacceptable in the modern United Kingdom and no

one should have to live in fear of violence because of official documents that they have filed in compliance with a particular Act of Parliament.

I again thank those who have contacted me to share their views in spite of such fear, including Alex. I remind the House that, in the course of preparing for the introduction of my Bill, I was contacted by other transgender persons, one of whom said to me:

“My current position is that I am unable to start my business without running the very real risk of outing myself as a transgender woman. Presently I want to start a business to provide technology and web development services. However, as I cannot yet transition, I am in the unfortunate position where if I started a business now and then transitioned this information would be publicly available.”

Another contact, an accountant, told me that the advice that they were given was to resign as an existing director and register a new director’s appointment in the new name, although clearly details such as their date of birth would be the same. Alternatively, they were told they could close the company down, have it struck off and then set up a new company, with all the administrative expenses entailed in that course of action.

I also received the following message:

“I used to do IT contracting and did so via a limited company. I changed my name and title by deed poll in 2012 and also need to change my details at Companies House as a director of my company. I’ve now had gender reassignment surgery and will be applying for my gender recognition certificate as soon as I receive the necessary report from the Gender Identity Clinic. Whilst this will give me a lot of protection in law it will still be possible for people to find out my dead name by interrogating the records of my company at Companies House which could possibly put me at risk if someone found out those details for malicious purposes.”

Altering the Gender Recognition Act would be a simple change to make, yet it would mean a great deal to the many transgender people who suffer this problem in silence. The Government have an opportunity to close this inadvertent loophole and to show that they are committed to protecting the transgender community and to allowing transgender people to choose what, if any, information about their transition is publicly available and in what way such information is disclosed. I should add that I very much hope that were this option to be taken up, there would be a way for Companies House to make sure that such information is available to the lawful authorities, such as the police or others investigating a crime—because, of course, they might need to access some of those details—after an appropriate request and their having passed a suitable hurdle, including on why they need the evidence. I hope that, given the Government’s commitment to transgender equality, the Minister will consider this issue and the views of those who have contacted me as part of the upcoming review of the Gender Recognition Act. I look forward to hearing her response.

9.39 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James): I thank my right hon. Friend the Member for Loughborough (Nicky Morgan) for securing tonight’s debate on this very important subject and for the powerful and persuasive speech that she has made in support of her argument.

I recognise that she is seeking to protect the interests of those in the transgender community by ensuring their right to have their private information remain private. I have considerable sympathy with the personal

[Margot James]

accounts that she has shared in her speech this evening, and I can only conclude that the examples that she gives are backed up by many other people who have not come forward.

This debate highlights a difficult tension between two important principles: the right of an individual to have their private details remain private and not to be exposed against the also important need for transparency of the public register of companies. These rights are not easy to reconcile, but I very much agree with my right hon. Friend that we should make every effort to improve the situation that she described in her speech.

There are some very important reasons why the records of companies must be transparent and available for anyone to inspect. Incorporating a company and getting it registered at Companies House brings with it the benefit of limited liability to the owners and directors charged with running the company. In return for that significant benefit, directors of companies must provide details relating to their identity, residential address information and annual accounts of the company. That process gives anyone the ability to check business records and the trading history of people and businesses that they are dealing with or proposing to enter into business with.

It is only right that anyone should be able to check a director's previous trading history or directorships, or any past disqualifications and bankruptcies. People might also want to know of their involvement in previous failed or successful businesses as important facts to consider when entering into business agreements.

In many ways, the register of companies is not just a list of companies with directors' names. Its real purpose is to support the functioning of limited liability and to enable business trading across the economy through the information that it provides. It is that transparency that underpins its value and contribution. The register of companies is one of the most searched and interrogated databases worldwide. There were more than 2 billion searches on the website in 2016. It is also widely used by professional organisations—for example, credit reference agencies in determining whether to loan to prospective businesses, or professional researchers such as those engaged in transparency initiatives.

My right hon. Friend raises important statutory provisions—in particular that section 22 of the Gender Recognition Act 2004 does indeed make it an offence for a person who has acquired protected information in an official capacity to disclose that information. However, as she says, section 22(4) provides a number of exemptions, including section 22(4)(j) which says that

“the disclosure is in accordance with any provision of, or made by virtue of, an enactment other than this section.”

Section 12, together with section 163 of the Companies Act 2006, require directors to disclose their name and any former name to the registrar of companies. Sections 1085 and 1086 of that Act then place a duty on the registrar to make that information and other information delivered to them in relation to companies' registration and filings available for public inspection. This is about the need for transparency as I mentioned previously.

Section 1087(1)(k) of the Companies Act does prevent the registrar from making certain information available for public inspection if required by another enactment.

However, because of the carve-out in the Gender Recognition Act, information such as any previous names of directors, whatever the reason for the change of name, are not included in these exemptions.

The Gender Recognition Act 2004 does not make it an offence, as my right hon. Friend explained, to disclose this information when that disclosure is in accordance with another enactment, which is the case in respect of the Companies Act 2006. This therefore applies where a transgender person who is a company director has changed their name.

My right hon. Friend will know that the current pressures for information relating to companies and their directors is, in many respects, for even more transparency, rather than less. However, I do recognise that the register of companies should look to strike the right balance between the need for transparency and the protection of individuals and their private information. The current legal provisions already allow for certain information to be withheld from public inspection—for example, a director's private residential addresses, where it is demonstrated that there is a risk of violence or intimidation arising from the activities of the company.

Since the register of companies became freely available online in 2015, however, a number of hon. Members have written to me raising their concerns about the range of private information that is now publicly available and easily accessible. As a result, my Department is considering a number of potential measures related to the integrity of the register of companies and the personal information that is available on it. I will most certainly ensure that the issue raised by my right hon. Friend is considered within that work. Although I can commit to consider the issue further, I would stress that the position of company director carries with it statutory duties and accountabilities. We need to guard against the creation of loopholes that would allow people to evade their responsibilities or to conceal their previous trading history by changing their name on the register.

Nicky Morgan: I thank the Minister for the way in which she is responding to my debate. I welcome the fact that she has talked about the wider consultation, but may I urge and push her just a little further to say that the matters I have raised tonight should be a part of that consultation—at least, the gathering of views to find out the scale of the problem? Will she also consider, again perhaps as part of the consultation, Alex's comment to me that she is able to protect herself when it comes to her credit profile, her tax profile with Her Majesty's Revenue and Customs, the Financial Conduct Authority register and the Government Gateway, all of which presumably—certainly the credit profile and tax profile—help in building up the transparent profile of somebody that the Minister has been talking about?

Margot James: I will certainly consider what my right hon. Friend said; she certainly makes a powerful case. Transparency will remain a high priority for the register of companies, but we must consider her arguments and I will consider what she asked for as part of our review.

As my right hon. Friend mentioned, the Government have committed to publishing a consultation shortly on amendments to the gender recognition process in England and Wales. We also recently launched a national survey on the needs of the LGBT population, which has just completed, receiving more than 100,000 responses.

Both these consultations will be of help in shedding light on the issues raised in this debate, and I will consider further what my right hon. Friend has argued for tonight in that process.

9.48 pm

House adjourned.

Question put and agreed to.

Westminster Hall

Monday 20 November 2017

[MRS MADELEINE MOON *in the Chair*]

TV Licence Fee

4.30 pm

Helen Jones (Warrington North) (Lab): I beg to move,

That this House has considered e-petitions 170931 and 200239 relating to the TV Licence fee.

It is a great pleasure to serve under your chairmanship, Mrs Moon. A number of people who have signed the petitions or emailed me are concerned that they still have to pay the licence fee, arguing that they do not see why they should have to pay for another service in an age in which subscription and streaming services are the norm. They also think that the licence fee is too high. That is certainly true of one of our petitioners, who said that he only uses streaming services and Freeview, while someone who emailed me said:

“It now seems absurd to pay for something which you have absolutely no control over”,

and that he

“will typically watch only four programmes the BBC produces a year”.

He must keep detailed records of his TV watching, if that is the case.

They also make the fair point that the licence fee is a regressive tax. We cannot get away from that, which is why the previous Labour Government introduced free television licences for the poorest pensioners—those aged over 75—which the previous Chancellor then put on to the BBC’s budget. However, its being regressive is outweighed by its simplicity, and by the fact that nowadays people pay a lot more for satellite and subscription services. What is missing from the arguments I have received is any consciousness of the role of public sector broadcasting as a good for all society, and of the wide range of services that the BBC is expected to provide as a condition of the licence fee.

Mike Hill (Hartlepool) (Lab): Does my hon. Friend agree that obligations placed on the BBC, as part of the licence fee arrangements, to fund community-based broadcasting services, such as Made in Teesside in my area, are a useful element of the scheme?

Helen Jones: My hon. Friend, who I am pleased to say is now a member of the Petitions Committee, is quite right. The BBC has to meet obligations that commercial broadcasters do not, which is very important.

Those who argue against the licence fee find it quite difficult to come up with an alternative, or at least a viable alternative. The then Culture, Media and Sport Committee suggested in a previous Parliament that over time we might move to the German model by having a broadcasting levy on every household. That has the merit of being simple and relatively easy to collect, and it would also ensure that those who use only, say, BBC radio or its online services contribute something to their cost. However, it does not get away from the regressive argument.

Finland funds its public sector broadcasting through personal taxation, which allows it not to be regressive. However, I do not feel that would work in this country, since the Treasury is notoriously resistant to hypothecation; it would be far too easy for any Chancellor to raid that budget. It would also be very damaging to the BBC’s independence, which I think many of us feel is worth preserving.

Gareth Johnson (Dartford) (Con): The point that the hon. Lady makes is exactly the issue. Looking at the current licence fee system, we realise that there are obvious flaws. However, when we go on to consider all the alternatives, we realise that what we have now is probably best described as the least worst option.

Helen Jones: The hon. Gentleman is right. It is a bit like Churchill’s saying that democracy is the worst possible system we could have—until we look at all the others.

Some people say that the BBC should become a streaming service, but that would not allow it to fund the programmes it is required to—for minority interests, for the regions, for different language services and so on. There is also advertising, which I will come to in a moment, but I make the point now that funding programmes through advertising is not free, as many people seem to think; it is actually added to the cost of everything we buy. As such, it is the most regressive tax possible. I do not watch much ITV, for example, but I am willing to pay for it because I believe in diversity in the media. I pay for it when I purchase goods in the shops.

I think that the difficulty of finding an alternative to the licence fee has actually helped to increase support for it over the years. A recent BBC consultation showed that 75% of people were in favour of retaining the licence fee. Of course, that is from a self-selecting group—people who are interested in the BBC and respond to its consultations—but other polls have also shown a majority in favour. A recent Ipsos MORI poll from this year showed that 49% of people are in favour of funding the BBC through the licence fee, compared with 27% who want it funded by advertising and 23% who want it to be a subscription service.

It is true that a poll in *The Daily Telegraph* a few years ago—in 2013, I think—showed 70% in favour of either abolishing or reducing the licence fee, but that conflates two things and is not a reasonable guide. If asked, most of us would like the cost of anything we pay for to be reduced, and would say so. In fact, other polls show support for the licence fee actually rising over time—it was at 28% in 1989, 32% in 2004, and 49% this year.

The problem with suggesting that the BBC should be funded by advertising is that it would be fishing in the same pool as the commercial broadcasters. There is only a limited amount of money available, especially as more advertising moves online, and I very much doubt that the revenue would be there to fund the kinds of programmes we have now. Another important point is that advertisers—quite reasonably, from their point of view—want spots during shows that are guaranteed to be popular, but a public sector broadcaster such as the BBC has to do more than that; it has to be free to experiment and to produce programmes for minority interests. That broad sweep of BBC programmes is

[Helen Jones]

probably the reason why 95% of people in this country watch it at some point or another. Indeed, despite the competition, it is still the largest media provider for adults, including, very surprisingly, young adults.

There are many programmes that I do not think would even be made without public service broadcasting. I cannot see a commercial company producing, for instance, a cycle of Shakespeare's history plays, as the BBC did, or providing broadcasts of opera or ballet. I am reluctant to offend the Opposition Chief Whip, my right hon. Friend the Member for Newcastle upon Tyne East (Mr Brown), who is a noted opera buff, but opera is still a minority interest. No commercial broadcaster would organise and broadcast the Proms, which is the largest classical music festival in the world.

The BBC has to be able to innovate, whether in developing the iPlayer or producing different kinds of programmes. Some of those programmes will fail, and I and other Members here will not like some others, but they are an important part of maintaining diversity in the media. Indeed, if we do not want bland uniformity, an organisation that can encompass Radio 4 and Radio 6 Music and make programmes varying from "EastEnders" to "The Sky at Night" is an important thing to preserve.

Another important point about the licence fee is that it helps to preserve BBC independence. It protects the BBC—most of the time, at least—from political interference and stops it being subject to the demands of advertisers or of an overweening proprietor; colleagues can name their own media mogul.

That is particularly important when it comes to news. The BBC is the most watched news provider in the country, with 77% of adults watching BBC News at least once a week. In a time when trust in institutions is declining, it is still the most trusted news provider—57% of people trust it, and the nearest rival is on 11%. It maintains a network of correspondents all around the world and is trusted not just in this country but abroad. Many people trust BBC News. The BBC World Service, which is largely funded by the licence fee, does an enormous amount to bolster the prestige of this country abroad.

People ask whether I have criticisms of BBC News. Of course I do. I think far too much time is spent on interviewers repeating things. We hear something from someone in the studio, then they go to someone standing outside in the cold, and the handover of, "What more can you tell us?" is usually met in my house by a shout of, "Nothing at all!" It is far too London-centric. It still operates as if a problem on a London rail line is of interest to the whole country, or a few flakes of snow falling on the capital constitutes a national disaster. More importantly, it has gone to believing that balance means just interviewing two people of different views. There is not enough probing of those people to try to get at the facts.

Having said that, at least I know when I am watching BBC News that they are trying to get to the truth, however imperfectly. In an age of Fox News and alternative facts, that is worth having. Moreover, in the times in which we live, when there are attempts to intervene in and influence votes—a lot of it coming from Russia and other providers—having an independent news provider is essential to a functioning democracy. I would pay my

licence fee for that alone, frankly. At 40p a day, which is what it works out at, I do not think it can be considered onerous.

The BBC is now doing an enormous amount to boost creative industries in the regions. Cardiff has the Drama Village, and Media City in Salford has been a great success.

Julian Knight (Solihull) (Con): The hon. Lady is making a really forthright and excellent speech. She mentioned BBC spend across the regions and its investment. One area where I think the BBC is failing is the west midlands, where we have seen an average spend of £12.50 for each licence fee. Although I know things look rosier from Warrington North and Manchester, there is still a feeling of a deficit in areas such as my own.

Helen Jones: The hon. Gentleman makes a fair point. There is much more to do, and I will come to that in a moment.

Media City has been a huge success and has boosted other creative industries in the region, although it took some time to convince certain people that there are nice places to live that are not in London and that northerners do not keep coal in the bath and ferrets up their trousers.

The Minister for Digital (Matt Hancock): Speak for yourself.

Helen Jones: The BBC's natural history unit, which produces excellent documentaries, is based in Bristol. There has been investment in Birmingham and Belfast. As the hon. Member for Solihull (Julian Knight) said, there is a lot more to do. The BBC needs to do much more to reflect the diversity in this country.

Bill Grant (Ayr, Carrick and Cumnock) (Con): I totally agree with virtually everything the hon. Lady is saying. It is good that we examine the licence fee, although it was examined fairly recently—the new royal charter was introduced in January this year. I hope she agrees that the World Service has been a lifeline to many people in many nations throughout the world. The education of our children over decades has been excellent and continues to be so. BBC Scotland is well respected north of the border—speaking of which, my trousers are a ferret-free zone. I value the input. It is right that we look at the way we pay for it and the value we get for 40p a day. In time to come, and as broadcasting changes, we will need to look at it.

Helen Jones: The hon. Gentleman is right; we need continually to scrutinise the BBC and what it offers.

The BBC needs to have much more programming coming from the regions and to do much more to increase the diversity of its staff. I am very pleased when the BBC tells me that its apprentices in engineering, media and production come overwhelmingly from families where the parents have not been to university, but there are only 230 of them. More needs to be done to ensure that its journalists, presenters and, most of all, its producers and commissioning editors reflect the diversity of this country, and to break the charmed circle where people go from Oxford and Cambridge to the BBC; and not because those are bad people, but because a national broadcaster has to reflect the different experiences, ways of looking at things and outlooks of people in the regions and nations of this country.

When the BBC says that it has reduced management costs, I am pleased to hear it, but we also know that it has a real problem with the gender pay gap, which needs to be addressed. Even more importantly, pay at the bottom of the BBC pyramid is often very low. People who want to move into broadcasting need to be able to do so without having to rely on families for support, so that they can make a career and so that people from different backgrounds can begin a career at the BBC.

Nevertheless, I still think that the licence fee presents value for money. Strides have been made in ensuring that more of it is collected. A National Audit Office report earlier this year showed that the amount of money collected had gone up and that complaints had halved since 2010, but let us be clear that it is still expensive to collect. That is why the hon. Member for Ayr, Carrick and Cumnock (Bill Grant) is right to say that we have to keep examining it and looking at alternatives.

Some £162 million was spent on collection in 2014, despite the fact that the licence fee remained static between 2010 and 2016. Evasion is running at between 6.2% and 7.2%. That costs the rest of us between £250 million and £290 million a year. Because of that, there are people who argue quite passionately that not paying the licence fee should be decriminalised. I thought long and hard about this before coming to the debate. I think, on balance, that I would not support that, because it is simply likely to increase evasion. Indeed, when David Perry QC reviewed this, he said that it

“carries the risk of an increase in evasion and would involve significant cost to the taxpayer and those who pay the licence fee.”

I do not want people who do pay their dues to be penalised because of those who do not. People who worry about the criminalisation of not paying the licence fee are often more worried about sentencing for it, which is a different issue. I do not—nor, I suspect, does anyone else—want to see very poor people jailed for not paying their licence fee.

Julian Knight: The hon. Lady is making more excellent points. One thing that people have a difficulty with is the fact that licence fees take up a great deal of court time. How does she think we could get around that?

Helen Jones: The hon. Gentleman makes an interesting point, but it would be an argument for never prosecuting anyone for anything, because everything uses up court time. I am not sure that it is a real argument. I am much more convinced by the costs that people who do pay would incur if evasion went up. That already costs people quite a lot of money.

The fundamental question in all this is whether we believe in public service broadcasting. I do. I think it is a public good, and we finance many things because they are a public good. Some people do not want to pay for them. I remember a gentleman who told me during the election campaign that he did not see why he should pay taxes for the education system, because he did not have any children. “They pay your pension,” is the answer to that one. We get such comments all the time.

I think that we get a good service from the BBC. We think that our television is terrible, until we go abroad and look at what is provided there. We do not realise how good the BBC camera operatives are, until we try

to watch rugby or football from somewhere else, where they are not as good, and we miss the goals because they are up at the other end of the pitch. We think that BBC News has its problems, until we are trapped somewhere where the only English language service available is CNN, which seems to be designed for people with the attention span of a gnat.

Brendan O’Hara (Argyll and Bute) (SNP): Sorry? [Laughter.]

Helen Jones: Gnat with a g, in case the hon. Gentleman thinks I am insulting him.

We are not good at celebrating our successes in this country, but the BBC is a great success and we ought to celebrate it. Who else would have thought that televising Dickens as a serial, as it was originally done, was a good idea? Would any commercial broadcaster have thought of reviving a clapped-out old science fiction programme in which someone travels around in a ship disguised as a police box? But “Doctor Who” earns hundreds of millions of pounds around the world now. Would a commercial broadcaster ever have taken up a proposal for a serial about two old-age pensioners who meet after many years apart and who have dysfunctional families, or got actors of the calibre of Derek Jacobi and Anne Reid to play them? Then we would not have had the brilliantly named “Last Tango in Halifax”. I doubt very much that a commercial broadcaster would have taken up a proposal for a serial about a woman police sergeant in Yorkshire who looks after her grandson, or one where people said, “Oh yes, we’re going to cast Sean Bean as a Catholic priest in this.” If the BBC had not done so, we would never have had the brilliant “Happy Valley”, which has some of the best parts for women that I have ever seen, or “Broken”, which had some of the best acting that I have seen this year.

If that sounds like a recital of my favourite programmes, it is. Other people will have other favourites, but that is the beauty of a public service broadcaster: the wide range of programmes that it produces, whether they are brilliant nature documentaries, great dramas or good news broadcasts. There are also some turkeys, as we all know, but that is the price we pay for trying to bring in new programmes. We get successes and we get failures, but what we do not get is people constantly following the pattern of what went before. I therefore think that we ought to celebrate our public service broadcasting. We ought to ensure that it continues and, because of that, it has to be paid for.

Nothing comes for free in this life. If we do not pay for the BBC through the licence fee, we have to find another way of paying for it, but we should be clear that the BBC as it exists today, across radio and TV and online, is a success and that, by and large, we get very good value for our licence fee. It is interesting to see what the petitioners have said, but my view is that we should keep the licence fee and keep the model that has been so successful for us.

4.54 pm

Huw Merriman (Bexhill and Battle) (Con): I thank the hon. Member for Warrington North (Helen Jones) for responding to the e-petitions. I should declare an interest, as I am chairman of the all-party parliamentary BBC group—a position I hold with great pride. The BBC is a revered institution and perhaps unique in the

[*Huw Merriman*]

way it is funded. I believe that we should look on it as a blessing to this country that it exists in the manner it does. It is an institution that we should cherish, hold dear and do everything we can to preserve. We should also be mindful of the fact that the licence fee works out at about 40p a day, which I believe is about the same price as a copy of *The Sun*—I will leave the analogy there.

As for replacing the licence fee, the hon. Lady makes the point: although it is certainly an unusual way to fund a media producer of output these days, the BBC does appear to have support for its model and, as she mentioned, increasing support. I recognise that it is a very unusual way to fund a media provider and that there is no choice, if one wants to have a TV but not watch the BBC, but in reality the bulk of the population use BBC programming, so I maintain that it is good value for money.

I also believe that the BBC is incredibly important to social mobility—something that is even more of a challenge now than it has been in the past. The reality is that young people who have access to the BBC have access to the most extraordinary amount of information. They may well not be in the privileged position of their family being able to impart that knowledge and information, but the fact that they can use the BBC, via the web or via TV or radio, to fill in some of the gaps that they need to fill is something that we should not lose sight of. I declare an interest, in that I sometimes feel that I lost some of my education along the way, and I certainly use the BBC to fill in some of the gaps. I probably would not be here were that not the case. Some hon. Members may think that that is a downside of the BBC, and perhaps in time I will as well, but I feel that it is absolutely essential.

Another reason why I would advocate retention of the licence fee is what it allows the BBC to do around the world. I believe that every week 372 million people across the globe tune in to the BBC, the bulk of them through the BBC World Service. That allows us to play a pivotal role in the world. It allows the message from Britain to be carried around the world, and people around the world look favourably on Britain as a result of the BBC's informing, educating and enlightening people around the world.

Christine Jardine (Edinburgh West) (LD): Does the hon. Gentleman agree that although other means might become available in future, the licence fee, as he describes, has been fundamental to the success of the BBC and the respect with which it is regarded worldwide, and that to abandon it could undermine the quality and the range of programming—everything from “Mrs Brown’s Boys” to “The Blue Planet”—and put in jeopardy a valuable platform for new talent?

Huw Merriman: I very much take that point, albeit perhaps with one caveat: I am not sure that “Mrs Brown’s Boys” would be my absolute choice.

Christine Jardine: I said “range of programming”.

Huw Merriman: Indeed, and that is the point: we all have our favourites. Perhaps I will throw in “Line of Duty” as a programme that is worth the licence fee on its own. The hon. Lady is absolutely right: as soon as we

start going down the road of considering a different model, all of a sudden those influences, in terms of output, will be there. We need to keep a high watermark. I think that a universal model works very well and allows the BBC to explain that some of its output may not be the most popular, but that is exactly why everyone is paying for it: collectively, there is something for everybody—even for those who love “Mrs Brown’s Boys”.

It is unfortunate that the BBC, because of its unique situation, can perhaps be attacked from all sides with regard to political bias when it comes to elections and, indeed, referendums now. I make a distinction between ordinary times and elections and referendums. I think that the BBC tries to play a very straight bat when it comes to elections; it has a heightened sense of trying to be fair to all. I think that, as politicians, we all have to admit that our antennae are not necessarily tuned in to neutrality. When one thing in particular grates on us, we tend to pillory the BBC for that. I will however add one caveat. I referenced elections and referendums, when I think the BBC is on a heightened sense of alert. I think it is fair to say—I hope I am being incredibly supportive of the BBC and this can be taken as a positive improvement point—that now that the BBC is in the business of 24/7 rolling news in particular, it needs to pay more attention and be very careful with its content, particularly as its presenters are increasingly moving towards becoming commentators. In doing so, there is the unfortunate perception of that one lone voice leaving a message that perhaps had not been intended. If the BBC is going to move more towards the model of having commentators who provide analysis, it needs to think very clearly whether there should be two guests on the show, ensuring that both sides of the argument are put, rather than what may be a throwaway remark appearing to listeners to be a particular position. The hon. Member for Warrington North mentioned that 57% of those who watch BBC News trust the content. If that is the case, the BBC has an even greater duty to make sure that that content is presented in a neutral way.

Christine Jardine: Does the hon. Gentleman agree that questions we might have about BBC presentation are completely different from the principle that it is publicly funded? Not everyone has to pay the licence fee; if someone does not want a television, they do not have to pay for the BBC. Its journalism is respected worldwide, but that is a separate issue from the method of funding.

Mrs Madeleine Moon (in the Chair): Order. The hon. Lady arrived late, did not hear the opening speech, and has now made two interventions. I assume that will be her last for a while.

Huw Merriman: I apologise, Mrs Moon; I had not noticed that myself. Perhaps I should not have taken the interventions. I was making the point gently to the BBC that if it is in a unique position where people give it a certain level of trust, it needs to be very careful. I recognise the challenges facing the BBC, because there is now a need to provide so much content that it is quite difficult to keep up.

I noticed a feature on Saturday morning on the “Today” programme.” I will not turn this into a debate on universal credit, but the presenter made a throwaway remark about “another problem with universal credit.”

That extends to the presenter of “Money Box Live,” who made a particular point, which lacked the spirit of Lord Reith and a lot of factual accuracy—and then that was it, as that point could lead news stories. People trust the BBC, as we have explained, and other news organisations feed from it. Lack of accuracy is particularly an issue for the BBC, and it needs to get that right. Other parties could make exactly the same point. However, these are just improvement points that I am making.

I maintain that the BBC is a unique institution. I understand the reasoning behind the petition, but I absolutely believe that the majority of people in this country support the BBC and the principle of the licence fee. It does not necessarily accord to much logic, and if we were inventing the process in 2017 we might not do it this way, but for me that is one of the great reasons why we should continue as we do.

5.3 pm

Alan Brown (Kilmarnock and Loudoun) (SNP): It is a pleasure to serve under your chairmanship, Mrs Moon. I, too, congratulate the hon. Member for Warrington North (Helen Jones) on putting both sides of the argument on the petitions. She touched on the issue that I will initially focus on, which is one of the disadvantages I see in the current licence fee arrangement—the enforcement on those who do not have a TV licence. I raise the matter on behalf of a constituent, who has been in contact with me recently to outline his concerns and experience. The Library briefing paper prepared for this debate neatly sets out the laws indicating when a TV licence is required. However, I would argue that the implementation of those laws, unlike other general aspects of law, appears to assume that someone is guilty of the offence of not having a TV licence unless they prove otherwise, whereas normally the law presumes innocence until it is shown otherwise.

My constituent is

“deeply concerned with the manner in which TV Licensing chooses to communicate with unlicensed occupiers; with the accusatory and extremely menacing tone they use in their letters; the relentless requirement for them to “investigate” unlicensed properties; and perhaps most of all by their assumption that those without a TV Licence are most likely guilty until proven innocent.”

He has forwarded copies of communication he has received. Some of the letters he has received contain headings such as:

“Official warning: we have opened an investigation,”

and:

“Your address has been scheduled for a visit by an Enforcement Officer.”

Furthermore, the body of that letter states, “You know. We know.” As my constituent says, the text and headlines cannot be interpreted as anything other than threatening. The language is as bad as that of the rogue car park companies that we all receive complaints about.

The rhetoric ramps up further as the letters continue:

“Our Enforcement Officers visit an address every 5 seconds. Day. Evening. Even weekends. And if no one answers, they can come back.”

One has a bold blood-red stamp stating, “Enforcement Officer Visit Approved.” The next phase is a letter implying that a court case is imminent, with another implied threat:

“We want to ensure you have the information you may need before a hearing is set at your local court. Please read the information below carefully and keep it for your records. You will be allowed to take it into court with you.”

The letter then continues under the heading “What to expect in court,” before offering advice on how to avoid a court summons. It is quite clear that there are heavy-handed threats of court action. The solution offered effectively involves purchasing a TV licence, although there is acknowledgement at the foot of the letter that people can contact TV Licensing to inform it that they do not need one. Even that comes with the caveat:

“We may visit to confirm this.”

There is no doubt that that is extremely intimidating. It is certainly intended to make someone feel that they have to purchase a TV licence. I accept that there is a mechanism for people to highlight to TV Licensing that they do not require a licence. I am sure that is TV Licensing’s excuse for being so heavy-handed: it claims that it offers that alternative. However, that comes only at the end of the letter, and the general content of the communication is always about the requirement to have a TV licence and the threats associated with not having one. It is way too heavily skewed towards intimidation. I would like to hear the Minister’s view on that process and the companies involved in it. It is fine to target those who should pay, but it should not be by intimidation. Quite often it is those who are innocent who feel threatened, whereas people who are willing to deliberately evade often have no concern about such communications anyway.

I am also aware that many people do not know what their rights are regarding inspector visits. My constituent wrote to TV Licensing stating that he was removing its implied right of access to his private property. That was respected for a period, but the licensing authorities have now contacted him. The BBC states:

“We do not recognise this withdrawal in Scotland as different laws apply.”

My constituent is quite tenacious. He has contacted the BBC on that point and submitted a freedom of information request, but the BBC refused to release the information—it has had legal advice and will not divulge that information. I would argue that for the sake of transparency, it should release the information on why its understanding is that implied rights of access do not apply to Scotland because of different laws north and south of the border. Again, I would be interested to hear the Minister’s response to that. It is an important point, because many people do not understand what rights an inspector has to enter their property. That goes along with intimidation and threats in letters, which make people feel that they must let an inspector into their home, but that is not actually the case.

I would like to make a few points about the BBC’s use of TV licence funding, which feeds into why so many people are against the current funding arrangements. As the hon. Member for Warrington North mentioned, there has been a well publicised scandal about the over-inflated salaries being paid and, of course, the inexcusable inequality of women’s pay, whereby a woman presenter is paid substantially less than a male presenter on the same show. That is utterly bizarre and, as I said, inexcusable.

If we look at how viewers in Scotland are treated, we see that only 72% of the licence fee raised in Scotland is actually spent in Scotland. That does not compare well with the situation in other devolved nations. The hon. Lady spoke about the BBC’s fantastic football coverage. I would point out that Gary Lineker gets paid more to

[Alan Brown]

present “Match of the Day” than the whole Scottish premiership gets for its highlights package. To me that is simple proof of the tunnel vision the BBC has at executive level.

The BBC’s coverage of the Scottish referendum was frankly woeful at times, and from what I can tell its coverage of Catalonia and the violence perpetrated by the Spanish state has also been sadly wanting. I say “from what I can tell” because I must put on record that I am actually one of the people in Scotland who does not hold a TV licence. I choose to withdraw my funding. It is all legal and above board: I do not watch live TV any more, and neither does my wife. That was a choice we made, but I think it shows how the current model might not be sustainable. Myself and my wife made that choice following the Scottish referendum. We no longer watch live TV, and we do not miss it. It shows that if a habit is broken, it can be hard to mend it.

Mr Gregory Campbell (East Londonderry) (DUP): Has the hon Gentleman suffered the trauma that many people who have ceased watching television have suffered of repeatedly getting letters from TV Licensing insisting that it gets access to the property to prove that they do watch?

Alan Brown: Yes, I did suffer that. I alluded to what my constituent has had to put up with, and it was the same for our household, which was bombarded with letters that became increasingly threatening. My wife, who does all my paperwork, contacted TV Licensing and filled in an opt-out form online. That kept it at bay, although the letters have started again, so we need to go through the process again. That shows that people are continually assumed guilty rather than innocent.

From a Scottish perspective, the BBC has resisted calls for a “Scottish six” programme for years. It appears to have caved in to Unionist politicians who have pressurised it, in the fear that a national and international news programme created in Scotland, the same way as Radio Scotland is managed, would somehow create a nationalist nirvana. That is clearly an absurd proposition. Equally absurd is the UK Government’s resistance to devolving powers over broadcasting to Scotland. That is somehow seen as the Scottish National party trying to get its hands on control of output, whereas the SNP actually called for the measure when we were in opposition. It is a further example of Unionist parties conflating the SNP being in government and control being given to the Scottish Parliament. It is the Scottish Parliament as an institution that would control broadcasting powers if they were devolved to Scotland.

Huw Merriman: Does the hon. Gentleman agree that the BBC has a very difficult task when it comes to balancing the changing landscape of our institutions and politics? Some matters are devolved to Scotland, others are not. It is therefore difficult for the BBC to ride two horses, as it were—perhaps in the same way as it is for us.

Alan Brown: Perhaps it is difficult, but with the respected journalism that we have heard about today, it should not be too difficult for the BBC to ride those two horses. I must say that it failed spectacularly during the

recent general election in Scotland. It allowed too much of the audience participation debates about the general election in Scotland to focus on devolved matters, rather than on matters reserved for Westminster, and that clouded the issues. The BBC needs to work harder on drawing the distinction between devolved matters and reserved matters.

Gareth Johnson: I just wonder how the hon. Gentleman knows so much about the BBC coverage of late when he does not watch the BBC.

Alan Brown: I thank the hon. Gentleman for that intervention—I must say that I anticipated it. I actually watched some of the key set-piece debates that the BBC showed at my parents’ house, so it became a family gathering. [HON. MEMBERS: “Ah!”] Yes—that helped to spark internal family debate while we watched the television. It took shouting at the television to a different level.

To conclude, I have highlighted many issues with the current TV licensing system and the operation of the BBC.

Bill Grant: My hon. Friend the Member for Dartford (Gareth Johnson) beat me to that intervention.

I do not recognise the concerns of the hon. Member for Kilmarnock and Loudoun (Alan Brown) about the BBC’s performance in Scotland. Having been a councillor for 10 years and in Parliament for a short period, I have never had a complaint about BBC Scotland, and I do not see it in the way that he does. The public seem to value and appreciate BBC Scotland and the BBC in general. It may be a political perspective that he is giving this afternoon, but it is certainly not a public one.

Alan Brown: I do not pretend to speak for the entire public. I am expressing a view, but it is one shared by many other people. It might be a political view, but politicians clearly have different views, and there are always two sides to an argument. I recall Ian Davidson calling “Newsnight Scotland” “Newsnat” and having a pop at the then presenters. It could perhaps be said that when the BBC annoys those on both sides of an argument, it is doing its job. I am not saying that the entire public share my view, but it is shared by many people who have the same kind of political allegiances.

Deidre Brock (Edinburgh North and Leith) (SNP): With regard to the point made by the hon. Member for Ayr, Carrick and Cumnock (Bill Grant), in a study published by the UK Government around the time of the White Paper on the BBC, in 2016, Scots gave a score of 5.8 on general favourability towards the BBC, which was the lowest of any UK demographic.

Alan Brown: I thank my hon. Friend for that helpful intervention. It certainly makes the case and is a strong rebuttal to the previous intervention.

I am trying to reach a conclusion, which all hon. Members will be grateful for. As I said, I have highlighted many issues with the current TV licensing system and the operation of the BBC. I do have sympathy for those who have called for the scrapping of the TV licence, but I am also well aware that we need to be aware of the Trojan horse aspect of some of the other vested interests, such as the Murdoch empire. We certainly want to

allow true public broadcasting services to be able to continue and thrive—I mean that sincerely—so to that end, I appreciate that the TV licence still serves a purpose. However, as I started by saying, reform of the enforcement process is required, and as per the recent observations of the Select Committee on Culture, Media and Sport, the licence fee cannot continue indefinitely as a funding model for the BBC. Certainly a different model will be required at some point in the future.

5.17 pm

Mims Davies (Eastleigh) (Con): I would like to start by thanking the Petitions Committee for bringing these two e-petitions forward for debate, and the hon. Member for Warrington North (Helen Jones) for leading this excellent debate. I must also declare an interest as chair of the all-party parliamentary group on commercial radio. I think that it is absolutely right that those 138,000 signatories should hear us discuss this matter fully, and obviously there are concerns that each one of them raises.

I am sure that colleagues will be aware of my former career in the media: I have a particular focus on radio, and in the past I have worked for the BBC. Having that badge was a real honour—we know how that feels—and I applaud those who do so much to bring us really great content. There are many people beaver away, doing really tough hours and working very hard, and they do not all have the telephone number salaries that we often read about.

The BBC has sent me to prison—for “Children in Need”, I hasten to add. Back in the day, in my Pudsey bear ears, I was down in the cells somewhere in Lewes Prison, where people had to find me and get me out quickly. It was all for charity. This debate gives me a wonderful chance to talk about Friday’s “Children in Need”, which raised more than £50 million—a whopping, record-breaking amount. One of the bravest parts—I do not know whether anyone saw this—was the singing by the “Countryfile” presenters.

BBC programmes include “Strictly Come Dancing”, “Doctor Who” and “EastEnders”, which we have heard about. “Peaky Blinders” is back, and for some people, “Match of the Day” is the absolute highlight of their week. There is also “Howards End” and “The Apprentice”. I was subjected to “Casualty” as a small child, with all that gore on the screen—my mother adored it. “Blue Planet” has really woken us up to the danger of plastics in our seas and the effects on our beaches, and I am so pleased that the Government are doing something about it. In some people’s minds, some of those programmes and that content will absolutely be worth the licence fee on their own.

I stress at the beginning of my speech that across my constituency people hugely appreciate and respect the role that the BBC plays as one of our leading media outlets. It is essential to recognise that the TV licence fee supports all manner of work carried out by the BBC, including its radio coverage, which is so important nationally and locally—I am not sure that there is an MP in the Chamber who would not be delighted to go straight on to their local radio station with a press release about the work they have been doing. The licence fee supports so much work good work in the community. BBC Radio Solent is a great news outlet. Many vulnerable people who are stuck in their homes

more than they would like feel the benefit of their licence fee through the output and local content they hear from their local radio station.

In a digital age, however, it is crucial that we look at how the BBC progresses and reflect on people’s changing needs and attitudes towards media consumption. To that end, when we think about preserving the licence fee, I am keen for us to ensure that people feel that impartiality comes with it. As has been mentioned, we as parliamentarians absolutely benefit from scrutiny, as does the BBC. This Government have shed light on the gender pay gap, and what was unearthed is absolutely astounding. The BBC is most watched and most valued, and it must remain trusted. We have to look at the link between funding and perceived bias, because people will not pay if they do not feel that they are getting a good deal.

I agree that, in a 24-hour rolling news culture, the BBC might have to change its game. Balance and probing are vital. Importantly, people will happily continue to pay their TV licence if they honestly feel that the news is balanced. Having worked at the BBC, I know that it is a really difficult thing to do, because it is a gargantuan operation. Someone can be doing their best in one part, but what on earth are people in another part doing? The balance is very difficult. If people feel that the news is balanced, they will happily continue to support the BBC. In this era of fake news, concern has been raised that the BBC is in some way becoming about commentating—not explaining the process, but giving opinions—and when I worked at the BBC that was simply a no-no.

The Culture, Media and Sport Committee published a report in February 2015 setting out a number of ways that the TV licence, if it is to remain in place, could be improved. I will focus on two areas highlighted by the report that are key to any Government addressing the concerns that have led to so many people questioning the need for a TV licence in this new media age.

First, we simply must address the fact that people have no choice but to pay for a TV licence, even if some households have no intention of watching BBC services—unless they are at the in-laws, or somewhere else. We are fortunate to have a huge number of television channels available in the UK, combined with other services such as Netflix. Our constituents have the opportunity not to rely on the BBC, so we need to ensure that it is balanced and trusted, and that it remains a source of entertainment so that people continue to want to pay towards it, rather than it becoming something they resent. The system should therefore allow for adaptations and perhaps for greater flexibility in future, and I look forward to hearing the Minister’s comments on that subject. A level of flexibility on radio-only content is sincerely worth looking at.

Secondly, the current system means that everyone who gets a TV licence pays the same amount—£147—regardless of income and size of household. It is important to address that issue to ensure that all licence fee payers get the best deal for their money, perhaps by looking at multiple users, or even at how many people can fit on a sofa.

In conclusion, I thank the hon. Member for Warrington North for responding to the petition, and I thank the licence fee payers who signed the petition for making us come to the Chamber to consider the licence fee once again. As I said, I support the BBC and the important

[Mims Davies]

role that it continues to play in ensuring that we have so much great content and so many great opportunities to partake in that. However, we should look at flexibility in the licence fee, because that will allow us to work towards having a continued and better supported BBC, with further flexibility, which I think most of us want to see.

5.26 pm

Christian Matheson (City of Chester) (Lab): It is a great pleasure to see you in the Chair, Mrs Moon. I congratulate my hon. Friend the Member for Warrington North (Helen Jones), the Chair of the Petitions Committee, on introducing the debate. Her speech was comprehensive and extremely well delivered.

I rise to support the BBC and the licence fee, which are often seen as interchangeable by their opponents. The licence fee is often used as a proxy to attack the BBC. The BBC is under attack, whether by the SNP, which is still smarting from the result of the Scottish independence referendum and looking for someone to blame; by activists on the far left, including their deplorable condemnation of Laura Kuenssberg, putting out fake news that she would speak at an event at the Tory party conference; or by those on the right of the political spectrum who say that the BBC is full of lefties—if only it was.

The BBC has to be defended. The hon. Member for Dartford (Gareth Johnson), who is not in his place, talked about the licence fee being the least worst option. In a similar, semi-humorous way, I might suggest that if the BBC is being attacked politically from all sides, perhaps it is getting something right.

I have to say to my good friend, the hon. Member for Kilmarnock and Loudoun (Alan Brown), that he is missing out. He cannot watch everything, because the volume of output from the BBC, across all its channels and radio stations, is so great. There must be something on that he could enjoy and take something from. He is a good friend of mine, but he is cutting off his nose to spite his face. By not watching the BBC, he is missing out. He puts me in mind of the families who cut themselves off from the electricity grid in the 1970s and '80s, because they did not want electricity generated by nuclear power. They would sit around a candle. I say to him, "Come back. Give the BBC a chance," because there is some really good stuff on there.

Alan Brown: When I last checked, I still had my nose, so I have not cut my nose off to spite my face. It is good of the hon. Gentleman to do the BBC's bidding and implore me to come back, but I made a conscious choice and truthfully, I do not miss watching live TV. It is interesting that he says there is so much choice, but I do not miss that.

Christian Matheson: The hon. Gentleman has an excellent and an excellent nose and an excellent face. I am a big fan of Radio 6 Music. I know that politicians are supposed to listen to the "Today" programme, but I do not; I listen to Shaun Keaveny on the breakfast show on Radio 6. The BBC's flagship programme at the moment is "Blue Planet". I want to address the point made by my hon. Friend the Chair of the Petitions Committee about the ability to invest in programmes such as

"Blue Planet". There was a remarkable scene a couple of episodes back that involved filming a huge shoal of millions of groupers that were about to spawn, with sharks circling to eat the groupers as they gathered. The film crew went down, but the groupers had not spawned; they went down the next day, and the groupers had spawned and left. So what did the BBC film crew do? They waited a year, and then they came back to a similar area the next year. That level of commitment, investment and astonishing quality would not be possible without the security and certainty that the licence fee gives.

Chris Elmore (Ogmore) (Lab): Thank you for allowing me to speak, Mrs Moon; I have been in a Delegated Legislation Committee as an Opposition Whip. My hon. Friend is talking about "Blue Planet", of which I am an avid fan, as I am of Radio 5 Live. Does he agree with what my hon. Friend the Chair of the Committee said about expert regional developments in broadcasting? That is true not only at a UK level, with programmes such as "Doctor Who" and "Casualty", but in relation to S4C, which is funded by the licence fee. It is a very specific Welsh-language service that includes the great soap opera "Pobol y Cwm" and allows us to deliver regional and country-wide services that benefit Welsh broadcasters and viewers.

Christian Matheson: Living as I do in the Welsh border area, I have seen "Pobol y Cwm" a couple of times, although I do not claim to understand it.

My hon. Friend brings me to my next point, about the ecology of the broadcasting system. The licence fee underpins not simply the BBC—and S4C, as my hon. Friend mentioned—but much of the ecology of the UK broadcasting and creative industries. It provides training and career development that is then used by other broadcasters. The BBC is particularly instrumental in developing our music sector. When I was much younger, I listened avidly to the late and long-lamented John Peel, who gave so much to the development of new musical acts throughout the UK.

Many music acts that depended on the BBC for their launch now contribute through the UK's successful music sector, which is not only a greatly successful creative sector but a huge earner for us globally. That is down to the BBC. If anyone went to the UK music sector to talk about diminishing the BBC's ability to support it, I suspect that there would be consternation. The BBC underpins a huge amount of the UK's creative culture, particularly in terms of the risk-taking that my hon. Friend the Member for Warrington North discussed, through the licence fee.

Let us be clear: there is a problem with collecting the licence fee, as my good friend the hon. Member for Kilmarnock and Loudoun mentioned. However, that is not entirely down to the BBC. I remind hon. Members that Capita now has responsibility for collecting the licence fee. I challenge any hon. Member to find an area where Capita is doing well delivering any services for which it is responsible. My hon. Friend the Member for Warrington North did not mention the importance of children's and educational programmes, from "Trumpton" in my day to "In the Night Garden" in my children's days.

Helen Jones: It was "Bill and Ben" in my day.

Christian Matheson: It was “Bill and Ben” in my day as well. I reflect as we have these conversations that we all have our favourites, as the hon. Member for Bexhill and Battle (Huw Merriman) observed. We are all laughing and remembering the effect that those programmes had on us in earlier days. That is the importance of the BBC, not just to individuals but to the national life: it brings the country together. If I were a marketing man, I would charge the BBC with using the phrase “Bringing Britain Closer”. It plays a role in bringing us together through the common basis of the licence fee.

In closing, there is a debate about individualism versus collectivism and whether it is right that everyone should pay for a service, and at the same rate; my hon. Friend the Member for Warrington North said that it was regressive, and she is right. The benefits that we get from having a collective service and the contribution that it makes to our education, learning, entertainment and economic, cultural and social national life are great, and I do not think that they are measurable. It would be a crying shame and extremely damaging if we were to move away from the licence fee.

5.35 pm

Julian Knight (Solihull) (Con): It is a great pleasure to serve under your chairmanship, Mrs Moon. Thank you for your forbearance; I was playing a bit of hokey cokey when it came to whether to speak. I congratulate the hon. Member for Warrington North (Helen Jones) on a good-natured debate rooted in her top-class opening speech, which elaborated on the benefits of the BBC to this country.

I spent five joyous years at BBC News, working in the economic and business centre. The hon. Lady mentioned diversity; I met some of the best and most intelligent people—people whom I consider lifelong friends—in that place, and it was an absolutely fantastic experience, but it was not perhaps the most diverse of places. My name is Julian. That name was quite unusual on my council estate in the north of England, in Chester; I am named after a Catholic saint. I had never met another Julian until I got to the BBC, and when I got there, it turned out that there were five of them working on my floor. I was like a meerkat every time I heard the name “Julian”; it was so unusual to hear that I would look up.

It was probably not the most diverse of places, but my word, what a superb repository of talent. We see that in the international respect in which the BBC is held. It is known around the world. When one travels around the world and sees other TV, radio and media offerings, one sees that the BBC is absolutely first-class. We have all mentioned programmes that we believe are worth the licence fee; mine, personally, is “Test Match Special”. Do not tell the BBC, but I would pay double the licence fee for it.

The BBC is an absolutely fantastic institution. If, as a result of this debate, we were to abolish the licence fee, hamstringing the BBC at a stroke, it would be nothing short of an act of cultural vandalism and would have enormous effects on the GDP and cultural aspects of this country, damaging our reputation. If we considered doing that, we would be making a serious error.

Over the past 20 years, the BBC has moved successfully from being a medium-sized European broadcaster—it is difficult to think of it in that way—to being a genuine global player among the top two or three in news media, content production and branding. It has done so

through the expansion undertaken by Greg Dyke, with the tacit support of the Labour party, then in government. That involved a major expansion of the cost of the licence fee; I think that it was above inflation. It was a deliberate policy. The BBC launched new channels and new means of expression, using the licence fee to stake out new territory seemingly on a daily basis. That has led to its huge global success.

It has had other, less positive impacts as well. I am thinking of the BBC News website, which we must agree is in many respects excellent in content, but which has at times had a devastating effect on the commercial sector. We do not know how strong and vibrant an online commercial news offering we would have if not for the BBC. The *Guardian* website gives us a bit of an idea. In the late 1990s and early 2000s, *The Guardian* was a massive player in that space, and although it is still a major player, it has perhaps not grown to the extent that it would have if it had not been for the enormous impact of the BBC News website.

I come from Chester originally, but I represent the west midlands and live happily in my constituency of Solihull. In the west midlands, we have seen another impact of the BBC’s major expansion as it has become a bipolar organisation between London and Media City in Manchester. Although Media City can be deemed a success as a cluster of production, it has drawn away the financing and investment that we used to see in the nations and regions. Growing up, I remember a BBC news studio in Chester on Lower Bridge Street, which the hon. Member for City of Chester (Christian Matheson) spoke well about. Bob Smithies used to offer his pearls of wisdom, and we got regional and very local news. The impact of the bipolar BBC is that in the west midlands, for example, we get £12.50 from every licence fee, so we feel disenfranchised. Many parts of the country feel like that, which is why we are pushing so strongly for the relocation of Channel 4, to help bring back the essence of regional diversity and rootedness in our communities that the BBC has lost to a certain extent as part of the drive to scale up, which it had to do to achieve its goals.

On the licence fee itself, the hon. Member for Kilmarnock and Loudoun (Alan Brown) referred to a pretty ominous and unpleasant letter. If Capita is sending out such letters, that is poor form. We should also look at the fact that people effectively have to pay their direct debit six months in advance, which is a disincentive for them to sign up. Often, direct debits are the best way for people on lower incomes to budget. I know that system is effectively set by parliamentary statute, but I have always thought that it is a negative.

The hon. Member for Warrington North responded to the point about licence fee prosecution, but it is not quite the same as not prosecuting other crimes. There is a huge backlog in court time for rulings. It is another negative—a real downside—but, frankly, I cannot see any other way of doing it without abandoning prosecution full stop and decriminalising the offence, which would be a mistake at this stage. We should try to find quicker and more efficient means by which to bring about the result we all want—people paying what they are asked to pay on time or having a sympathetic hearing if they cannot manage to pay that sum.

BBC bias has been mentioned today. I have never believed that anyone has a meeting at the BBC and says, “We are going to be biased today”. No one ever does that.

[Julian Knight]

It is below the line—it is a cultural thing, because there are people with similar mindsets and from similar backgrounds. I remember in news meetings being struck that the two newspapers on offer were *The Guardian* and the *Financial Times*, and that was it. They were the news sources and leads for the day. I did not ever quite get the idea of story generation coming from a newspaper; it seemed behind the times, particularly in a 24-hour news environment. The hon. Member for City of Chester said the BBC was “full of lefties”, but there were some right wingers, some Tories, in there—I was one. We had to keep it rather quiet and sometimes meet by the coffee machines to whisper our disapproval at certain news lines.

There is a real longer-term difficulty with BBC impartiality, which it is reviewing right now as part of its producer guidelines. It is important that it does not over-editorialise and bring in too much comment. We have seen the way that it is trying to reach out, and many of the accidents that happen come from that effort, for example the appearance of “The Canary” on “Question Time”. I found the disgraceful story about Laura Kuenssberg that followed deeply alarming and unpleasant, and I raised it on the Floor of the House.

There is also what I call the “despite Brexit” coverage of economics stories. That does not come from people thinking that they need to do whatever they can to frustrate the will of the British people—that is not the way it has been thought about. Many people in the organisation felt a certain way about the referendum. Quite rightly, they realised that they needed to double down on impartiality at election and referendum times, as my hon. Friend the Member for Bexhill and Battle (Huw Merriman) mentioned, particularly after the criticism that they had following the Scottish referendum. They made a point of being utterly straight. I think many felt a sort of collective guilt that at the time of the referendum, they could have explained the difficulties that would ensue from areas such as our trading relationships or the differences between the single market, the customs union and things such as European Free Trade Association, but did not explain them enough. That guilt came across in the “despite Brexit” coverage that we had for several months. I have seen a bit of a turning of the dial on that recently. From conversations I have had with people at the BBC, I think they were aware that it was happening but they did not quite know how to pull it back. They have done so now, and it has improved considerably.

The wasting of the licence fee on multiple broadcasts has been mentioned. There is a degree of competition at the BBC. The opponents are never Sky News but the 1 o'clock, 6 o'clock and 10 o'clock news. When the people there are at their desks, all they have on is their own news channel. It is amazing, but they do not watch the other side, they watch their own side and compete in that way. That is why we end up with stories of three or four different news gathering operations going out to the same parts of the world.

I welcome Ofcom oversight. People in the BBC will feel uncomfortable at the culture shock, but they will also welcome it—it will bed down. Ofcom may be too big an institution—too big a quango, now—but the BBC can have a positive relationship with it. There will be bumps in the road, but it can do it. Let us monitor that closely and see where it goes.

Is the licence fee, that guaranteed form of income, holding the BBC back to an extent? There are things that can be made commercially for the BBC. For instance, what a fantastic back catalogue it has. Is that being exploited to the extent that it could be? In 2003, the BBC looked at putting it online almost universally and offering it free to use. That was under Ashley Highfield, who was also involved in the iPlayer. The back catalogue is a huge source of potential wealth for the BBC that can be effectively rebated to licence fee payers down the line for better investment. There is an idea of “iPlayer plus”, which would have a subscription element if someone wanted extra services.

As we come to the break point in the current charter very shortly, we should look at how the BBC is exploiting such commercial revenues. Is it getting ready for the challenge ahead? That challenge, as has been mentioned, is that very few people are consuming their news and broadcast media in the traditional way that perhaps we in this room do. That will hole the BBC below the water line. I want a BBC that is ongoing, strong and unafraid, and that is beginning to adapt to those changes at a pace that will allow it to reduce its reliance on the licence fee over time. The reality is that we are moving away from that model, whether we like it or not.

5.49 pm

Mr Gregory Campbell (East Londonderry) (DUP): I join other hon. Members in thanking the hon. Member for Warrington North (Helen Jones) for introducing the debate. I declare a somewhat different interest, which is that I have been trying to hold the BBC to account for many years. I have had some limited success in recent years, but initially I struggled to get it to be more accountable and transparent.

Several hon. Members have alluded to the Culture, Media and Sport Committee's February 2015 report, the tail end of which stated that

“we do not see a long-term future for the licence fee in its current form.”

That was almost three years ago, but given the transformational changes since then because of Netflix and Amazon, for example, we are now even closer to the point that the report predicted.

To paraphrase what someone said 70 or 80 years ago, an independent, impartial, fully accountable public service broadcaster sounds like a very good idea. Could we have one, please? I am afraid I disagree with much that has been said today. Some £3.8 billion of public finances go into the BBC, which produces some very good programmes and some that are not so good. Unlike the hon. Member for Kilmarnock and Loudoun (Alan Brown), I have a licence fee, but I pay it very reluctantly, for reasons I will come to in a moment. I do not have a choice; even if I want to watch the BBC only occasionally or very rarely, I still have to pay.

The licence fee is a regressive tax, as the hon. Member for Warrington North said. The £3.8 billion arises from an out-of-date funding process that is fast becoming a redundant exercise. Over the past 10 years the number of viewers who watch via delayed broadcasting has risen from 2% to 14%; with other providers such as Netflix and Amazon transforming viewing habits, I do not know where we will be in 10 years' time.

Let me move on to the side of the BBC that is not so good. I do not know what it is like for people in other regions, but when I ask the BBC how many complaints

a programme has received—five or 500—it replies, “We can’t tell you; it’s commercially sensitive.” I do not see why that information is commercially sensitive. If I found out that there had been 500 complaints rather than five, I would ask why.

A few years ago, in the immediate aftermath of the expenses scandal in this place, I watched programmes such as “Question Time” with embarrassment whenever the presenter turned to senior politicians and Ministers—the present Minister excluded—and asked their salary, expenses and taxi fares. Each time I saw the politician squirm, instead of turning to the BBC presenter and saying, “Actually, my salary and taxi fares from the public purse are in the public domain. Are yours, Mr Dimpleby?” Of course, they are not, but I never heard anyone challenge the BBC on that.

Huw Merriman: The Minister might be able to clarify this point, but I believe that the BBC will now be required by Ofcom to provide details and an editorial view whenever it receives more than 100 complaints. I think I heard that on Radio 4’s “Feedback”, so we may need to establish the source, but the hon. Gentleman may get the increased transparency that he asks for.

Mr Campbell: Indeed, but why has that not been happening for years? Why did the BBC have to be dragged, kicking and screaming, into revealing presenters’ salaries? When we discovered those salaries, there was outrage at the disparity between men and women, but was the BBC asked when it would lower the salaries of male presenters? No, it was asked when it would raise the salaries of female presenters. The BBC has a lot of questions to answer. I hope that it is moving, slowly but inexorably, towards greater transparency. If so, that is a very good thing.

Damian Collins (Folkestone and Hythe) (Con): May I introduce a note of hope? As the hon. Gentleman knows, the BBC now makes a declaration of talent pay, following a recommendation made by the Culture, Media and Sport Committee, accepted by the Government and included in the charter. That shows that when we clearly voice the reform we want, it is possible to get it.

Mr Campbell: I am glad that has happened. Some of us have been campaigning on the issue for many years, so I am glad that there has been some success.

I have raised commissioning many times, privately and publicly, within the BBC and externally. As hon. Members are probably aware, there is a commissioning process in the BBC’s regions, under which independent media companies—small or large—are entitled to apply for commissions; so are people who work for the BBC, many of whose applications are successful. I have endeavoured to find out whether having worked for the BBC for some time gives people an unfair advantage because they know their way around the system—how the sound people work, how the video cameras work and so on—but once again I have found it difficult to get answers. Why do private companies find it difficult to get on commissioning shortlists, while internal BBC companies and individuals seem to get on them frequently? Can we have more openness and transparency about that? Will the BBC explain it? When I have complained to the BBC about the nature of commissioning, I have been told repeatedly that it has a robust and transparent internal process.

Julian Knight: The hon. Gentleman makes an interesting point about internal processes. Has he found that sometimes the BBC’s knee-jerk response is to defend, rather than to be absolutely transparent?

Mr Campbell: I agree totally. If a political party in this House were in receipt of public money from a variety of sources for commissioning opinion polls and so on, and the BBC said, “We would like to question you about your spending of public money, because there seems to be a lack of transparency,” just imagine its response if the party replied that it had robust internal mechanisms to ensure that the money was spent appropriately! Yet that is what the BBC tells me about its internal commissioning process and the complaints engendered by it: “Leave it to us; we know how to spend public money, and we have very efficient internal employees to ensure that it is accounted for.” That is not good enough.

Damian Collins: The hon. Gentleman makes a powerful case on commissioning, but does he accept that, apart from news programmes, all BBC programmes, whether new or repeats, require competition in the commissioning process? In fact, since the changes in the royal charter, the highest profile recommissioning case has been that of “Songs of Praise”, which the BBC has lost to a commercial competitor.

Mr Campbell: I thank the hon. Gentleman for making that point, but I come back to this one: whenever we complain about a commissioning process, it would be infinitely preferable if the BBC opened up its system. If it has a fully accountable and transparent system for assessing the commissioning process, we will be able to see it. We can analyse it, we can look at it and we can say, “Is that value for money for the licence fee payer, or is there something else at work?” I do not know that there is something else at work, but I know that there have been complaints and that there needs to be greater transparency.

In short, and to conclude, the BBC used to be a wonderfully independent and impartial public service broadcaster. I want to see it return to those days, because I think that it has fallen short in recent days—I had a debate in this Chamber only recently along similar lines. We need to keep pressing the BBC. We also need a wider debate: were we to move away from the licence fee, what would be a better way of doing things? I fully concede there are no simple, easy solutions, but we need accountability and transparency for almost £4 billion of public money.

6 pm

Peter Heaton-Jones (North Devon) (Con): It is a pleasure to serve under your chairmanship, Mrs Moon, and I congratulate the hon. Member for Warrington North (Helen Jones) on leading this debate and the Petitions Committee on organising it.

This debate is on an extraordinarily important issue that we need to discuss, for the very reason that many tens of thousands of our constituents have signed these two petitions, which is as good a reason as any to debate it.

Before I go any further, I must declare an interest, as many colleagues have done in the past. I worked for the BBC for 17 years, so I probably hold the record among

[Peter Heaton-Jones]

colleagues here for longest service with the BBC. That was from 1986 to 1997, and then from 2000 to 2006. There was a gap, and I shall come on to that gap in a minute, because it feeds into what I want to say about one of the alternative methods of funding the BBC as opposed to the licence fee. That was where I worked at the time.

Having said that, it is vital that we discuss what the petitioners say in the two petitions. I will just look at the wording of a couple of the sentences. Petition 170931 says that the BBC licence fee should be abolished, and states:

“It should be included through your provider for free.”

The difficulty with that phrase is that it completely misses the point that someone has to pay for the BBC. What it seems to suggest is that the petitioners believe that their provider—whether Sky, BT or Virgin—should somehow pay the licence fee, even though the petitioners still want to watch BBC services. Those services have to be paid for; I do not think that anyone will find a model that works whereby Sky, BT or Virgin will pay the BBC licence fee.

Petition 200239 says of the licence fee:

“It is unfair that one should hold one to watch Freeview channels.”

However, the Freeview channels include BBC1, BBC2, BBC3, BBC4, CBBC, CBeebies, the BBC News channel and the BBC Parliament channel which, of course, is worth the entire licence fee on its own.

How do people believe that those BBC Freeview channels will be paid for? They still seem to want to watch them but without thinking that we need to fund them. I have scratched my head for some time; I am not the brightest guy in the world, but I cannot see how that would work.

The two petitions are our starting point; I believe that there are two very important issues that we need to consider: first, how the BBC is funded and, secondly, what the BBC spends its money on. The hon. Member for Warrington North quite rightly began to look at alternative models around the world for how public service broadcasters are financed. I have looked into those models. I have worked for one of them; that is where the mystery three-year gap comes in, which I am sure the Chamber is agog to discover more about. In my view, there is not another model of public service broadcast funding around the world that works as well as the BBC licence fee. In Germany, as has been mentioned, there is a broadcasting levy on every household. It is an incredibly blunt instrument and incredibly regressive. In Finland, the model is funded through personal taxation, and the same could be said of it.

However, I want to discuss the Australian model, which is where I worked for those missing three years; I worked for the Australian Broadcasting Corporation, in both Sydney and Melbourne. The system under which the ABC is funded in Australia is something that we must avoid at all costs. The funding comes out of direct taxation, then every three years the ABC goes cap in hand to the Government and says, “Can we have some money, please?” To me, that seems to be a one-way route to bias, and to too much political interference and meddling with the output of a public service broadcasting organisation.

I worked for the ABC when we had to do that cap-in-hand exercise. It is not a pretty thing to watch. They say there are two things that people should not know how they are made—laws and sausages. The funding of the ABC is the third thing; nobody wants to be involved with that. We talk about political interference, which brings me to the issue of bias, because petition 200239 specifically mentions the question of bias. In fact, it says that there should be alternative methods of funding the BBC

“particularly as it is commonly felt there is a high level of bias.”

I start to twitch rather nervously at the conflation of those two concepts—how the BBC is funded and the issue of whether or not it is biased. I do so for this reason: the BBC should not be biased, however it is funded. We should not question a method of funding just because we believe that the BBC might or might not be biased. The BBC, as a public service broadcaster, should not be biased.

Let me give hon. Members, looking at the clock, “The Six Minutes Past Six News”. The headline is, “Having worked as a journalist at the BBC for 17 years, I know that the BBC is not biased.” It is not institutionally biased and it does not deliberately set out to give one editorial line over another. I know that for two reasons. First, in all the years I worked at the BBC—first, as a junior journalist—not once did a senior editorial manager put any pressure on me to take a particular line in a news story, to include a particular guest on an interview programme or to write a news story in a particular way. Not once did any of those things happen. Secondly, years later I had moved up the greasy pole, and I am living proof of the BBC axiom that someone always gets promoted to just beyond the level of their ability. When I was at that level, not once did I dream of saying to any of the reporters working for me, “I want you to cover this story in a particular way”.

There is no bias institutionally in the BBC. I have sympathy for the view that has been expressed here that there is perhaps a cultural problem with the slightly narrow pool from which the BBC recruits its talent and its journalists. The BBC absolutely needs to be more diverse, and to look far more closely at where it recruits its journalists, reporters and editors, as they are from a slightly elite group. It is getting better, but it is not good enough.

There is another reason—I say this only slightly tongue in cheek—why I am sure that the BBC is not institutionally biased and does not deliberately set out to give a party line. That would suggest the BBC is capable of a level of organisation that, in my experience, it is not. I can tell Members from personal experience that it is nigh-on impossible to get one programme in the news department to talk to another, even on the simplest of issues, let alone, as a large corporation that puts out hundreds of hours of news broadcasting daily, be capable of organising itself to put out a particular editorial line. Oh no, it is not; of course not.

I have a story for you, Mrs Moon. When I was in charge of a programme at Radio 5 Live, I needed a particular piece of music to illustrate a news story. I was told by the BBC’s internal systems that it would take three days and cost my programme budget £15 to borrow that CD from the BBC’s gramophone library. I sent a reporter to the HMV store on Oxford Street and we bought the CD for £9.99. That is not an organisation

that is able to arrange institutional bias. It does not do that. When people, like the petitioners, accuse the BBC of bias, what they have seen is a politician they agree with being given a hard time or a politician they disagree with merely being given the right to reply. That is not bias. There is another word for it: journalism. That is what the BBC does extraordinarily well. It does journalism, and we need to protect it, because that costs money. As has been said by other right hon. and hon. Members, the BBC gets an awful lot of that money—£3.78 billion this year—from the licence fee. If we add to that this year's commercial revenue of about £1.16 billion—do the maths—that is nearly—

Kevin Brennan (Cardiff West) (Lab): Nearly £5 billion.

Peter Heaton-Jones: I thank the hon. Gentleman—he did do the maths. That is a lot of money, and the BBC needs to be held to account for it. I do not, for one minute, stand here and say that everything about the BBC is perfect. We absolutely need more transparency and more accountability, and the hon. Member for East Londonderry (Mr Campbell) made that point extraordinarily well. It frustrates me that the BBC seems to show an extraordinarily defensive attitude whenever complaints are made about it. Whenever a member of the public or, indeed, a Member of this House, raises a perfectly reasonable concern about something the BBC has done—how it has covered a story or how it has spent public money, for example—its first thought is defence: “Fold the arms and try to pretend it didn't happen”.

Julian Knight: Does my hon. Friend think that the BBC sometimes co-opts its talent in its defence, so to speak? Is that really the right way to go about things, rather than with the openness and transparency he rightly talks about?

Peter Heaton-Jones: There is sometimes a tendency, I think, for BBC managers not to be front and centre or, when they are, if they appear on a programme like “Feedback” or “Points of View”, the defensive attitude is the one that comes to the fore. What we need sometimes, just sometimes, is for the BBC to say, “We got this wrong. We didn't do it right and we're gonna do it differently next time”. I do not see enough of that.

When I worked for the BBC as an editor, and then again as a programme presenter, my manager would come to me once a week with a spreadsheet of the complaints I had received. He used to say, “As long as I'm getting about equal numbers of complaints, Peter, from either side in politics, you're probably getting it about right.” That is probably as good a yardstick as any. The BBC does get stick from all sides.

The BBC is an organisation that gets a lot of our money and we need more analysis of how it chooses to spend it. There is one particular area of the BBC that I know best, and that is radio, particularly local radio, as that is where I worked. After all, I have the perfect face for radio. As has been mentioned, regional telly and local radio—in my area, BBC Radio Devon and “Spotlight”—do a fantastic job of covering news, which no other broadcaster would be able to do without that public service funding input. That is why I welcome the recent announcements by the BBC director-general at the Gillard awards, which celebrate local radio broadcasting. The first of the two main decisions he announced was

that the £10 million of funding cuts he had asked the BBC to find from local radio will not now have to happen. He has found that funding from other sources, and I welcome that. Secondly, the national shared evening programme that local radio has had to have for three years now will be scrapped and local services restored. That is an example of the BBC listening, doing the right thing and saying, “We understand we have all this money and that we've got to spend it in a way that benefits the majority of licence fee payers”.

The alternatives do not stack up. Subscription or advertising would be extraordinarily retrograde steps. If we allow the BBC to take advertising, not only do we immediately raise questions about impartiality and neutrality but, frankly, come midnight most nights we will have a live roulette wheel, which is exactly what we have on ITV most nights.

On subscription services, I have been undertaking a text conversation with a constituent of mine in North Devon ever since I said I would be taking part in this debate. He said, “Netflix costs me half as much as the BBC and has five times the content”. Here is what Netflix does not have: radio, regional broadcasting, news and current affairs, and huge educational programmes. It does not put computers into schools or cover live sport. It does not have the huge community events that bring the country together, like Children in Need, which raised £50 million last Friday. That is what Netflix does not give us.

Damian Collins: My hon. Friend is making an excellent speech. On advertising revenue, does he agree that, as brands have a finite amount of money to spend, if the BBC were fully commercial and accepted advertising it would be the biggest commercial hammer blow to independent television and radio in this country?

Peter Heaton-Jones: That is another perfectly good reason why we should not move to, or even consider, an advertising model for the funding of the BBC.

I will conclude with the animated conversation I was having with my constituent. Two programmes in particular have been mentioned in the debate—“The Blue Planet” and “Peaky Blinders”—and my constituent said he could watch them both on Netflix. Yes, but someone has to make them in the first place and, in my opinion, the only way they will ever be made is through a public service broadcaster being funded in the way the BBC is.

We are in a position where there is quite rightly debate about the funding of the BBC. It is right that we are having that discussion but, I believe, having worked for the organisation for 17 years and having looked closely at some of the alternatives, that the licence fee is the least worst option. That phrase was used earlier and it is absolutely right. If we try to move beyond that, we find ourselves opening up a hornet's nest that could lead, as my hon. Friend the Member for Folkestone and Hythe said, to advertising or subscription, to a model that will not be the one we want the BBC to be.

I will say a couple of things in conclusion. I pay tribute to the Government and to the arrangement they have reached with the BBC for its charter renewal settlement. It is absolutely right that the BBC has been given a guarantee of income, and that it will rise with inflation. That is good and positive. The Government need to look further, as I know they are doing, at ways

[Peter Heaton-Jones]

in which those who find it hard to pay the licence fee are able to do so, and I look forward to their working with the BBC on that. I have a great deal of sympathy with the concern that has been raised about some of the tactics used by those who collect the licence fee, about some of the letters that are far too threatening in the first instance. If someone does not have a television, that is their right, and they should not get threatening letters through the post because of it.

The licence fee and the BBC are, however, intrinsically linked and there is no viable funding alternative for our public service broadcaster. The BBC is a brilliant organisation but it has to be paid for and the licence fee is, in my estimation, the best way to do that. The BBC is known colloquially as Auntie. We have to hug Auntie close. She may be slightly eccentric but she needs to be fed. If we do not feed her, we will soon regret it, and we will miss her when she has gone.

6.18 pm

Brendan O'Hara (Argyll and Bute) (SNP): I thank all Members who have taken part in the debate, particularly the hon. Member for Warrington North (Helen Jones). I am pleased that there seems to be a consensus across the House that we should retain the licence fee, and that that is the model we should adopt. Along with the hon. Member for Warrington North, the hon. Members for Bexhill and Battle (Huw Merriman), for Eastleigh (Mims Davies), for City of Chester (Christian Matheson), for Solihull (Julian Knight) and for North Devon (Peter Heaton-Jones) also made that case, and I include my hon. Friend the Member for Kilmarnock and Loudoun (Alan Brown), who was eventually dragged, albeit kicking and screaming, to the pro-licence fee side of the debate. I am particularly pleased about that because the Scottish National party fully supports public service broadcasting and believes that the best way to finance the BBC is through the licence fee. Let me be absolutely clear about that from the outset.

We believe that the retention of a strong, well-financed, high-quality public service broadcasting sector is in the best interests of the people of this country. Public service broadcasting makes up an essential part of the television, radio and online landscape. However, we have serious reservations about how the BBC operates, in relation to the enormous gap between the money raised and the money spent in Scotland. We will continue to argue, as my hon. Friend the Member for Kilmarnock and Loudoun did, that the interests of Scottish viewers and listeners would be best served by powers over broadcasting being devolved to the Scottish Parliament. Although we welcome the new BBC Scotland channel due to launch late next year, we have expressed, and will continue to express, grave concerns about the budget for the new channel, which I believe will be completely unsustainable going forward.

Scotland has been the victim of an historically low ratio of money raised to money spent by the BBC in Scotland. As well as having a hugely detrimental impact on our creative industries, it has without doubt eroded public support for the BBC in Scotland. It was therefore not a huge surprise that the report published last year by the Department for Culture, Media and Sport showed that Scots had the highest dissatisfaction rates anywhere

in the UK, with viewers in Scotland consistently being the most critical and least supportive of any group, regardless of where they live, their age or their social group.

I have absolutely no doubt that those figures reflect the depth of feeling that many had after the 2014 independence referendum. It would be something of an understatement to say that the BBC did not cover itself in glory in the eyes of many yes voters in Scotland. Members will be relieved that I am not about to reopen that debate this afternoon, but what is absolutely irrefutable is that many Scots felt that their views and opinions were not fairly represented by the BBC throughout that campaign. The anger felt during the referendum has not gone away. Judging by the most recent figures, for many Scots the trust they had in the BBC has not returned.

The hon. Member for Warrington North said that evasion rates were very low, but it is worth making the point that rates in Scotland are almost twice as high as those in England and Wales. They are the highest of anywhere in the United Kingdom. As my hon. Friend the Member for Kilmarnock and Loudoun said, that is not the same as people taking a principled stand by not watching live television and therefore not having a licence.

Perhaps not surprisingly, the same survey found that only 37% of Scots felt that the licence fee offered good value for money. Again, that is the lowest of any of the nations of the United Kingdom, and who could blame them for feeling that? In the financial year 2015-16 the BBC raised £320 million from the licence fee in Scotland, but spent just over half—54% or 55%—of that revenue on programming in Scotland. That is a ridiculously low figure, particularly when compared with the other nations of the United Kingdom. Almost three quarters of the money raised in Northern Ireland was spent in Northern Ireland, and an astonishing 95% of the money raised in Wales was spent in Wales. The BBC's director-general, Lord Hall, was forced to concede that for Scotland, 2015-16 was "not a good year". Indeed it was not, but neither was it an isolated year. For years the funding gap between what is raised and spent in Scotland has been unacceptably wide.

I wholeheartedly concurred with the sentiments of John Archer, the award-winning producer and former head of music and arts at BBC Scotland, when he argued recently that all the money raised in Scotland by the BBC should be spent from Scotland—not necessarily in Scotland, but from Scotland. He said:

"Scotland would still be paying its fair share towards the programmes that are made elsewhere and screened in Scotland. But Scotland would decide what is made here."

Deidre Brock: I declare an interest as a member of the all-party parliamentary group for the BBC, and as a huge supporter of public broadcasting. I certainly welcome the commitments made to the nations of the UK during the charter renewal process, but does my hon. Friend agree with independent producer David Strachan's comment about the importance of the BBC making programmes for Scotland and about Scotland? That is core to those commitments.

Brendan O'Hara: My hon. Friend is absolutely right. Tern TV, which Mr Strachan is heavily involved in, is one of the numerous examples of excellent independent

production companies making excellent content for Scottish viewers. I wish them all the best for the future, because there is absolutely no reason why we cannot have high-quality, high-value network productions featuring Scottish stories, told with Scottish voices, made in Scotland and using the incredible talent that BBC Scotland and our independent production sector has.

To be fair, BBC Scotland recognises the problem. A spokesman recently said:

“We recognise that there’s a deficit in programming in Scotland; there’s no doubt about that”.

Everyone seems to accept that there is a problem, but how we deal with it is another issue completely. We had dared to hope that there was light at the end of the tunnel earlier this year, when the Culture, Media and Sport Committee—encouraged and cajoled by the redoubtable Mr John Nicolson—unanimously backed the idea of a bespoke Scottish “Six O’Clock News”. Trials were run, hopes were raised and rumours were rife before being unceremoniously quashed: the fabled “Scottish Six” was not happening. What emerged from the detritus, however—a new Scottish channel—seemed very exciting. It was as if the BBC had said, “You wanted a Scottish ‘Six O’Clock News’; we’re giving you your own channel.” It was immediately welcomed, because the SNP had been urging the corporation to do it for many years. Back in 2009, the Scottish Broadcasting Commission made the case and calculated that a new channel would cost around £75 million a year. That figure is less than half of the shortfall between what the licence fee raises in Scotland and what is spent in Scotland.

So far, so good. The new channel was warmly welcomed by the Scottish Government and across the Scottish political spectrum. Fiona Hyslop, the Cabinet Secretary for Culture, Tourism and External Affairs, said:

“It’s vital that the new BBC Scotland channel has complete commission and editorial independence, and is provided with the funding needed to match ambition.”

Therein lies the rub. The simple fact is that the ambition of the people involved in creating and delivering the new channel simply has not been matched by the funding on offer from the BBC in London. In 2009 the cost of a new channel was calculated at £75 million a year. The new venture is being offered £30 million a year, with £7 million ring-fenced for news.

As someone whose career before arriving in this place was as a television director and series producer, I can say without fear of contradiction that an annual programme-making budget of £23 million is simply not enough to make a quality product. I reckon that the average hourly spend for the new channel will be £25,000. To put that in perspective, for the last series I made for BBC One from Scotland, my spend was £220,000 an hour. That was almost 10 years ago. I have absolutely no doubt that the people employed to deliver the new channel will be extremely able—indeed, I have worked with many of them—but they are not magicians.

What does the BBC director-general expect of the new channel? He told the Select Committee last week that he would judge it on the standard of content produced and that high production values cost money and high broadcast standards are not cheap. He cannot have both. We cannot make cheap television and demand high standards, so my question to him is this: how many

of the programmes made for the new channel, as currently funded, does he expect to get a network outing on BBC1?

Scottish viewers rightly demand quality. After all, we pay for it through our licence fee. I do not believe for a minute that they will accept cheap low-production value TV simply because it is Scottish. It has been said by many people, both inside and outside the BBC, including by people with long experience of working in television, that this channel, with its current funding model, has been born to fail. I sincerely hope that that is not the case, but I fear that with such a low programme budget and with no current slot on the electronic programme guide confirmed, the Scottish content faces being ghettoised and people will turn off, allowing the BBC at some point in the future to throw up its hands and say, “We tried, but there simply was not the demand for a Scottish channel.” That is why people fear that this entity was born to fail.

As I said earlier, I and my colleagues welcome the channel, but as it stands the proposed funding model makes it unsustainable, so I urge the BBC leadership to look again at the funding model for the channel and fund it properly, thereby allowing the BBC Scotland staff and the wider Scottish indie community to—as the head of BBC Scotland, Donalda MacKinnon, said—“make something precious”, because that is how it should be. BBC Scotland has the expertise and the staff. The Scottish indie sector is more than capable of delivering high-quality programmes. All that the BBC leadership in London has to do is provide them with the adequate funding to do it. If they do not and the venture fails, there will be a lot of very angry people: viewers, independent producers and BBC Scotland staff. Scottish licence fee payers have been short-changed by the BBC for long enough. This is their chance to redress that. I urge them not to throw away this chance by failing properly to invest in Scotland.

6.31 pm

Kevin Brennan (Cardiff West) (Lab): It is a pleasure to serve under your chairmanship, Mrs Moon. The debate has been excellent, with a significant degree of cross-party consensus on the licence fee and the BBC. I join others in congratulating my hon. Friend the Member for Warrington North (Helen Jones) and her Committee on presenting this debate for our discussion today.

My hon. Friend made an excellent speech at the outset of the debate, for which many Members have rightly paid tribute to her. She set out very clearly the terms of the debate and told us how other countries fund their public services. She pointed out right at the outset an issue that the Chair of the Digital, Culture, Media and Sport Committee, the hon. Member for Folkestone and Hythe (Damian Collins), raised later in an intervention, which is that there is a limited pool of advertising available if the BBC were to move to an advertising model. She also pointed out how the licence fee helps to preserve the independence of the BBC, although it is expensive to collect.

I disagree with my hon. Friend on one point, though. She was rather harsh about CNN in her remarks. In fact, CNN makes some excellent programmes here in the UK, including one of its new shows, which is on at lunchtime, called “CNN Talk”. I recommend it to hon. Members—I think it is on on a Friday. No, I am not on

[Kevin Brennan]

it and I am not being paid for saying that. I simply want to point out that the BBC exerts a positive gravitational pull on other organisations such as CNN in this country. It gives them the incentive to produce good programmes such as “CNN Talk”, which is a new programme that links up well with social media and is about British politics. We should welcome such quality programming being made here in the UK. It is significant to compare that with Fox News, which had to withdraw from the United Kingdom because it could not meet the standards that Ofcom requires for impartiality in our news programming, whereas channels such as CNN and CNN International were able to do so.

The hon. Member for Bexhill and Battle (Huw Merriman) told us how much he loves “Mrs Brown’s Boys” as well as “Blue Planet”. I was mentioned on “Michael McIntyre’s Big Show” on the BBC on Saturday night—fame at last. The hon. Gentleman made an interesting point about the growing use of pundits and political commentators in programmes, and I absolutely agree with him: why not simply ask us politicians on a bit more to give our opinions if people really want to know what is going on in politics?

The hon. Member for Kilmarnock and Loudoun (Alan Brown) does not watch the BBC any more, which is a pity because I always enjoy watching him—along with dozens of other people—on the BBC Parliament channel. He is also missing out on the excellent rugby coverage on BBC Alba, the Gaelic language television service that covers the PRO14 rugby very well indeed. I frequently watch that. I hope he chips in towards the cost of his parents’ TV licence, since he seems to go round there fairly frequently to watch the BBC safely outside his own home.

Alan Brown: The hon. Gentleman mentioned the Parliament channel, and certainly many people in Scotland watch that. It is another advantage my wife sees in not having a licence fee, because she is not subject to having to watch BBC Parliament to catch me on it, so it certainly frees up a lot more time for her as well.

Kevin Brennan: That may explain why the hon. Gentleman’s wife agreed with the decision not to have a TV licence.

The hon. Member for Eastleigh (Mims Davies) made an excellent speech and highlighted her previous career both in the BBC and in commercial local radio. I completely agreed with the point she made about BBC local radio. In fact, as you will be aware, Mrs Moon, there is a programme late at night on BBC Radio Wales presented by Chris Needs, which I think ought to be funded by the NHS or social services, because it draws in people late at night who might be lonely and have no one else to talk to. It is an extraordinary service to the nation. Sometimes we forget about the role of radio in bringing comfort and companionship to lonely people.

The hon. Lady also advocated flexibility around the TV licence. I understand the point she makes, but there is a danger that if we unpick the simplicity of the licence concept we could get into difficulties. It is already costly to collect. The more we complicate it, the more difficult it will probably be to collect, and that might

undermine the whole principle in a way that she would not intend. We should beware of unintended consequences to a suggestion that she makes with the best of intentions.

My hon. Friend the Member for City of Chester (Christian Matheson) rightly condemned both the far left and the far right for their attacks on journalism and on individual BBC journalists. I endorse everything he said. He told us that he had watched “Pobol y Cwm”, the Welsh language soap opera that appears on S4C. He might be aware that the news on S4C is produced by the BBC. It is not parochial news only about Wales; it is an international news programme produced in the Welsh language by the BBC. It does not seek in any way to present the news in a narrow parochial way.

The hon. Member for Solihull (Julian Knight) described his childhood trauma at being the only Julian brought up on his estate. He said that to abolish the BBC would be an act of “cultural vandalism”. I completely endorse that phrase and those remarks. He said there had been a tendency towards “despite Brexit” coverage on the BBC around the time of the referendum, but there was a time when one could not turn on the BBC without Nigel Farage’s visage appearing at every turn. It is a debatable point whether the BBC has been unfair on that particular topic. However, the hon. Gentleman made a good point about Ofcom’s oversight, which I agree is to be welcomed.

The hon. Gentleman made a point about the value of the back catalogue in potentially raising more funds for the BBC. That is a valid point, but licence fee payers have already paid for the back catalogue, so people would be charged twice if they were asked to pay again to access the back catalogue. There is a fine line to be drawn between making public service broadcasting available to people in this country who have already paid for it through the licence fee, and being able to commercialise it in an appropriate manner, perhaps on an international basis.

Damian Collins: There is some BBC content that has gone off the iPlayer because the original transmission was too long ago, but that can be watched through paying a subscription to Netflix or Amazon Prime, or through going out and buying a DVD. The principle that older content from the back catalogue that is not being broadcast must be paid for has always been there. In a new technological age, should there not be a “BBC Plus” subscription service that allows someone to buy that content directly from the BBC, as they would a DVD, rather than via an intermediary such as Netflix?

Kevin Brennan: I do not deny that, but I must say that I hugely enjoy being able to access things such as the BBC “In Concert” series from the 1970s via YouTube. There is, of course, an element of advertising to watch that content, albeit a very small one in the case of YouTube. I am arguing only that the right balance needs to be drawn. The hon. Gentleman is right that the BBC needs to raise funds through other means than the licence fee, and some initiatives have been happening in recent years. For example, the BBC is a 50% owner of UKTV, which includes the channel Dave, on which I have appeared from time to time on “Unspun with Matt Forde”—I may be declaring an interest by saying that. My point is that sometimes people do not realise the extent to which the BBC seeks to raise funds—over £1 billion, as was mentioned in the debate.

The hon. Member for East Londonderry (Mr Campbell) has been a long-term critic of the BBC. He made similar points the last time we debated the BBC, in this room not so long ago. He knows that I agree with him on the issue of transparency, particularly with regard to salaries. I think it has been proved that that information is in the public interest and should have been revealed. I commend the Culture, Media and Sport Committee for recommending that that should happen, and I agree with the Government's decision to include it in the charter review. In an intervention, it was pointed out that the BBC had lost "Songs of Praise" during the commissioning process. It reminded me of the great Welsh hymn, Mrs Moon, "Cwm Rhondda", with the words:

"Songs of praises, songs of praises

I will ever give to thee."

"Songs of Praise" has unfortunately been lost to the BBC, but it will still air on Sunday evenings for us all to see.

The hon. Member for North Devon (Peter Heaton-Jones) spoke about how he had worked for the BBC in his previous career. I have to say, for an allegedly lefty organisation, the BBC seems to produce an awful lot of Conservative Members of Parliament, as evidenced by the line-up in today's debate. They are all excellent Members of Parliament; clearly a BBC career is not a hindrance to a career in politics on the Conservative Benches. The hon. Gentleman said that in his judgment, and from his experience working on the opposite side of the world, the licence fee system is the best system and we should maintain it.

I am pleased to respond on behalf of the Opposition this evening. I will not repeat much of what has been said during the debate, because hon. Members spoke very well. We on the Opposition Front Bench understand the concerns that have been expressed in these e-petitions. It is probably true that if we were to design a public service broadcaster from scratch in today's media environment, we would probably not come up with a licence fee system. As my hon. Friend the Member for Warrington North pointed out in response to an intervention, it is rather like what Winston Churchill said about democracy: it is the worst system, except for all the others. It seems to me that the charge against the licence fee probably boils down to people saying that it works in practice, but not in theory. That is the wrong way round, in a sense; it is things that work in theory but not in practice that we should be concerned about. The fact that the BBC licence fee is a bad idea in theory does not mean that we should abolish it. It is actually a practical and pragmatic way to fund our main public service broadcaster, in a world where other public service broadcasters are funded by alternative means.

We should remember what the licence fee supports and pays for. The BBC is the most used media provider among people of all ages, and in all parts of the United Kingdom. As well as creating content, it creates jobs and often serves as a creative centre of gravity in the communities in which it is based. I have to say to my colleague from the Scottish National party, the hon. Member for Argyll and Bute (Brendan O'Hara), that the extra funding that has gone into Scotland provides a real opportunity. I moaned about it, because we in Wales did not get as much as Scotland out of that particular deal. We will always have those arguments,

but it presents a real opportunity to create the kind of centre of excellence that we have created in Wales—for example, in Cardiff around the drama village. There was not a very good drama service there a few years ago.

Brendan O'Hara: Does the hon. Gentleman agree that, as I said, achieving high standards and quality costs money? I congratulate the Welsh on securing 95% of the funding received from fees in Wales, compared with barely 55% in Scotland. That anomaly is a real hurdle, which cannot be overcome without funding.

Kevin Brennan: If the shoe were on the other foot, the hon. Gentleman would say, "It's because we have an SNP Government in Scotland. That's why we're doing so well." I am not going to say that we are doing so well in BBC funding in Wales because we have a Welsh Labour Government in Cardiff, because that would be quite wrong. The BBC is independent and would not respond to that kind of political pressure.

There are excellent hubs around the country, whether it is Media City in Salford, in Greater Manchester, or the drama village that I mentioned in my own city of Cardiff. Those hubs create tremendous opportunities for people across the UK, with around £450 million going into small creative and independent businesses each year. With the creative industries urging further development of creative clusters across the country, the BBC provides a positive example, and a catalyst for the kind of success that the creative cluster approach can have. Through the diverse range of public service broadcasters that we have in this country, people can see others like themselves creating content, and telling stories they can identify with and relate to.

The stability of the licence fee model means that, as hon. Members have pointed out, the BBC does not have to rely on ratings for advertising, and is therefore freer to make content that is difficult for other broadcasters to produce. It is an advantage of our system that each of our public service broadcasters is funded differently, because it means that they are each distinctive, meet different challenges, and make different types of content. Some 95% of the licence fee goes towards creating content for licence fee payers, and only 5% is used for running the organisation of the BBC itself. Some 82% of households feel that the BBC informs, educates and entertains them successfully.

I will not go on much longer, you will be pleased to know, Mrs Moon, but I want to say one or two things about children's content. We have already seen concerns about what can happen when a funding gap appears in a particular part of the broadcasting landscape. In recent years that has happened in children's television, as was mentioned in the debate. The relaxation of the obligations on producing children's TV has meant that spend on TV content for children has seen an almost 50% drop this century. As a result, children in the UK today are watching significantly less home-grown content. When the Digital Economy Act 2017 was passing through Parliament, Labour pressed for an amendment to give Ofcom the power to assign the commercial public service broadcasters, such as Channel 4, Channel 5 and ITV, quotas on children's content. As I understand it, Ofcom is currently consulting on that topic, and I look forward to hearing its findings.

[Kevin Brennan]

That experience should serve as a warning of what could happen to public service broadcasters at large if we neglect the importance of continuing to fund the BBC in an appropriate way. We need to future-proof these precious public assets. I have quoted this before, but as Joni Mitchell once said:

“You don’t know what you’ve got till it’s gone.”

That is certainly true of the BBC.

6.49 pm

The Minister for Digital (Matt Hancock): It is a great pleasure to serve under your chairmanship, Mrs Moon. This has been a generally cheerful and thoughtful debate. I would first like to thank the tens of thousands of people who engaged with the petition process and ensured we are debating this issue today. Whether hon. Members agree with them or not, we would not be having this debate if it was not for people signing the petitions. E-petitions are a relatively new innovation in this House—they are less than a decade old—and the fact that we are having this debate and airing these issues demonstrates that the process is working and that our democratic institutions are responding to the citizens we serve.

The hon. Member for Warrington North (Helen Jones) is the embodiment of that principle. I thank her for her introduction. I was interested in how she would speak to the two petitions. She was clear that she did not agree with their thrust, but she faithfully set out the arguments and opened up the debate. If people sign a petition, it is very important that their views are expressed, even though it is right that Members express their own views. The hon. Lady made an excellent speech. The Churchill quotation that she referred to—she said that the BBC is the worst system except all the others that have been tried from time to time—came up many times during the debate.

Most Members generously supported the BBC’s funding model. Others did so more grudgingly, but did not actually support the petitions. Some said that the BBC is full of lefties. That may well be true now, but it was not always so. The truth is that we fished out the best talent in the BBC, and they are now Conservative Members of Parliament. It is good to see so many of them here today. Perhaps there are only lefties left in the BBC.

Hon. Members raised the issue of diversity, about which every institution faces questions. The recent revelations, thanks to the transparency measures we introduced, demonstrated some of the concrete changes the BBC needs to make with respect to diversity and equal pay, but that is true for many institutions, including Parliament. It is a fact that, in this debate, there are as many white men from Chester as women.

Helen Jones: And white women.

Matt Hancock: My goodness! There are more people from Chester than women in this debate. What is it about the wonderful, great city of Chester that leads to so many people with an interest in one of our greatest national institutions? Chester, the city of my birth, is a great place. I was shocked to hear the hon. Member for City of Chester (Christian Matheson) describe himself as a leftie—he has never given any indication of that

before. In this debate, like many others, he is probably closer to the Government position than to that of the leadership of his own party.

I am amazed at how much spare time the hon. Member for Cardiff West (Kevin Brennan) has to watch things on the BBC, to write texts about chaperoning Mrs Balls around the Labour party conference, to watch 1970s music programming and even to appear on Dave. I am delighted that he has spared a bit of time to turn up.

I am grateful that the hon. Member for Argyll and Bute (Brendan O’Hara) declared unambiguously the Scottish National party’s support for the BBC, but he made some unreasonable attacks because he was unhappy about what he perceived to be the BBC’s balance, which is a pity. He might be unhappy with the outcome of the referendum, but I think that the reporting surrounding the referendum truly demonstrated the impartiality to which the BBC is committed. When it comes to the BBC’s representation and its expenditure on programming around the UK, the clue is in the name: the BBC is the British Broadcasting Corporation, and it has a duty to spend money in—and, indeed, to reflect—all parts of the UK. Whether it is the west midlands or each part of Scotland separately, it does that. That is true for Wales, Northern Ireland, the west midlands and cities within Scotland—it is not just about Scotland as a whole. It is the British Broadcasting Corporation, and it rightly serves the UK as a whole.

Brendan O’Hara: For the record, will the Minister confirm that he thinks it is acceptable that Wales gets 95% of spend, Northern Ireland gets 75%, and in 2015-16 Scotland got 55%? Is that acceptable?

Matt Hancock: I was just coming on to that. As the BBC’s new regulator, Ofcom will require the BBC to allocate its TV network spend and programme hours based on population, and in Scotland that will mean at least 8% a year. Because the Government represent and govern the whole UK, we are dealing with that point, but the way to do so is to help the BBC ensure that it reflects the whole nation, rather than make unreasonable and mean-spirited attacks on it.

Let me move on to some of the other speeches. My hon. Friend the Member for Eastleigh (Mims Davies) expressed her strong support for the BBC, and in particular for the increased transparency and accountability that we have brought to it. I have enormous respect for her—I consider her a friend—but I want to pick up one little thing. She said that people do not have a choice not to pay the licence fee, but as we discovered from the hon. Member for Kilmarnock and Loudoun (Alan Brown), they do have the choice if they do not watch TV or use the iPlayer. It is not a choice that many people exercise, partly because of how brilliant BBC content is, but they do have it.

Many hon. Members called for more flexibility. As part of the BBC charter renewal, we are introducing a contestable fund, which will ensure more flexibility on how licence fee money is spent on different programming. We will introduce details of the contestable fund shortly.

My hon. Friend the Member for Bexhill and Battle (Huw Merriman) made an excellent speech, and he made a point that I want to pick up. He said that content should be neutral. I think that the language we use is incredibly important. I do not think that the BBC

should be neutral; I think it should be impartial. There is an important difference between the two. It should not simply take a neutral position between two stated arguments and split the difference. It should carry out an active, muscularly objective, fact-based analysis of the arguments, then put forward an impartial point. That is actually much harder. It requires more judgment and probably more self-confidence. The BBC should be aiming for true impartiality, based on objective analysis of the facts before it. For instance, my hon. Friend mentioned the slip about universal credit this week. I think that, culturally, the BBC should be appalled when a slip or a factual error is made. It happens, although it is rare. We all make mistakes. The BBC's attitude should not be defensive; rather, it should be open and responsive to criticism.

My hon. Friend the Member for Eastleigh and the hon. Member for City of Chester talked about "Blue Planet II" and the value that the BBC can put into productions, but there is a bigger point. Of course, the BBC has great production capacity and can set long-term budgets. The poor, poor producers of "Blue Planet II" had to go to the south Pacific twice in two years—we all feel their pain—because they missed those extraordinary scenes of the fish shooting up while they were spawning, which we enjoyed. But that is changing, and the context is changing—the length of the BBC funding settlement is not changing, which is a good thing, but the context is.

The nature of the internet means that people now reach global audiences quickly, with Netflix the best embodiment of that, so the BBC is increasingly competing against production budgets in the private sector that are predicated on a global audience. Hence Netflix can pay an enormous amount for a production, whereas the BBC relies on licence fee income plus commercial income, largely from Worldwide which is the commercial exploitation of BBC content. I agree, however, that the BBC has an opportunity to broaden where it gets such revenues from, and I was interested that the director-general talked recently about how to make the most of the amazing back catalogue and see whether the BBC could monetise it further in order to put more into production. That was discussed by several Members, and it was interesting.

The hon. Member for East Londonderry (Mr Campbell), with whom I have debated this subject in the past, pushed hard for more transparencies, some of which we are bringing in, especially on pay. He also wants greater transparency in commissioning, and we have been through some of the detail of his concerns. As I have said in the past, the BBC must engage with those concerns and ensure that it listens to them, responding appropriately. Also, I always stand by to assist him in getting the responses he needs.

I come now to my hon. Friend the Member for North Devon (Peter Heaton-Jones), who made a brilliant speech—a forensic dissection of the petitions worthy of a journalist of 17 years who trained at the BBC. It was also a brilliant exposition of the BBC funding model—he went further than the hon. Member for Cardiff West who said that if we did not have it, we might not invent it—and how, if it did not exist, we might want to invent it as it is. He also made the point, however, about the need not only for a broader range of people but, crucially, a broader range of people reflecting the whole of Britain.

The BBC has a special responsibility for diversity in its broadest sense, not only in the important protected characteristics such as gender, race, sexual orientation and disability. Those are important, but so is ensuring that BBC, in front of and behind the camera, represents and reflects back to us the nation that we live in. There is no doubt that the BBC is the finest mirror we have on our society. It is incumbent on the BBC, from the programme makers through to those who are on screen, to lead rather than to follow, and to ensure that they represent and reflect the whole of the country they serve.

I will touch on a couple of other points. It is clear to me that this debate has broadly reflected the views of the country. Recently we had a charter review, one of the biggest consultations undertaken by Government. We received 192,000 responses and engaged with more than 300 organisations and experts. The process was overseen by my right hon. Friend the Member for Maldon (Mr Whittingdale) who is no wet blanket and by no means an instinctive cheerleader for the BBC, yet we have come up with a solution that has a broad consensus of support behind it.

Alan Brown: The Minister is moving on from the contributions made by hon. Members, but may I remind him that part of my speech touched on the threatening nature of the letters from, and the harassment and intimidation by, TV Licensing? I was hoping that he might respond to that at some point.

Matt Hancock: I am extremely grateful to the hon. Gentleman for reminding me of that, because I had buried the relevant piece of paper underneath an extremely elegant and new description of who is sitting where in the Chamber. The Perry review found that the existing regime is broadly fair and proportionate. However, when it comes to ensuring that those letters are worded appropriately and to their tone, we expect the BBC board to keep that under review, and I am sure that the hon. Gentleman will help. Members across the House have spoken about the tone of the letters, and in no circumstances is it reasonable for people to be presumed guilty until they are proven innocent. The opposite is rightly true in the system we have in this country.

I was talking about the scale of the consultation. The existing model has wide public support: 60% of consultation responses indicated that no change was needed to the licence fee model and only 3% favoured full subscription funding. That has been reflected in today's debate. We are committed to maintaining that model for the duration of the 11-year charter period, which will provide the BBC with the funding certainty that it needs.

There is also a commitment to considering whether elements of subscription have a role to play in future funding alongside the core licence fee model. It is for the BBC to set the scope of those plans, but we expect progress. The success will be appropriately reviewed to feed into the next charter review process. As my hon. Friend the Member for Solihull (Julian Knight) pointed out, there are ways to add subscription funding on to the core licence fee—BBC Worldwide does that already—and the BBC's existing content is a huge potential source of wealth.

In wrapping up, let me say that if we assess the value for money of the BBC, for approximately 40p a day we are offered an unrivalled range of services, including seven national TV services, more than 50 radio services

[*Matt Hancock*]

and digital services including the iPlayer, as well as some of the further efforts that the BBC makes on education. That represents great value for licence fee payers. The introduction of the contestable fund; the need to consider the future of children's content, which was raised by the hon. Member for Cardiff West; the need to ensure that local areas of the country are fairly represented; the support for local news; and, in this era of an increasingly disrupted and diverse range of news sources, the need for objective, factual news domestically and around the world, mean that the case for the BBC as funded by the licence fee is incredibly strong.

Ultimately, our democratic discourse and our freedom as a nation are underpinned by having a debate based on an agreed set of facts that can be objectively verified. In this disruptive digital world, the BBC plays a vital role in helping to improve the quality of that public discussion and in enhancing the quality of public understanding. Although I would push it harder on diversity of thought and distinctiveness of programming, the value that the BBC adds to our public debate and of course to our enjoyment, whether on a Saturday night or at any other time, is second to none.

Before I end, let me add that the support for S4C, which was mentioned by the hon. Member for Ogmere (Chris Elmore), is incredibly important. With that, I bring this lively debate to an end. I submit that we have faithfully debated the petitions and I look forward to continuing this debate in the months and years ahead.

7.9 pm

Helen Jones: The debate has not come to an end quite yet. I have learnt two important things from it: first, what frequently used to be called the Bolshevik broadcasting company is actually a nursery for Tory MPs; and secondly, that people from Chester obviously are very cultured, because there are four of us in the debate. It has been a very worthwhile debate, with some very interesting and informative points made by hon. Members. Even the SNP spokesperson still admits the value of the BBC. I hope that he will say very clearly that attempts to intimidate the BBC, particularly during the Scottish independence referendum, were wholly reprehensible.

By and large, it has been a very good-tempered and informative debate and it has made it clear that we all value the BBC, with all its imperfections and all the areas where we would like it to go further, and that it is an institution that is worth preserving and funding properly.

Question put and agreed to.

Resolved,

That this House has considered e-petitions 170931 and 200239 relating to the TV Licence fee.

7.11 pm

Sitting adjourned.

Written Statement

Monday 20 November 2017

TREASURY

Contingent Liability: Notification

The Chancellor of the Exchequer (Mr Philip Hammond):

The Governor of the Bank of England requested on 20 November 2017 to raise the limit on purchases that may be undertaken by the Asset Purchase Facility (APF). This will ensure that the Term Funding Scheme (TFS) can continue to lend central bank reserves to banks and building societies at rates close to Bank rate during a defined drawdown period, which will close at the end of February 2018.

When the Monetary Policy Committee (MPC) first introduced the scheme in August 2016, I agreed with the Governor of the Bank of England that total TFS

drawings would be determined by usage of the scheme. I have therefore authorised an increase in the total size of the APF of £25 billion to £585 billion, in order to accommodate expected usage of the TFS by the end of the drawdown period.

In line with the requirements in the MPC remit, the amendments to the APF that could affect the allocation of credit and pose risks to the Exchequer have been discussed with Treasury officials. The risk control framework previously agreed with the Treasury will remain in place.

The Government will continue to indemnify the Bank and the APF from any losses arising out of, or in connection with, the facility. If the liability is called, provision for any payment will be sought through the normal Supply procedure.

A full departmental minute is laid in the House of Commons providing more detail on this contingent liability.

[HCWS261]

Petition

Monday 20 November 2017

PRESENTED PETITION

Petition presented to the House but not read on the Floor

Civilian protection in Syria

The petition of residents of Heysham, Morecambe and surrounding areas,

Declares that civilians should be protected from hostile forces in the war-torn nation of Syria.

The petitioners therefore urge the House of Commons to pressure the Government to take all action necessary in providing humanitarian assistance to those in need and to work with other nations to impose a no-fly zone over civilian territory, promoting peace that contributes to the stability of the country.

And the petitioners remain, etc.

[P002082]

Ministerial Corrections

Monday 20 November 2017

DEFENCE Armed Forces Pay

The following is an extract from an intervention by the Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood) in the speech of Mr Paul J. Sweeney in the debate on Armed Forces Pay on 1 November 2017:

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): I just want to give the hon. Gentleman the opportunity to correct what he just said. It was the Labour Government who chose to abandon cats and traps, and who slowed down the building of the aircraft carrier, which cost over £1 billion on top of the original bill. That is what happened to the aircraft carrier under a Labour Government.

[Official Report, 1 November 2017, Vol. 630, c. 864.]

Letter of correction from Mr Ellwood:

An error has been identified in the intervention I made during the Opposition day debate on Armed Forces Pay.

The correct response should have been:

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): I just want to give the hon. Gentleman the opportunity to correct what he just said.

It was the Labour Government who slowed down the building of the aircraft carrier, which cost over £1 billion on top of the original bill. That is what happened to the aircraft carrier under a Labour Government.

The following is an extract from the speech of the Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood) in the debate on Armed Forces Pay on 1 November 2017:

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): In conclusion, like all Members of the House, the Government want to ensure that our brave armed forces, those exemplary men and women who give their all for our country, continue to get what they deserve. Our forces are currently serving in 25 operations around the world.

[Official Report, 1 November 2017, Vol. 630, c. 877.]

Letter of correction from Mr Ellwood:

An error has been identified in the speech I made during the Opposition day debate on Armed Forces Pay.

The correct statement should have been:

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): In conclusion, like all Members of the House, the Government want to ensure that our brave armed forces, those exemplary men and women who give their all for our country, continue to get what they deserve. Our forces are currently serving in **more than** 25 operations around the world.

ORAL ANSWERS

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PETITION

Monday 20 November 2017

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MINISTERIAL CORRECTIONS

Monday 20 November 2017

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Armed Forces Pay	3MC

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**not later than
Monday 27 November 2017**

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