

**Wednesday
22 November 2017**

**Volume 631
No. 55**



**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Wednesday 22 November 2017

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

CABINET OFFICE AND THE CHANCELLOR OF THE DUCHY OF LANCASTER

The Minister for the Cabinet Office was asked—

Public Sector Cyber-security

1. **Bambos Charalambous** (Enfield, Southgate) (Lab): What assessment he has made of the level of investment required to ensure high standards of cyber-security in the public sector. [901965]

The First Secretary of State and Minister for the Cabinet Office (Damian Green): Our national cyber-security strategy, supported by £1.9 billion of transformational investment, sets out measures to defend our people, businesses and assets, deter our adversaries and develop cyber-skills. These include the creation of the National Cyber Security Centre and direct investment in central and local government, the health sector and the defence sector.

Bambos Charalambous: Our public services have been starved of cash for seven years, but cyber-security requires constant investment, so has the Minister advocated long-term funding to enable public services to protect themselves against all forms of cyber-attack?

Damian Green: Yes, indeed. That is the whole point not just of the National Cyber Security Centre, but of the very significant investment I have just mentioned—£1.9 billion—which is set to transform defences against cyber-attack across the public sector, for central and local government, particularly the health and defence sectors, as well as advising the private sector, because our defences obviously need to be mutually dependent across the public and private sectors.

James Gray (North Wiltshire) (Con): Does my right hon. Friend not accept that none the less there is a slight lack of clarity on who within the Government has ultimate responsibility for cyber-security, both offensive and defensive? Is not it time we had a cyber-department that would be responsible for defending this nation against cyber-attacks and thinking about ways it could possibly be used abroad?

Damian Green: My hon. Friend is right that we need proper co-ordination. That co-ordination role falls to the Cabinet Office, but clearly there are important areas where the Home Office has direct responsibility for operational matters, and obviously the Ministry of Defence

has responsibilities in purely military terms. I am happy to reassure him that the co-ordination comes through the Cabinet Office.

Paul Flynn (Newport West) (Lab): As we have just come to the conclusion that a cyber-influence was entirely invisible and beyond any mechanisms that the electoral college has to control it, and as the Prime Minister has said that there was cyber-influence in the elections and probably in the referendums, is it not time we decided that we should have no faith in those two results and that we should look for another referendum, because second thoughts are always better than first thoughts?

Damian Green: The hon. Gentleman raises a serious point. There is no evidence of any successful attempt to interfere with our electoral processes. Indeed, it is particularly difficult to have a cyber-attack against an electoral system that requires voters to put crosses on pieces of paper using small pencils, so that undoubtedly old-fashioned system is very effective against cyber-attack.

Andrew Bridgen (North West Leicestershire) (Con): To defend ourselves against cyber-attack, it is essential that we recruit and retain people with the necessary skills to take up the cudgels on our behalf in the cyber-arms race. What steps are the Government taking to recruit and retain people with those skills in the public sector?

Damian Green: My hon. Friend makes a good point. The National Cyber Security Centre, along with GCHQ, has established a programme of assessment and certification. Some 20 degrees have been certified, most of which are one-year postgraduate master's degrees in cyber-security, and 14 universities are now academic centres of excellence in cyber-security research, precisely so that we can maintain a pipeline of skilled people to help our cyber-defences.

Jon Trickett (Hemsworth) (Lab): We have learnt today that Uber's suppression of a database hack involving tens of millions of people is to be investigated, but there were 9,000 data breaches by the Government in a single year, according to the National Audit Office, although they notified the Information Commissioner's Office of only 14 of them. Such contraventions clearly pose questions about our personal privacy and security. Given the scale of what is happening with the internet, action is clearly needed for further protection of the public. But last year the Government spent only—

Mr Speaker: Order. I am sorry to interrupt the hon. Gentleman, but we are very pressed for time. We need a sentence and a question. We have to press on because we have a lot of people to accommodate.

Jon Trickett: Last year, the Government announced that they had spent only £230 million of the £1.9 billion allowance that had been made. Will the Minister get on with spending that money to protect our citizens?

Damian Green: We are absolutely getting on with spending the money to protect our citizens in the ways I have just set out. The hon. Gentleman will realise that that £1.9 billion is to be spent over five years, so the fact that we have spent £230 million-odd in the first year is about what we would expect. It is a continuous programme of continuous improvement.

The Queen's Private Estate: Ethical Investment

The Chancellor of the Duchy of Lancaster was asked—

2. **David Linden** (Glasgow East) (SNP): Whether an ethical investment policy is in place for the Queen's private estate. [901966]

The Chancellor of the Duchy of Lancaster (Sir Patrick McLoughlin): I congratulate Her Majesty the Queen, Duke of Lancaster, and His Royal Highness the Duke of Edinburgh on their platinum wedding anniversary, and I pay tribute to their decades of public service to our country.

Her Majesty voluntarily pays tax on all income received from the duchy. The duchy's investment strategy is based on advice and recommendations from its investment consultants.

David Linden: One of the revelations we saw in the Paradise papers was an investment by the royal estate in the shambolic and exploitative company BrightHouse, which preys on and exploits many of my constituents. Does the Minister understand the absolute anger in Glasgow East at that revelation, and what is he going to do about it?

Sir Patrick McLoughlin: The investment in BrightHouse was made through a third party, equates to £3,208 and represents 0.0006% of the duchy's value.

Alan Mak (Havant) (Con): Will my right hon. Friend confirm that some of the investments that the Opposition have talked about were made in 2005, under the previous Labour Government?

Sir Patrick McLoughlin: Bearing in mind what the shadow Chancellor, the right hon. Member for Hayes and Harlington (John McDonnell), said when a statement was made on the Paradise papers, perhaps he should have checked that out, because I can confirm to my hon. Friend that the last investment of this sort was made in 2005.

Cat Smith (Lancaster and Fleetwood) (Lab): Donations to political parties show stark differences between our party and the Government's. They are dependent on the ultra-wealthy few, while our party is powered by the many. In the light of the revelation in the Paradise papers that key Tory donor Lord Ashcroft was using offshore tax havens to shelter his wealth, will the Minister and his colleagues be accepting his donations to the Conservative party?

Mr Speaker: That is all very well, but unfortunately it does not in any way appertain to the Queen's private estate, which is rather a different matter from the Conservative party. We will press on. Well done.

Leaving the EU: Civil Servants

The Minister for the Cabinet Office was asked—

3. **Stuart C. McDonald** (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): How many full-time equivalent civil servants have been assigned work relating to the UK's exit from the EU in the last twelve months; and what estimate he has made of the cost of that work. [901967]

The Parliamentary Under-Secretary of State for the Cabinet Office (Caroline Nokes): The whole Government are preparing for the UK to make an orderly and successful exit from the European Union. We are equipping ourselves with the right people and the right skills across the Government to make that happen. Although workforce planning is primarily the responsibility of each Department to determine, the civil service constantly reviews its capabilities in this respect.

Stuart C. McDonald: After a decade of austerity, it seems that £400 million and 8,000 new staff, including 5,000 for Her Majesty's Revenue and Customs, can be found to deal with Brexit. Will the Minister tell Treasury and HMRC bosses that it is more ludicrous than ever to propose to close Cumbernauld tax office, with its experienced and dedicated workforce?

Caroline Nokes: As the hon. Gentleman will know, the Cabinet Office works closely with HMRC on workforce planning and, indeed, on Government hubs, with which we are seeking to make sure that we make the best possible use of our resources to provide an effective civil service that provides the best service for his constituents.

Mrs Cheryl Gillan (Chesham and Amersham) (Con): Given the additional burdens on civil servants from Brexit, does the Minister agree that the civil service people survey is important to Ministers for judging the working conditions, training and skills of our civil servants? Does she share my surprise that yesterday, in his evidence to the Public Administration and Constitutional Affairs Committee, the Public and Commercial Services Union representative said that he actively encouraged members not to reply to that survey? Will she reaffirm how increasingly important the survey is, so that we can get feedback and ensure we have the right capacity and capabilities in the civil service?

Caroline Nokes: My right hon. Friend is absolutely correct to say that the survey is crucial to Ministers, and I greet it with relish when it arrives on my desk. It provides invaluable information about our workforce, their attitudes and how they feel about working for us. I am very surprised at the PCS comments, but I reassure all unions that I continue to leave my door open to them and that I am as interested in their views as I am in everybody else's.

Mr Chris Leslie (Nottingham East) (Lab/Co-op): Has the Minister seen the remarks made by the eminent former senior civil servant, Sir Martin Donnelly, who set up the new Department for International Trade? Will she take heed of his warning to the Government:

"We are now just 16 months from Brexit—the biggest shock to the UK economy in living memory?"

Caroline Nokes: I am sure that it will come as no surprise to the hon. Gentleman that the Cabinet Office works closely with those Departments most affected by exit from the EU, including the Department for International Trade as well as the Department for Exiting the European Union and, of course, the Department for Environment, Food and Rural Affairs and the Department for Business, Energy and Industrial Strategy. I have seen those comments, but I reassure the hon. Gentleman that we are making sure that we have the right people in place to deliver the successful transition we need.

Tommy Sheppard (Edinburgh East) (SNP): The Cabinet Office is supposedly co-ordinating this country's exit from the European Union, so it really ought to know this stuff. The Minister has not answered the question. Will she clarify whether that is because she does not think that Parliament is entitled to the information about how many staff are working on it and how much it costs, or is it because the process is such a shambles that she is unable to provide that information?

Caroline Nokes: We have already created 3,000 new roles, 2,000 of which have been filled. As I have said, further roles will be created and, specifically, the Cabinet Office is working most closely with those Departments most affected.

Voter Registration

4. **Lilian Greenwood** (Nottingham South) (Lab): What steps the Government are taking to ensure the accessibility of voter registration. [901968]

6. **Grahame Morris** (Easington) (Lab): What steps the Government are taking to ensure the accessibility of voter registration. [901970]

The Parliamentary Secretary, Cabinet Office (Chris Skidmore): The Government are currently considering the 256 responses to our call for evidence on the accessibility of voter registration and voting. I will soon lay draft legislation to improve the accessibility of the anonymous registration scheme for survivors of domestic violence, and I recently implemented the findings of an accessibility review on the "Register to vote" website.

Lilian Greenwood: A 2014 survey by Mencap found that 60% of people with a learning disability found the process of registering to vote too difficult. Registration forms are often complicated and not accompanied by an easy read guide. The Electoral Commission report, "Elections for everyone", published earlier this month, agrees and calls on the Minister to act. Will he commit to improving the Government's online registration process, and will he ensure that every local authority provides easy read information and a good helpline, so that no one with a learning disability is disenfranchised?

Chris Skidmore: I thank the hon. Lady for raising the report by Mencap, which has been working closely with the Cabinet Office and is a member of the "accessibility to elections" working group. I do not disagree with the premise of her question: we need to do more, in the 21st century, to make sure that our elections are accessible for everyone and that we remove barriers for those who are disabled. I am absolutely committed to doing that. It is right that we now consider all the responses and we will publish our report later next year.

Grahame Morris: Millions of people are missing from the electoral registers, but there are high levels of support for reforming our electoral registration system—in particular, for automatic voter registration when a person receives their national insurance number. When will the Government implement the necessary reforms to ensure that our democracy works for the many, not just the few?

Chris Skidmore: We believe that we need a democracy that works for everyone, which is why we are determined to introduce a democratic engagement strategy, which will be published in December. When it comes to those on the electoral register, a record 46.8 million people are now registered to vote. Actually, since the introduction of individual electoral registration, 30 million people have registered to vote, 75% of them using the online system. That is a remarkable success.

Mr Bernard Jenkin (Harwich and North Essex) (Con): What measures are the Government taking to make sure that people do not vote twice in general elections?

Chris Skidmore: Any form of electoral fraud will be taken extremely seriously by this Government. We have already stated that we intend to implement a number of recommendations made by Sir Eric Pickles's report, "Securing the ballot". Double voting is obviously a crime and we encourage anyone who has evidence of it to report it to the police. I recently met the Electoral Commission and the National Police Chiefs Council, and we will meet every six months to look at a strategy for tackling double voting. By introducing future reforms to postal voting, we hope that we will be able combat the issue.

Bob Blackman (Harrow East) (Con): The Electoral Commission estimates that some 40% of those who applied late to vote through the online system were actually duplicate registrations. Will my hon. Friend make sure that there is no unnecessary duplication of applications? That would also minimise bureaucracy.

Chris Skidmore: My hon. Friend is absolutely right. The registration website has been incredibly successful: there were nearly 3 million applications to register at the last general election. Of course, there will be people who register having been registered locally already. There are local solutions to the issue. Local authorities such as Hackney have a look-up tool, and it is right that we explore further what solutions there may be, but I believe that a centralised database may be too costly.

Cat Smith (Lancaster and Fleetwood) (Lab): According to figures published by the Electoral Commission, nearly 11,000 people tried to vote on 8 June but found that they were not registered to vote once they reached the polling station. Will the Government examine the use of Government data to place electors on the roll automatically and pilot the idea of polling day voter registration to ensure that every eligible voter is entitled to vote?

Chris Skidmore: The Government sincerely believe in the principle of individual elector registration; we will not be returning to automatic voter registration. We want a register that is complete and accurate as possible. I am delighted that the Electoral Commission has demonstrated in a recent report that the accuracy of the register has risen from 87% to 91%.

Electoral Fraud

5. **Matt Warman** (Boston and Skegness) (Con): What progress the Government has made on tackling electoral fraud. [901969]

The Parliamentary Secretary, Cabinet Office (Chris Skidmore): We are committed to providing a clear and secure democracy, and we continue to work with local authorities to deliver voter identification pilots for the May 2018 local elections in areas such as Woking, Gosport, Bromley, Watford and Tower Hamlets, as part of our programme to strengthen electoral integrity.

Matt Warman: Many people believe that online voting may have potential for the future. What is the Minister's assessment of online voting in the light of allegations of Russian electoral hacking?

Chris Skidmore: I believe that the UK electoral system is one of the most robust in the world. It is difficult to manipulate through a cyber-attack, as we operate a manual counting and manual voting system. As the First Secretary mentioned in his earlier answer, that may be seen as old-fashioned, but it ensures that our system is protected and our democracy safeguarded.

Nick Smith (Blaenau Gwent) (Lab): Will the Government consider using credit reference agency data to improve the accuracy of the electoral register?

Chris Skidmore: The hon. Gentleman makes an interesting point, which I will be interested to go away and consider. We are already looking at issues of tenant security deposits, for example—one of the largest groups not on the register are movers and renters, which causes that churn. That is why we are determined to ensure that we have better data to identify where we need to focus our attention and ensure that everyone is able to register to vote.

Mr Gregory Campbell (East Londonderry) (DUP): Is the Minister aware that at the general election in June, there was a 300% increase in proxy votes in the Foyle constituency, resulting in Sinn Féin winning the seat by 169 votes? Many people are specifically saying that that was a clear case of electoral fraud and the theft of a constituency in this House. What will the Minister do to ensure that that does not happen again?

Chris Skidmore: On the general principle of electoral fraud, it is absolutely right that we look at future measures to tackle electoral integrity. It is important that we should have confidence in our democratic system going forward. We will be looking at absent voting arrangements and postal vote harvesting, and we will introduce legislation in future to tackle these issues.

Topical Questions

T1. [901980] **Craig Tracey (North Warwickshire) (Con):** If he will make a statement on his departmental responsibilities.

The First Secretary of State and Minister for the Cabinet Office (Damian Green): Following the Prime Minister's July announcement that a public inquiry will be held into the contaminated blood scandal, the Government sought views from the affected community on how that should operate. I announced on 3 November that the inquiry will be statutory and sponsored by the Cabinet Office. My Department has now taken receipt of more than 800 consultation responses, which it is

analysing thoroughly. I have agreed to meet the co-chairs of the all-party parliamentary group on haemophilia and contaminated blood and will make a further statement before the House rises for Christmas.

Craig Tracey: Will my right hon. Friend confirm what the Government are doing to open up public sector contracts to small and medium-sized enterprises?

Damian Green: I am delighted to. We are developing a system called Contracts Finder—a free, online source for current and future public sector contracts above £10,000 in central Government and above £25,000 in the wider public sector. We are improving the visibility of supply chain opportunities available to SMEs via that site.

T4. [901983] **John Mann (Bassetlaw) (Lab):** When was the ministerial code last equality-proofed, and by whom?

The Chancellor of the Duchy of Lancaster (Sir Patrick McLoughlin): The Prime Minister has committed to reviewing the ministerial code to ensure that it remains fit for purpose, and she will update the House in due course.

T2. [901981] **Matt Warman (Boston and Skegness) (Con):** As we leave the European Union, public appointments will become more important than ever. What are the Government doing to make sure that we get a greater diversity of people appointed to public posts, especially from outside the south-east?

The Parliamentary Secretary, Cabinet Office (Chris Skidmore): The Government are committed to having greater diversity on the boards of public bodies so that they better represent the public they serve, and that includes moving public bodies out of London when appropriate. We will shortly publish a diversity action plan that will focus on encouraging candidates from the widest range of backgrounds, including from outside London.

T6. [901985] **Mr Barry Sheerman (Huddersfield) (Lab/Co-op):** The Minister is in charge of cyber-security. He knows that the Prime Minister is worried about Russian interference in our political system, so could he assure the House that the Russians have not already seen the Budget secrets?

Damian Green: I am as confident as I can be that that is the case. If the hon. Gentleman can contain himself, we will all share in the secrets of the Chancellor's Budget in about 35 minutes' time. [*Interruption.*]

Mr Speaker: Order. There is far too much noise in the Chamber. The hon. Member for Huddersfield (Mr Sheerman) had to strain to make himself heard. Let us hear the voice of North East Derbyshire—Mr Lee Rowley.

T5. [901984] **Lee Rowley (North East Derbyshire) (Con):** Will the Minister confirm how employers in North East Derbyshire—small and medium-sized businesses—can be helped to win Government contracts?

The Parliamentary Under-Secretary of State for the Cabinet Office (Caroline Nokes): Our small business panel, which I met on 1 November to celebrate its first birthday, is working on a number of key issues to further break down barriers to entry for SMEs. It was pleasing to hear that Contracts Finder, and the mystery shopper service in particular, are, in the panel's words, "stonkingly good".

T7. [901986] **Daniel Zeichner** (Cambridge) (Lab): Cambridge Assessment, which manages the University of Cambridge's three exam boards, is not-for-profit and world leading, yet it faces unfair competition from private exam boards that are not subject to freedom of information rules. Why will the Government not extend transparency to all providers of public services?

Chris Skidmore: I recognise the individual case. The hon. Gentleman has written a letter to me on this matter and I hope he has received my response. The Government obviously update freedom of information arrangements regularly, so we will keep this matter in mind. There is a consultation on various points in the freedom of information code, which the hon. Gentleman is welcome to be involved in.

Mims Davies (Eastleigh) (Con): Ministers, like me, are absolutely passionate about making sure that people get to the ballot, whether at parish, town or district level. Do Ministers agree that it is really important that we continue to have polling cards at every election so that everyone can play their part in the electoral process?

Chris Skidmore: As I have said, the Government are committed to ensuring that as many people are engaged in the democratic process as possible, and this includes ensuring electors are equipped with the information they need to vote. As a result, we have no plans to change the current arrangements for poll cards.

T8. [901987] **Sarah Jones** (Croydon Central) (Lab): The gender pay gap is growing in a quarter of Government bodies. How is this setting the rest of the country an example?

Caroline Nokes: Departments will publish new gender pay gap figures before the end of the year to meet the requirements of the Government's new gender pay gap regulations for all large employers. The new requirements will provide unprecedented transparency, generate wider debate, and encourage employers to take the action required to close that gap.

Stephen Kerr (Stirling) (Con): The Union needs Scotland's two Governments to work together to get things done. One proposal in the Stirling city region deal is to co-locate all customer-facing public services in Stirling to a public sector innovation hub. Will my right hon. Friend commit to working with the Scottish Government and Stirling Council to bring that about?

Damian Green: I was delighted to be lobbied hard by my hon. Friend on this and other matters when I visited Stirling recently. He will be pleased to hear that the Department for Work and Pensions is committed to maintaining its current estate in Stirling for at least the

next five years, and we can obviously discuss future options. I also hope to agree heads of terms for the Stirling and Clackmannanshire city deal early next year.

Jo Platt (Leigh) (Lab/Co-op): In his written statement on the contaminated blood inquiry, the Minister for the Cabinet Office simply said that:

"a further announcement will follow before the end of the year on the setting up of the inquiry."—[*Official Report*, 3 November 2017; Vol. 630, c. 35WS.]

Those affected by this tragedy have not been given any information about what that means. Will he clarify whether he intends to appoint an inquiry chair by the end of the year?

Damian Green: The hon. Lady raises a very serious point. The contaminated blood scandal of the '70s and '80s was an appalling tragedy that should not have happened. She will, I am sure, appreciate that not only did we receive 800 responses to the consultation but, at the request of the all-party parliamentary group on haemophilia and contaminated blood, the end of that consultation was delayed until the end of October. All the decisions on the chair and the other things that need to be determined will, as I have already committed, be set out to the House before the Christmas recess.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [901988] **Thangam Debbonaire** (Bristol West) (Lab): If she will list her official engagements for Wednesday 22 November.

The Prime Minister (Mrs Theresa May): I am sure that Members on both sides of the House will wish to join me in congratulating Sarah Clarke on her appointment as Lady Usher of the Black Rod. She will be the first woman to hold this role in its over-650-year history, and we offer her our best wishes.

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

Thangam Debbonaire: The BBC is currently broadcasting "Drugsland", a documentary series shot in my Bristol West constituency showing the catastrophic impact of drugs and drug laws on not just users, but the police and innocent bystanders. Will the Prime Minister commit to watching "Drugsland" and to setting up a royal commission on our drug laws, which are plainly failing?

The Prime Minister: I am pleased to say that the Home Office, under my right hon. Friend the Home Secretary, launched the Government's drugs strategy only a matter of weeks ago. We recognise the importance of this issue. Drugs significantly affect people's lives. Sadly, we also see people dying as a result of not only taking drugs, but the criminal activity that takes place around drugs. We take this very seriously; that is why we have launched our strategy.

Q2. [901989] **Nigel Huddleston** (Mid Worcestershire) (Con): Divorce and family breakdown take an emotional toll on all those involved, but the family dynamic that is often overlooked is that between

grandparents and their grandchildren. If access to their grandchildren is removed or blocked, some grandparents call it a form of living bereavement. Will the Prime Minister therefore join me, Dame Esther Rantzen and thousands of grandparents across the country in calling for a change to the law to give grandparents access rights to their grandchildren, as is the case in France?

The Prime Minister: My hon. Friend is absolutely right that grandparents do play an important role in the lives of their grandchildren. We can all, I am sure, sympathise with those who experience the anguish of being prevented from seeing their grandchildren if a parental relationship ends. Of course, when making decisions about a child's future, the first consideration must be their welfare, but the law already allows family courts to order that a child should spend time with their grandparents. I understand that my hon. Friend has recently seen the Minister of State for Justice, and I am sure that the Ministry of Justice and the Department for Education will consider these points carefully.

Jeremy Corbyn (Islington North) (Lab): I join the Prime Minister in congratulating the new Usher of the Black Rod. I am really pleased that it is at last a woman who has got that position.

I hope that the whole House will join me in sending solidarity following the atrocious suicide bombing that killed 50 people in eastern Nigeria. We should express sympathy to those who have lost loved ones for the obvious trauma they are all going through.

The Irish Prime Minister, who has discussed Brexit with the British Government, says:

“Sometimes it doesn't seem like they have thought all this through”,

so can the Prime Minister reassure him by clearly outlining the Government's policy on the Irish border?

The Prime Minister: First, I am glad that the right hon. Gentleman has welcomed the new Lady Usher of the Black Rod. I hope it will not be 650 years until the Labour party has a female leader. He also referred to the attack that has taken place in eastern Nigeria. Of course, I am sure that the thoughts and condolences of the whole House are with those who have been affected.

The right hon. Gentleman asked me to outline our policy in relation to the border between Northern Ireland and the Republic of Ireland. I am very happy to do so; I have done so on a number of occasions. We are very clear that in relation to the movement of people, the common travel area will continue to operate, as it has done since 1923. On trade, and the movement of goods and services across the border, we will not see the introduction of a hard border. We have been very clear that we will not put physical infrastructure at the border.

Jeremy Corbyn: Yesterday, the Foreign Secretary said:

“There can be no hard border. That would be unthinkable”.—
[*Official Report*, 21 November 2017; Vol. 631, c. 848.]

Maybe, but the Government have had 17 months to come up with an answer to this question, and there still is no answer, because they have not engaged with the negotiations properly.

There is another person who does not think that the negotiations are going too well: the right hon. Member for Wokingham (John Redwood). He was a very enthusiastic campaigner for Brexit, but he also—he is a busy man—finds time to be the chief global strategist for Charles Stanley investments. He recently advised clients to invest elsewhere, as the UK is hitting the brakes. Does the Prime Minister take advice from the right hon. Gentleman, and does she agree with him?

The Prime Minister: On the first issue that the right hon. Gentleman raises, we have been engaging fully in the negotiations in relation to Northern Ireland and other issues, and indeed significant progress has been made. That is why, for example, I have said that we have got agreement on the operation of the common travel area for the future. He says that we have not put out any ideas about the border, but I have to say to him that we published a paper back in the summer on possible customs arrangements. We are very happy to move to further detailed discussions of the customs and trading relationship that will exist not just between Northern Ireland and the Republic, but between the United Kingdom and the European Union. That does mean moving on to phase 2, so the question for the right hon. Gentleman is: if he thinks that is so important, why did his MEPs vote against it?

Jeremy Corbyn: The EU's chief negotiator said this week that the UK financial sector will lose its current rights to trade with Europe. It seems as though neither EU negotiators nor the Government have any idea where this is going. Last week, the Brexit Secretary said that he would guarantee free movement for bankers post Brexit. Are there any other groups to whom the Prime Minister believes freedom of movement should apply? Nurses; doctors; teachers; scientists; agricultural workers; careworkers—who?

The Prime Minister: I am very interested that the right hon. Gentleman has found that his appearances at Prime Minister's questions have been going so well that he has had to borrow the question that the leader of the Liberal Democrats asked me last week. Perhaps the Leader of the Opposition should pay a little more attention to what happens in Prime Minister's questions.

We have been absolutely clear that we will introduce new immigration rules. As we introduce those immigration rules, we will take account of the needs of the British economy. That is why my right hon. Friend the Home Secretary has asked the Migration Advisory Committee to advise, as it always does, on the areas in which we need to pay particular attention to migration into the United Kingdom.

We want to get on to deal with the question of our future trading relationship with the European Union. I am optimistic about the opportunities that will be available to this country and about the deal that we can get from the negotiations. The right hon. Gentleman cannot even decide whether he wants to be in the customs union or out of it, and whether he wants to be in the single market or out of it. He needs to get his own act together.

Jeremy Corbyn: In April, the Brexit Secretary was confident that the European Banking Authority would be staying in London; now he cannot even guarantee

that banks will have a right to trade with Europe. Last week, the Government voted down Labour amendments to protect workers' rights. The Foreign Secretary has described employment regulation as "backbreaking", and has repeatedly promised to "scrap the social chapter". Why will not the Prime Minister guarantee workers' rights—or does she agree with the Foreign Secretary on these matters?

The Prime Minister: We have guaranteed workers' rights: we introduced a Bill in the House of Commons to guarantee workers' rights, and the Labour party voted against it.

Jeremy Corbyn: The record is clear: this Government voted down our amendment to protect workers' rights. The Environment Secretary said he wanted a "green Brexit", but yet again Conservative MPs voted down Labour amendments to guarantee environmental protection.

On 5 December, the European Finance Ministers summit will address the issue of tax dodging, as exposed by the Paradise papers. There are three proposals on the table: blacklisting tax havens like Bermuda; new transparency rules for tax intermediaries; and mandatory country-by-country reporting for profit. Will the Prime Minister back those proposals, or is she still threatening to turn Britain into a tax haven?

The Prime Minister: I will take no lectures from the Labour party on dealing with tax avoidance and tax evasion—£160 billion more has been taken as a result of action taken by Conservatives in government; there are 75 new measures to deal with tax avoidance and tax evasion; and recently, I am pleased to say, Her Majesty's Revenue and Customs won an important case on tax avoidance in the Supreme Court, which means a further £1 billion coming to the United Kingdom. The right hon. Gentleman may talk about tax avoidance and tax evasion; it is this Government who take action and make sure we collect it.

Jeremy Corbyn: The right hon. Lady's predecessor blocked EU-wide proposals for a public register of trusts; again, Conservative MPs voted down Labour amendments to deal with tax avoidance.

When it comes to Brexit, this Government are a shambles. *[Interruption.]*

Mr Speaker: Order. Far too many Members on both sides of the House are gesticulating in a frenetic and, frankly, outlandish fashion. *[Interruption.]* Order. I say to the hon. Member for Na h-Eileanan an Iar (Angus Brendan MacNeil) that he should seek to imitate the Zen-like calm and statesmanship of the Father of the House.

Jeremy Corbyn: I have much in common with Zen, Mr Speaker.

Seventeen months—*[Interruption.]* I understand that these days the Tory Whips are choreographing who shouts at whom in the Chamber—they are making a very bad job of it.

Seventeen months after the referendum, the Government say there can be no hard border, but have not worked out how. They say that they will protect workers' rights but then vote against it. They say they will protect

environmental rights but then vote against it. They promise action on tax avoidance, but vote against it time and time again. Once again, the Foreign Secretary has offered his opinion, as has the Environment Secretary, saying that "insufficient energy" is going into these Brexit negotiations—their words, not mine. Is not the truth that this Government have no energy, no agreed plan and no strategy to deliver a good Brexit for Britain?

The Prime Minister: The right hon. Gentleman talks about voting against tax avoidance measures, but it was the Labour party that refused to allow tax avoidance measures to go through in a Bill before we called the general election, so he should look at his own record.

The right hon. Gentleman talks about people having different opinions. I might remind him that on Monday, in the Bill—*[Interruption]* Perhaps the shadow Chancellor would like to listen to this. On Monday, when we were putting through that important piece of legislation on customs, taxation and Europe, 76 Labour MPs voted in a different Lobby from his and the Leader of the Opposition's Front Benchers. The party in this Commons that has no clue on Brexit is the Labour party. But week in, week out, the right hon. Gentleman comes to this House and talks down our country and is pessimistic about our future. Well let me tell him that I am optimistic about our future. I am optimistic about the success we can make of Brexit. I am optimistic about the well-paid jobs that will be created. I am optimistic about the homes we will build. That is the Conservatives building a Britain fit for the future—all he offers is a blast from the past.

Q4. [901992] **Fiona Bruce** (Congleton) (Con): Will the Prime Minister reassure people that this Conservative Government are committed to maintaining the United Kingdom's strong commitment to the highest standards of animal welfare, both now and post-Brexit?

The Prime Minister: I am happy to give my hon. Friend that commitment. As she and others will know, we already have some of the highest animal welfare standards in the world, and as we leave the EU, we should not only maintain, but enhance them. We have already set out our proposals to introduce mandatory CCTV in slaughterhouses; to increase sentences for animal cruelty to five years; to ban microbeads, which damage marine life; and to ban the ivory trade to help bring an end to elephant poaching. We also recognise and respect the fact that animals are sentient beings and should be treated accordingly. The Animal Welfare Act 2006 provides protection for all animals capable of experiencing pain or suffering which are under the control of man. But I reaffirm to her that we will be ensuring that we maintain and enhance our animal welfare standards when we leave the EU.

Ian Blackford (Ross, Skye and Lochaber) (SNP): Can the Prime Minister tell the House how many jobs have been lost this week with the departure of the European Medicines Agency and the European Banking Authority from London?

The Prime Minister: Of course, we are seeing those two agencies leave the UK and go elsewhere in the European Union. The right hon. Gentleman talks about the number of jobs being created, and under this

Government we have seen 3 million jobs being created. That is a record I would have thought even he would be willing to welcome.

Ian Blackford: But of course the Prime Minister refused to answer the question. Let me tell her, just so that she is aware of the cost of the hard Tory Brexit, that losing the EMA and EBA means losing more than 1,000 jobs. The Bank of England has told us that the City will lose 75,000 jobs. Jobs are already gone and jobs are going; Brexit is already biting. Will the Prime Minister recognise that exiting the EU is losing jobs and sector excellence from the UK?

The Prime Minister: I recognise, as I said, that those two agencies are leaving the UK. The right hon. Gentleman talks about numbers of jobs being lost, so I repeat: since the Conservatives came into government 3 million jobs have been created—that is 3 million more people in work. That is 3 million more people able to provide an income for themselves and their families.

Q5. [901993] **Bob Blackman** (Harrow East) (Con): Last year, housing associations generated £5.5 billion in cash surplus—this is money that could be used to build 48,000 new homes in this country. The accumulated reserves of housing associations come to £42 billion, which would mean that 36,500 properties a year for the next 10 years could be built. Will my right hon. Friend examine ways in which we could ensure housing associations use the money to build the new homes that people want, rather than having this sitting in the bank?

The Prime Minister: My hon. Friend raises an important point. He has campaigned strongly on the whole issue of housing, and on homelessness in particular. That approach is already taken by housing associations. As they are non-profit organisations, their surpluses are reinvested in the business, often in the next year. For example, in 2015-16 their investment in new and existing properties was more than double the surpluses they generated.

I recently announced an additional £2 billion of funding for affordable homes, including those for social rent. Last week, housing associations were reclassified to the private sector, taking £70 billion of debt off the country's balance sheet and meaning greater certainty for housing associations in getting on with the job that my hon. Friend and I both want them to do, which is building more homes.

Q3. [901990] **Kirsty Blackman** (Aberdeen North) (SNP): My thoughts are with my many constituents who have friends and family in Nigeria.

The SNP has asked 140 times for the VAT paid by our police and fire services to be scrapped, and for the £140 million to be refunded. The Chancellor said only last month that legally, we would not be able to recover VAT and that the UK Government are now constrained by the VAT rules that are in place. Was he misleading us?

The Prime Minister: The SNP may have asked a number of questions, but of course it knew, when it took the decision to create a single police and fire authority, that this would be the VAT treatment.

Q6. [901994] **Kelly Tolhurst** (Rochester and Strood) (Con): Given that revised housing proposals would force unprecedented numbers of homes, equivalent to the size of a new town, to be built on what is left of Medway's green belt, will the Prime Minister assure me and my constituents that the necessary large-scale investment will be made to boost the public service infrastructure, which will have to cope with up to 100,000 more people?

The Prime Minister: That is an important point for people not just in my hon. Friend's constituency but elsewhere. We do want more homes to be built, because I want young people to have the prospect of the future that their parents and grandparents were able to have through owning their own homes. We will go further in building more homes, but she is absolutely right that, as we do that, we need to make sure that the infrastructure is in place. We are putting in billions of pounds from central Government for economic infrastructure in every year up to 2021. That includes transport projects and fibre broadband connections. We recognise the importance of making sure that homes are supported by the right infrastructure.

Q7. [901995] **Joan Ryan** (Enfield North) (Lab): I am proud that the last Labour Government lifted more than 1 million children out of poverty. This Government seem committed to doing the very opposite, with the Institute for Fiscal Studies predicting that an additional 1.2 million children will be pushed into poverty by 2021, and that comes on top of the 4 million in 2015-16. Is the Prime Minister proud of her Government's record of failure on this issue, and does she think that that worrying forecast is acceptable?

The Prime Minister: Far from the way in which the right hon. Lady has portrayed the situation, since 2010 we have seen 600,000 fewer people in absolute poverty—a record low—300,000 fewer working-age adults in absolute poverty, and 200,000 fewer children in absolute poverty. We have also seen families getting into work: there are nearly 1 million fewer workless households as a result of the actions of this Conservative Government.

Q9. [901997] **Kirstene Hair** (Angus) (Con): As the Prime Minister is aware, Scotland is lagging behind the rest of the United Kingdom in the roll-out of superfast broadband. My constituency of Angus is even further behind the poor Scottish average. A huge volume of my casework comes from one of my largest towns, Arbroath, where 20,000 of my constituents reside. It could hardly be deemed a remote area. Will the Prime Minister confirm that the next generation of UK funding to support the roll-out of Scotland's full fibre broadband will bypass the shambolic Scottish Government and go directly to local authorities so that businesses and residents in my constituency of Angus get the broadband they deserve?

The Prime Minister: I am very happy to confirm that to my hon. Friend. She will know that we are making progress on this in Scotland, but we need to go further. Programmes such as local full fibre networks and 5G will allocate funding directly to local projects, based on the quality of the bids put forward. The Minister for

Digital, my right hon. Friend the Member for West Suffolk (Matt Hancock), recently confirmed in the House that we will deliver the next generation of technology directly to local authorities in Scotland, rather than going through the Scottish Government. We will make sure that Scotland is not left behind.

Q8. [901996] **Yasmin Qureshi** (Bolton South East) (Lab): In 2014, an inquiry was set up to look into the drug Primodos—it was given to millions of pregnant women in the '60s and '70s—which caused deformities. Documents show a clear cover-up. Last week, a report was published, which was condemned by MPs across the House as being a whitewash and misleading. Will the Prime Minister meet the victims and order a public inquiry, so that justice can finally be done for these people?

The Prime Minister: I know this is an issue that a number of Members have been concerned about and I recognise that the result of the review was not what some Members and families were hoping for. It was a comprehensive, independent scientific review of the available evidence by experts. All the meetings of the expert working group were attended by Nick Dobrik, as an invited independent expert from the Thalidomide Trust and at the request of the patient group, the Association for Children Damaged by Hormone Pregnancy Tests. I am informed that the overall conclusion is that the scientific evidence does not support a causal association, but that does not detract from the very real suffering experienced by the families. I recognise that these conclusions are hard to accept, but the Department of Health is focused on implementing the review's recommendations which will strengthen detection and better communicate the risk of medicines during pregnancy.

Q10. [901998] **Stephen Hammond** (Wimbledon) (Con): Does my right hon. Friend agree that the right revised offer to the EU, far from throwing money away, will be worthwhile to secure the UK's future trade relationship with our European neighbours?

The Prime Minister: My hon. Friend raises an important issue. I set out in my speech in Florence that the UK will honour the commitments we have made during our period of membership. We do not want our European partners to fear that they will have to receive less or pay more during the current budget plan as a result of our leaving the European Union, but we can only resolve the financial implications of the UK's withdrawal as a part of the settlement of all the issues I spoke about in Florence. Once that is done, of course, the days of Britain paying vast sums of money to the EU every year will end.

Q11. [901999] **Peter Kyle** (Hove) (Lab): Every Prime Minister since 1946 has successfully appointed a British judge to the International Court of Justice. Why hasn't she?

The Prime Minister: The British Prime Minister does not appoint judges to the International Court of Justice. There is a process that is undertaken in the United Nations. We wish all the judges who have been appointed by the votes through the United Nations to the International Court of Justice well.

Q12. [902000] **Andrew Bowie** (West Aberdeenshire and Kincardine) (Con): My right hon. Friend might be aware that in a Westminster Hall debate last week, Members of the Scottish National party declared that if the Scottish Government did not agree with the final Brexit deal they would push for another independence referendum. This obsession with breaking up our United Kingdom is damaging the Scottish economy and causing uncertainty, so will she join me today in calling for the SNP to drop, once and for all, its obsession with a second independence referendum?

The Prime Minister: The point my hon. Friend raises is very important. Scotland had a referendum in 2014. That referendum was legal and fair, and the result was decisive: the people of Scotland voted clearly to remain part of the United Kingdom. At the election, they sent a message that they did not want a second referendum on this issue. I say to the Scottish Government, as we prepare to leave the EU, that they should be working with the UK Government to get the right deal for the whole of the UK, not taking Scotland back to the divisive constitutional debates of the past. I agree with my hon. Friend that the SNP should take its unwanted proposal off the table once and for all.

Q13. [902001] **Nic Dakin** (Scunthorpe) (Lab): Will the Prime Minister support steel jobs in Scunthorpe and elsewhere by guaranteeing that, if the current flexibility within the emissions trading scheme is not retained to March 2019, she will act immediately to ensure that British industry is not financially penalised?

The Prime Minister: The hon. Gentleman raises an important point about steel. Of course, the Government have done a considerable amount over the last few years to support the steel industry here in the United Kingdom, and I was very pleased earlier in the year to visit and meet steelworkers to talk about the prospects for steel in the UK. We will, of course, look carefully to ensure that the arrangements in place are in the national interest, and we have supported steel in the past.

Crispin Blunt (Reigate) (Con): May I take my right hon. Friend back to the question from the hon. Member for Bristol West (Thangam Debbonaire)? Quite apart from commending the quality of the BBC programme she mentioned, may I draw my right hon. Friend's attention to the fact that global policy on drugs prohibition is beginning to change, in the face of the evidential failure of the policy since the 1961 UN single convention on narcotic drugs? Will she look at the evidence that will emerge from the United States and Canada on the legalisation and regulation of cannabis markets there, as well as decriminalisation in Portugal and elsewhere—

Mr Speaker: Order. We have heard the gravamen of the hon. Gentleman's inquiry. We are a little clearer now and are immensely grateful.

Crispin Blunt *rose*—

Mr Speaker: Order. That was quite enough. We are very grateful to the hon. Gentleman.

The Prime Minister: When I was Home Secretary, work was undertaken by the Home Office on the experience in a number of countries and the different ways they approached the issue of drugs, but I am afraid that I

have a different opinion from my hon. Friend on drugs, as would those dealing with people affected by drugs. I think of my constituent Elizabeth Burton-Phillips, who set up DrugFAM after the suicide of her son, who was a drug addict. I think of the work she is doing with families affected because a family member is on drugs, and of the incredible damage it can do to families and the individuals concerned. I am sorry but I take a different view from him. It is right that we continue to fight the war against drugs.

Toby Perkins (Chesterfield) (Lab) *rose*—

Mr Speaker: The hon. Member for Chesterfield has migrated a considerable distance from his usual place, but we look forward to hearing from him anyway.

Q14. [902002] **Toby Perkins** (Chesterfield) (Lab): People with the most severe disabilities moving on to universal credit have discovered that they are up to £100 a week worse off because there is no severe disability component in the payment. Whatever happens about the delays in the next hour, does the Prime Minister realise that universal credit will continue to shame her Government so long as it pushes the most disabled into the worst poverty?

The Prime Minister: We spend more than £50 billion a year on benefits to support disabled people and people with health conditions—that has increased by more than £7 billion since 2010—and spending on disability benefits will be higher in every year to 2020 than in 2010. As regards universal credit, as I have said in the Chamber before, it is a simpler, more straightforward system, but, crucially, it is helping people to get into the workplace and making sure they keep more of the money they earn.

Sir David Amess (Southend West) (Con): Will my right hon. Friend join me in congratulating the Leigh-on-Sea branch of the British Legion and local artists Beth Hooper and Mary Lister on using a lottery grant for school children in Southend to make 7,500 ceramic poppies and displaying them on Southend's cliffs? Does she agree that that is a further good reason to make Southend-on-Sea a city?

The Prime Minister: I am very happy to join my hon. Friend in congratulating the Leigh-on-Sea branch of the Royal British Legion on its work in ensuring that young people recognise the importance of remembrance and the sacrifices made by previous generations for our

safety and security. As to his second point, he puts in a very interesting bid. I know that Southend-on-Sea is close to his heart and that he champions it all the time. I am sure that his bid will be looked at carefully.

Emma Hardy (Kingston upon Hull West and Hessle) (Lab): My constituent Hayley Crawley is receiving palliative care for bowel cancer, and she needs a specialist cancer drug that is available for other cancers. She waited for months to hear that her case for funding had been rejected by NHS England, and we are now waiting again for a reply to her appeal. Please will the Prime Minister write to NHS England to ensure that Hayley's case is treated as a priority?

The Prime Minister: Obviously I am aware that that will be causing distress to Hayley while she is waiting for the appeal decision, and I am sure that the Secretary of State for Health will look closely at the case that the hon. Lady has raised. We were of course able to introduce the Cancer Drugs Fund, which has allowed some patients to have access to drugs that would otherwise not be available, but I recognise the concern and distress from which the hon. Lady's constituent will be suffering while she waits for the decision.

Mr Shailesh Vara (North West Cambridgeshire) (Con): The Prime Minister will be aware that under President Mugabe, British citizens living in Zimbabwe, especially landowners, suffered considerably. Can she assure the House that as we see a new regime coming to Zimbabwe, the British Government will do all they can to persuade that new regime to treat British citizens living lawfully in that country with respect, and to give them the safety and security that they should have, along with all other Zimbabwean citizens?

The Prime Minister: My hon. Friend has raised an important point as we see that change taking place in Zimbabwe. I think that the resignation of Robert Mugabe gives Zimbabwe an opportunity to forge a new path, free from the oppression that has characterised the past. We want to see a democratic, free, secure Zimbabwe, where people across communities throughout Zimbabwe are able to lead their lives without fear and oppression, and we want to see the country rejoin the international community. We have obviously given Zimbabwe some support in the form of UK aid, and, as the country's oldest friend, we will do everything we can to support its change into a country that is free and democratic, and free of all oppression for all communities.

BILL PRESENTED**CLEAN AIR BILL**

Presentation and First Reading (Standing Order No. 57)

Geraint Davies, supported by Hilary Benn, Eleanor Smith, Tim Farron, Derek Thomas, Wera Hobhouse, John Mc Nally, Mr David Lammy, Sir Edward Davey, Rosie Duffield, Chris Evans and Preet Kaur Gill, presented a Bill to require the Secretary of State to set, measure, enforce and report on air quality targets; to make provision about mitigating air pollution, including through the use of clean air zones; to make provision about vehicle emissions testing; to restrict the approval and sale of vehicles with certain engine types; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 1 December, and to be printed (Bill 130).

Ways and Means**Financial Statement**

Mr Deputy Speaker (Mr Lindsay Hoyle): Before I call the Chancellor of the Exchequer, I remind hon. Members that copies of the Budget resolutions will be available in the Vote Office at the end of the Chancellor's speech. I also remind them that it is not the norm to intervene on the Chancellor of the Exchequer or the Leader of the Opposition.

12.37 pm

The Chancellor of the Exchequer (Mr Philip Hammond): I report today on an economy that continues to grow, continues to create more jobs than ever before, and continues to confound those who seek to talk it down: an economy set on a path to a new relationship with our European neighbours and a new future outside the European Union—a future that will be full of change, full of new challenges, and, above all, full of new opportunities. In this Budget, we express our resolve to look forward, not back; to embrace that change; to meet those challenges head-on; and to seize those opportunities for Britain.

The negotiations on our future relationship with the European Union are in a critical phase. My right hon. Friend the Prime Minister has been clear about the fact that we seek a deep and special partnership, based on free and frictionless trade in goods and services, close collaboration on security, and strong mutual respect and friendship; and, as Chancellor, I am clear about the fact that one of the biggest boosts that we can provide for businesses and families—one of the best ways to protect British jobs and prosperity as we build that new future—is to make early progress in delivering my right hon. Friend's vision, with an implementation agreement that allows businesses to plan and invest with confidence. This Government will make the pursuit of that progress a top priority in the weeks ahead.

While we work to achieve this deep and special partnership, we are determined to ensure that the country is prepared for every possible outcome. We have already invested almost £700 million in Brexit preparations and today I am setting aside over the next two years another £3 billion. I stand ready to allocate further sums if and when needed. No one should doubt our resolve.

But this Budget is about much more than Brexit. The world is on the brink of a technological revolution—one that will change the way we work and live, and transform our living standards for generations to come. We face a choice: either we embrace the future, seize the opportunities which lie within our grasp and build on Britain's great global success story; or, as the Labour party advocates, we reject change and turn inwards to the failed and irrelevant dogmas of the past.

We have no doubts. We choose the future. We choose to run towards change, not away from it, and to prepare our people to meet the challenges ahead, not to hide from them. And the prize will be enormous because, for the first time in decades, Britain is genuinely at the forefront of this technological revolution—not just in our universities and research institutes, but this time in the commercial development labs of our great companies,

[Mr Philip Hammond]

and on factory floors and business parks across this land. But we must invest to secure that bright future for Britain, and at this Budget that is what we choose to do.

We are listening and we understand the frustration of families where real incomes are under pressure. So at this Budget, we choose a balanced approach—yes, maintaining fiscal responsibility as we at last see our debt peaking, continuing to invest in the skills and infrastructure that will support the jobs of the future and building the homes that will make good on our promise to the next generation, but crucially also helping families to cope with the cost of living.

As we invest in our country's future, I have a clear vision of what that global Britain looks like: a prosperous and inclusive economy where everybody has the opportunity to shine, wherever in these islands they live and whatever their background, where talent and hard work are rewarded, and where the dream of home ownership is a reality for all generations; a hub of enterprise and innovation; a beacon of creativity; a civilised and tolerant place that cares for the vulnerable and nurtures the talented; an outward-looking, free-trading nation; and a force for good in the world. That is the Britain that I want to leave to my children—a Britain we can be proud of, and a country fit for the future. I know we will not build it overnight but we will lay the foundations in this Budget today. [Interruption.] Mr Deputy Speaker, I am being tempted with something a little more exotic here, but I will stick to plain water. I did take the precaution of asking the Prime Minister to bring a packet of cough sweets, just in case. [Laughter.]

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I think it might be hearing aids that we will all need if this noise continues.

Mr Hammond: I shall first report to the House on the economic forecasts of the independent Office for Budget Responsibility. This is the bit with the “long, economicky words”. Once again, I thank Robert Chote and his team for their hard work over the last few weeks. I believe passionately that the best way to improve the lives of people across the length and breadth of this country is to help them get into work. I am acutely aware that 1.4 million people out of work is 1.4 million too many, so today I welcome the OBR forecast that there will be another 600,000 people in work by 2022. I am immensely proud of this Government's record in having created over 3 million new jobs since 2010—incidentally, a rather far cry from the 1.2 million job losses that the right hon. Member for Hayes and Harlington (John McDonnell) predicted in 2011—but let nobody be in any doubt that this Government will continue their relentless focus on getting more people into work, giving them the security and peace of mind of a regular wage.

I also want work to be good quality and well paid, and regrettably our productivity performance continues to disappoint. The OBR has assumed at each of the last 16 fiscal events that productivity growth would return to its pre-crisis trend of about 2% a year, but it has remained stubbornly flat. So today it revises down the outlook for productivity growth, business investment and GDP growth across the forecast period. The OBR now expects to see GDP grow 1.5% in 2017, 1.4% in 2018,

1.3% in 2019 and 2020, before picking back up to 1.5% and finally 1.6% in 2022, with inflation peaking at 3% in this quarter before falling back towards target over the next year. I reaffirm the remit for the independent Monetary Policy Committee and its 2% CPI inflation target.

We took over an economy with the highest budget deficit in our peacetime history. Since then, thanks to the hard work of the British people, that deficit has been shrinking and next year will be below 2%. However, our debt is still too high and we need to get it down, not for some ideological reason but because excessive debt undermines our economic security, leaving us vulnerable to shocks; because it passes the burden unfairly to the next generation; and because it cannot be right to spend more on our debt interest than we do on our police and our armed forces combined. So I am pleased to tell the House that the OBR expects debt to peak this year and then gradually fall as a share of GDP—a turning point in our recovery from Labour's crisis. Apparently not everyone shares the view that falling debt is good news. I have heard representations from Labour Members suggesting increasing the debt by £500 billion, taking us back to square one and wasting an extra £7 billion a year on debt interest. If they carry on like that, there will be plenty of others joining Kezia Dugdale in saying, “I'm Labour, get me out of here.”

I have rejected these representations, and instead I reaffirm our pledge of fiscal responsibility and our commitment to the fiscal rules I set out last autumn, but now I choose to use some of the headroom I established then, so that as well as reducing debt, we can also invest in Britain's future, support our key public services, keep taxes low and provide a little help to families and businesses under pressure: a balanced approach that will prepare Britain for the future, not seek to hide from it.

Today, the OBR confirms that we are on track to meet our fiscal rules. Borrowing is forecast to be £49.9 billion this year. That is £8.4 billion lower than forecast at the spring Budget. After taking account of all decisions since the spring Budget, the OBR's GDP revision and the measures I will announce today, borrowing will fall in every year of the forecast, from £39.5 billion next year to £25.6 billion in 2022-23, to reach its lowest level in 20 years. As a percentage of our GDP, it falls from 2.4% this year to 1.9% next year, then 1.6%, 1.5%, 1.3% and, finally, 1.1% in 2022-23. The OBR forecasts the structural deficit to be 1.3% of GDP in 2020-21, giving £14.8 billion of headroom against our 2% target. Debt will peak at 86.5% of GDP this year and then fall to 86.4% next year, then 86.1%, 83.1%, 79.3% and, finally, 79.1% in 2022-23—the first sustained decline in debt in 17 years. Under Conservative-led Governments, the hard work of the British people is steadily clearing up the mess left behind by Labour.

At the heart of a global Britain must be a dynamic and innovative economy. On Monday, the Prime Minister set out the key elements of our modern industrial strategy—a strategy to raise productivity and wages in all parts of our country and to guarantee the brighter future we have promised to the next generation. My right hon. Friend the Secretary of State for Business, Energy and Industrial Strategy will present a White Paper to the House in the next few days. This is not just an economic plan; it is a key part of our vision for a

fairer Britain—a Britain where every one of our citizens can contribute to, and share in, the benefits of prosperity. The key to raising the wages of British workers is raising investment, both public and private, and we are investing in Britain's future: half a trillion pounds since 2010; the biggest rail programme since Victorian times; the largest road building programme since the 1970s; the biggest increase in science and innovation funding in four decades; and the two largest infrastructure projects in Europe—Crossrail and HS2.

When I took this job, I committed to making the battle to raise Britain's productivity, and thus the nation's pay, the central mission of the Treasury. Last autumn, I launched the national productivity investment fund to provide an additional £23 billion of investment over five years to upgrade Britain's economic infrastructure for the 21st century. Today, I can announce that I will extend the fund for a further year and expand it to over £31 billion, meaning that public investment under this Government will, on average, be £25 billion higher per year in real terms than under the last Labour Government. We are allocating a further £2.3 billion for investment in R and D, and we will increase the main R and D tax credit to 12%, taking the first strides towards the ambition of the industrial strategy to drive up R and D investment across the economy to 2.4% of GDP.

Britain is the world's sixth largest economy. London is the No. 1 international financial services centre. We have some of the world's best companies, and a commanding position in a raft of tech and digital industries that will form the backbone of the global economy of the future. Those who underestimate Britain do so at their peril, because we will harness that potential and turn it into the high-paid, high-productivity jobs of tomorrow. Others may choose to reject the future; we choose to embrace it. A new tech business is founded in Britain every hour, and I want that to be every half hour, so today we invest over £500 million in a range of initiatives from artificial intelligence to 5G and full-fibre broadband. We support regulatory innovation with a new regulators' pioneer fund and a new geospatial data commission—[*Interruption.*] Opposition Members should listen. The new commission will develop a strategy for using the Government's location data to support economic growth.

To help our tech start-ups reach scale, we asked Sir Damon Buffini to review the availability of patient capital, and I am grateful to him. Today, we are publishing an action plan to unlock over £20 billion of new investment in UK knowledge-intensive, scale-up businesses, including through a new fund in the British Business Bank seeded with £2.5 billion of public money, by facilitating pension fund access to long-term investments, and by doubling enterprise investment scheme limits for knowledge-intensive companies while ensuring that EIS is not used as a shelter for low-risk capital preservation schemes. We stand ready to step in to replace European Investment Fund lending if necessary.

There is perhaps no technology as symbolic of the revolution gathering pace around us as driverless vehicles—[*Interruption.*] Opposition Members surely do not want me to make that joke about the Labour party again. I know that Jeremy Clarkson does not like driverless vehicles, but there are many other good reasons to pursue the technology, so today we step up our support for it—sorry Jeremy, but this is definitely not the first

time that you have been snubbed by Hammond and May. Our future vehicles will be driverless, but they will be electric first, and that is a change that needs to come as soon as possible for our planet. So we will establish a new £400 million charging infrastructure fund and invest an extra £100 million in plug-in car grants and £40 million in charging R and D. I can confirm today that we will clarify the law so that people who charge their electric vehicles at work will not face a benefit-in-kind charge from next year. The tax system can play an important role in protecting our environment.

We owe it to our children that the air they breathe is clean. We published our air quality plan earlier this year, and we said then that we would fund it through taxes on new diesel cars. From April 2018, the first-year vehicle excise duty rate for diesel cars that do not meet the latest standards will go up by one band, and the existing diesel supplement in company car tax will increase by one percentage point. Drivers buying a new car will be able to avoid the charge as soon as manufacturers bring forward the next-generation cleaner diesels that we all want to see, and we will only apply the measures to cars. Before the headline writers start limbering up, let me be quite clear: no white van man or white van woman will be hit by these measures. The levy will fund a new £220 million clean air fund to provide support for the implementation of local air quality plans, improving the quality of the air in cities and towns up and down the UK.

However, air quality is, sadly, not our only environmental challenge. Audiences across the country who have been glued to "Blue Planet II" have been starkly reminded of the problems of plastics pollution. The UK led the world on climate change agreements and is a pioneer in protecting marine environments. I want us now to become a world leader in tackling the scourge of the plastic that is littering our planet and our oceans. With my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs, I will investigate how the tax system and charges on single-use plastic items can reduce waste, because we cannot keep our promise to the next generation to build an economy fit for the future unless we ensure our planet has a future.

Meeting the challenge of change head-on means giving our people the confidence to embrace it and the skills to reap the rewards from it, and we have a plan to do so. We are delivering 3 million apprenticeship starts by 2020 thanks to our apprenticeship levy, and I will keep under review the flexibility that levy payers have to spend that money. We are introducing T-levels, and today I provide a further £20 million to support further education colleges to prepare for them. Knowledge of maths is key to the high-tech, cutting-edge jobs in our digital economy, but it is also useful in less glamorous roles such as frontline politics. So we will expand the Teaching for Mastery of Maths programme to a further 3,000 schools; we will provide £40 million to train maths teachers across the country; we will introduce a £600 maths premium for schools, for every additional pupil who takes A-level or core maths; and we will invite proposals for new maths schools across England, so that highly talented young mathematicians can release their potential, wherever they live and whatever their background. More maths for everyone—Mr Deputy Speaker, don't let anyone say I don't know how to show the nation a good time.

[Mr Philip Hammond]

Computer science is also at the heart of this revolution, so we will ensure that every secondary school pupil can study computing by tripling the number of trained computer science teachers to 12,000, and we will work with industry to create a new national centre for computing. But rapid technological change means that we also need to help people retrain during their working lives, ensuring that our workforce are equipped with the skills they will need for the workplace of the future. Today, my right hon. Friend the Education Secretary and I are launching an historic partnership, between the Government, the CBI and the TUC, to set the strategic direction for a national retraining scheme. Its first priority will be to boost digital skills and support expansion of the construction sector. To make a start immediately, we will invest £30 million in the development of digital skills distance learning courses, so that people can learn wherever they are and whenever they want.

I am pleased to be able to accept the representation I have received from the TUC to continue to fund Unionlearn, which I recognise is a valuable part of our support for workplace learning. [Interruption.] Apparently the Opposition do not know what that is, Mr Deputy Speaker. I got an email from Len asking me especially, so I couldn't say no, could I?

Backing skills is key to unlocking growth nationally, but far too much of our economic strength is concentrated in our capital city. If we are truly to build an economy that is fit for the future, we have to get all parts of the UK firing on all cylinders. That is what our modern industrial strategy is all about. Today we back the northern powerhouse, the midlands engine and elected Mayors across the UK, with a new £1.7 billion Transforming Cities fund: half to be shared by the six areas with elected metro Mayors, to give them the firepower to deliver on local transport priorities, and the remainder to be open to competition by other cities in England.

We are investing £300 million to ensure that HS2 infrastructure can accommodate future northern powerhouse and midlands engine rail improvements. I am also providing £30 million today to trial new solutions to improve mobile and digital connectivity on trains on the TransPennine route. We are developing a local industrial strategy with Manchester, and I am pleased to announce a second devolution deal with Andy Street in the west midlands. We have agreed a new devolution deal with North of the Tyne, and we will fund the replacement of the 40-year-old rolling stock on the Tyne and Wear metro, at a total investment of £337 million.

We will invest £123 million in the Redcar steelworks site to support the ambitious plans of our new Tees Valley Mayor, Ben Houchen, and my hon. Friend the Member for Middlesbrough South and East Cleveland (Mr Clarke), who are leading the fight for prosperity in their area. We are piloting 100% business rates retention in London next year and continuing to work with Transport for London on the funding and financing of Crossrail 2. We will also make over £1 billion of discounted lending available to local authorities across the country to support high-value infrastructure projects—a Conservative Government giving power back to the people of Britain, and driving prosperity and greater fairness across our United Kingdom.

The decisions taken in this Budget also mean £2 billion more for the Scottish Government, £1.2 billion more for the Welsh Government and over £650 million more for a Northern Ireland Executive. I can confirm today that progress is being made on city deals for Tay Cities and Stirling, and on a growth deal for Borderlands. I am getting used to the experience of having my ear bent by 13 Scottish Conservative colleagues, most recently on the issue of Scottish police and fire VAT. The Scottish National party knew the rules and knew the consequences of introducing these bodies, and ploughed ahead anyway. My Scottish Conservative colleagues have persuaded me that the Scottish people should not lose out just because of the obstinacy of the SNP Government, so we will legislate to allow VAT refunds from April 2018.

In response to yet more representations from my hon. Friends from Scotland, aided and abetted by my hon. Friend the Member for Waveney (Peter Aldous), from November 2018 we will introduce transferable tax history for transfers of oil and gas fields in the North sea, an innovative tax policy that will encourage new entrants to bring fresh investment to a basin that still holds up to 20 billion barrels of oil.

We will begin negotiations towards growth deals for north Wales and mid-Wales, and we will abolish tolls on the Severn bridge, as promised, by the end of next year. We will deliver on our commitment to review the effect of VAT and air passenger duty on tourism in Northern Ireland, reporting at next year's Budget, and we will open negotiations for a Belfast city deal as part of our commitment to a comprehensive and ambitious set of city deals across Northern Ireland—a Conservative Government delivering for all parts of our United Kingdom.

It is only by supporting our regions and nations, dealing with our debts and investing in skills and infrastructure for the long term that we can we build an economy fit for the future. But I recognise that many people are feeling pressure on their budgets now, and because we are all in politics to make people's lives better, in the short term as well as the long term, we will take further measures in this Budget to help families and businesses where we can.

The switch to universal credit is a long-overdue and necessary reform, replacing Labour's broken system that discouraged people from working more than 16 hours a week and trapped 1.4 million on out-of-work benefits for nearly a decade. Universal credit delivers a modern welfare system where work always pays and people are supported to earn, but I recognise the genuine concerns on both sides of the House about the operational delivery of this benefit, and today we will act on those concerns.

First, we will remove the seven-day waiting period applied at the beginning of a benefit claim so that entitlement to universal credit will start on the day of the claim. To provide greater support during the waiting period, we will change the advances system to ensure that any household that needs it can access a full month's payment within five days of applying; we will make it possible to apply for an advance online, and we will extend the repayment period for advances from six months to 12 months; and any new universal credit claimant in receipt of housing benefit at the time of the claim will continue to receive that housing benefit for a further two weeks, making it easier for them to pay their

rent. This is a £1½ billion package to address concerns about the delivery of the benefit. My right hon. Friend the Secretary of State for Work and Pensions will give further details in a statement to the House tomorrow.

We also want to help low-income households in areas where rents have been rising fastest. In the long run, of course, the answer lies in increasing the amount of housing available, a theme I shall return to. In the meantime, the best way to help them is by increasing the rate of support in those areas where rents are least affordable. So we will increase targeted affordability funding by £125 million over the next two years, benefiting 140,000 people. We will always listen to genuine concerns and act where we can to help.

Making work pay is core to the philosophy of this Government. That is why we introduced the national living wage in 2016. From April, it will rise by 4.4%, from £7.50 an hour to £7.83, handing full-time workers a further £600 pay increase and taking their total pay rise since its introduction to over £2,000 a year. We also accept the Low Pay Commission's recommendations on national minimum wage rates, supporting our young people with the largest increase in youth rates in 10 years and delivering a pay rise for over 2 million minimum wage workers of all ages across the country.

The facts are these: income inequality today is at its lowest level in 30 years; the top 1% are paying a larger share of income tax than at any time under the last Labour Government; the poorest 10% in Britain have seen their real incomes grow faster since 2010 than the richest 10%; and the proportion of full-time jobs that are low paid is at its lowest level for 20 years—a Conservative Government delivering a fairer Britain.

As well as making work pay, we want families to keep more of the money they earn. When we came into office, the personal allowance stood at £6,475 a year. From April, I will increase the personal allowance to £11,850 and the higher rate threshold to £46,350, making progress towards our manifesto commitments, which I reiterate today. The typical basic-rate taxpayer will be £1,075 a year better off compared with 2010, and a full-time worker on the national living wage will take home more than £3,800 extra—this Conservative Government, delivering for Britain's workers.

I turn now to duties. The tobacco duty escalator will continue at inflation plus 2%, with an additional 1% duty on hand-rolling tobacco this year, and minimum excise duty on cigarettes will also rise. Excessive alcohol consumption by the most vulnerable people is all too often done through cheap, high-strength, low-quality products, especially so-called white ciders. I pay tribute to the campaign led by my hon. Friend the Member for Congleton (Fiona Bruce) on this issue. Following our recent consultation, we will legislate to increase duty on these products from 2019. But, recognising the pressure on household budgets, and backing our great British pubs, duties on other ciders, wines, spirits and beer will be frozen. This will mean that a bottle of whisky will be £1.15 less in 2018 than if we had continued with Labour's plans, and a pint of beer 12p less. So, merry Christmas, Mr Deputy Speaker.

The cost of travel is an important factor for families and businesses. From April 2019, I will again freeze short-haul air passenger duty rates, and I will also freeze long-haul economy rates, paid for by an increase on premium-class tickets and on private jets—sorry,

Lewis. For those who do not stretch to a private jet, I can announce a new railcard for those aged 26 to 30, giving 4.5 million more young people a third off their rail fares. I will, once again, cancel the fuel duty rise for both petrol and diesel that is scheduled for April. Since 2010, we will have saved the average car driver £850 and the average van driver over £2,100, compared with Labour's escalator plans. Fuel duty has now been frozen for the longest period in 40 years, at a total cost to the Exchequer of £46 billion since 2010.

Our NHS is one of our great institutions: an essential part of what we are as a nation and a source of pride the length and breadth of the country. Its values are the values of the British people, and we will always back it. Dedicated NHS staff are handling the challenges of an ageing population and rapidly advancing technology with skill and commitment, and we salute them. Mr Deputy Speaker, although you would not think so to listen to the Leader of the Opposition as he regularly talks down the achievements of the NHS, the number of patients being treated is at record levels, cancer survival rates are at their highest ever level, 17 million people are now able to access GP appointments in the evenings and at weekends, and public satisfaction among hospital in-patients is at its highest level in more than 20 years.

It is central to this Government's vision that everyone has access to the NHS, free at the point of need. That is why we endorsed and funded the NHS's five-year forward view in 2014. But even with this additional funding, we acknowledge that the service remains under pressure, and today we respond. First, we will deliver an additional £10 billion package of capital investment in frontline services over the course of this Parliament to support the sustainability and transformation plans that will make our NHS more resilient—investing for an NHS fit for the future. But we also recognise that the NHS is under pressure right now. I am therefore exceptionally, and outside the spending review process, making an additional commitment of resource funding of £2.8 billion to the NHS in England: £350 million immediately, to allow trusts to plan for this winter, and £1.6 billion in 2018-19, with the balance in 2019-20, taking the extra resource into the NHS next year to £3.75 billion in total, meaning that our NHS will receive a £7.5 billion increase to its resource budget over this year and next.

Our nation's nurses provide invaluable support to us all in our time of greatest need and deserve our deepest gratitude for their tireless efforts. My right hon. Friend the Health Secretary has already begun discussions with health unions on pay structure modernisation for "Agenda for Change" staff, to improve recruitment and retention. He will submit evidence to the independent pay review body in due course, but I want to assure NHS staff and patients, and Members of this House, that if the Health Secretary's talks bear fruit, I will protect patient services by providing additional funding for such a settlement.

Just as our public services must be fit for the future, so too must our tax system. It must remain competitive to attract the brightest and the best to establish and grow the businesses of the future. It must raise the revenue we need to fund our public services and it must be robust against abuse so that it is fair to all. We have heard a lot of talk recently from the Opposition about what they would do to crack down on tax avoidance and evasion, but the truth is that they did not. It is this

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Government who have clamped down on avoidance and evasion; this Government who have seen the tax gap cut by a quarter since 2010, to a record low; and this Government who have raked in an extra £160 billion over seven years for our public services by collecting the taxes that are due. So I am going to take no lectures, but I will take action. This Budget continues the work of the last seven years, with a package of measures that is forecast to raise £4.8 billion by 2022-23—doing the job that Labour failed to do for 13 years in office.

Our long-term phased reduction of corporation tax has generated investment and jobs and raised £20 billion extra for our public services. We are committed to maintaining Britain's competitive corporation tax rates, but there is a case now for removing the anomaly of the indexation allowance for capital gains, bringing the corporate tax system into line with the personal capital gains tax system. I will therefore freeze this allowance so that companies receive relief for inflation up to January 2018, but not thereafter.

I am grateful to the Office of Tax Simplification for its recent report on the VAT registration threshold. At £85,000, the UK's VAT threshold is by far the highest in the OECD. By contrast, in Germany it is just £15,600. I note the OTS conclusion that it distorts competition and disincentivises business growth. I also note the concerns of the Federation of Small Businesses about the cliff edge of the threshold. But such a high threshold also has the benefit of keeping the majority of small businesses out of VAT altogether, so I am not minded to reduce the threshold, but I will consult on whether its design could better incentivise growth, and in the meantime we will maintain it at its current level of £85,000 for the next two years.

We cannot build an economy fit for the future without supporting its backbone: our 5.5 million small businesses, which are responsible between them for nearly half of our private sector jobs. They give our economy its extraordinary vibrancy and resilience, but I recognise that many are feeling under pressure right now. I know what hard work it is to get a business off the ground, to get it to grow, so today I want to do what we can to ease that pressure.

Business rates represent a high fixed cost for small businesses. At Budget 2016 we introduced a package of business rate relief worth almost £9 billion, with a further £435 million in the spring Budget. Today I go further. We have listened to concerns about the potential costs of the annual uprating of business rates in April next year, and today I will accept the representation of the British Chambers of Commerce, CBI and other business organisations and bring forward the planned switch from RPI to CPI by two years, to April 2018—a move worth £2.3 billion to businesses over the next five years.

I have also listened to businesses affected by the so-called staircase tax. We will change the law to ensure that where a business has been impacted by the Supreme Court ruling, it can have its original bill reinstated, if it chooses, and backdated. I hope that I can expect cross-party backing to speed that measure through Parliament.

There are three simple steps to solve the staircase tax—[*Interruption.*] What do they expect? It's the tax section. To support the thousands of small pubs that are at the heart of so many of our communities, we will

extend the £1,000 discount for pubs with a rateable value of less than £100,000 for one more year, to March 2019.

And I have heard the concerns about the five-yearly revaluation system. Shorter revaluation periods will reduce the size of changes in valuations, so I can announce today that after the next revaluation, future revaluations will take place every three years—this Conservative Government listening to small business.

There is a wider concern across this House and in the business community about the tax system in the digital age. Along with the innovation and growth that it brings, digitalisation poses challenges for the sustainability and fairness of our tax system. But this challenge can only be properly solved on an international basis, and the UK is leading the charge in the OECD and the G20 to find solutions.

Today we publish a position paper on the tax challenge posed by the digital economy, setting out our emerging thinking about potential solutions. But in the meantime, we will take what action we can. Multinational digital businesses pay billions of pounds in royalties to jurisdictions where they are not taxed, and some of these royalties relate to UK sales. So from April 2019, and in accordance with our international obligations, we will apply income tax to royalties relating to UK sales when those royalties are paid to a low-tax jurisdiction, even if they do not fall to be taxed in the UK under our current rules. That will raise about £200 million a year. It does not solve the problem, but it does send a signal of our determination and we will continue work in the international arena to find a sustainable and fair long-term solution that properly taxes the digital businesses that operate in our cyber-space.

Following representations from a number of my hon. Friends, we are also taking further action to address online VAT fraud, which costs the taxpayer £1.2 billion per year, by making all online marketplaces jointly liable with their sellers for VAT, ensuring that sellers operating through them pay the right amount of VAT, just as we would expect traditional retailers to do.

I want to turn to the challenge of the housing market, but before I do so I want to touch on the aftermath of the appalling events at Grenfell Tower. We have provided financial support for the victims of this terrible tragedy, and today I can announce we will provide Kensington and Chelsea Council with a further £28 million for mental health and counselling services, regeneration support for the surrounding areas and to provide a new community space for local residents.

This tragedy should never have happened, and we must ensure that nothing like it ever happens again. All local authorities and housing associations must carry out any identified necessary safety works as soon as possible. If any local authority cannot access funding to pay for essential fire safety work, they should contact us immediately. I have said before, and I will say it again today: we will not allow financial constraints to get in the way of any essential fire safety work.

I want to address the issue of empty properties. It cannot be right to leave property empty when so many are desperate for a place to live, so we will legislate to give local authorities the power to charge a 100% council tax premium on empty properties. We will also launch a consultation on barriers to longer tenancies

in the private rented sector and how we might encourage landlords to offer them to those tenants who want the extra security.

I also want to say something about rough sleeping. It is unacceptable that in 21st-century Britain there are people sleeping on the streets, so we will invest today £28 million in three new Housing First pilots in the west midlands, Manchester and Liverpool, and we will establish a homelessness taskforce as part of our commitment to halving rough sleeping by 2022 and eliminating it by 2027.

I thank the many colleagues who submitted ideas on how to tackle the challenge of the housing market, including my hon. Friends the Members for North East Hampshire (Mr Jayawardena), for Eastleigh (Mims Davies) and for Weston-super-Mare (John Penrose) in particular. By continuing to invest in Britain's infrastructure, skills and research and development, we will ensure the recovery in productivity growth that is the key to delivering our vision of a stronger, fairer, more balanced economy, and the assurance to the next generation of their economic security.

But however successful we are in that endeavour, there is one area where young people today will, rightly, feel concern about their future prospects, and that is in the housing market. House prices are increasingly out of reach for many. It takes too long to save for a deposit, and rents absorb too high a portion of monthly income, so the number of 25 to 34-year-olds owning their own home has dropped from 59% to just 38% over the last 13 years. Put simply, successive Governments, over decades, have failed to build enough homes to deliver the home-owning dream that this country has always been proud of, or indeed to meet the needs of those who rent.

In Manchester a few weeks ago, my right hon. Friend the Prime Minister made a pledge to Britain's younger generation that she would dedicate her premiership to fixing this problem, and today we take the next steps to delivering on that pledge. By choosing to build we send a message to the next generation that getting on the housing ladder is not just a dream of your parents' past, but a reality for your future.

We have made a start with schemes such as Help to Buy, which has helped over 320,000 people buy a home. We have increased the supply of homes by more than 1.1 million since 2010, including nearly 350,000 affordable homes. House building stands at its highest level since the crash, with the latest figures showing that over 217,000 net additional homes were added to the stock last year. That is a remarkable achievement, but we need to do better still if we are to see affordability improve.

This is a complex challenge, and there is no single magic bullet. If we do not increase the supply of land for new homes, more money will simply inflate prices and make matters worse. If we do not do more to support the growth of the SME house building sector that was all but wiped out by Labour's great recession, we will remain dependent on the major national house builders that dominate the industry. If we do not train the construction workers of tomorrow, we may generate planning permissions but we will not turn them into homes. Solving this challenge will require money, it will require planning reform and it will require intervention. So today we set out an ambitious plan to tackle the housing challenge.

Over the next five years, we will commit a total of at least £44 billion of capital funding, loans and guarantees to support our housing market, to boost the supply of skills, resources and building land, and to create the financial incentives necessary to deliver 300,000 net additional homes a year on average by the mid-2020s—the biggest annual increase in housing supply since 1970; new money for the home builders fund to get SME house builders building again; a £630 million small sites fund to unstick the delivery of 40,000 homes; a further £2.7 billion to more than double the housing infrastructure fund; £400 million more for estate regeneration; a £1.1 billion fund to unlock strategic sites, including new settlements and urban regeneration schemes; a lifting of housing revenue account caps for councils in high demand areas, to get them building again; and £8 billion of new financial guarantees to support private house building and the purpose-built private rented sector. And because we need a workforce to build these new homes, we are providing an additional £34 million to develop construction skills across the country.

Solving the housing challenge takes more than money—it takes planning reform. We will focus on the urban areas where people want to live and where most jobs are created, making best use of our urban land and continuing the strong protection of our green belt, in particular building high quality, high density homes in city centres and around major transport hubs. And to put the needs of our young people first, we will ensure that councils in high demand areas permit more homes for local first-time buyers and affordable renters.

My right hon. Friend the Communities Secretary will set out more detail in a statement to the House in due course. However, one thing is very clear: there is a significant gap between the number of planning permissions granted and the number of homes built. In London alone, there are 270,000 residential planning permissions unbuilt. We need to understand why. So I am establishing an urgent review to look at the gap between planning permissions and housing starts. It will be chaired by my right hon. Friend the Member for West Dorset (Sir Oliver Letwin) and will deliver an interim report in time for the spring statement next year. And if that report finds that vitally needed land is being withheld from the market for commercial, rather than technical, reasons, we will intervene to change the incentives to ensure that such land is brought forward for development, using direct intervention compulsory purchase powers as necessary.

Mr Deputy Speaker, my right hon. Friend the Prime Minister has said that we will fix this problem, and no one should doubt the Government's determination to do so. But the solution will not deliver itself. Local authorities will need help and support. Developers will need encouragement and persuasion. Infrastructure to facilitate higher-density development must be funded and delivered. So the Homes and Communities Agency will expand to become Homes England, bringing together money, expertise and planning and compulsory purchase powers, with a clear remit to facilitate delivery of sufficient new homes, where they are most needed, to deliver a sustained improvement in housing affordability.

But Mr Deputy Speaker, the battle to achieve and sustain affordability will be a long-term one, so we also need to look beyond this Parliament, to long-term measures. We will use new town development corporations to kick-start five new locally agreed garden towns in

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areas of demand pressure, delivered through public-private partnerships and designed to attract long-term capital investment from around the world.

Last week, the National Infrastructure Commission published their report on the Cambridge-Milton Keynes-Oxford corridor. Today we back their vision and commit to building up to 1 million homes by 2050, completing the road and rail infrastructure to support them. And as a down-payment on this plan, we have agreed an ambitious housing deal with Oxfordshire to deliver 100,000 homes by 2031. We are capitalising on the global reputations of our two most famous universities and Britain's biggest new town to create a dynamic new growth corridor for the 21st century.

Mr Deputy Speaker, this is our plan to deliver on the pledge we have made to the next generation: that the dream of home ownership will become a reality in this country once again. But I also want to take action today to help young people who are saving to own a home. One of the biggest challenges facing young first-time buyers is the cash required up front. We have put £10 billion more money into Help to Buy: Equity Loan to help those saving for a deposit, but I want to do more still. I have received representations for a temporary stamp duty holiday for first-time buyers, but this would only help those who are ready to purchase now and would offer nothing for the many who will need to save for years. So with effect from today, for all first-time-buyer purchases up to £300,000, I am abolishing stamp duty altogether.

Hon. Members: More!

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. If you want more, you are going to have to let the Chancellor finish.

Mr Hammond: Mr Deputy Speaker, to ensure that this relief also helps first-time buyers in very high price areas like London, it will also be available on the first £300,000 of the purchase price of properties up to £500,000, meaning an effective reduction of £5,000.

That is a stamp duty cut for 95% of all first-time buyers who pay stamp duty and no stamp duty at all for 80% of first-time buyers from today. When we say we will revive the home-owning dream in Britain, we mean it. We do not underestimate the scale of the challenge, but today we have made a substantial down-payment.

Mr Deputy Speaker, one of the things that I love most about this country is its sense of opportunity. I have always felt it, and I want young people growing up today to have that same sense of boundless opportunity. In this Budget, I have set out a vision for Britain's future and a plan for delivering it: by getting our debt down, by supporting British families and businesses, by investing in the technologies and the skills of the future and by creating the homes and the infrastructure that our country needs.

We are at a turning point in our history, and we resolve to look forwards, not backwards—to build on the strengths of the British economy, to embrace change not hide from it, to seize the opportunities ahead of us and, together, to build a Britain fit for the future. I commend this statement to the House.

PROVISIONAL COLLECTION OF TAXES

Motion made, and Question put forthwith (Standing Order No. 51(2)),

That, pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following motions:—

- (a) Stamp duty land tax (higher rates for additional dwellings) (motion no. 35.)
- (b) Stamp duty land tax (relief for first-time buyers) (motion no. 36.)
- (c) Tobacco products duty: rates (motion no. 40).—(*Mr Philip Hammond.*)

Question agreed to.

Mr Deputy Speaker (Mr Lindsay Hoyle): I now call upon the Chancellor of the Exchequer to move the motion entitled “Income tax (charge)”. It is on this motion that the debate will take place today and on succeeding days. The questions on this motion and on the remaining motions will be put at the end of the Budget debate on Tuesday 28 November.

Budget Resolutions

INCOME TAX (CHARGE)

Motion made, and Question proposed,

That income tax is charged for the tax year 2018-19.

And it is declared that it is expedient in the public interest that this Resolution should have statutory effect under the provisions of the Provisional Collection of Taxes Act 1968.—(*Mr Philip Hammond.*)

1.41 pm

Jeremy Corbyn (Islington North) (Lab): The test of a Budget is how it affects the reality of people's lives all around this country. I would submit that the reality—*[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Look, if somebody wants to go for an early cup of tea, please do so—I am told there are mince pies waiting—but what I will have is the Leader of the Opposition listened to, and quietly, from the Government side, in the same way I expected from the other side of the House.

Jeremy Corbyn: Thank you, Mr Deputy Speaker.

The reality test of this Budget has to be how it affects ordinary people's lives. I believe, as the days go ahead and this Budget unravels, the reality will be that a lot of people will be no better off, and the misery that many are in will be continuing.

Pay is now lower than it was in 2010, and wages are now falling again. Economic growth in the first three quarters of this year is the lowest since 2009 and the slowest of the major economies in the G7. It is a record of failure, with a forecast of more to come.

Economic growth has been revised down. Productivity growth has been revised down; business investment, revised down; people's wages and living standards, revised down. What sort of strong economy is that? What sort of "fit for the future" is that?

You may recall, Mr Deputy Speaker, that the deficit was due to be eradicated by 2015. Then that moved to 2016; then to 2017; then to 2020. And now we are looking at 2025. The Government are missing their major targets, but the failed and damaging policy of austerity remains.

The number of people sleeping rough has doubled since 2010. This year, 120,000 children will spend Christmas in temporary accommodation. Three new pilot schemes to look at rough sleeping across the whole country simply does not cut it. We want action now to help those poor people who are forced to sleep on our streets and beg for—*[Interruption.]*

Mr Deputy Speaker: Order. I think the Whips should know better. Mr Spencer, I am sure you could relax—please, we do not need any more from you. If not, leave the Chamber.

Jeremy Corbyn: The point I was making is that three new pilot schemes for rough sleepers simply does not cut it. It is a disaster for those people sleeping on our streets and forced to beg for the money for a night shelter. They are looking for action now from Government to give them a roof over their heads.

In some parts of the country, life expectancy is actually beginning to fall. The last Labour Government lifted 1 million children out of poverty—it was an amazing achievement. Under this Government, an extra 1 million children will be plunged into poverty by the end of this Parliament. Some 1.9 million pensioners, or one in six of all pensioners, are living in poverty—the worst rate anywhere in western Europe. So, it is falling pay, slow growth and rising poverty. This is what the Chancellor has the cheek to call a strong economy.

The Chancellor's predecessor said they would put the burden on

"those with the broadest shoulders"—*[Official Report, 20 October 2010; Vol. 516, c. 951]*—

so how has that turned out? The poorest 10th of households will lose 10% of their income by 2022, while the richest will lose just 1%—so much for "tackling burning injustices". This is a Government tossing fuel on the fire.

Personal debt levels are rising: 8.3 million people are over-indebted. If the Chancellor wants to help people out of debt, he should back Labour's policy for a real living wage of £10 an hour by 2020. Working-class young people are now leaving university with £57,000-worth of debt because this Government—his Government—trebled tuition fees. The new Government policy is to win over young people by keeping fees at £9,250 per year—more debt for people who want to learn.

But that is just one of the multitudes of injustices presided over by this Government. Another is universal credit, which we called on Ministers to pause and fix. That is the view of this House. It is the verdict of those on the frontline.

Christopher Pincher (Tamworth) (Con): Keep going, Jeremy!

Mr Deputy Speaker: Mr Pincher, you shouted out "Keep going," and the right hon. Gentleman will—but you will be going out of the Chamber.

Jeremy Corbyn: I would rather people stayed to listen, actually, Mr Deputy Speaker, to the reality—*[Interruption.]*

Mr Deputy Speaker: Order. Silence—that's the difference. It will be in silence.

Jeremy Corbyn: Thank you, Mr Deputy Speaker.

Maybe Government Members would like to listen to Martin's experience. A full-time worker on the minimum wage, he said:

"I get paid four weekly meaning that my pay date is different each month".

Because, under the universal credit system, he was paid twice in a month and deemed to have earned too much, his universal credit was cut off. He says:

"This led me into rent arrears and I had to use a food bank for the first time in my life".

That is the humiliation that he and so many others have gone through because of the problems of universal credit. Would it not have been better to pause the whole thing and look at the problems it has caused?

The Chancellor's solution to a failing system causing more debt is to offer a loan, and a six-week wait, with 20% waiting even longer, simply becomes a five-week wait. This system has been run down by £3 billion of cuts to work allowances, the two-child limit and the perverse and appalling rape clause, and it has caused

[Jeremy Corbyn]

evictions because housing benefit is not paid direct to the landlord. So I say to the Chancellor again: put this system on hold so it can be fixed and keep 1 million of our children out of poverty.

For years, we have had the rhetoric of a long-term economic plan that never meets its targets when what all too many people are experiencing is long-term economic pain—and hardest hit are disabled people, single parents and women—so it is disappointing that the Chancellor did not back the campaign by my hon. Friend the Member for Brent Central (Dawn Butler) to end period poverty. He could have done that. Well done her on the campaign; shame on him for not supporting it.

The Conservatives' manifesto in the last election disappeared off their website after three days, and now some Ministers have put forward some half-decent proposals conspicuously borrowed from the Labour manifesto. Let me tell the Chancellor: as socialists, we are happy to share ideas. The Communities Secretary called for £50 million of borrowing to invest in house building; presumably, the Prime Minister slapped him down for wanting to bankrupt Britain. The Health Secretary has said that the pay cap is over, but where is the money to fund the pay rise?

The Chancellor has not been clear today—not for NHS workers, our police, firefighters, teachers, teaching assistants, bin collectors, tax collectors, or armed forces personnel—so will he listen to Claire? She says:

“My Mum works for the NHS. She goes above and beyond for her patients. Why does the government think it's ok to under pay, over stress and underappreciate all that work?”

The NHS chief executive says:

“The budget for the NHS next year is well short of what is currently needed”.

From what the Chancellor has said today, it is still going to be well short of what is needed. He said in 2015 that the Government would fund another 5,000 GPs, but in the last year we have had 1,200 fewer GPs—and we have lost community nurses and mental health nurses. The Chancellor promised £10 billion in 2015 and delivered £4.5 billion. So if he does not mind, we will wait for the small print on today's announcement—but even what he said certainly falls well short of the £6 billion Labour would have delivered from our June manifesto.

Over 1 million of our elderly are not receiving the care they need. Over £6 billion will have been cut from social care budgets by next March. [Interruption.] I hope the hon. Member for Burton (Andrew Griffiths) begins to understand what is like to wait for social care stuck in a hospital bed, with other people having to give up their work to care for them. The uncaring, uncouth attitude of certain Government Members has to be called out—[Interruption.]

Mr Deputy Speaker: Order. Carry on.

Jeremy Corbyn: That is why social care budgets are so important for so many very desperate people in our country.

Our schools will be 5% worse off by 2019 despite the Conservative manifesto promising that no school would be worse off. Five thousand head teachers from 25 counties wrote to the Chancellor saying that:

“we are simply asking for the money that is being taken out of the system to be returned”.

A senior science technician, Robert, wrote to me saying:

“My pay”

has been

“reduced by over 30%. I've seen massive cuts at my school. Good teachers and support staff leave.”

That is what does for the morale both of teachers and students in school. According to this Government, 5,000 head teachers are wrong, Robert is wrong, the IFS is wrong—everybody is wrong except the Chancellor.

If the Chancellor bothered to listen to what local government is saying, he would know that it has been warning that services for vulnerable children are under more demand than ever, with more children being taken into care and more in desperate need of help and support. Yet councils are labouring with a £2 billion shortfall in the cost of dealing with vulnerable children. Local councils will have lost 80% of their direct funding by 2020. The reality of this across the country is women's refuges closing, youth centres closing, libraries closing, museums closing, and public facilities understaffed, under-resourced and under-financed—it could be so different—but compassion can cost very little. Just £10 million is needed to establish the child funeral fund campaigned for so brilliantly by my hon. Friend the Member for Swansea East (Carolyn Harris). Why could not the Chancellor at least have agreed to fund that?

Under this Government, there are 20,000 fewer police officers, and another 6,000 community support officers and 11,000 fire service staff have been cut as well. You cannot keep communities safe on the cheap. Tammy explains:

“Our police presence has been taken away”

from her village

“meaning increasing crime. As a single parent I no longer feel safe in my own village, particularly”

at night.

Five and a half million workers earn less than the living wage—I million more than five years ago. The Chancellor, last Sunday, could not even see 1.4 million people unemployed in this country. There is a crisis of low pay and insecure work affecting one in four women and one in six men, with a record 7.4 million people in working households living in poverty. If we want workers earning better pay and less dependent on in-work benefits, we need strong trade unions—the most effective way of boosting workers' pay. Instead, this Government weakened trade unions and introduced employment tribunal fees, now scrapped thanks to the victory in the courts by Unison—a trade union representing its members.

Why did not the Chancellor take the opportunity to make two changes to control debt: first, to cap credit card debt, so that nobody pays back more than they borrowed; and secondly, to stop credit card companies increasing people's credit limit without their say-so? Debt is being racked up because the Government are weak on those who exploit people, such as rail companies hiking fares above inflation year on year, and water companies and energy suppliers. During the general election, the Conservatives promised an energy cap that would benefit

“around 17 million families on standard variable tariffs”,

but every bill tells millions of families that the Government have broken that promise.

With £10 billion in housing benefit going into the pockets of private landlords every year, housing is a key factor in driving up the welfare bill. There were not too many words from the Chancellor about excessive rents in the private rented sector. With this Government delivering the worst rate of house building since the 1920s and a quarter of a million fewer council homes, any commitment would be welcome, but we have been here before. The Government promised 200,000 starter homes three years ago; not a single one has been built in those three years. We need a large-scale, publicly funded house building programme, not this Government's accounting tricks and empty promises. Yes, we back the abolition in stamp duty for first-time buyers—because it was another Labour policy in our manifesto in June, not a Tory one.

This Government's continual preference for spin over substance means that across this country the words "northern powerhouse" and "midlands engine" are now met with derision. Yorkshire and Humber gets only a 10th of the transport investment per head given to London. Government figures show that every region in the north of England has seen a fall in spending on services since 2012. The midlands, east and west, receives less than 8% of total transport infrastructure investment, compared with the 50% that goes to London. In the east and west midlands, one in four workers is paid less than the living wage—so much for the midlands engine. Re-announced funding for the trans-Pennine rail route will not cut it, and today's other announcements will not redress the balance.

Combined with counterproductive austerity, this lack of investment has consequences in sluggish growth and shrinking pay packets. Public investment has virtually halved. Under this Government, Britain has the lowest rate of public investment in the G7, but it is now investing in driverless cars, after months of road testing back-seat driving in the Government.

By moving from RPI to CPI indexation on business rates, the Chancellor has adopted another Labour policy, but why do the Government not go further and adopt Labour's entire business rates pledge, including exempting plant and machinery, and an annual revaluation of business rates?

Nowhere has the Government's chaos been more evident than over Brexit. Following round after round of fruitless Brexit negotiations, the Brexit Secretary has been shunted out for the Prime Minister, who has got no further. Every major business organisation has written to the Government, telling them to pull their finger out and get on with it. Businesses are delaying crucial investment decisions, and if this Government do not get their act together, those businesses will soon be taking relocation decisions.

Crashing out with no deal and turning Britain into a tax haven would damage people's jobs and living standards, serving only a wealthy few. It is not as though this Government are not doing their best to protect tax havens and their clients in the meantime. The Paradise papers have again exposed how a super-rich elite is allowed to get away with dodging taxes. This Government have opposed measure after measure in this House—their Tory colleagues have done the same in the European Parliament—to clamp down on the tax havens that facilitate this outrageous leaching from our public purse. Non-paid tax and clever reinvestment to get away with

tax hit hospitals, schools and housing, and they hit the poorest and most needy in our society. There is nothing moral about dodging tax; there is everything immoral about evading it.

Too often, it feels as though there is one rule for the super-rich and another for the rest of us. The horrors of Grenfell Tower were a reflection of a system that puts profits before people and that fails to listen to working-class communities. In 2013, the Government received advice in a coroner's report that sprinklers should be fitted in all high-rise buildings. Today, once again, the Government failed to fund the £1 billion investment needed. The Chancellor says that councils should contact them, but Nottingham and Westminster have done so, and they have been refused; nothing was offered to them. We have the privilege of being Members of Parliament, in a building that is about to be retrofitted with sprinklers to protect us. The message is pretty clear: this Government care more about what happens here than about what happens to people living in high-rise homes, in effect saying that they matter less.

Our country is marked by growing inequality and injustice. We were promised, with lots of hype, a revolutionary Budget, but the reality is that nothing has changed. People were looking for help from this Budget, and they have been let down by a Government who, like the economy that they have presided over, are weak and unstable, and in need of urgent change. They call this a Budget fit for the future; the reality is that they are a Government no longer fit for office.

2.4 pm

Nicky Morgan (Loughborough) (Con): Thank you very much indeed, Mr Deputy Speaker, for calling me to take part in a Budget debate for my first time as Chair of the Treasury Committee. If media reports are to be believed, I am not the only former Education Secretary who is using "long, economicky words" at the moment. At this point in the debate, my predecessor as Chair of the Committee would always congratulate the Leader of the Opposition on making the most difficult speech of the parliamentary year. I am happy to continue that tradition, although much of the Leader of the Opposition's speech appeared to have been written in advance, and I suspect he will want to look at more of the detail of the Budget and to find more to welcome in the remarks of my right hon. Friend the Chancellor.

Today, it was perhaps the Chancellor who had the hardest task. Beset by demands for more public spending, rising economic uncertainty and downgrades in forecasts, he has taken a common-sense approach that will no doubt displease many on both sides of the Chamber. We have to remember, however, that it is only thanks to seven years of common sense and concerted efforts by Conservative-led Governments to reduce the deficit and restore credibility to the public finances that the UK has the resilience necessary to face the challenges ahead.

The reclassification of housing associations might have given the Chancellor some timely room for manoeuvre, but it does not alter the underlying picture or the risks in the outlook, and those risks could grow. Although the OBR has made a more negative assessment of productivity, it still forecasts a relatively benign Brexit—a smooth adjustment to the new trade arrangement, with no cliff edge in March 2019. But that cannot be guaranteed, and even though a transitional arrangement that would

[Nicky Morgan]

allow for such a smooth adjustment is manifestly in the interests of both the UK and the EU, it might, of course, not happen. The Treasury Committee will be looking closely at the consequences of failing to reach a deal on transition and expects to make a report to the House in the coming weeks.

Beyond the public finances, household balance sheets are also under pressure. Rising interest rates, high inflation, lower wage growth and a working-age benefits freeze all stand to put pressure on ordinary households. My right hon. Friend the Chancellor has set out two important principles for Conservative-led Governments: first, work should always pay; and, secondly, people should keep more of the money that they earn. I am happy, as I think all Conservative Members are, to support him on those two principles.

The pressures on household finances—the Committee is looking at them as part of our inquiry into household finances—will be exacerbated, particularly for the younger generation, if action is not taken to tackle long-standing problems in the housing market, as my right hon. Friend said. I therefore welcome the measures on housing. He has announced a comprehensive package on skills, land availability and financial incentives to get Britain building. I also welcome the review that will be chaired by my right hon. Friend the Member for West Dorset (Sir Oliver Letwin). We always know there is a problem when my right hon. Friend is sent for to solve it. He will look at the gap between permissions granted and houses built, and why it exists.

I also hugely welcome, as I think all Conservative Members will, the stamp duty cut for first-time buyers. As the Chancellor said, it will make home ownership a reality for more young people. The Committee intends to hear from housing experts as part of our Budget scrutiny, and we will investigate whether the rousing wartime rhetoric of my right hon. Friend the Secretary of State for Communities and Local Government matches the reality of what has been announced today.

Of course, pressures on the public finances and on household balance sheets can be alleviated in the long term only if, as the Chancellor said, productivity growth improves. I welcome very much his further investment in the national productivity investment fund, and he was right to emphasise the challenge regarding productivity in the UK, which is now the weakest in the G7. The average UK worker has to slog from 9 until 5 to produce the same value of output that a worker in Germany produces between the hours of 9 and 3. The regional disparities in the UK are even greater, so I welcome what the Chancellor said about more devolution. I do not know where the Leader of the Opposition got the idea that Conservative Members do not take seriously the northern powerhouse and the midlands engine. I can tell him, as a midlands Member of Parliament, that we take them very seriously. We believe in devolution.

There are no easy solutions to the UK's weak productivity, but we can do two things to help with the productivity puzzle. The first is better infrastructure, including digital infrastructure. The chair of the National Infrastructure Commission told the Treasury Committee recently that the big political divide in infrastructure policy is not between the parties, but between action

and inaction. The Chancellor must act on the commission's recommendations when they are published, and I welcome his commitment today to implement its recommendations on the Oxford-Milton Keynes corridor. I also welcome the proposal for discounted lending to local authorities so that they can invest in infrastructure.

The second response on productivity is to retain the UK's historical commitment to openness to trade, investment and migration. Global Britain must be a reality, not just a slogan. The economic case for leaving the EU has always rested—and continues to rest—on openness, and we must not allow the Brexit process to mark the start of a descent into economic nationalism. It is only through productivity growth that households can be weaned off consumer credit without cutting their consumption and reducing their living standards. It is only through productivity growth that the Chancellor has any hope of meeting demands for additional spending—on welfare, social care, prisons, the NHS, public sector pay and Brexit contingency measures—without damaging the Government's hard-won reputation for fiscal credibility.

For the avoidance of doubt, let us for the thousandth time dismiss the idea that a Brexit-induced fiscal windfall will relieve the pressures on our health service. There are no easy choices and there is no pot of gold under the Brexit rainbow. Those who persist with this myth may win short-term approval from certain quarters of the media, but only at the cost of long-term damage to trust in politics.

On the industrial strategy, the Chancellor is absolutely right to have identified the technology revolution and to say that Britain is at the forefront of it. He is right to identify the need for more young people to learn maths and computer science to a higher level. We have to find a way of exciting everyone in this country—the next generation, and their parents and grandparents—about the technology revolution. We need them to be confident that they have the skills that will meet the demands of the future labour market, rather than frightened by change in the 21st century. This key part of our plan for a fairer Britain will unlock prosperity.

Rushanara Ali (Bethnal Green and Bow) (Lab): May I pick up the point about education funding? The Government proposed £3 billion of cuts, which was reduced to just under £2 billion, but that means that there is still a £2 billion gap in our education funding system, and the Chancellor said nothing about how schools will cope with that. Does the right hon. Lady agree that there ought to have been some thinking about investment in our schools to prevent the reversal of the progress that has been made?

Nicky Morgan: First, I can say to the hon. Lady—I am pleased to serve with her on the Treasury Committee—that educational standards have actually improved dramatically in this country during the past seven years. I do not recognise her figures. The Secretary of State for Education announced an extra £1.3 billion for schools in July, and this Government are spending more on schools than any previous Government. If the hon. Lady is really concerned, she will want to deal with the debt that this Government are still paying off, given that we spend almost as much as our schools budget on paying debt interest.

The Chancellor announced a number of new tax measures. I was pleased that he said that our tax system can help to protect our environment. That is an important signal to send to those who are particularly concerned about the environment and to the next generation.

Wes Streeting (Ilford North) (Lab): I welcome the exemption on the vehicle excise duty supplement for new zero-emission-capable taxis, so I thank the Chancellor for listening to representations. Through the right hon. Lady, may I urge the Chancellor to bring forward that measure so that it will kick in earlier than April 2019, because many such vehicles will be on the road from next month and we will want drivers to be able to take advantage of these new zero-emission-capable and environmentally friendly taxis?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. May I just say, because the hon. Gentleman will want to make a separate speech, that if Members make interventions, they should please make them short?

Nicky Morgan: It is also a pleasure to serve with the hon. Gentleman on the Treasury Committee. I am sure that the Chancellor will have heard what he said. I am also sure that the Chancellor is looking forward to appearing in front of the Committee on 6 December, when we will be able to ask him such questions directly.

Caroline Lucas (Brighton, Pavilion) (Green): Will the right hon. Lady give way?

Nicky Morgan: I will give way briefly, but then I will make some progress.

Caroline Lucas: Hidden in the Budget book is the really terrible news that no new money is available for renewables until 2025, but at the same time the Chancellor is giving away yet more tax breaks to oil and gas. How on earth is that compatible with a forward-looking country that is serious about climate change?

Nicky Morgan: This Government have done incredibly well in supporting the renewables industry. The renewable energy industry in the midlands is thriving. Again, however, the Committee may well want to take that up with the Chancellor.

I welcome the move on business rates—the change from RPI to CPI is very welcome—and I particularly welcome the move on the staircase tax, about which the Chancellor was asked when he appeared before the Committee recently. The approach builds on the evidence he gave, and I hope he is right about the cross-party support that the measure will be able to receive.

Robert Neill (Bromley and Chislehurst) (Con): Does my right hon. Friend agree that the changes to business rates will be particularly valuable for shops, restaurants and office premises in outer London, which are squeezed between the bright lights of central London and large out-of-town shopping centres, and for which the fixed cost of business rates is particularly heavy?

Nicky Morgan: That is an excellent point. Of course I agree with my hon. Friend.

I was just coming on to the Chancellor's measures on taxing digital businesses, which is also very important for bricks-and-mortar retail businesses. Although the

change is perhaps modest, an important principle has been established about the taxation of digital businesses that do business in this country. I welcome what the Chancellor has said about tax avoidance and evasion measures. I think he said that we will spend £155 million on HMRC's revenue-collecting ability in order to collect £2.3 billion. That sounds very encouraging, but the Committee will of course probe those estimates.

I commend my right hon. Friend for continuing the practice of publishing a distributional analysis showing how the Budget affects households in different parts of the income distribution. That analysis, which provides an unprecedented level of transparency about the consequences of the Budget for ordinary people, emerged only as a result of pressure by the Treasury Committee over the previous two Parliaments, and there might be more work for the Committee to do in this one. What is not yet included in the Treasury's analysis is an assessment of the gender impact of the Budget—an analysis of how much men and women stand to gain or lose from the Chancellor's decisions. It will not surprise Members to hear the first female Chair of the Treasury Committee saying that my Committee will take written evidence, including from the Women's Budget Group, on the merits of such an analysis.

Before I conclude, I want to remind the House about the Treasury Committee's role in scrutinising the OBR and upholding its independence. There is widespread agreement across the House that the creation of the OBR vastly improved the credibility and quality of economic and fiscal forecasting, and empowered Members of Parliament to hold the Government to account on their fiscal policy. However, in this febrile political atmosphere, we must remember that the OBR is still young, so its hard-won reputation could be fatally undermined if the motives and good faith of its leadership are impugned by those who disagree with its findings. The OBR has a powerful line of accountability to Parliament, thanks to the Committee's statutory veto on the appointment and dismissal of its senior leadership. We will seek assurances that the OBR has done its work without political interference, we will subject its forecasts to critical scrutiny and, if necessary, we will defend its integrity. As I have said, the Committee looks forward to hearing from the Chancellor on the Budget measures, and the economic and fiscal outlook, when he appears before us in two weeks' time.

The UK faces many challenges. Brexit hangs over this place and the UK like a cloud. Some people think there is a silver lining; others think there will be more rain and fog. It was therefore important that today's Budget showed that the Government are determined to do more than just negotiate our path out of the EU. I believe the Chancellor has more than achieved that with everything he announced today.

2.18 pm

Ian Blackford (Ross, Skye and Lochaber) (SNP): I want to wish the Chancellor all the best. He talks about preparing for the future, but let us look at the reality of the figures contained in the OBR book. We are faced with the United Kingdom falling to the bottom of growth in the G7. When we look at GDP per capita for the years 2019 and 2020, we see that the OBR has reduced its forecasts from 1.7% to 0.7% for 2019 and from 1.9% to 0.7% for 2020. That is what post-Brexit

[*Ian Blackford*]

Britain is going to look like—an absolute shredding of growth forecasts for the next three years. The OBR talks about GDP—

Stephen Kerr (Stirling) (Con): Will the right hon. Gentleman give way?

Ian Blackford: No, I will not, because this is the third party speech and the practice is that it is not to be intervened on.

The change in GDP that we will see in the OBR book is a cut to GDP of 2.7%—that is what this Government are presiding over. It is a threat to the wages, living standards and job prospects of people up and down the United Kingdom. This Government should be ashamed of themselves. When we look at the rhetoric of the Budget speech—[*Interruption.*] Conservative Members are laughing, but we see a fiscal loosening in this Budget of 0.1%. That does not take into account the reality of the risks the people of the UK face.

Let me welcome the removal of VAT on our police and fire services, but remind the Chancellor of the Exchequer that, together with his friend the Secretary of State for Scotland, he was given the opportunity to support an SNP amendment to the Finance Bill in 2015 that would have removed VAT from Scotland—[*Interruption.*] I can hear the remarks that are coming from those on the Conservative Benches, but I remind them that the Conservative manifesto supported the establishment of Police Scotland. It was the vindictiveness and nastiness of the Tory Government that imposed VAT on Scotland, which has ripped £140 million out of our frontline services. When the Chancellor of the Exchequer and the Secretary of State for Scotland were given the opportunity in the 2015 Finance Bill to act they failed. It is a disgrace that we have had £140 million taken out of frontline spending—

Luke Graham (Ochil and South Perthshire) (Con): On a point of order, Mr Deputy Speaker. I seek clarification as to whether we are allowed to try to intervene on the right hon. Gentleman's speech—whether he takes an intervention or not is another matter.

Mr Deputy Speaker (Mr Lindsay Hoyle): The rules are that the Chancellor of the Exchequer and the Leader of the Opposition are not to be intervened on, but the courtesies go to the leader of the SNP here. He may wish not to give way, and that is his choice. What I suggest—[*Interruption.*] Order. He has made it clear that he wants the same courtesies that have been established for others, in which case he will not be giving way. So it will save us a lot of time if people do not keep standing.

Ian Blackford: Thank you very much, Mr Deputy Speaker. It is about time the Scottish Conservatives showed some proper respect, not just to the SNP here, but to the Scottish Government in Edinburgh.

Let me return to my point. It is an absolute disgrace that we have had £140 million taken out of frontline spending by a Tory Government ahead of this announcement. VAT should never have been charged to the Scottish police and fire services. The sole blame for that lies with the Conservative Government. [*Interruption.*]

Mr Deputy Speaker: Order. Mr Kerr, you are a normal, gentle person—a man who comes to Chorley and shows such dignity. I am hoping you will show me some dignity today.

Ian Blackford: Thank you, Mr Deputy Speaker. The SNP spoke out, here and in Holyrood, 140 times before the Government finally saw sense. What about the £140 million that has been paid? The Chancellor has confirmed today what we knew all along: that it was a political choice to charge VAT on our emergency services. He has accepted that he was wrong, but I am calling on him and his friends from Scotland on the Tory Benches to make sure that we push for a refund of the VAT that has been paid over the past three years.

The Chancellor has painted a picture of a strong economy, ready for the impending economic disaster of Brexit. We all have to wonder just what planet he is on. Most workers are seeing a decline in their living standards and have done so since the financial crisis. We are living through the worst decade for wage growth in 210 years. Young people are going to be poorer than their parents. Housing has become unaffordable for many. The austerity economic model has failed millions—the Prime Minister alluded to that when she talked about those “just about managing”. Today's Budget was an opportunity to address these challenges and make this a Budget for people and prosperity.

The reality is that nothing in this Budget deals with the challenges we face. We face the impending UK exit from Europe. We know that the Government are preparing for a no deal, yet the Chancellor made no mention of how the economy would cope with that. The cliff edge is before us and the Chancellor sits transfixed, unable or incapable of rising to the challenge. No doubt he recognises the economic self-harm that comes with leaving the single market and the customs union, but he has failed to act. Why? It is because the Brexiteers have set the agenda for this Government and the Chancellor is without the authority to challenge the madness. The Chancellor, like his Government, is in office but not in power.

We know that the Prime Minister has to present a financial settlement to the EU27 over the coming days, yet there was no mention of that in the statement—none at all. This Government have to take their head out of the sand and accept that the future indicates the likelihood of significant economic self-harm.

Before the winds of Brexit hit us, the starting position for millions of people is that by then they will have already been struggling with nine years of austerity. The cuts being imposed on public services mean impacts on service delivery, and public service workers in particular are feeling the squeeze. This Budget shows that the Chancellor is either blind to what is going on or is behaving like a frightened rabbit caught in the headlights. Either way, people are going to pay the price for his lack of leadership. [*Interruption.*] I can see the Chancellor saying, “An extra £2 billion for Scotland”, but let me tell this House the reality: it is a £250 million cut in real terms. That is what the Government here are delivering to the people of Scotland.

This Government used to speak of the empty rhetoric of the “long-term economic plan”, but they have failed to provide a vision and have no plan for delivering prosperity. The long-term economic plan has given way

to no plan. Scratch the surface of the economy and we see a structure barely coping with the state of society: a structure that is so unfairly built in the favour of the wealthy that we have created a situation where we have the worst wage growth in 200 years and the IFS tells us that an additional 400,000 children will be in “absolute poverty” within six years due to the benefits cuts that are to come. Let us remind ourselves that there are still £12 billion of welfare cuts to come from this Tory Government.

The case is that working people are paying the price for this Government’s ideological obsession with austerity—and let us make no mistake, it is an ideological obsession. It is a pity that people watching and listening to this cannot see the Conservative Members sitting there laughing while people in our country are paying the price—those Members should be utterly ashamed of themselves. Effective stewardship of our economy has to recognise the importance of fiscal and monetary policy working in tandem to create the circumstances of sustainable and inclusive economic growth. Any disconnect leads to a failure to deliver an economy that works for all, and that is precisely what is happening. A failure to deliver a Budget for prosperity hits all workers, in particular those in the public sector.

In September, the Scottish Government became the first in the UK to announce they will scrap the public sector pay cap, as our nurses, teachers, police officers and firefighters deserve a fair deal for the future. Future pay rises will be based on the cost of living. Today, the Chancellor betrayed public sector workers by refusing to fund a fair pay rise.

It is not just the squeeze on pay that is leaving low earners struggling to get by; the UK Government’s social security cuts are specifically designed to remove the welfare state. The SNP will never accept this ideological attack on the most vulnerable in our society. The damaging and destructive universal credit system must be halted and fixed. I welcome some of the things that we have heard today, but they simply do not go far enough. The cuts to work allowances are still taking place. While young people are pushed into poverty, universal credit is not fit for purpose. The Chancellor of the Exchequer should call a halt to it today and reform the system properly.

We also call on the Chancellor to scrap the two-child policy and the immoral rape clause. According to the IFS, the two-child cap on tax credits will mean about 600,000 three-child families losing £2,500 a year on average and about 300,000 families with four or more children losing a whopping £7,000 a year on average. Most of those families are in work. If we want to make work pay, let us remove the rape clause.

There is nothing in the Budget for the women born in the 1950s who are seeing a rise in their pensionable age of up to six years, without proper notice. That is depriving millions of a pension that they have paid for and that they are entitled to. Time and again, the Government have been asked to slow down the rate of increase in women’s pensionable age. It is increasing at a rate of three months for each calendar month. Either the Chancellor decides to act now to deliver fairness to 1950s women, or he will find that Parliament does it for him. There is a private Member’s Bill that calls for mitigation to be put in place for 1950s women. I say to the Government: recognise the cross-party nature of that Bill and act, or face defeat.

While the Tory attack on benefits pushes more families into poverty, the financial squeeze on household incomes continues as Brexit bites. Today, inflation sits at 3%. Prices are rising at a faster rate than wages. The Resolution Foundation has calculated that inflation of 3% combined with the benefits freeze will impact on 7.3 million children, 2.4 million disabled people and 800,000 people looking for work. There was no answer to that from the Chancellor—there was nothing in the Budget.

Let me tell the Chancellor and those on the Tory Benches what life is like outside the gilded rooms of Whitehall: electricity bills have increased by 9%—[*Interruption.*] You laugh, when people in Scotland and the rest of the United Kingdom have seen electricity prices rise by 9%. [*Interruption.*] You really ought to be ashamed of yourself and I hope that your electorate hold you to account. I refer, by the way, to the hon. Member—the so-called honourable Member—for Ayr, Carrick and Cumnock (Bill Grant).

The price of children’s clothing has increased by 6.7% and the price of butter by 12%. Bus and coach fares have risen by 13% and train fares by 3.4%. Transport insurance is up by 12.6%, motor vehicle insurance by 13% and travel insurance by 10%. That is the reality for ordinary working people in Scotland and the rest of the United Kingdom.

While inflation is making the cost of the weekly shop soar, real wages are falling. There was nothing in the Budget to address that. The rise in inflation and the squeeze on wages are creating a crisis for low-income earners. Between 2010 and 2016, official GDP per employee had risen by 3.5%, yet real wages are 1.1% lower, when adjusted for consumer prices index inflation. If inflation is calculated to include housing costs, real wages are down by 7.2%. That is the economic record of the Tory Government. The collapse of UK productivity growth has driven low growth and stagnant wages.

While many of my constituents and families across the UK are relying on credit cards to put food on the table, a different story is unfolding in the City. Under the Tory Government, boardroom pay has soared. From 2010 to 2016, the average remuneration for FTSE 100 chief executive officers almost doubled. The average remuneration of an executive director has doubled from £1.5 million to £3.1 million.

The inequality goes much deeper. European Commission figures reveal that the UK had the biggest increase in the EU’s gender pay gap in 2015. The difference in average hourly pay between male and female workers jumped from 19.7% in 2014 to 20.8% in 2015. In effect, women are working unpaid for more than two months a year compared with men.

The Government have not only driven thousands into poverty; they have failed to invest in building an inclusive economy fit for future generations. The legacy this Chancellor leaves is an economy that works only for the rich and the reckless. We need a Government that will create the circumstances to deliver inclusive, sustainable economic growth; a Government that will encourage investment, enhance innovation and drive up productivity and living standards; a Government that recognise that monetary and fiscal policy have to work in unison. The focus on monetary policy has driven up house prices and stocks and shares, but failed to drive investment in the real economy.

[Ian Blackford]

Back in 2009, quantitative easing was an obvious choice as part of the attempt to restore confidence and growth, provided that it was matched with fiscal measures, such as investing in our infrastructure and building capacity in our economy, with a focus on investment to improve efficiency. There was an opportunity to invest in the economy to kick-start growth and productivity. However, under the steer of this Government, there was investment to benefit the wealthy. In the end, that has done nothing but exacerbate the gap between rich and poor.

Even the Bank of England has recognised the negative effect of this policy. In 2012, it said that although quantitative easing had increased asset prices, it had disproportionately benefited the top 5% of households. Standard & Poor's argued that—[*Interruption.*] I see the Chancellor waving his hands, but this is important and something for which he ultimately has to take responsibility. Standard & Poor's argued last year that inflating asset prices had exacerbated the gap between rich and poor. It found that the wealthiest 10% of households held 56% of all net financial assets in 2008, and that by 2014 the proportion of the nation's wealth in the hands of the richest 10% had increased to 65%.

It is easy to see why the Tories do not want to change this policy. Reducing inequality has never been one of their aims. The evidence is stark: quantitative easing has mostly benefited those who started with considerable wealth. The FTSE 100 was sitting at 3,805 on 18 March 2009, just ahead of the launch of the QE programme. Last night, the market closed at 7,411. That is growth of 95% in just over eight years. The Government have stuffed cash into the pockets of the wealthy, while ordinary folk have paid the price for austerity. The cry "There's no money" flies in the face of the Government's own agenda.

A further £70 billion was invested in QE after the Brexit vote, taking the programme to £435 billion. That is £435 billion that has been put on to our debt, with no plan for how it will be repaid. We could have invested in our infrastructure, for example by dealing with the demand for housing and dampening the rise in house prices at affordable levels. We could have invested in connectivity—in transport and in digital—to allow our citizens and businesses to compete, rather than being caught in the slow lane of transport snarl-ups and fighting to get decent broadband or mobile connectivity. Such investment in our people and infrastructure would have grown the economy and tax receipts, allowing us to cut the deficit. There would have been a payback. The Government could have supported businesses at the same time as supporting people. They cannot tell us that there is no money when they can invest an additional £70 billion in QE at the drop of hat. They must take responsibility and create the circumstances for inclusive growth and prosperity. Of course, taking responsibility is not something that this Government do.

Some £6.9 billion is lost to our schools and hospitals every year because the Government have failed to tackle aggressive tax avoidance and tax evasion. I call on them to take tough new action to ensure that the richest in society and the biggest corporations pay the taxes they owe in full. They have chosen to cut public spending while protecting the super-rich—of course, the Tories

are the party of the super-rich. If they will not take the action required, they should devolve the powers needed to tackle the issue to the Scottish Parliament.

When I asked the Chancellor last month about any assessment he had made of the interrelationship between monetary and fiscal policy, the answer I got was that monetary policy was the responsibility of the Bank of England. There was no regard for a link between the two. It is left to the Bank of England to shine a light on the failure of the Chancellor to engage in joined-up thinking. In written evidence to the Treasury Committee, the Bank of England admitted that the steep rises in house prices in the decade preceding the crisis, together with a fall in long-term interest rates, have led to

"a sharp rise in intergenerational dispersion of wealth benefiting in particular older people who had already entered the market before prices began to rise."

The Government have avoided every opportunity to invest in young people. What hope—[*Interruption.*] The Chancellor says, "Rubbish". I am afraid I am actually giving him facts from respected institutions, not least the Bank of England. Is the Chancellor really saying that the Bank of England is wrong as well? I think the Bank of England might have something to say about that.

What hope do millennials have to cling on to? Robbed of their housing allowance and lumbered with chronic student debt, this Government have gone out of their way to avoid investing in young people. The intergenerational wealth unfairness is creating the perfect storm for future generations. Research from the Resolution Foundation shows that today's 27-year-olds are earning the same amount that 27-year-olds did a quarter of a century ago. A typical millennial has actually earned £8,000 less during their twenties than those in the preceding generation.

We have missed chance after chance to invest in inclusive growth opportunities. The Government have been the proverbial one-club golfer relying on monetary measures, but in a vacuum. Even the IFS has warned the Chancellor about his calculations. First of all we had George Osborne proclaim he wanted to balance the books by 2015. That did not happen. Now the current Chancellor wants to eliminate borrowing by the mid-2020s. But with Brexit set to hit the economy, even the IFS has called on him to abandon his fanciful fiscal targets. There is more uncertainty on forecasts now than ever before. The Chancellor himself told the Treasury Committee that a

"cloud of uncertainty is acting as a temporary damper, and we need to remove it as soon as possible".

Well, there was nothing in the Budget today to remove it.

Mr Deputy Speaker, I am in a giving mood. I will give the Chancellor a bit of fundamental economic advice. End the suicidal flirtation with a no-deal scenario, give business something to invest in and work on keeping the UK in the single market. The stupidity and recklessness of some on the Government Front Bench who rode around in that famous red bus has to be the most damaging economic pledge in modern history. They said £350 million a week for the NHS. Well, they are silent on that now. The Foreign Secretary and Environment Secretary should listen up, because here are some home truths about the mess they have created: the Bank of England has confirmed that 75,000 jobs are at risk in the financial sector owing to Brexit; the London School

of Economics has revealed that Scotland's towns and cities could lose up to £30 billion over five years; the Fraser of Allander Institute revealed that Brexit would cost Scotland up to 80,000 jobs and see wages fall by £2,000 a head per year; and now the Chancellor is planning for a no deal—a complete catastrophe which is unfolding on his watch. He knows how devastating such a path would be for the UK economy. He has given Departments £250 million to carry out work in preparation. To put that into context, that would pay for 11,553 new starter nurses, teachers or police officers.

It is not just the spending to fund Brexit that is costing communities, however. Leaving the EU will cut off the financial social funds we have benefited from for so long. This will be devastating for communities where poverty and destitution at the hands of the Tory austerity policies have seen volunteers pick up the pieces. Although as the UK haemorrhages EU funding and the Chancellor proclaims austerity is essential to save, he did manage to find £1 billion for the DUP—quite remarkable. The Chancellor found £1 billion for the Northern Irish Executive to spend on devolved areas, but no additional funds were provided to Scotland or any other part of the UK. Cash for votes—not very honourable at all.

And what use are the Scottish Conservatives, who pledged to work as a bloc to protect Scotland's interests? That was their chance to shine: a golden opportunity to show they were prepared to put politics aside and stand up for Scotland. But no, party loyalty prevailed and now Scotland is being overlooked in this dodgy deal. This money cannot be processed until the discussions have concluded on the appropriateness of the way in which the UK Government decided to provide the additional financial support. The Barnett formula rules mean that Scotland, Wales and Northern Ireland are entitled to an extra £2.9 billion and £1.67 billion respectively as a result of the deal. Where are the Scottish Tories standing up for that £2.9 billion that Scotland deserves? Where are the calls from the Scottish Tories for this UK Government to match the deal from Northern Ireland? They have been found wanting.

Year after year, the UK Government continue to let down our world-class oil and gas industry in the north-east of Scotland. Two years ago, the Conservatives boasted about the creation of a new oil and gas ambassador, who would

“promote the North Sea around the world and boost inward investment”.

How embarrassing, then, for the Chancellor that the role, two years later, has yet to be filled. It seems that the Chancellor and his Cabinet colleagues have simply forgotten about our North sea industry once again. Despite the Chancellor's tight grip restraining Scotland's economic potential, the SNP in Scotland has delivered for our people.

Anna Soubry (Broxtowe) (Con): On a point of order, Mr Deputy Speaker. Is it in order for hon. Members to make speeches in which they completely ignore the contents of the Budget that the Chancellor has just delivered?

Mr Deputy Speaker (Mr Lindsay Hoyle): That was definitely not a point of order and the right hon. Lady knows it. She has provided a running commentary all

the way through. I think I have heard more than enough for the time being and I want to get to the end of the speech by the leader of the SNP.

Ian Blackford: Thank you, Mr Deputy Speaker.

In Scotland, international exports are up 41% between 2007 and 2015. The latest employment figures show that Scotland has higher employment rates and lower unemployment rates than the UK. Youth employment continues to outperform that in the UK. The Scottish Government fulfilled their commitment to reduce youth unemployment by 40% four years ahead of schedule—that is how to make fiscal targets.

But it is not just about the ability of the Scottish Government to deliver an inclusive society that works for all; it is their vision for an economy that benefits all. When the UK Government chose the rape clause, the Scottish Government chose the baby box. When the UK Government trebled tuition fees, the Scottish Government maintained the principle of free tuition for all. When the Conservatives pushed for a dementia tax, the Scottish Government stood by free personal care for the elderly. We know that an economy is not just a tool for inclusive growth, but is central to the social fabric of the society in which we grow up. It is time for an economy that benefits all. End the damaging austerity agenda and stop the catastrophic ideological obsession with a Brexit no deal.

Several hon. Members *rose*—

Mr Deputy Speaker: Order. Just to say that we are going over to 10-minute speeches.

Diana Johnson (Kingston upon Hull North) (Lab): On a point of order, Mr Deputy Speaker. This morning in Cabinet Office questions, the First Secretary of State claimed that the consultation on the contaminated blood scandal had been extended until the end of October this year at the request of the all-party group. That is not correct. In fact, the all-party group had asked for an extension of the original date of the consultation, which was in August 2017. Many people have contacted me, concerned that this is now being used as a reason why progress has not been made on the announcement of a chair and terms of reference, and I wondered if there was a way of correcting the record.

Mr Deputy Speaker: I think the hon. Lady has already achieved that. She has put a correction on the record.

2.49 pm

Ms Nadine Dorries (Mid Bedfordshire) (Con): It is a relief to rise after the speech from the SNP spokesman, which was actually longer than the official Opposition's—and half as riveting.

Budget resolutions tend to be about figures and statements that can be quite dry and which are often leaked before the actual Budget statement, so I am delighted that one of its headline measures—the scrapping of stamp duty on properties up to £300,000—was not leaked. It was an exciting announcement.

Stephen Kerr: I thank my hon. Friend for giving way—something that the SNP spokesman was not prepared to do, for whatever reason. Does she agree that the Chancellor's announcement on stamp duty presents an

[Stephen Kerr]

almighty challenge to the Scottish Government, whose land and buildings transaction tax has been an unmitigated disaster, and does she think that the leader of the SNP in Westminster should go to the First Minister and suggest that the policy be followed in Scotland?

Ms Dorries: I am sure that SNP Members have heard my hon. Friend's point and will take it forward—tomorrow, I would imagine.

I wish to address an issue that is very close to my heart—and actually the reason I became a Conservative MP in the first place: home ownership. We have heard today measures that amount to a revolution in house building: the target of 300,000 homes per year and the establishment of Homes England to bring together all the strands needed to meet this target. It will deal with people who land grab, the planning application process and the training of skilled artisans and workmen to build the homes. Homes England will have the authority required to drive forward that degree of home ownership.

It is sometimes easy to forget what home ownership means to many people, and we have not seen measures like these in the UK since the 1970s. I am one of those Members who understands the value of home ownership more than most. I lived in a council house until I was in my late 20s, and I was reminded of this earlier in the year while canvassing in a constituency that was not mine—it was in Luton in Stopsley ward. A lady on whose door I knocked said to me, “Oh, I know you. You're not standing here, but I couldn't vote for you anyway because you support home ownership.” I found that quite remarkable, because I was knocking not on a council estate door but on a private, well-appointed home.

It was a seminal moment for me. This lady said to me, “The thing is, Nadine, I'm a trade unionist, and I abhor right to buy and home ownership, because people with mortgages don't strike.” We then discussed how people, when they buy a home, prioritise their own private capital over and above the social capital. She was a principled lady with strong views, and I never want to diminish somebody else's point of view—it is just as relevant as mine. She can abhor home ownership as much as I adore it, although the end of our conversation was interesting. I asked her if she was in private rented accommodation, and she told me it was her own home. That was an interesting moment.

That said, I took on board this lady's points. She said, “You should not be a Conservative. You should be a Labour politician. You come from a council estate. I know your background.” It was very interesting. Indeed, I have witnessed what happens to people when they are given the opportunity to buy their own home. I will describe what it is like not to own a home. So many people are in that position right now. On my estate, every door was painted the same colour—by the council—and the gardens on the ground floors were divided by packing cases and wooden pallets. There were no flowers and what had been gardens had become patches of mud. Life was pretty grey and people worked at the Ford's factory and nobody had any particular aspiration to do anything else.

When people began to own those council houses, however, it seemed to change overnight. People started to paint their front doors their own colours and express their individuality. The packing cases were ripped up and painted fences would be put in their place. Flowers were planted in the gardens. People started working overtime. The very first car was bought and arrived in our road. My mother, a teacher, was giving almost nightly classes to women knocking on the door for lessons because they wanted to go out to work—I regarded home ownership as a driver of equality for women because it gave them a reason to break free from the kitchen sink and get out to work.

I saw a transformation on the estate because of home ownership. Its benefits include family stability. If a family do not own, they rent, but is the most unstable position for a family to live in, as they have to move perhaps every six months and do not get to live in the kind of properties or areas they want to live in. People who buy their own homes can decide where to live and where to send their children to school.

Charlie Elphicke (Dover) (Ind): My hon. Friend is making a typically powerful argument. Does this not drive people to aspire to home ownership? Is she aware that 80% of people who rent want to own their own home?

Ms Dorries: Absolutely. I was coming to exactly that point. I have spoken to members of staff here, and one of the most startling facts about them is that they have to wait until they are in at least their mid-30s before they can even think of putting their feet on the property ladder. I hope the measures announced today—the abolition of stamp duty and so on—will help them become homeowners.

Liz Kendall (Leicester West) (Lab): I am listening carefully to the hon. Lady, and I have been a long-standing champion of people being able to own their own homes, but has she read what the OBR says about the stamp duty measure—that it will not help first-time buyers but push up prices by far more than people will save?

Ms Dorries: The Chancellor made the point that other measures, such as on investment, would need to be implemented in conjunction with the abolition of stamp duty.

Bill Grant (Ayr, Carrick and Cumnock) (Con): I share the desire that people be able to purchase their own home. I have a niece who lived in a council flat until two years ago. She chose to purchase that flat before the Scottish Government banned the sale of council houses, which would have denied her home ownership. In purchasing her flat, she saved herself £150 a month.

Ms Dorries: That is another illustration of how important it is that people can purchase their own homes.

In response to the hon. Member for Leicester West (Liz Kendall), I could list the measures announced today: the abolition of stamp duty and the investment of an additional £15 billion in house building, taking the total this Parliament to £44 billion. So it is not just the abolition of stamp duty; other measures are being put in place. People cannot own their own homes if there are not people to build those homes. I also welcome the review of the 270,000 planning permissions in

London and why those homes have not been built—and it is not just in London; it is in my constituency and across the country.

Measures are being put in place to help councils build more. It is vital that we have more council homes and that local authorities have the powers to build them. We also need the targets for these urban and brownfield sites that have been lying dormant. We all know the areas—around Heathrow and in outer London. People work in London and want to live and be able to buy in London, rather than having to commute for two hours into London. All this is being looked at, and it will support the many young people in the capital who want to buy but have not been able to do so—and not just in the capital; in my constituency too. The complaint I get more than any other in my mailbox is from young people who want to stay and buy a home in Mid Bedfordshire but cannot and so are forced out.

I know that not everyone in my constituency will welcome my declaration that I want to see more house building, but I absolutely do. We must accept that we have reached a point at which we need to build more homes, and now is the time to do so. Throughout my 12 years in the House, I have been distressed by how little understanding there has been of the psyche of people, and how little emphasis has been placed on their need and desire to live in and purchase their own homes. I am delighted and relieved that that has finally been addressed today.

The Chancellor also announced investment in both road and rail in the east-west arc—the varsity arc, from Cambridge to Oxfordshire—which will go right past my constituency. I am delighted that that will bring high-tech jobs, build skills and infrastructure, and drive growth forward. As the Chancellor said, it means embracing innovation—embracing the future and change—and it is what we will need for a post-Brexit Britain. We need those high-tech jobs and growth corridors, as well as, in the midlands, the west-east link has been needed for so long. That investment is important; it is vital; it is essential for post-Brexit growth.

I think that we will become an island of opportunity, an island of development, an island of investment and growth. As well as the financial measures that are needed for the preparation for Brexit, I welcome all the other measures that have been announced today. I believe that, with the east-west corridor, the midlands growth engine and the northern powerhouse, we will be ready to embrace the post-Brexit world.

3.1 pm

Rachel Reeves (Leeds West) (Lab): It is a privilege to follow the hon. Member for Mid Bedfordshire (Ms Dorries).

I fear that today's Budget delivers more of the same. It does very little to help people in the everyday economy who are struggling to get by—struggling to get a foot on the housing ladder, to grow their business, or to gain security in work. I shall focus on two aspects of the Budget. I shall deal first with GDP and productivity, and secondly, like the hon. Lady, with housing supply and house prices.

The biggest influence on our standard of living—on whether we can afford to pay the bills, on how we are doing, and on whether our families can get on and do

better than the previous generation—is how fast the economy is growing, and in the context of that most important metric, I think we can regard the Budget only as a failure of Government economic policy. For every single year of the forecast period, economic growth has been revised downwards, and that is not from particularly high levels in the first place. There has been a further downward revision since March this year, which is very worrying for many families in all our constituencies. I believe that, by 2022, GDP will be 2.7% lower than was predicted in March, and about 80% of the downgrade is due to lower productivity during that period. Productivity is now expected to be 27% lower than it would have been if it had continued to grow at its pre-crisis levels.

That is incredibly worrying. If we are to compete with countries throughout the world in the years to come, and to do so outside the European Union, we desperately need to boost our productivity, our research and development, our business investment and our investment in infrastructure. However, all the data and all the numbers published today by the Office for Budget Responsibility suggest that we are doing exactly the opposite. We are going in the wrong direction with those most important economic numbers relating to GDP and productivity. Our productivity is already 20% behind that of the United States, Japan and Germany, and we simply cannot afford to have further productivity downgrades.

Of course, downgrades in our GDP and productivity also have a real effect on Government borrowing and debt. Over the forecast period—the next five years—the productivity downgrade adds a staggering £90 billion to our borrowing trajectory. That is incredibly worrying, given its effect on not only living standards, but the public finances. We are simply not able to invest the money that we need to invest in universal credit, infrastructure, our national health service and our schools, because we are not delivering on the requirement for productive, well-paid jobs. The Government must take responsibility for that.

I look forward to the industrial strategy White Paper, which will, I hope, be published next week, but I must tell the Government that it will have to be a lot better than the Green Paper that we saw earlier in the year, which was incredibly disappointing and simply will not deliver the productivity performance that we need. It is 18 months since the Government's productivity strategy, and since then every single estimate of productivity has been downward, not upward. What a missed opportunity, and what a failed strategy.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): The hon. Lady is making an extremely powerful speech. Does she agree that productivity will never increase while we continue to exclude important parts of society? The industrial strategy does not mention disabled people, and neither did the Chancellor today. The Budget simply is not inclusive.

Rachel Reeves: That is a very good point. If we are to ensure that everyone benefits from a growing economy—we just about have growth, but not very much of it—we must have an inclusive economy and an inclusive economic strategy that works for every member of all our communities.

[Rachel Reeves]

The Government might respond by saying, “It’s okay Labour Members. There is a productivity investment fund worth £7 billion.” “Hurray,” we all say, but the money will not start until 2022-23. Why on earth do we have to wait five years for a productivity investment fund? We all recognise the desperate need to improve our productivity, so why wait five years before putting money and support into doing that? I should have thought that it would be an urgent priority for the Budget, not something that could be kicked down the road for five years.

Let me now deal with the issue of housing. I am afraid that I am much less optimistic about the Government’s plans than the hon. Member for Mid Bedfordshire, because over the last hour or so, I have been looking at the Office for Budget Responsibility’s “Economic and fiscal outlook”. I know that not everyone likes to listen to experts, but I am one of those people who still think that they are worth listening to. If we believe what the experts at the OBR are saying, all the housing measures—not just the stamp duty measure—in the Budget will increase house prices by 0.3%, and there will be no change in the supply of housing compared with that set out at the March Budget. Notwithstanding all today’s fanfare, the OBR’s verdict, which is on page 53 of its document, is that there will be no change in supply, just an increase in house prices, which is the exact opposite of what we need if we are to ensure that more young people and families can get on to the housing ladder. Although I think we all share that objective, it is not met by the measures that have been announced today.

Mrs Anne Main (St Albans) (Con): I understand the hon. Lady’s interpretation of the report and her concern about it, but in areas such as St Albans where the average house price is more than £500,000, young people were helped on to the housing ladder by the previous Chancellor, and the present Chancellor will be helping young people to save some more of their money and put it towards buying their homes. That will be welcomed by many areas with high house prices. Surely the hon. Lady accepts that the stamp duty measure is welcome.

Rachel Reeves: I am not making my own forecasts; I am taking those of the Office for Budget Responsibility. What people in St Albans, Mid Bedfordshire and Leeds West want is affordable housing and the ability to get on to the housing ladder, and that requires stable house prices and an increase in housing supply. According to the OBR, however, there will be no improvement in supply on the basis of the measures announced today, and house prices will be 0.3% higher than they would otherwise have been, so the measures will not have the desired effect. I understand that the hon. Lady wants her constituents to have those opportunities, but it does not sound as though her Chancellor’s Budget will enable them to do so. In fact, I think it will have the opposite effect.

Helen Goodman (Bishop Auckland) (Lab): Will my hon. Friend give way?

Rachel Reeves: I will make a little more progress, if that is okay.

On page 128 of its document, the OBR says that after the stamp duty changes, on the basis of its analysis, prices paid by first-time buyers will be higher with the relief than without it. Thus, it argues, the main gainers from the policy will be people who already own their properties, not first-time buyers. That is a terrible indictment of these housing policies. If that was supposed to be the Budget’s fanfare announcement, I am afraid that it has ended up being a bit of a damp squib.

Helen Goodman: Does my hon. Friend agree that it is absurd to have a stamp duty limit for first-time buyers of £500,000, which implies they have an income of £150,000?

Rachel Reeves: Yes. The OBR’s earnings forecast shows that that is another impediment to many people getting on the housing ladder. Incomes need to keep pace with the rising cost of living, especially house prices, but the average earnings forecast suggests that it will be harder still for many people to get on the housing ladder.

Ms Dorries: Does the hon. Lady accept, however, that an injection of 300,000 homes per year—if that target is reached—will stabilise the price of homes at the very least, because supply will be increased in a way that has not happened since the 1970s?

Rachel Reeves: The hon. Lady’s argument is not with me, but with the OBR. It forecasts no increase in housing supply and says that these measures will benefit existing house owners, rather than those trying to get on the housing ladder. That is disappointing.

The plan for an additional 300,000 homes a year is a bit like the national productivity investment fund because the homes are not set to be delivered until the mid-2020s. However, all hon. Members will recognise that we need to build the houses now. We do not have seven or eight years to wait; families and first-time buyers need these homes today.

I will finish with a couple of remarks about Europe because the truth is that the biggest economic announcements for the rest of the year will really be the decision made in the middle of December about whether to move the talks between the European Commission and the UK Government on to trade, and the final agreement between the UK and the EU on future trading relationships. Despite the Government’s announcements today, the most important announcements for all our constituents will be made just a few weeks from now.

I urge the Government, in that time, to reflect on some of the evidence heard in the past couple of weeks by the Business, Energy and Industrial Strategy Committee, which I chair. Honda told us that the cost of exporting a car would be about £1,800 more after we leave the EU than it is today, and that that amount far outweighs its profit margins, meaning that investment and jobs in this country are at risk. We also heard evidence from Aston Martin, which said that if it cannot get its vehicles certificated by the Vehicle Certification Agency in this country, it will have to stop production while it seeks such authorisation from the European Union. We took evidence yesterday from the aerospace sector, including Airbus, which said that countries are knocking on its

doors and asking it to build aeroplane wings there, and that the risks of friction in trade will have real implications for its businesses and many others.

I urge the Government to do everything they can in the next few weeks to move the talks in Europe to the next level. If they do not, I am afraid that the issues of productivity, house building, earnings and all the other things we have been talking about will be pretty meaningless, because jobs could move overseas and we will not be able to have that free and frictionless trade from which we benefit so much today.

3.13 pm

John Redwood (Wokingham) (Con): I remind the House of my business interests declared in the Register of Members' Financial Interests.

A few weeks ago, I was strongly criticised by some for saying that we wanted realistically optimistic forecasts. I am delighted that the latest set of official forecasts are more realistically optimistic than the forecasts after the referendum vote, when we were told that we were going to plunge into recession and that the British economy would be badly damaged. I thought that that was completely wrong at the time; I argued strongly against it and am very pleased to be on the winning side. I welcome today's realistic set of forecasts. Although they are still a tad pessimistic for next year and the year after, they are broadly in the right direction. The reason that they have been downgraded in this way—to which some Labour Members object—is that the OBR now does not think that we can get back the rate of productivity growth we had before the crash, because the rate of productivity growth has been disappointing around the world.

I now find that I am facing extremely distorted interpretations of something I wrote more recently, and would like to assure the House absolutely that I was extremely confident then—as I am now—about the prospects of the British economy. There has been a lot of inward investment in the United Kingdom economy, and those inward investment people were wise. The UK is a great place for people who want to set up a factory, expand a business, develop a new business, take on commercial space and hire a good workforce. *[Interruption.]* I can see that the Opposition think this is ridiculous, but that has always been my view, and anyone who suggests that that is not my view is simply making it up. I would like to get that very firmly on the record. They should have read the whole article and understood the point I was making, but they were clearly not able to do so.

Can we get productivity up? Well, the Chancellor has made some good proposals in his Budget, but it will take time. It really comes down to education, mentoring and training, and it is about taking our economy on to the next part of the journey. The recovery since the crash of '09 has been gradual but progressive, and the Government rightly take pride in the success of many British businesses and people in generating 3 million extra jobs and getting many more people into work. The next part of the journey is trying to get people into better-paid work. That is about the Government, further education colleges, universities and schools working with young people and people already in work on training programmes so that they get the extra skills to adapt and improve. It is easier to get a better-paid job from a job than to get one from unemployment.

Mrs Main: I thank my right hon. Friend for building on the apprenticeships scheme that this Government have been championing. They are doing such a good job of getting young people into learning those skills through a different route.

John Redwood: Yes, indeed. I hope that the public sector, as well as the private sector, takes that fully on board, because the Government and local government, with representations and leadership from a range of parties in this House, have a great opportunity to do more to promote, encourage and mentor. As the Chancellor has indicated, we are going to face a major revolution in robots, artificial intelligence and all kinds of applications of the digital economy. Great digital companies are making huge changes that have a big knock-on effect for more traditional businesses. We need to put all our weight behind a Government who wish to understand that revolution and try to ensure that more people are winners from it by changing jobs and developing new skills so that their careers can respond to the huge changes under way.

Quite rightly, a focus of attention for the public sector—in this Budget as in any other—is whether there will be enough money to do a decent job for public services. I, like any Labour MP, want to ensure that my local schools have enough money to pay good teachers and to have enough of them, and that my local hospital and surgeries have enough financial support to do a good job. I see from this Budget that there is a £6 billion overall fiscal relaxation in 2018-19 and a £10 billion relaxation in 2019-20, mainly on the spending side. I am quite sure, from what the Chancellor said, that as some relaxation of pay agreements occurs, money will come forward to meet those bills. It is important that when pay deals are reached, the health service, schools or whoever have the money to be able to meet those requirements. A modest fiscal relaxation like that is eminently affordable.

The current levels of debt or deficit are not alarming. I am pleased that the Government think that the level of debt as a percentage of GDP will come down very shortly, but we need to take into account the fact that the state now owns quite a lot of the debt itself. That makes a bit of difference. The United States of America is now embarking on a programme of cancelling and reducing the debts because it controls both sides of the balance sheet through the Federal Reserve Board.

I want to concentrate a little more on house building and housing. I am pleased that the Government are to have a speedy—and, I hope, thorough—investigation into the issue of how existing planning permissions can be better used and can translate into more homes more quickly. That is very much an issue in the Wokingham borough part of my constituency, where the borough has issued around 11,000 planning permissions for individual homes—more than enough, one would think, to allow the fast build rate required under the agreements in the local plans. There has been considerable delay, however, in bringing forward some of those houses. There is also a wish by others to try to get planning permissions elsewhere and to build outside the areas where the plan would prefer the building to take place. There is a lot to be said for concentrating the areas of building, because then the moneys can be applied in a planned and predictable way to the surgeries, primary

[John Redwood]

schools and extra road capacity that are needed, whereas if inspectors grant permissions in a variety of different places around the borough on account of a slow build rate, far more capital will be required to keep up with the demands, because distance would become an issue for people needing to get to those facilities.

Looking at the national picture on house building, I welcome the idea that we should be able to have five new garden cities. The garden town movement was a fine one, many years ago, and there were some great successes with new towns and new cities in our country. I am not going to start choosing places where the new ones should go, because none of them will be in my constituency as we already have an awful lot of house building and development going on.

Wera Hobhouse (Bath) (LD): From what I heard earlier, the Chancellor never mentioned homes for social rent. Can the right hon. Gentleman confirm that he, too, did not hear them mentioned?

John Redwood: I think that the hon. Lady is wrong; I think he did mention them. That is certainly part of the Government's plan. It is clearly a comprehensive housing plan that involves homes for rent and homes for purchase.

I would like to see new settlements where a suitable location can be found, and I am pleased to hear that there is already some agreement on the university arc from Cambridge through to Oxford via Milton Keynes, where there are all sorts of exciting opportunities. One of the really good things about the UK economy now is the momentum that is clearly gathering pace in technology investment and technology business set-ups. It is obviously easier to create those opportunities close to the great centres of learning where there is an extremely good workforce to recruit and there may well be entrepreneurs as well. It is excellent that we reinforce success, and I see that part of the country as a major area for development.

I agree with my hon. Friends who have said, in relation to the housing issue, that it is important to promote home ownership. There is clearly a great yearning for more home ownership, and it is one of the big social problems of our day that many people under the age of 35 are unable to afford their first home. I welcome anything that can make the gap a little more bridgeable, and it is excellent that we will be getting rid of stamp duty for most first-time buyers.

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): First-time buyers in my vast and remote constituency will absolutely welcome the abolition of stamp duty. Does the right hon. Gentleman agree with his colleague, the hon. Member for Stirling (Stephen Kerr), who has now left the Chamber, that it is high time that the Scottish Government followed suit and abolished stamp duty north of the border? We do not want any inequality that will disadvantage Scots.

John Redwood: That is fine by me. I have no problem with that, but nor do I have any constituency interest in the matter. It is interesting that Scottish National party Members have not stayed to follow that debate through—

[HON. MEMBERS: "There's one!"] We look forward to the hon. Member for Glasgow Central (Alison Thewliss) pledging that her party will cut stamp duty, if she wishes to do so and is capable of making that offer.

The proposal is sensible and welcome. Some are saying that allowing some remission of stamp duty right up to £500,000 is unrealistic, but the earnings multiples now being applied are rather greater than the earnings multiple that Labour Members have suggested. Some relief for people struggling to buy is as necessary in London as it is elsewhere in the country; we need to take into account the much higher prices in London. I speak as someone who does not represent a London seat, but I understand the difficulties involved.

In summary, I welcome the new forecast, which is considerably better than the forecast of just over a year ago. The UK is a great place to invest in, and growth should be fairly steady from here. The productivity plans need rolling out and developing, and much more is going to have to be done, because this is about influencing conduct, behaviour and opportunity in thousands of companies around the country, and about working with educational and training establishments to achieve what we need to bring about. This is, above all, about the Government being open to and conscious of the need to adapt themselves quickly to the huge changes that technology is producing.

I would welcome experiments within the public sector to determine how we can greatly improve public sector productivity in a positive way, by ensuring that people can keep their jobs while enriching those jobs and making them better. Those jobs could then be better rewarded because they were better graded. It would be really good to have some pioneering examples in parts of the public sector, and if the public sector was good at that, it could be a demonstrator for the private sector. I wish the Government every success with that. It should be something that unites the House, which has been in a fairly fractious mood today. We live in hope that, in due course, we will see that this country is on an exciting journey, and joint work to crack the productivity puzzle would be very welcome.

3.25 pm

Ms Angela Eagle (Wallasey) (Lab): It is a pleasure to follow the right hon. Member for Wokingham (John Redwood). The Office for Budget Responsibility forecast, which was published today, has demonstrated that we are in a downgraded economy. Real wages are down, business investment is down and productivity is downgraded now and far into the future. It is therefore no wonder that growth is down from the Chancellor's modest forecast in March of this year. He has presented news today of a slowing economy for the next three years—an economy that is forecast to be £65 billion smaller in 2020 than was expected early last year. Aside from setting apart £3 billion to plan for Brexit, which is more than he gave to the NHS, he made no mention of the £40 billion or so divorce payment that is presumably going to be agreed with the EU soon. He used headroom and some reclassification of housing association debt to announce some tinkering, but, fundamentally, nothing has changed with this Budget.

This is the eighth Tory austerity Budget in a row, and it is taking place against a backdrop of an economy in the doldrums. We were told by George Osborne in the

first austerity Budget that we all had to make sacrifices in order to eliminate a deficit caused by the global financial crisis. Entirely predictably, that five-year plan failed, so the pain was extended for another five years. Now we are told that the second five-year plan has failed too, so this Chancellor is extending austerity for another five years until 2025. That is already a 10-year delay on what was meant to be a five-year recovery plan. That means 15 years of austerity, cut after cut and pressure on the public services year in, year out, with no end in sight. This austerity policy has a huge human cost that we on this side of the House see daily in our constituency advice surgeries. Homelessness and destitution are on the rise, food bank use is soaring and the benefit system is failing most of those who have to rely on it through no fault of their own.

The Conservative party is in thrall to a right-wing, libertarian ideology. It wants to shrink the size of the state as a deliberate political aim. It wants state expenditure to be as low a percentage of GDP as possible, despite the increasing demands of an ageing population and the need to make our economy fit for the future in rapidly changing times. It expects people to sink or swim, and it is not that not concerned about providing them with any lifeboats—

John Redwood *rose*—

Ms Eagle: The right hon. Gentleman has just spoken; he can go off and advise his clients on investing their money abroad.

The Conservative party saw an opportunity to pursue a minimal state agenda in the aftermath of the global financial crash, and it has done so at great cost to many. It made a deliberate choice that cuts to public spending would bear 80% of the cost of eliminating the deficit and that only 20% would be accounted for by tax changes, and we now know that the cuts have fallen disproportionately on the most vulnerable and those least able to look after themselves. The Chancellor's predecessor liked to claim that we are all in this together, but he cut the top rate of tax for his super-rich friends at the same time as ensuring that public sector workers had a decade of pay freezes and falling real living standards.

Meanwhile, the Government have systematically reduced the social safety net to tatters for some of the most vulnerable people in our society. By 2021, Wirral Council, which is my local authority, will have had its funding cut by 40% since 2010. Efficiency savings cannot cover cuts on that scale, and it is no surprise that that level of cuts has decimated council services such as adult social care, which for a second time was not mentioned in the Budget and saw a 26% cut between 2011 and 2016, meaning that essential social care for the elderly is not available and people in dire need are being left with little or no help. In education, real-terms funding cuts have led to a loss of £149 per pupil and 29 teachers in Wallasey alone. Cheshire and Wirral Partnership NHS Foundation Trust is being told to cut £1 billion in the next five years. Merseyside fire and rescue service used to have 40 fire engines to save lives; it now has 28.

Martin Whitfield (East Lothian) (Lab): I welcome today's announcement on VAT for Scottish police and fire services, but does my hon. Friend agree that the

reinstatement of the VAT exemption comes far too late, because there have been added deductions for years and years?

Ms Eagle: That is absolutely right. Merseyside police will have suffered cuts of £183 million by 2021 and is 1,000 officers and 700 support staff down. It is little wonder that crime levels are now the highest in a decade. Madam Deputy Speaker, I could go on, but I think you get the point. Austerity has exacted a brutal cost from the most vulnerable.

This Budget takes place against a backdrop of unparalleled uncertainty and danger for our country because this Government are paralysed by their own disagreements over Brexit. They are unable to resolve their own internal contradictions around the Cabinet table, let alone chart the path to a successful conclusion of the article 50 negotiations in Brussels. We have a Prime Minister who puts the interests of her party above those of her country, and half of the Tory party would rather that we crashed out of the EU without any deal than stay in a moment longer.

Sir Desmond Swayne (New Forest West) (Con): Does the hon. Lady not acknowledge that preparing for no deal is an essential ingredient of securing a good deal? Has she ever bought a second-hand car? Did she go in and tell the salesman that she had to leave with a car and yet expect a discount?

Ms Eagle: I would certainly buy a second-hand car from the right hon. Gentleman.

The Chancellor, who is regarded with the utmost suspicion by the Brextemists on his own side, was warned at the weekend that he had to produce a game-changer of a Budget or his career would be over. They want rid of him because they do not think he is Eurosceptic enough. The Prime Minister has already shown her faith in him by making him disappear for the entire recent general election campaign. After his outing on the Sunday politics shows at the weekend, when he claimed that no one in Britain was unemployed, we can see what they are worried about. It is no wonder that he declined to get in the driverless car that they were going to put him in for a pre-Budget high-tech photo-op.

The Conservative party is responsible for the slowest recovery from recession since the Napoleonic wars and the largest squeeze on living standards since Victorian times, and it is presiding over record levels of wealth inequality. That is not a record to be proud of. The Budget has done nothing to address those abject and fundamental failures. Since the crash, GDP per head has increased by just 2.4%. During the 1990s recession, the comparable figure was 21%. Meanwhile, driven by the significant decline in the value of the pound after the referendum vote, UK inflation rose to 3% in September, which is double the rate in the eurozone. Growth in the UK is anaemic by historical trends and is on a downwards path, as shown by the OBR today.

In real terms, wages are lower now than they were in 2010, and the living standards squeeze has returned as prices are outstripping wage increases once more. The public sector has seen a decade of falling wages, which is causing real hardship. The TUC has calculated that, as a result of the public sector pay freeze, paramedics and NHS dieticians are £3,800 a year worse off since 2010,

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firefighters are £2,900 a year worse off, and Crown prosecutors in our courts are £4,400 a year worse off. The TUC's polling shows that 15% of staff in our public services have skipped meals in order to make ends meet.

Meanwhile, in Tory Britain, workers are not only struggling with stagnant or falling pay levels; they are also experiencing a huge increase in job insecurity. One in 10 of the workforce—3.2 million people—now face insecurity at work, including: 800,000 on zero-hours contracts; 760,000 on non-standard forms of temporary working, including agency and casual work; and 1.7 million in low-paid self-employment, earning below the Government's modest so-called living wage.

It is little wonder, then, that tax receipts are falling as employers take advantage of tax structures that incentivise less secure forms of employment. It is little wonder that Bank of England figures show that household levels of unsecured consumer debt are rising at their fastest rate since the global financial crash—up by over 10% last year and now higher than they were in 2008. The Budget contained nothing to address any of those important concerns.

However, there are a few people who are doing really well out of the current system. Pay ratios between FTSE 100 CEOs and the rest continue to widen. They are now paid a staggering 160 times more than the average worker. That means they made more money by the first Wednesday of 2017 than the average worker could earn all year. Some 5% of households now own 40% of all the wealth in Britain. Is that really the kind of society we wish to create?

Boosting productivity is the key to economic growth and pay increases, yet over the past decade the UK's productivity performance has been the worst of all G7 countries. Since 2010 the Government's failure to invest in infrastructure and in skills has seen our productivity flatlining so that we are now 15% lower than the G7 average. So bad has been this Government's record on productivity that the OBR has revised down its assumptions about future growth from productivity gains. The UK has the lowest level of investment in the G7. Driven by the Government's failure to invest, business investment has grown slowly over the past 10 years—by only 5%. That is nowhere near enough to retool our economy and make it fit for the future. Addressing that problem must be at the heart of any Government's industrial strategy.

This Budget might have been the time when the Chancellor decided to tackle the regional disparity in economic performance, when he took the opportunity to invest in our infrastructure and skills base, and when he finally gave Britain the pay rise it so badly needs. But he did not. This is a Budget of missed opportunities. Once more there is nothing on social care. It is a bits and pieces Budget that fails to rise to the huge challenges that this country faces.

3.38 pm

Geoffrey Clifton-Brown (The Cotswolds) (Con): I am pleased to follow the hon. Member for Wallasey (Ms Eagle), but her speech shows that the Labour party has learnt nothing about how to run a successful modern economy. The Chancellor referred in his speech to the Labour

party increasing our national debt by £500 billion. The easiest thing in the world is to spend more and borrow more, which is precisely the situation the Labour party left us in back in 2010, which is why we have had to have austerity Budgets over the past few years.

Indeed, I recently went to a lunch and met a director of one of our major banks—[*Interruption.*] Opposition Members ought to listen to this. He said, “Our focus of attention has changed from Brexit. We will cope with whatever politicians throw at us with Brexit, but our focus of attention has changed to political risk: the risk of a Labour Government ruining the economy.”

In contrast, what we saw today was a prudent Budget from my right hon. Friend the Chancellor. As my right hon. Friend the Member for Wokingham (John Redwood) has said, it was a fiscal loosening Budget, but at the same time we have been able to stabilise our national debt and put more money into our public services, particularly the NHS and education, and into infrastructure, and we have been able to deal with some of the tax evasion. I serve on the Public Accounts Committee, so I was particularly pleased to see that its recommendations on VAT fraud have been taken up. I pay tribute to my hon. Friends the Members for Dover (Charlie Elphicke) and for Daventry (Chris Heaton-Harris) for their hard work on that.

The recent Government White Paper on housing said that the UK needs to build 250,000 new houses a year. It certainly does, because if one asks the teachers or nurses in the Cotswolds where they live, nine times out of 10 they will say that they do not live in the Cotswolds, and that also applies in other areas of high house prices. Anything that can be done to stabilise the housing market and produce more housing for lower-paid people must be a good thing.

Sir Desmond Swayne: In my parliamentary division, the difficulty is that private builders will not address that proportion of the market where the need is greatest: the bottom and the mid-market. Equally, such is the increase in supply that is required to drive down the price, it is questionable as to whether it would be in the interests of independent builders to secure such a reduction in price. The greatest increase in the market was achieved through public sector building; does my hon. Friend see that as a possibility?

Geoffrey Clifton-Brown: The need to build more houses is about providing houses for those who cannot afford to buy and get on the housing ladder. There are lots of ways to do that in the affordable housing sector, such as affordable rent-to-buy, staircasing and many other methods. That is what we need to pay attention to. I shall say something about the planning system in a moment.

The structure of house ownership has changed in the past 10 years, in which the number of under-45s who own their own homes has dropped by a million. That is something we need to address, so I find it extraordinary that Labour Members should be carping about the welcome announcement by my right hon. Friend the Chancellor of the stamp duty exemption for first-time buyers for homes under £300,000, with a £500,000 limit in London. They carp about it as if it is somehow going to increase the market for first-time buyers, but the cut in stamp duty is likely to way exceed any consequential increase in house prices, so we should welcome it.

We should also welcome the measures the Government are introducing to build more houses, particularly the use of new town development corporations, which were used successfully by the Conservative Government in the 1980s to create whole new towns such as Milton Keynes. The legislation is still on the statute book. The corporations are partnerships formed among the Government, local authorities, the private sector and the social housing sector to build more houses. They worked in the 1980s and we should use them again, and we should make sure that new town development corporations are able to access more land.

I have two suggestions as to how we should alter the planning system. First, we need to alter the material-start system so that when builders get planning permission it is in all cases for only three years. Secondly, they should always have to build out a site in its entirety for services. That would stop house builders from sitting on land—land banking—for an unacceptable period and put an end to the practice of house builders using a vacant site as a bargaining tool to gain planning permission on other sites. Those would be important improvements.

The hon. Member for Wallasey touched on the Brexit divorce bill—the biggest liability this country faces for the next few years. It has been rumoured that we are going to pay £38 billion, which of course includes our obligations for things such as outstanding budget contributions, financial programmes, agriculture, overseas aid, pensions liabilities and decommissioning liabilities. Nevertheless, as my right hon. Friend the Member for New Forest West (Sir Desmond Swayne) so rightly said, in a negotiation for a second-hand car, one does not go in and pay an excessive price; the clever negotiator pays the right price—the minimum price that they can get away with. That is what we ought to do with the EU. To put it into perspective, is not just about that £38 billion; it is about our promise of two years of payments after we leave, which is an additional £8 billion a year or £16 billion in total. That takes us up to some £54 billion, which is more than our entire transport budget and almost as much as our entire defence budget. That is what we have to think about with regard to those very large figures.

In 1945 the USA loaned us £2.2 billion—£87 billion in today's money—as war reparations, and it took us more than 50 years to pay it off. I hope at the very least that we will do two things with this payment, if we actually agree it with the EU. First, it should be paid over a significant number of years. Secondly, it should be linked to our ability to earn money from it—that is, through a trade deal and other deals, which will help us earn and pay it off.

Technology is really important if this country is to remain competitive with our foreign competitors and our productivity is to increase. Thankfully, this country has experienced huge growth in digital innovation. However, we have a shortfall of about 40,000 people with the necessary skills in science, technology, engineering and maths to meet the demands of our economy. My hon. Friend the Minister for Universities, Science, Research and Innovation is present. I am delighted to learn that maths is now the most popular subject in our schools, and I am delighted with the extra money to encourage even more children to take maths at A-level. I am glad that the Chancellor announced that our national infrastructure fund will rise from £23 billion to £33 billion,

and I am delighted that the main R and D tax credit to enable our firms to invest in even more infrastructure will be maintained. The Chancellor said that a new high-tech company emerges every hour, which is an amazing figure, and that he wants to cut it to every half an hour.

On education, I was pleased to learn earlier this year, having led a long campaign, that primary and secondary school funding will be maintained so that every child in this country gets a budget that increases in real terms every year, and that the secondary school budget would move up to £4,800 per pupil by 2020, which will begin to eliminate the gap between the lowest funded authorities, such as mine in the £40, and the highest funded authorities such as those in the middle of London. Our commitment to spending the extra £1.3 billion that we announced in our election manifesto has given the Cotswold School £450,000 more than it would have got under the old proposals. That is a welcome boost.

The Chancellor had a very welcome announcement for small businesses. There are 5.5 million small businesses in this country and, as he made clear, they are the engine of jobs and growth, so we need to make sure that they prosper. I welcome the fact that, contrary to the leaks about the Budget—thank goodness that leaks are often wrong—we are not going to reduce the VAT threshold, because that would not only introduce more bureaucracy for small businesses, but bring them within the making business digital threshold, which would, at a stroke, introduce even more bureaucracy for them.

Tom Brake (Carshalton and Wallington) (LD): Does the hon. Gentleman agree that one of the biggest generators of bureaucracy for small businesses, particularly those that import and export, will be new customs arrangements if those are introduced?

Geoffrey Clifton-Brown: The PAC has done a lot of work on customs and I am hopeful about new IT and the introduction of the customs declaration service to replace the existing IT service. Customs will experience a huge increase in the number of VAT declarations when we leave the EU, and it has a really difficult job policing goods that are wrongly coming into this country. Customs needs to take that into account.

I have almost come to the end of my speech. On bureaucracy for small businesses, it is essential that we try to keep it down and help them wherever possible. I am particularly pleased, as I am sure are businesses in the Cotswolds, that the small business rate relief will be maintained. Rates can be a real burden for small businesses with premises on which they pay high rents and high rates, particularly in an area such as the Cotswolds. Those that have managed to be taken out of the rates ambit altogether will be very glad to hear that they will not be brought back into it in the coming year, which is what they had feared. Residents and businesses in the large rural area of the Cotswolds will be particularly glad to see the freeze on fuel duty for yet another year; that will help them. Incidentally, I am sure that individuals in the Cotswolds—and, indeed, the entire country—will be really pleased to see the freeze on wine, spirits and cider. I am sure that that will be particularly welcome.

To sum up, this has been a prudent Budget—nothing more than I would expect from my right hon. Friend the Chancellor, who is doing a great job for this country

[*Geoffrey Clifton-Brown*]

with his economic stewardship. I am sure that our economy will go from strength to strength, that our education will get better, that there will be more high-tech IT jobs and that there will continue to be a record number of jobs and of apprenticeships.

If the Labour party had anything to cheer about, it would surely be that we are employing a record number of people in this country. I would have thought that it would be particularly pleased at the Chancellor's announcement that poverty is reducing in this country and that child poverty has reduced by more than 1 million in the past 10 years. [*Interruption.*] That is what the Chancellor said; I am only repeating it. I know that the Opposition would not like the figures to be correct, but the fact is that they describe what is happening.

3.51 pm

Chris Evans (Islwyn) (Lab/Co-op): It is a pleasure to follow the hon. Member for The Cotswolds (Geoffrey Clifton-Brown), a great parliamentarian who serves with distinction on the Public Accounts Committee with me. It was good to hear him.

Those of us who have been in the House for a number of years feel that this is like groundhog day or *déjà vu*—we have seen it all before. The difference with this Budget, though, is that after a general election, the Chancellor usually has to dole out the medicine, and the British public who have just voted the Government in have to take it. The difficulty that this Chancellor faces is that he has to please people of all persuasions. I have no doubt that when the right hon. Gentleman fed to the media that he wanted to reduce the VAT threshold for businesses, he was put off when he looked towards his Irish colleagues. I am sure that the freeze came out of not economic prudence, but political necessity.

But the Budget speech was no different from any other we have heard before. It began with a number of lame jokes—I am sorry, but the Chancellor is no comedian; who did not see the joke about cough sweets a mile off?—but this is no laughing matter. The elephant in the room for this and the previous Budget has been Brexit, although the Chancellor dedicated only a few lines to Brexit in his previous Budget. We are now at the most seminal moment in post-war British history—we are leaving the European Union. The Chancellor said early on that the Prime Minister had set out a clear vision—I must be the only one who does not know what that vision looks like. Actually, all we have had is the Chancellor saying that £3 billion is being put towards any consequential of Brexit.

Tom Brake: Does not the hon. Gentleman agree that the simplest thing that the Chancellor could have done to support business would have been to have announced at the Dispatch Box that he was going to keep the United Kingdom in the single market and the customs union?

Chris Evans: I would have liked to have heard at least some sort of plan about the single market and the customs union. I would say—I shall diverge a little, if you will allow me, Madam Deputy Speaker—that those of us who are concerned about Brexit have been unfairly attacked as remoaners when we simply want to get the

best deal for the country as we leave the EU. Some £3 billion has been put aside for Brexit, but we heard nothing from the Chancellor about £350 million per week for the NHS. Perhaps the Chancellor wants to drag the Foreign Secretary here to talk about where that £350 million is, because I have not seen it. While he is at it, perhaps he will talk to the nurses.

Mr Jacob Rees-Mogg (North East Somerset) (Con): Patrick Minford has worked out that if we move to free trade, the £350 million will be available for the NHS, but only when we leave the European Union, which has not happened yet.

Chris Evans: I respect the hon. Gentleman as a parliamentarian, but he is wrong about this. He knows that that was a false statement made by the leave side to try to con people into voting leave. There is no point in standing by that claim anymore.

The thing is that we heard nothing in the Budget about Brexit; all we heard is that it will not be dominated by Brexit. Well, I am afraid the Chancellor is wrong: every Budget from here on in will be dominated by the consequence of leaving the European Union.

The Budget went on and on and on. There were terms that the Tories would love. We heard about a strong Government and that we will be resolute in our determination to bring about a strong economy. It took eight pages before we got to the real story of this Budget: quite simply, productivity growth is down and is continuing to fall. The Chancellor is the first since world war two—this is something he should be proud of—who has stood at the Dispatch Box and said that growth will be below 2%. It gets worse: the figure is 1.5% in 2017, 1.4% in 2018, and 1.3% in 2019 and 2020. It will hopefully then pick up to 1.5% and, finally, to 1.6% in 2022. At the same point, debt will be at its highest level ever—and there the Government are being over-optimistic.

If we are not going to talk about Brexit, we should at least talk about the fundamental weakness in our economy: productivity. Productivity has failed to return to pre-crash levels, and it does not look like that is going to happen any time soon. The OBR has revised its estimates of Britain's long-term productivity gains and economic growth. It claims that this means that Britain's economy will not bounce back from the financial crisis, and output per worker probably will not recover to its pre-crisis rate of 2.1%.

Our productivity crisis will mean larger budget deficits in future years. A downgrade in productivity, and therefore depressed earnings, will mean that future tax revenues take a serious long-term hit. The downgrade will create a £20 billion black hole in the UK's public finances, according to the Institute for Fiscal Studies.

We cannot hide this problem anymore. The Government should not be so timid and so scared of their friends from Ireland. We need radical solutions. Things have not worked. We cannot go on all the time with this rhetoric that things are going to improve. We have to take action, and that must happen now.

For me, the most fundamental error the Government have made since they came to power in 2010 is failing to get to grips with the banking system. We need to boost business investment through a network of regional banks.

Germany has thousands of banks, including vibrant state-run and co-operative sectors, many focused on lending specifically to small and medium-sized businesses. In Britain, just five banks hold 85% of all current accounts. The Chancellor could learn from the German model by enabling a new generation of mutually owned building societies and savings banks to focus on driving long-term investment, rather than short-term dividends for their shareholders.

Gareth Thomas (Harrow West) (Lab/Co-op): Might not the Chancellor also rethink the future of the Royal Bank of Scotland? At the moment, the Government are committed to privatising it at some point in the medium term. Surely taking the opportunity to set a future for RBS as a mutual—the “Royal Building Society of Scotland”, perhaps—might be a better way to encourage competition with the other big four players in the banking market.

Chris Evans: My hon. Friend speaks from experience as the chairman of the Co-operative party, and he is absolutely right that we need a thriving co-operative sector in this country. Again, if we want to talk about the past and the reason why we do not have a strong mutual sector in this country, it is because of the raid that the Tory Government of the 1980s allowed on many of these institutions, with the most famous example being Bradford & Bingley. We allowed people to become members, and then turned these institutions into plc's—and look where that got us. We need fundamental reform from this Government.

Ian C. Lucas (Wrexham) (Lab): Does my hon. Friend agree that one of the worst decisions of the Conservatives in the 1980s was destroying the great regional institutions that were building societies? Great organisations such as the Leeds Permanent and the Halifax building society, which created wealth and retained it in the regions, were destroyed.

Chris Evans: I absolutely agree with my hon. Friend. If ever anything tore into the very fabric of British society, it was that. It is terrible when we walk down the street now and see that so many of the famous building societies we grew up with are no longer there. That needs to be changed. We need to start talking about alternative co-operative models. As business finds it more difficult to borrow from traditional areas, we need to talk about the mutual sector, and about having more mutuality in our society and in our businesses, including employee share ownership schemes.

As I am running short of time, I must talk about the NHS. Our nurses do a fantastic job at the frontline. When someone is in need, our nurses are there, but very often this Government have not been there for them. Instead of nurses being given a pay rise, which I think we all agree they deserve, again today we got a very vague statement of “maybe, if and but”. That is not good enough for the most vital service workers in this country. I think, too, about all the people on universal credit. Again, this is all a sop to those who are in need. There should have been an announcement today about pausing universal credit so that it could be looked at and eventually changed. There is no good in plunging our most vulnerable people into abject poverty, but that is what this Government are about. They are very good at warm words.

Of course, every Chancellor's speech has to end with a flourish, and we saw that today, with Conservative Members waving papers and cheering as the Chancellor announced, in his uninspiring tone, that he was going to abolish stamp duty on houses worth less than £300,000 in order, he said, to help millennials on to the housing ladder. Then minutes afterwards, as has happened in all his speeches—last time it was about national insurance contributions—we get the real story. Hidden away on page 154 of the OBR report is the clear statement that the temporary holiday on stamp duty will increase house prices by 0.3%. [*Interruption.*] The hon. Member for Spelthorne (Kwasi Kwarteng) is shouting at me. Judging by the OBR's ability to predict the future, does he honestly think that house prices are going to go up by only 0.3%? I do not think so.

Christopher Pincher: They might come down.

Chris Evans: They might come down, the hon. Gentleman says.

The point that the Chancellor is missing is that many of these people cannot afford a deposit to buy a house, so as well as reducing stamp duty, he should have been looking at vehicles for people to save to buy a house. Not many people took up the help to buy ISA, but we need those types of things.

This was a speech where the Chancellor was boxed in. The red box he held up was a symbol of how he was boxed in—by his Government, by Democratic Unionist party Members and by his party. Because of Brexit and this country's productivity problems, we needed radical reform, but this Government cannot provide that any more. I say to them: stop clinging on to power, and let us go back to the country.

4.2 pm

Mr Andrew Mitchell (Sutton Coldfield) (Con): It is a pleasure to follow the hon. Member for Islwyn (Chris Evans), although I fear that my speech will take a slightly different view. I draw the House's attention to my interests in the register.

The Chancellor faced a pretty difficult task today—he was said to be between a rock and a hard place—but this is a sensible and pragmatic Budget. I think he will be well content with that analysis.

I want to start with the midlands, because I represent part of that area. We are very pleased that we now have the second devolution deal. The support for the automobile industry—for driverless and electric cars—is enormously important. You will understand, Madam Deputy Speaker, how much that matters in the west midlands. The midlands is at the centre of this industry. We are leaders in technology, design and production internationally. We very much welcome that support, more of which I think is to be announced later this week.

The £200 million that we receive for cleaning up brownfield land is now being spent, thanks to the vigour and effort of Andy Street, our Mayor. He is doing a very good job. I hope the Treasury will consider providing more funding when that £200 million has been used. The importance of spending money on cleaning up brownfield land is immense, because it means that we do not have to build on the green belt. We should only ever do that as a last resort. We in the west midlands are delighted that we are to be part of a

[*Mr Andrew Mitchell*]

national pilot of Housing First, which is a particular priority of our Mayor, Andy Street. The pilot will allow us decisively to address rough sleeping across the west midlands, and we are determined to do so.

I express my gratitude to the Government for the announcement that resources will be made available for the children's emergency medicine and paediatric care centre at Birmingham Children's Hospital. Many of us have campaigned for that, and the news is excellent.

Sir Desmond Swayne: If I may, I will take my right hon. Friend back to housing for a moment. Does he agree that the Budget needs to be seen in the round with other Government announcements, particularly the opportunities in the White Paper for local authorities to build once again?

Mr Mitchell: My right hon. Friend makes his point exceedingly eloquently.

I want to underline to the House the fact that free enterprise and open markets have been, and continue to be, the greatest engines of social and economic advancement known to man. We need to stand up for those things more than we have done recently, against the opposing views espoused by the shadow Chancellor and, indeed, by large numbers of young people who were not around to learn some of the pretty basic economic truths that many of us learned in the 1970s and '80s.

Having said that, capitalism has always required Governments and regulators to set boundaries to human activity and, inevitably, human greed, and that point chimes in very well with the activist views that our Prime Minister has expressed since she took up the job. I want to point briefly to three areas in which I think such regulation of capitalism is of the greatest importance. The first, which we have debated in the House, concerns open ownership registers, particularly for the British overseas territories. That was an initiative of the Cameron Government. We in Britain have imposed such transparency on ourselves, and we need to do so for the overseas territories. Many in this House care deeply about the matter, including my hon. Friends the Members for Stafford (Jeremy Lefroy) and for Amber Valley (Nigel Mills), and the right hon. Members for Barking (Dame Margaret Hodge) and for Don Valley (Caroline Flint). It is important that the Treasury recognises that point in the Finance Bill, and I very much hope that it will do so.

Energy prices are the second area in which regulation is important. The Government are absolutely right to pursue that, because the current monopolistic situation works against the interests of consumers. The right way to deal with it is by regulation rather than by nationalisation, which is entirely unnecessary because of the regulatory regime.

Other Members have mentioned the third area in which regulation is required, but I will make the point again. A recent study of the annual reports of FTSE 100 companies shows that average pay for chief executives rose from £5 million a head in 2014 to £5.5 million in 2015. I find it offensive and totally unjustifiable that that is 140 times the average salary of their employees. It is noteworthy that only a quarter of FTSE 100 companies pay the voluntary living wage to their employees. The scale of that inequality, which is vastly greater than

it was, gives capitalism a bad name. At a time when inequality more generally has fallen, with income inequality at its lowest rate for 30 years, this is something that the Government need to address through regulation.

Geraint Davies (Swansea West) (Lab/Co-op): The right hon. Gentleman will be aware that the OECD identified a relationship between inequality and growth, namely that more inequality means less growth and a smaller cake. Is he also aware that when it is analysed using the Gini coefficient—the normal way of evaluating inequality—inequality in the UK is among the highest and fastest growing in Europe?

Mr Mitchell: I do not agree with the hon. Gentleman's last point. I will rest on the recently published statistics showing that income inequality is now at a 30-year low in Britain.

My final point, which has already been raised today, is about intergenerational fairness. It is of course absolutely right that housing inequality should be right at the top of the list. We want future generations to have the opportunities that our generation had in terms of not only ownership, but part-ownership and rental. The importance of the decisions announced in the Budget is that they will give a real boost to the creative use of space. There is real encouragement for using brownfield land, which I spoke about earlier, and it is quite right to attack the misuse of land banks. It is also absolutely right to be creative in building new communities, but we need far more imagination. I would like the Government to commit to 1 million new housing starts over the next three years, which is slightly further than they have gone today.

We need to recognise that building new communities and focusing on infrastructure are absolutely at the top of everyone's agenda. We should look at garden cities, and many people will be delighted at what the Government have said today. In the midlands, we want the Black Country garden city to be developed; so far, it is an idea without much flesh on the bones, and we need far more flesh to be added to those bones. We must build in the right places—progress will become ever more bogged down if we start to attack the green belt, and in my view, it is very important that the Government do not do that—but such building should be the top priority.

When it comes to intergenerational fairness, which everyone agrees is vital, we must not forget that excessive borrowing makes it worse. In the past six months, Germany had a public spending surplus of £8 billion, but we had a deficit of about £26 billion. This will have to be repaid, and it is a cruel and unfair deception on the next generation if we do not make it clear that if our generation does not repay it, theirs will have to do so. Austerity is not optional. It is not a Tory vice; it is fiscal responsibility, and we have to return to living within our means.

My final point on intergenerational fairness is that one of the best investments in future generations is Britain's contribution to international development. The work Britain is doing, with the commitment made across the House to the 0.7% target, is driving real change in the world—it does a huge amount to help some of the poorest in our world—and contributes directly to making the world a safer and more prosperous place for future generations. It tackles directly the

international dangers from climate change, migration, terror, pandemics and protectionism, and the Government should make more of this work. The Government, of which I was proud to be a part some five years ago, have done an immense amount, and such work is very important in addressing intergenerational inequity. In making more of such work, the Government will note that it is very strongly supported by people from across our country who are under 35—a cohort conspicuously absent among Tory voters at the last election.

I want to end by saying how pleased I am to see that the Government have given £1.3 million from the LIBOR fines to ZANE—Zimbabwe a National Emergency—a body that does hugely good work for elderly people in Zimbabwe. On behalf of all those involved with ZANE, I express my gratitude to the Treasury and the Chancellor of the Exchequer for making that very wise decision.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. It will be obvious to the House that a great many people still wish to take part in today's debate, and there is limited time, so I will reduce the time limit to eight minutes.

4.14 pm

Jo Swinson (East Dunbartonshire) (LD): The British economy today faces three key challenges. First, we have low productivity, with the associated wage stagnation that comes with it, and of course the reduced tax receipts. Secondly, we have high public sector debt. We must recognise the constraints that that places on what is possible economically, and be honest about some of the hard choices that need to be made. Thirdly, there is Brexit, which has already been described as the elephant in the room. We see the uncertainty it is creating for businesses and investment in the country, its impact on our economy, and the opportunity cost of all the energy and money being spent on preparing for it that could otherwise be directed elsewhere.

The Chancellor is a serious man. We had significant differences in coalition but in recent months he has appeared to be one of the few voices of reason in the Cabinet on Brexit. He had an unenviable task coming to the House today, given the picture of higher inflation, lower growth, lower productivity and high levels of debt. It really is bleak. The economy will be £45 billion smaller in 2021 than had been projected just in March this year, so his attempts to paint a cheerful vision of the future were rather less successful than his jokes. The truth is, as the Chancellor knows, that this Budget, the next one, the Budget after that and all future Budgets are made all the more difficult because of Brexit and the extreme approach to it that this Government are pursuing. Making it clear that an exit from the single market and the customs union is a red line for the Government—this is aided and abetted by the Labour Front-Bench team—imperils the future of the UK economy, and the Chancellor knows it.

The right hon. Member for Loughborough (Nicky Morgan) rightly said that there is no pot of gold at the end of the Brexit rainbow, although the more appropriate metaphor is that of a thunderstorm. We learned today that the cost of Brexit preparations is not just the £700 million already allocated but a further £3 billion, which is more than the extra money that could be found

for the NHS, and that tells its own story. We need to add to that the exit bill, and who knows what that will be—£20 billion, £30 billion, £40 billion? In addition, there is the overall hit to the economy, which the OECD has suggested could be £40 billion. It is no surprise that these figures were not stuck on the side of a bus in the referendum campaign.

To promote the health of our economy we have long needed to use the advantage of low borrowing rates to increase investment in the economy, so I welcome some of the measures set out today to unlock new house building. However, they are not ambitious enough. As ever in Budgets, the devil is in the detail. The headline figure touted was £44 billion, but only £15 billion of that was new and just £6 billion of it was extra for increasing the housing supply. As my hon. Friend the Member for Bath (Wera Hobhouse) said, there was next to no help for extra social housing, which of course is badly needed as part of the mix.

On the NHS, Simon Stevens had asked for £4 billion next year, but the Chancellor's response does not come close. The new revenue peaks at £1.9 billion next year and then drops to £1.1 billion. As I say, Liberal Democrat Members appreciate that hard choices need to be made, and if we want to resource our NHS and social care properly we need to look at how to find the funds. That is why we have proposed an increase in income tax of one penny in the pound specifically for the NHS and social care. It is worth noting that social care was something the Chancellor did not even think worth mentioning in his remarks.

Tom Brake: I wonder whether my hon. Friend has calculated what £350 million a week for the NHS over a year amounts to. I believe the figure is £18 billion. How much is the Chancellor offering?

Jo Swinson: Next year, £1.9 billion, so the Chancellor has fallen significantly short. I am sure the Foreign Secretary will be beating a path to his door to try to make that bus happen—or perhaps not.

On social care, we need serious responses and serious cross-party work to find long-term solutions instead of the half-baked policies, cooked up in secret, that the Government offered at the last election. On taxation, there was a missed opportunity not only to increase income tax in the way my party has suggested to fund the NHS, but to increase capital gains tax and corporation tax. Instead of this race to the bottom of trying to get to 17%, we could keep that a competitive rate of 20% and get the additional funding that that would generate.

The Chancellor was right to say that international action is needed to create fairer taxation, but he failed to address the role of the overseas territories. We should require them to comply with UK standards on transparency, or companies registered there should be prevented from doing business in the UK. In the spirit of being transparent, I ought to be transparent about the fact that my husband works for Transparency International UK. In the context of rocketing executive pay, it is impossible to escape the contrasts between the rich, who can hide their assets and avoid tax, those on middle incomes in both the public and private sectors, who are facing real-terms pay cuts, and the poor, many of whom, whether they are working or not, rely on benefits to make ends meet.

[Jo Swinson]

The right hon. Member for Ross, Skye and Lochaber (Ian Blackford) mentioned the £12 billion of cuts to benefits that are still to come—£12 billion of cuts that the Liberal Democrats blocked in the coalition. The rise in the income tax threshold, although welcome, contrasts with the continued freeze in benefits. That was bad enough last year or the year before, but in the face of inflation of 3% it will cause real hardship. We see some changes to universal credit, but the wider problems have been ignored, not least the £3 billion of cuts that were introduced in 2015. Universal credit needs to be paused while the problems are ironed out. There is merit in having a simpler system, but using the new system to make deep cuts fools no one and undermines the important principles that underlie universal credit.

On the environment, I welcome the consideration of new charges on single-use plastics—a Lib Dem idea—but there is precious little else to demonstrate that the Government appreciate the scale of the climate threat we face. They have scrapped rules for zero-carbon homes, cut subsidies for solar and renewable heat, privatised the green investment bank and scrapped the Department of Energy and Climate Change. Today, we saw no new resource for tidal, waste from energy or carbon capture and storage. The Government do not have a strong record on the environment.

On a positive note, I welcome a couple of things in the Budget. I welcome the investment in technology, such as artificial intelligence, driverless cars and geospatial data. I was going to make the point that ethics need to be at the heart of how we proceed, because whether we can do something is not the same as whether we should do something. I was therefore delighted to read on page 45 of the Red Book that the Government intend to establish a centre for data ethics and innovation. That is urgently needed and we should lead the way in that area. On that issue, I say well done to the Government and I look forward to exploring it further with Ministers.

I also welcome the national retraining scheme, in particular the partnership with the CBI and the TUC to make that work, with the focus on digital and construction skills in the first instance. However, I would say, particularly in the context of the automation challenge to our workforce, that we should be looking more at the care sector. There are certain things that robots will not be able to do in the near, or indeed the distant, future. One such thing is caring and human empathy. We also face a demographic time bomb, so we need to be upskilling and investing in the care sector to change it from a low-status profession to one that we recognise as high-skilled. We should therefore ensure that it is properly resourced.

In conclusion, our country faces big challenges and opportunities. There is a bleak economic outlook, low productivity, the threat of climate change, the pace of technological change and the impact of automation on work. Those challenges are enough to keep any Government awake at night. They need attention, innovation and new ideas. Instead, we have a Government obsessed and consumed by Brexit, and they are not even doing that competently. The economic picture outlined by the Chancellor today makes it clearer than ever that we need an exit from Brexit.

4.23 pm

Priti Patel (Witham) (Con): It is a real pleasure to follow the hon. Member for East Dunbartonshire (Jo Swinson); this is the first time in a while that we have debated in the Chamber together.

I commend my right hon. Friend the Chancellor of the Exchequer for the Budget. From my ministerial apprenticeship at the Treasury three years ago, I recall the great efforts that the then Chancellor and the entire team made to put the Budget together, particularly as Ministers were lobbied constantly by a whole range of interests. It is, of course, a challenge to balance the needs with the responsibility to keep the public finances in good, sound, solid order. The Treasury should be commended for navigating those pressures and for continuing to put stability at the core of the Budget. Economic stability should rightly stand at the core of every Budget.

It is worth reminding Members, especially those on the Opposition Benches, of the progress that has been made in putting the public finances back in order after the appalling situation in 2010. Back then, the budget deficit exceeded £150 billion—more than our spending on health, education, policing and the armed forces. The level of public spending was financed by borrowing that was totally unsustainable. We know that the Opposition, who are chuntering away, never want to take responsibility for how they mishandled the public finances and love to point the finger of blame elsewhere, but it is a fact that before the financial crisis, the Labour Government racked up an eye-watering level of debt.

Ian C. Lucas: In 2010, the Conservative Government said they would eliminate the deficit by 2015. They were aware of the deficit at that stage, so why did they fail?

Priti Patel: The obvious answer is the scale of Labour's economic mismanagement. The hon. Gentleman will recall that his party's 2008 Budget planned for a £43 billion deficit, which is more than all the revenues raised in excise duty. That says everything we need to know about Labour's financial economic management.

Mr Mitchell: Does my right hon. Friend not think that the Opposition have a brass neck to intervene on her in that way? They criticise the Government for not cutting the deficit faster, yet on every single occasion when they have been invited to support the deficit-cutting strategy they have voted against it.

Priti Patel: My right hon. Friend is absolutely right. On many occasions since 2010, the Labour party has not only not supported the Government's approach on deficit reduction, but failed to vote to support policies to reduce the deficit and bring sound financial economic management back into our public finances. We have come a long way on bringing the deficit down and understanding the reasons why sound financial management matters. We need money to be available to invest in our public services. We need an economy that embraces enterprise, which brings in the tax receipts to pay for hospitals, schools, police and the armed forces. Today's Budget absolutely recognises that fundamental point.

We have heard criticism in the debate about the NHS. Our NHS is a great institution. It is right that the Chancellor has today committed more public funds—

billions—to the NHS. As an Essex Member of Parliament, I am delighted to see new support and capital investment in the NHS. Frankly, for 13 years under Labour, health services in Essex went backwards and suffered from underfunding. My right hon. Friend the Member for Sutton Coldfield (Mr Mitchell) is right to say that Labour Members have a brass neck criticising the work we have been doing and the investment we have made.

One great success since 2010 is the record level of job creation in our economy. Like many of my right hon. and hon. Friends, I recall sitting through these debates from 2010 onwards hearing doom and gloom and scaremongering from the Labour party, with outlandish claims about unemployment and recession. As we know, those predictions proved to be completely wrong. In today's Budget, we heard about greater investment in key sectors going forward. We know we have to think about the future of the labour market. Automation will be coming in, and we need to consider how we can invest in construction and key services.

Geraint Davies: Does the right hon. Lady not recognise that under the Labour Government the economy grew by 40% in the 10 years to 2008? The Conservative Government have doubled debt from 45% to 90% of the economy and we have the lowest growth in the G7. Surely that is not a success.

Priti Patel: In my constituency, the claimant count has fallen by 70% from its peak under Gordon Brown, and there has been a 17% growth in small enterprises. That means more jobs for my constituents and the county of Essex. We should welcome that, rather than talk it down.

Charlie Elphicke: Can my right hon. Friend recall an occasion when the Labour party talked up the economy, or is it always about more spending, more borrowing, more debt and more benefits and taking the country back to the brink?

Priti Patel: My hon. Friend is absolutely right. We have 32 million people in work and unemployment at a record low, and Opposition Members talk our country and our economy down. They seem to have a pathological hatred of enterprise, aspiration and free markets. They call for higher taxes on businesses, which only serve their agenda to tighten controls on the free market, stifle innovation and stop businesses succeeding. As we know, that is exactly what would harm the economy in the long run.

As we have seen in the Budget today, great Conservative Budgets support aspiration, opportunity and freedom. That is why the Conservative party has always been on the side of people who work hard and want to get on in life and own their own home. The Budget makes welcome changes to stamp duty to help people get on the property ladder: 95% of first-time buyers will now benefit and 80% will pay no stamp duty at all. That is the right action to support home ownership and increase supply through the investment announced in the Budget.

I stress to my right hon. and hon. Friends on the Front Bench the importance of ensuring investment in infrastructure around new housing from private as well as public sources. In Essex, we have been working

assiduously to secure investment from the Government in a passing rail loop north of Witham and the upgrading of the A120—critical investments that will promote and support house building in that part of Essex—and also to ensure greater private funding, including from innovative financial products, to reduce the risk to the public purse and to secure more private sector contributions to deliver critical infrastructure.

As we plan for our exit from the EU on 29 March 2019, it is right that the Budget has set us on a course to make the most of the long-term opportunities that Britain will have. Of course, that means being a global beacon for free trade, a place that welcomes investment from overseas and enterprise, and finding ways to unlock the talent in this country.

I again welcome the new investment that my right hon. Friend the Chancellor announced in terms of skills, critical sectors and investing in people. There are fantastic opportunities not just for the City of London but for our country, and plenty of reasons to be optimistic when it comes to trading with the rest of the world and growing our economy. We must look outwards rather than inwards. This is a Budget that will facilitate a positive international vision for Britain. That is how we will be judged in the years ahead. It stands in marked contrast to the policies of the Labour party, which wants to tax more and thereby harm our country and our economy. Most importantly, however, this Budget lays the foundations for a Britain fit for the future.

4.32 pm

Gareth Thomas (Harrow West) (Lab/Co-op): It is a pleasure to follow the right hon. Member for Witham (Priti Patel). She will not be surprised that I take a slightly different view of the decision our country made on Brexit, but nevertheless I thought she gave an interesting speech. I was also interested in the comments of the right hon. Member for Sutton Coldfield (Mr Mitchell) about the need to reform capitalism. I thought his proposals rather timid, but they were at least a start in terms of recognising how corporate culture needs to change. I gently encourage him that there are forms of public ownership that he should look at with a little more enthusiasm than his remarks suggested he did. If I have time, I hope to pick up on some of those.

The most striking features of the Budget thus far are the revelations about the cost of Brexit. The OBR's downgrade of growth forecasts means that for the first time in modern history the official UK GDP growth forecast for every year being forecast is under 2%. The setting aside of an extra £3 billion to fund the cost of Brexit is quite extraordinary. I do not remember anyone in the leave campaign even hinting at such costs. Earlier this month, the Bank of England Governor gave his verdict on the economy, when he said that "Britain would be booming" were it not for the "Brexit effect". Indeed, with favourable conditions and stronger growth in other parts of the world—sadly, notably in the eurozone—Britain has fallen from the top to the bottom of the league of G7 leading economies in the year since the Brexit vote. Perhaps most strikingly, foreign investment in Britain is 20% lower than the Bank of England forecast before the referendum result.

It is easy, therefore, to be even more concerned than we might have been about the cost of Brexit. The evidence that businesses are now beginning to produce

[Gareth Thomas]

to explain why they are falling back on investment decisions is perhaps not surprising, given that the Cabinet themselves cannot decide what kind of trading relationship they want with our European partners, and the truth is that ordinary households are paying the price. According to a report published this month by the Centre for Economic Performance, the impact of inflation and a weaker pound since the referendum means that the average worker has experienced a real-terms cut of nearly £450 in annual pay, the equivalent of a week's salary. But, sadly, the Government march on, insisting that we will leave the customs union and the single market, and that no deal may well be an acceptable outcome.

Just recently, we have heard striking evidence from car manufacturers such as Honda about the potential cost of leaving the customs union. For some manufacturers, it will be up to £850,000 a year. Honda estimates that it would take 18 months for it to set up the warehouses and the procedures that it would need if Britain left the customs union, which the Government insist will happen in 17 months' time. That is genuinely worrying for the future of jobs in this country.

The general election confirmed that there is no mandate for a hard Brexit, so even at this late stage I urge Ministers—and, if I may do so gently, those on my own Front Bench—to explore again soft Brexit options such as membership of the European economic area. Not only would that potentially allow new arrangements in respect of issues of concern to the British people such as judicial authority and freedom of movement, but it would, crucially, provide significant economic certainty for the future.

The second aspect of the Budget that I want to deal with is its failure to tackle the crisis in funding for public services. I found it striking, given the terrorist attacks that our country has experienced this year, that the Chancellor made absolutely no mention of additional funds for the police or, indeed, additional investment in tackling the ongoing threat of terrorism. Harrow has lost 173 police officers since 2010. Violent crime has risen, and knife crime in particular is up by 60%. There have been stabbings in both south Harrow and Harrow town centre, which is something that my constituency has not experienced for a considerable time. The fear of crime is therefore substantially on the increase.

Mr Jim Cunningham (Coventry South) (Lab): My hon. Friend has mentioned police numbers and the rise in knife crime. The West Midlands has lost more than 2,000 policemen. How can knife crime, and other crimes for that matter, be tackled when a police force is being reduced? A more important point can be made about public services. Instead of telling the police, the fire brigades and the nursing and medical profession what they are doing, why do the Government not pay them a decent wage? Is that not the best way of thanking them for the services that they give?

Gareth Thomas: I strongly agree with my hon. Friend. It worries me that the Government have chosen to do nothing about the real threat of a further loss of 3,000 to 4,000 police officers, which the Metropolitan Police Commissioner, Cressida Dick, has said will happen if

there is no increase in the Met police budget. As a consequence of the lack of funding, Harrow will be merged with Barnet and Brent. Barnet's burglary rates have increased substantially of late, and Brent has a significant gang problem. Many of my constituents understandably fear that police will be taken out of our borough to deal with problems in the two other boroughs, and that crime in Harrow will not be tackled in the way that they might have hoped.

In the national health service, I think it significant that the extra resources that both the King's Fund and the head of the NHS said were necessary have not been provided. There has been some uplift, and I obviously welcome that, but it is striking that just last year, 2.5 million people waited for more than four hours in accident and emergency departments, compared with the 350,000 when Labour left office, and 4 million people are currently on the waiting list for treatment in an English hospital.

Northwick Park Hospital, which serves my constituency, is the second-busiest trust in London, following the Government's decision to close the A&E departments at Hammersmith Hospital and Central Middlesex Hospital. In my constituency, we worry that Ealing Hospital's A&E is also due to close. Our trust ended the last financial year some £60 million in deficit with an underlying deficit of almost £100 million, and it is expected to make savings of £50 million in the current financial year, which the leadership of the trust says is an unprecedented challenge, so hon. Members can understand why my constituents will be deeply worried about the implications of this Budget for their hospital.

Similarly, many schools in my constituency are under considerable financial pressure, having to not fill teaching assistant vacancies and replacing experienced staff who leave with newly qualified teachers. The Budget does nothing to address those problems, and there is nothing on the financial crisis in adult social care or on the increasing crisis facing children's services.

Lack of time prevents me from picking up the challenge that the right hon. Member for Sutton Coldfield laid down—a debate on how one reforms capitalism—but there might be potential in a series of co-operative and mutual solutions. We particularly need an increase in co-operative housing, and I think that the Royal Bank of Scotland should be converted into a building society. Far more also needs to be done to encourage an increase in energy co-operatives to challenge the dominance of the big six players.

4.41 pm

Stephen Hammond (Wimbledon) (Con): It is a pleasure to follow the hon. Member for Harrow West (Gareth Thomas). I certainly agree with his remarks about the role of co-operatives in financial services and other parts of our economy. In fact, he and I have spoken about that previously.

The Chancellor said that this was a Budget “fit for the future”. In many ways, all Budgets are fit for the future because it is the future that we face. Some, of course—including many delivered by the previous Chancellor—had to cure the ills and mistakes of the past. Today, some of the pressure and pain that the economy has had to take is being put right and we are seeing some benefits in a number of ways.

My right hon. Friend the Member for Sutton Coldfield (Mr Mitchell) was right that much is spoken about intergenerational issues, and the worst intergenerational burden we can leave is to load the next generation with the debt of our generation because of our reckless spending. The Leader of the Opposition was so right when he said that it could have been so different; we could have seen a deficit denied, more money spent, more tax raised and little benefit. In reality, our constituents would have borne the brunt of all that. The Chancellor was right to point out that the OBR is independent and gives a view with the best economic forecasting available. But it is also right that all forecasting bears risks. I have only had a quick chance to look at the OBR analysis, but it brings up some interesting points.

The hon. Member for Islwyn (Chris Evans) mentioned productivity several times, and he is right that it is the central challenge for this economy. In fact, I think that the hon. Member for East Dunbartonshire (Jo Swinson) made the same point. As an economic historian of relatively modern times, I think it is fascinating to note and worth remembering that the previous Administration had to redefine productivity because it was falling so fast under their watch. The OBR makes the point—and this is a disappointment—that although productivity is picking up, it is not reaching pre-crisis levels. That is why people should particularly welcome the schemes for retraining older people contained in the detail of the Red Book, as well as the science, technology, engineering and maths skills training. I particularly welcome the retraining partnership schemes because the participation rate is one of the biggest problems highlighted by the OBR, as we have an increasingly elderly population without the skills to tackle some of the new industries that will so obviously exist. The Chancellor was right to say that much needed to be done on maths and computing if we are to meet the challenges of the future.

There is clearly an awful lot of detail in this Red Book. Chancellors often hope, when they present their Budgets, that people will pick a rabbit out of the hat that will make the headlines so that they do not look at the details. In fact, much of the good stuff is in the detail today. It is worth mentioning, for example, that today's announcements on universal credit show that the Chancellor has been listening. He is right to say that we have to have a modern welfare system, so that work is always encouraged. One of the real experts, David Orr, the chief executive of the National Housing Federation, which represents most of the housing associations, has already stated:

“We particularly welcome the changes to Universal Credit, including the advance payments...These changes will make a direct and positive impact to the lives of housing association tenants.”

Jamie Stone: Whatever the rights and wrongs of universal credit, and the motives behind it, the lack of internet access in my vast and wide-reaching constituency is an immovable obstacle that cuts against the best intentions of the Government. Do the hon. Gentleman and those on the Government Front Bench recognise this massive problem?

Stephen Hammond: The hon. Gentleman is absolutely right. That is an infrastructure problem, however, and I hope he will have noted a number of announcements on infrastructure today, including the fact that the roll-out

of broadband is being accelerated. I absolutely agree that there is a massive problem, and I am very pleased that those on the Government Front Bench are doing something about it. At constituency level, I should also like to welcome the announcement of the Naylor review and the fact that some money will be going to St George's Mental Health Trust. That will be welcomed in Wimbledon, as will the announcement that Crossrail 2 is proceeding, although we hope that it will do so at a faster pace than the trains.

For a lot of people, the key Budget announcements relate to infrastructure. I was particularly interested in the amount of money the Government are putting into transforming cities, not only by providing local transport but by giving cities and mayors the flexibility to embrace new urban design and incorporate the new industries of the future, and by giving local councils the ability to offer discounted lending. The Government often encourage them to make this lending available to high-value infrastructure projects that will provide extra facilities for local people. It is key that that money should not be ring-fenced for particular projects and that it can be used to allow new urban design ideas to be utilised.

I have recently been a keen contributor to the Housing and Finance Institute's papers on bringing forward sites in a way that provides not only the necessary housing but all the services that are needed to go with it. Major applications—and sometimes smaller ones—are often frustrated by a lack of provision not only of roads and rail but of electricity and water, for example. A report to which I was pleased to contribute recently landed on the Chancellor's desk, and it has clearly made an impact. I was pleased to see today that he is establishing Homes England. That detail might have been missed by many, but I suspect that allowing the Government's major house building and infrastructure directive to have a much wider remit will enable a number of projects to be brought forward more quickly, particularly when combined with some of the other measures in the Red Book. For example, the strategic sites fund will be very welcome, particularly when combined with the announcement on Homes England. There seems to be some grown-up connected thinking going on inside the Treasury, which I welcome. The Economic Secretary to the Treasury, my hon. Friend the Member for North East Cambridgeshire (Stephen Barclay) smiles. He is always guilty of this kind of thinking, but it is not always evident to everyone else.

Certain factors are really noticeable to anyone who has done any analysis of the housing market. It is clearly about supply, which everyone talks about, and about the big projects. However, if we look across our constituencies, there will be any number of small sites that are not being brought forward, which is why we have seen the decline of the small builder. The extension of the house building fund, the small sites fund and, probably most importantly, the loan guarantee to small builders are likely to bring forward more sites. That may well be incremental, but every site of 10, 20 or 25 homes adds up, and that is to be welcomed. On a regional level, I also welcome the fact that we have for the first time seen an acceptance that house prices are not the same everywhere in the country, and today's stamp duty announcement will be particularly welcomed inside London.

My final point relates to the patient capital review. Some of the structures put in place in the past often did not recognise the need for an emphasis on high risk and high growth. If funds are to get advantages, they should

[Stephen Hammond]

be high growth and high risk, and today's announcement will be a benefit, particularly if it works alongside the private sector to bring forward £7.5 billion into the industries of the future. There is much to welcome in the Budget and, unlike many Budgets, there is much in the detail, so I commend it.

4.50 pm

Joan Ryan (Enfield North) (Lab): It is a pleasure to follow the hon. Member for Wimbledon (Stephen Hammond), although I am not sure whether we will find a great deal to agree on. In the run-up to this Budget and during the Chancellor's speech today, we heard a lot about building a Britain "fit for the future", but many of my constituents do not share the Chancellor's confidence that the Government's proposals will achieve that vision.

I have been in Enfield for more than 20 years, and I have always considered it to be a fantastic place to live and great place to raise a family. However, for too many residents of Enfield North, especially hard-working and hard-pressed families, the past seven years of Tory austerity have led to more insecurity, poorer public services and, in some cases, abject poverty. Child poverty has risen to its highest level since 2010, as I mentioned at Prime Minister's questions when I pointed out that the IFS and the Joseph Rowntree Foundation predict that an additional 1.2 million children will be pushed into poverty by 2021 on top of the 4 million in 2015-16. That is not a proud record; it is a scandal and a moral issue facing this country and this Government. Enfield is the worst-affected borough in London, with almost one third of children living in poverty. The Chancellor was emphatic that that was being dealt with, but let me tell the House what Alison Garnham, the chief executive of the Child Poverty Action Group, said about today's Budget that:

"this should have been the Budget that ushered in much needed structural reform of Universal Credit to revive the central promise to strengthen the rewards from work and that didn't happen. Our new analysis finds while effective tax rates may have improved for some families, big falls in family income caused by cuts and changes to Universal Credit have left many worse off overall, overwhelming any gains from increases in the 'national living wage', personal tax allowances and help for childcare. Families on universal credit who want to get better off through earnings gained little from today's Budget."

I am more inclined to accept what the chief executive of the Child Poverty Action Group has to say than the Chancellor's empty words.

Mrs Cheryl Gillan (Chesham and Amersham) (Con): The right hon. Lady makes an interesting point. I do not know whether she has had an opportunity to study "Impact on households: distributional analysis to accompany Autumn Budget 2017", but its analysis shows that

"since 2010, households across all income deciles have seen growth in their disposable incomes, on average".

That is good news, and I am sure that she would want to welcome it.

Joan Ryan: If the right hon. Lady sat in my advice surgery and listened to what was said by families in Enfield, where over a third of children live in poverty,

she would find that the amount of disposable income that people have is a major problem, and that most families feel that rising costs, particularly due to rent, have wiped out any possible gains.

Almost six in 10 Londoners in poverty live in a working family, so the picture of poverty has changed. Those people are not "scroungers," as they are sometimes referred to; they are working people who are trying to get on in life. A third of all jobs in Enfield are classed as low paid and are below the London living wage, as recent research by the Trust for London has shown. The Government's failure to address these issues has meant that many families are unable to just about manage today, let alone build for tomorrow.

Enfield now ranks as the London borough with the fourth highest food bank usage. Last year, 5,974 three-day emergency food supplies were provided to people in Enfield, with 2,434 given to children. The roll-out of universal credit in Enfield, which started this month, will make a bad situation even worse. The Trussell Trust has said that demand for emergency food parcels is 30% higher in areas where universal credit is being implemented. Week in, week out, I see many hard-working families at my constituency advice surgery who are living on or below the breadline.

I want to say a few words about housing. A great many constituents come to see me about problems that are related in some way to housing, particularly those living in the insecure private rented sector. The threat of falling into rent arrears, and of families being put at risk of eviction and long-term debt due to the roll-out of universal credit, has only added to their concerns. Stagnant wages, fast-rising rents and a crisis in housing supply have created a perfect storm in Enfield, which now has the highest eviction rate in the capital. Homelessness acceptances have risen by a staggering 82% over the past two years. Enfield has the second highest number of temporary accommodation placements in London, which puts even more pressure on an already strained housing market. Again, that is not a record of which the Chancellor can be proud.

Today the Chancellor said, "House prices are increasingly out of reach for many"—yes, they are. He continued: "It takes too long to save for a deposit"—yes, it does, if someone can save at all—"and rents absorb too high a portion of monthly income". But the OBR report makes it clear that house prices will rise as a result of the measures announced today. When the hon. Member for Bath (Wera Hobhouse) intervened on the right hon. Member for Wokingham (John Redwood) to ask about houses for social rent, the right hon. Gentleman insisted that the Budget statement referred to that. I listened to the Chancellor's speech and I have read through the printed copy, but I heard and read nothing about that. He did say that the Government would increase supply "including nearly 350,000 affordable homes", but the question is: affordable for whom? There is nothing about houses at a social rent. I think that is a disgrace, completely ignoring the desperate need.

Ian C. Lucas: A Conservative Member said earlier that we should learn lessons from how bad things were in the 1970s. I was brought up in a council house during the 1970s, and that gave me a tremendous base in my life. We should be proud of that. The Conservative party should learn a lesson from that and treat people with some respect.

Joan Ryan: I completely agree. I, too, was brought up in a council house, and we were proud of it and considered it the next best thing to owning our own home—we hardly drew a distinction. That is not the case today. Indeed, it is becoming impossible to offer anybody a council house.

Jamie Stone *rose*—

Joan Ryan: I will not give way again, because I need to make some progress.

I want to say a few words about public services. Hard-pressed and hard-working families rely on our public services, but seven years of austerity has stretched them to breaking point. Labour-led Enfield Council has tried its level best to protect families from the immense pressures it is under, but given that its Government grant has been reduced by £93 million, it is now able to do so much less. The extent of the cuts that local authorities are having to make is unsustainable.

I notice that when we talk about social care, the environment, pollution and policing, the answer we get from the Government every time is “local authorities”, but they are slashing local authorities’ budgets on the one hand and then pushing responsibilities on to them on the other. The Government know that that circle cannot be squared—it is an impossible task. They are undermining our public services and undermining our local councils.

Primary and secondary schools in Enfield are due to lose a further £15 million by 2020. Heads will have to cut even more teaching posts, which will affect every child’s ability to achieve their best.

My constituents deserve good-quality health services. Instead, we have seen the Tory Government shutting Chase Farm Hospital’s A&E and maternity units and slashing the number of in-patient beds by more than 400. The other hospital we now use and rely on, North Middlesex, is being put under increasing pressure, with the result that it constantly faces a crisis. The Royal College of General Practitioners has said that Enfield needs 84 more GPs by 2020, but I have little confidence that the Government will provide any.

On policing, in the past seven years we have seen a 70% increase in violent crime in Enfield as well as huge cuts in the number of uniformed officers on our streets. There is a relationship between these two things, but there was no mention of that today whatsoever. Sadiq Khan, the Mayor of London, has done everything he possibly can to protect frontline policing, but the Chancellor failed to commit to or even to mention additional funding for London’s police force. This Government are making London less safe for Londoners and tourists—for everybody who lives here—and this in a year in which we have seen five major terrorist attacks. London is less safe under the Tories, and this Budget helps nobody.

5.1 pm

Charlie Elphicke (Dover) (Ind): This is a Budget that seeks to get a better deal for the least well-off and the lowest paid. It is a Budget that seeks to ensure that the very richest pay a fair share of taxes, to stop tax dodging, and to make sure that multinationals honour their obligations and are forced to do the right thing. This is a Budget that ensures that we prepare for Brexit and for the future of this country, and that makes sure

that we embrace that future and get the best out of it for our children and grandchildren. I commend the Chancellor for the level of thought and consideration he put into it and, indeed, for his excellent Budget speech and presentation. He has done a brilliant job and introduced a really positive Budget.

I particularly welcome the allocation of up to £3 billion for preparations for Brexit. That matters at the Dover frontline and the channel ports because we must have a smooth transition to ensure that there is no gridlock, and no holdbacks or queues. Some Members quite like the idea of queues at the channel ports and look forward to everything being a disaster on Brexit day, but not Government Members. I am glad that the Chancellor is making sure that the investment and moneys are available to ensure that we avoid that eventuality. We need to remember that gridlock at Dover will mean gridlock for the entire British economy.

If the midlands engine cannot get essential components, it will conk out. If the northern powerhouse does not get the supplies it needs, it will cease to work. That is why it is so important for each and every one of us to do all we can to ensure that Brexit is a success, and that we get the investment and make the preparations we need to make sure that we undock seamlessly from the European Union and go out into the world to make a success of Britain’s future. And a success it really can be, because let us remember what is coming down the tracks. We are so well placed for the next revolution in automation, for autonomous vehicles and for the fourth industrial revolution. The Leader of the Opposition does not share my view; he wants to tax innovation and to put a stop to the idea that we might create a transition in our economy. He is scared of that prospect, but that is commonly the case. Whenever there is change, revolution and innovation in our economy, people are scared. The Luddites were very scared. People were scared of the industrial revolution and of the revolution in our economy during the 1980s, but each time there was a leap forward and a massive jump in productivity. Our economy moved ahead and Britain became a stronger and more successful world leader.

That is why the Chancellor is absolutely right to set out such a positive vision in the Budget and to reject the Luddite views of Labour Front Benchers. I know that most Labour Back Benchers—who, by the way, ought to be on the Opposition Front Bench—reject those views as well, even though they dare not say so, for fear of deselection and of Labour Front Benchers mobilising the membership, gaining momentum against them and sweeping them away, which I have to say would be a tragedy for our country.

I welcome the innovation undertaken to help the least well-off. We have created 3 million jobs since 2010 and massively increased the personal allowance to nearly £12,000. The national living wage also makes a huge difference, and fuel duty—this is a subject close to my heart—has been frozen for years, meaning that since 2010 hard-pressed and hard-working motorists, white van drivers and hauliers have experienced a massive reduction in the effective cost of duty. Each car owner now benefits to the tune of £850 a year. That makes a massive difference to those on an average wage and those who have to drive much further in more remote areas, including in Scotland. I mention Scotland because one SNP Member, the hon. Member for Inverness, Nairn,

[*Charlie Elphicke*]

Badenoch and Strathspey (Drew Hendry), has kindly decided to remain present for our deliberations. I welcome the fact that the measure will make such a difference to hard-working people.

I also welcome the fact that we are taking firmer action against large businesses that are too often involved in industrial tax avoidance, which is unacceptable. I particularly welcome the work on joint and several liability for online platforms such as Amazon, eBay and Alibaba. Those platforms have enabled overseas retailers to game our VAT system and get an unfair competitive advantage over smaller businesses in this country, thereby putting them out of business, by not paying their fair share of taxes. A cross-party campaign, which has included members of the Public Accounts Committee, has fought on the issue for a very long time, and I hugely welcome the measures that were announced today to introduce justice, fairness and a level playing field to our tax system. The Chancellor is to be commended for doing the right thing and making sure that we get revenue so that we have extra cash for our schools and hospitals.

We need to go further with these multinationals. The problem is that too many of them think that they are not subject to this country's rule of law. They behave as though they are over-mighty medieval barons to whom the laws do not apply. This House should call time on that view. We need to make sure that Amazon, Facebook, Google and so on pay a fair share of taxes in this country. They should be subject to our rule of law. Social media outfits should also be subject to our libel and counter-terrorism laws, as well as laws that protect people and how they are treated. We need to take stronger and firmer measures. They will say, "We are in America. You can't touch us," but to that I say, "We are leaving the European Union. We are taking back control of trade policy, and we can take back control of internet access." We need to start thinking along those lines.

Mrs Gillan: Does my hon. Friend welcome the extension of powers over online VAT fraud to cover overseas businesses, which is a really important part of bringing multinationals in modern trading areas back into line? It is a very good move.

Charlie Elphicke: My right hon. Friend makes a powerful point. She is absolutely right. We need to make sure that social media outfits and technology companies in general are subject to the rule of law with regard to libel and identity so that we know who people are, and so that fake accounts cannot troll, bully, mistreat or hound people, which is unacceptable. We should never tolerate that. These companies should pay their fair share of tax and be as tough on terror as we are. They should seek to join and support the Government and this country's authorities in cracking down on terror, crime and the mistreatment of our fellow people. If they are trading here, they need to respect our laws and our values as a country.

Joan Ryan: Does the hon. Gentleman agree that there has been a significant rise in anti-Semitic abuse through social media? We should do something about that disgraceful form of abuse, and the Government should act immediately.

Charlie Elphicke: I completely agree; the right hon. Lady is absolutely right. This disgusting, vile abuse—racism; anti-Semitism; all kinds of mistreatment of people—has to stop. We need a culture of respect on the internet and we must not tolerate those who will not show respect or treat people fairly on the internet. The situation has gone on for too long and it is unacceptable. It is time for us to bring the rule of law—of this House, Parliament and country—to those on social media and the multinationals that are not playing by the rules that they should.

5.10 pm

Catherine McKinnell (Newcastle upon Tyne North) (Lab): Like any hon. Member ahead of a major Government event, I have been inundated with correspondence from people about what they did or did not want to see in the Budget—from concerns about beer duty, business rates, fuel duty, green-belt protection and Equitable Life to proposals to make the private rented sector more secure and affordable. Ahead of the Budget I diligently raised every issue I have been contacted about; the Chancellor and his team may have been concerned at having gained a new pen pal in the process.

I think that most people would confess that they did not have high hopes for this Budget, and the Chancellor has not fallen short in that regard. This Budget's head is buried in the sand when it comes to the enormity of the challenges facing our economy. The downgrading of our growth, productivity and investment protections has implications for ordinary households up and down the country as they continue to face the misery of this cost of living squeeze—not to mention Brexit uncertainty and its looming implications.

I want to focus on a number of issues of particular interest to the north-east. In the Budget today, we finally received confirmation that the Government are minded to devolve funding and power to the north of Tyne areas, ending months of uncertainty. I look forward to seeing the details in the days and weeks ahead.

I also welcome the long awaited announcement of the funding to replace the Tyne and Wear Metro rolling stock, more than a year after the Government received a full business case from the region for that investment. About 40 million passengers use the Metro every year, but the poor reliability of the system has been causing constituents problems on a daily basis. We must have the investment in the new trains by 2021 if the Metro is not to grind to a halt. I would be grateful if the Minister confirmed that Nexus will be able to go to market this year to meet the timescale necessary, given that, according to the Red Book, the first tranche of funding will not be made available until 2019-20.

To continue my transport-related theme, despite clear commitments from the former Prime Minister and former Chancellor that further devolution to Scotland would not be allowed to disadvantage parts of the UK economically, we are still to receive from the current Chancellor a commitment on how he intends to mitigate the impact on English regional airports of devolving air passenger duty to the Scottish Government. Newcastle International airport is in my constituency and supports 19,000 jobs across the north-east. According to the Government's own assessment, it will be the airport most affected by the Scottish Government's plans to cut air passenger duty.

I first raised the issue in Parliament back in February 2016, and I have still not had an answer. “Wait and see” is not good enough on this key, vital infrastructure issue. We know that the Government are struggling to make a decision on anything at the moment, trapped as they are in this post-election Brexit quagmire of their own making.

Jamie Stone: Does the hon. Lady agree that the ideal solution for this cross-border tension—I speak as an MP who represents a Scottish constituency—is to get rid of air passenger duty altogether across the UK?

Catherine McKinnell: Obviously, it is incumbent on the Government to come up with a solution, but I am sure they will take on board the hon. Gentleman’s suggestion.

Combined with the continued uncertainty about the Prime Minister’s ability to deliver a deal that will not have a devastating impact on the UK’s economy, on investment and on our jobs, I fear that this zombie Government threaten to set our economy back decades if they do not rapidly get a grip, particularly for exporting regions such as the north-east. How can we possibly compete for business on a post-Brexit global stage if we struggle to make infrastructure decisions that have been dragging on for years, as on Heathrow and the Tyne and Wear Metro?

How can the Government be serious about rebalancing the economy and creating a northern powerhouse, when countless businesses are still none the wiser as to what that actually means? Indeed, just last week, the north-east chair of the Federation of Small Businesses said:

“Three years on from the first mention of the Northern Powerhouse... it’s still hard to find concrete manifestations of it. With a week to go until the Budget, we’d like to see the Chancellor take some meaningful steps towards getting the show on the road.”

He also said:

“We need cast iron guarantees about EU funding post-Brexit. Firms across the North East are benefitting from EU support to the tune of millions every year. One thing’s for sure, we won’t have a Northern Powerhouse unless that money’s replaced.”

Yet again, though, the Budget does not give the answers businesses need.

The north-east has so much to contribute to UK plc—indeed, it already does contribute—but if we are to achieve our full potential, we need a Chancellor who is on our side, who is prepared to rebalance investment genuinely to support sustainable economic growth and who is able to give businesses the confidence to invest. In highlighting its pre-Budget demands, the North East England chamber of commerce said:

“If the Government is serious about securing the much-heralded prize of closing the gap between London and other regions, there is major work needed to change the distribution of public and private investment, and economic activity in the UK. This is a trend that has built up over several decades. Listening to the calls of businesses in our region is essential to achieve this.”

However, it has become increasingly clear that, in meeting the challenge of reducing unemployment in regions such as the north-east, we must also solve the productivity crisis and tackle the epidemic of low-paid, insecure and low-skilled work that is afflicting our communities. Research published just this year by the TUC highlighted the fact that the north-east has become the UK capital of insecure work: the equivalent of two

thirds of the new jobs created in our region in the past five years are without guaranteed pay or normal employment rights. People’s wages are now lower in real terms than they were in 2010. It is little wonder, therefore, that we are seeing household debt rising and more and more children living in poverty.

There is a whole raft of issues I could have covered today, many of which I have raised countless times before and to which we have still not seen any meaningful solution in the Budget this afternoon. There are the hundreds of families across Newcastle who have suffered absolute misery after the universal credit roll-out—I know that we have seen some announcements, but they do not go far enough. There are the thousands of women in the Women Against State Pension Inequality Campaign who are now in real financial difficulty as a result of the discrimination against them, and there are the local schools that are still struggling to balance their books because of the Government’s real-terms budget cuts.

We also have an NHS and social care system on its knees, with mental health services continuing to deteriorate because their funding is not ring-fenced. Public sector workers are all overstretched and undervalued, and they have seen a significant fall in their living standards as a result of the long-standing 1% pay cap. They need to know that any pay rises will be fully funded.

The issues I could have covered also include constituents who are now feeling the brunt of the £221 million of cuts that Newcastle City Council has had to make since 2010 and the £124 million of cuts imposed on Northumbria police over the same period.

All of that could have been addressed by the Chancellor today if the Government were serious about tackling tax avoidance and dealing with the cost of living crisis. All of that is falling further down the Government’s agenda as the Chancellor sets aside £3 billion to cover the anticipated costs of the Prime Minister’s potential failure to secure a Brexit deal. And all of that is further away from being addressed than ever before, with growth, business investment and productivity forecasts all dramatically downgraded.

Once again, constituents in Newcastle and the wider north-east have been failed by the Budget. The only thing it has succeeded in is living up to the expectation that it would simply not be up to the job.

5.19 pm

Mrs Cheryl Gillan (Chesham and Amersham) (Con): It is a pleasure to follow the hon. Member for Newcastle upon Tyne North (Catherine McKinnell), who speaks so passionately about her university town. I hope that despite some of her remarks, some businesses and people in her town will benefit from the measures in the Budget—particularly, for example, the changes on universal credit. I do feel that the Chancellor has listened, and I am sure that he will welcome feedback.

This has been a Budget for change. I particularly welcome some of the changes, such as the additional money that has come in for the Brexit preparations. That is a major change for this country. It is very important to have the £700 million for the immediate preparations, and the £3 billion available as promised for the future, because we have to try to create an environment where we do not have uncertainty about

[Mrs Cheryl Gillan]

the economic impact. I hope that this money will go towards creating more certainty in that area and the personnel who can provide it.

I welcome the Office for National Statistics report that accompanied the Budget, which said that the public finances have actually performed better than expected. That was probably a welcome relief for the Chancellor. Its forecast for jobs was also welcome. It estimates that employment will increase from 31.7 million in 2016 to 32.7 million in 2022. The announcements of £20 million for further education colleges, the increase in computer science teachers, the maths uplift and the new maths schools, which will build on the apprenticeships and the introduction of the T-level, will equip our young people for those jobs so that they can take advantage of the growth in our businesses.

I welcome the announcement on research and development for business, particularly the investment in driverless cars. That will bring great innovations that will greatly assist not only early adopters of new technology such as driverless cars, but those in our society who are disabled and getting on in age.

In an intervention on the hon. Member for Dover (Charlie Elphicke), I mentioned online VAT fraud. I welcome the VAT number display provisions announced in the Red Book. I commend my constituent, Richard Allen, who has played a major part in providing information to the Treasury and assisting in improving and tightening up the law in this area so that people who owe money to the Exchequer are held to account in the correct fashion.

The national health service is very important in my area, and I was pleased to see that there is more money for the NHS. I particularly welcome the fact that NHS Aylesbury Vale clinical commissioning group's bid for eight primary community care hubs has been accepted. That will be a very welcome addition to the health sector in my constituency.

However, some of the changes in the Budget worry me. I therefore turn to the Chancellor's welcome for the National Infrastructure Commission's interim report on the Cambridge, Milton Keynes and Oxford corridor, which identifies that a lack of housing and connectivity is putting future success at risk. The report emphasises the joined-up strategies required to link infrastructure and homes, and recommends the construction of an east-west rail project—an Oxford-Cambridge expressway. This will be accompanied by a massive house building programme that could see as many as 150,000 houses coming to Buckinghamshire.

I acknowledge the desperate need for affordable housing—we have all had people in our surgeries saying that their children cannot get houses in their area—and I wholeheartedly support connectivity, but the Government need to step back and view what is happening in Buckinghamshire so that we can have a cohesive approach to the area.

Administratively, we are facing a potential reorganisation of local government. I believe that the Secretary of State for Communities and Local Government is minded to announce something before Christmas. That means that if any changes were made to the structure of local government, they would be implemented before the May 2020 elections. That will take up a great deal of the time and effort of our local authorities, which are

already overstretched. At the same time, they have added burdens placed on them by HS2, which is not a minor project and which is using up a lot of resources in the county.

The local enterprise partnerships are not exactly streamlined. We have two: the Buckinghamshire Thames Valley LEP overlaps with the South East Midlands LEP. Although the BTV LEP has already done sterling work on our strategic economic plan, it will have to make some changes if the infrastructure commission's plan is accepted and put into action.

The environment in the Chilterns is very fragile, but the new proposals are for about 150,000 houses—an estimated population that looks to be bigger than that of Milton Keynes today—and the doubling in size of Milton Keynes. Our environment in Buckinghamshire is of great importance to residents. In the larger picture, it also provides an oasis of tranquillity for the many people who come out to our area of outstanding natural beauty. The fact that it has received a national designation means that it should have the highest level of protection.

The report emphasises connectivity, which was supposedly one of the reasons for HS2. Despite that, there is no connection proposed between the east-west rail link and HS2. I think there should be an immediate review of whether it would be desirable to link the two railways, and, if so, what route changes are required for HS2. The route initially proposed through Milton Keynes would have made such a link possible, and it certainly would have reduced the environmental damage in Buckinghamshire.

Change needs to be managed, and there are too many changes and initiatives coming down the track that will impact in a major way on the county of Buckinghamshire. Unless these matters are co-ordinated, we may face unsustainable burdens that could achieve quite the reverse of the intention behind some of today's welcome announcements. I would be grateful if the Chancellor met me and other local Members of Parliament in Buckinghamshire to look at how we can maximise the opportunities in this Budget for the country and the county, rather than allowing our local resources to be swamped by unmanageable change. This is a Budget for change, but change needs to be managed effectively to achieve the beneficial outcomes that we all want to see.

5.27 pm

Emma Little Pengelly (Belfast South) (DUP): Thank you, Madam Deputy Speaker, for the opportunity to contribute to this important debate. We have heard considerable pessimism from Opposition Members, but I rise to welcome the Chancellor's statement. In particular, I welcome the increased investment across the United Kingdom, which will bring an additional £660 million of benefit to Northern Ireland. That is much needed, because it has been a difficult few years. Significant budget pressures across all Departments in Northern Ireland, combined with constricted or limited real-terms budget growth year on year, have led to significant challenges. Difficult decisions had to be made, and people and services in Northern Ireland suffered.

I fully support the principle of fiscal responsibility, but austerity has felt punishing to many. It has been particularly acute in Northern Ireland, because we have been struggling to emerge from the decades of underinvestment that resulted from a long period of

violence. We have been trying to rebalance our economy, which is still too reliant on the public sector. I welcome the fiscal loosening that is outlined in the Budget. Of course, we would like to see further loosening in the years ahead, and particular reference has been made to pensions and the plight of the WASPI women. In addition, we feel there needs to be some acknowledgement that additional public sector pay award funds should not come from within budgets, putting pressure on frontline services.

In this Budget, there is an emphasis on capital. In Northern Ireland we have huge pressures, particularly in education and health, which require revenue and resource investment, along with capital. I acknowledge that capital is incredibly important in growing our economy and investing in our infrastructure, but resource pressures often impact the most on frontline services. In the years ahead, I hope that we will continue to have very positive conversations about easing those matters. As has been indicated, our public services, particularly health, need significant investment to transform and become truly fit for purpose. I suppose Northern Ireland's situation is slightly different from that of some areas represented in the House in that we will have a Barnett consequential from this Budget, so there will be flexibility on the prioritisation of those funds—the £660 million.

There are aspects of this Budget that will benefit Northern Ireland in a positive way. For example, Northern Ireland stands ready to play its part in the technological revolution and the drive to make the United Kingdom the true world leader in this area. This is indeed the future, and Northern Ireland has an excellent offering to make. We have a very highly skilled employment base, with low staff turnover, and we have much innovation. Our universities, such as Queen's University in my constituency of Belfast South, are prepared and determined to play a full part in this digital and tech revolution.

I welcome the fact that the Budget goes some way to acknowledge how difficult the past few years have been for many, including in Northern Ireland. The relaxation of the pay cap, particularly the welcome indications in relation to nurses' pay, the stamp duty exemption and the increases in the personal allowance and the national living wage will bring much wanted and deeply desired financial support to many who are genuinely struggling.

Such matters apply directly in Northern Ireland, but I want to mention the Barnett consequential and the decisions that need to be made in Northern Ireland in relation to the Budget. It grieves me that there is no Executive in place to examine today's proposals and make such decisions. We need an Executive to look at what is coming from this Budget, to listen to the people on the ground in Northern Ireland—organisations, those who benefit from public services, businesses that need to grow—and feed that back into and prioritise it for our own Northern Ireland budget.

We in the Democratic Unionist party are doing everything we can to bring government back to Northern Ireland, but we will not and we cannot be held to ransom by narrow and divisive cultural and identity politics. This is a terrible situation in Northern Ireland, and although there has been much talk in the House today about Brexit and its impact, in Northern Ireland we are in the twilight zone: we have a senior civil service in charge of Departments, with no accountability, because we have neither direct rule Ministers nor local Ministers.

There is no constitutional or democratic accountability in Northern Ireland for public spending, and there has not been for 10 months. This is an appalling situation, and I urge the Government to step in and do everything they can to support the re-establishment of the Executive or to bring in direct rule Ministers, because this lack of democratic accountability cannot continue.

Tom Tugendhat (Tonbridge and Malling) (Con): The hon. Lady is making a very important point about democratic accountability in Northern Ireland. Does she agree with the suggestion made by some that the pay of Members of the Legislative Assembly should be suspended until they manage to get together and form the Executive?

Emma Little Pengelly: I have only three minutes left, so I will not get into that specific issue, save to say that very many MLAs across Northern Ireland are working hard to try to restore government in Northern Ireland and to deliver for people in very difficult circumstances, but the entirety of Northern Ireland is being held to ransom—health and education are being held to ransom.

This is all the more important in relation to Brexit. I welcome the investment announced in the Budget today for ensuring a sensible and positive Brexit. Such a Brexit will require investment, and it is particularly important for Northern Ireland. However, because of the lack of a Northern Ireland Executive, it is incredibly difficult to make our case and ensure that we get the best possible outcome for Northern Ireland. A lot of nonsense has been spoken about this issue in recent days. In fact, what amounts almost to hysteria has been whipped up about it in the Republic of Ireland. This is vital to our economy. As has been reported today, things will be challenging on growth and productivity, but we are keen to fight for Northern Ireland through all this and get the best possible Brexit.

In conclusion, it is a disgrace that we have no Northern Ireland Finance Committee in place to examine this Budget and no Ministers to make decisions. The people on the ground are suffering, and it is because Sinn Féin is refusing to go back into government. At this time, a budget should be being brought forward for the Northern Ireland Assembly for next year. I was astounded that today, instead of examining this Budget and bringing forward proposals, our erstwhile Finance Minister, who is not in place, is standing outside Queen's University at a student protest. That is a disgrace, as people are suffering.

I welcome today's Budget statement and the fiscal loosening indicated within it. We will continue to raise issues of concern to Northern Ireland to ensure that we get the best deal. This is a bad situation, and the Government need to work with us to try to find solutions and deliver for all across all communities in Northern Ireland.

5.35 pm

Kevin Foster (Torbay) (Con): It is a particular pleasure to follow the hon. Member for Belfast South (Emma Little Pengelly). Like her, I want to see a devolved Government back in place and making decisions again on spending in Northern Ireland. She is right to say that to have had 10 months without direct accountability to the people of Northern Ireland is unacceptable, and this

[Kevin Foster]

needs to be moved forward. She is also right to make observations about the role that one or two other parties could be playing, one of which decides not to come here to make its comments on the budgets and spending. It should be providing a constructive way forward so that these decisions can be made in Northern Ireland, because this cannot be put off forever.

I welcome the Budget and the general tenor it set. I want to look in particular at what it means for those living in my constituency, which means starting by examining the impact that raising the basic allowance will have for many families. It is hard to believe that not that long ago, someone earning less than £7,000 a year would have been deemed to be earning enough to start paying income tax, yet now that threshold will be heading up to £11,800, meaning that those on lower pay keep more of what they are earning. Freezing fuel duty has a similar effect, particularly in the Bay; again, that makes quite a difference for those on low incomes, for whom transport will be an increasing cost. This is not just about car drivers; it is about those who use all forms of transport that rely on fuel. The idea that only motorists benefit from this measure is incorrect, so this is very welcome.

Given my Parliamentary Private Secretary role, I am conscious that I have to restrict some of what I say about the housing element of this Budget, but it is right to welcome the huge amount that is being done and that has been announced today. Getting towards 300,000 homes a year will be a great achievement and will make a real difference. Some of the reviews that will be launched are welcome, particularly those examining issues in the planning system.

I welcome the change on stamp duty, which will make it easier for many first-time buyers. One of the nasty surprises people get when they buy their first home, as I did when I bought mine, is that they think they have got the money together to purchase the property, including the deposit, and then suddenly are presented with a lovely bill for several thousand pounds, which they have to pay almost immediately. That puts an instant pressure on people who have already had to save for a higher deposit. I have heard some of the complaints from Opposition Members, but if they feel the way they say they do, there will be a chance for them to divide the House on this matter and to tell their constituents why they oppose this change. They will be able to tell first-time buyers in their constituency why they do not think this is the right idea. It is a bit strange to spend the afternoon in the House of Commons complaining about something and then going away to support it. For me, this measure is absolutely welcome and will make a difference for first-time buyers in Torbay.

Given the age demographics of the Bay, it is welcome to hear of the extra funding for the NHS, and in particular the £350 million to deal with winter pressures. I hope that that can be used in accident and emergency and to look at some pressures created in each area by its demographics. As I say, Torbay is very much driven by an older population, whereas other areas will have different challenges that will require funding to be put in. There is an ongoing discussion about social care, but that issue will never be resolved in just one Budget. It needs to be part of a long-term discussion, probably on

a cross-party basis, to provide a solution, as no one Parliament will be able to resolve it in a way that will give confidence to the public going forward.

The emphasis on productivity and the investment to increase it are welcome. I see the impact that the south Devon link road has had on productivity in Torbay. People no longer spend an hour in peak times trying to get between Newton Abbot and Torquay. That shows the regenerative effect that infrastructure investment can have. I hope that we will see more of it, particularly with the announcement of the £8 billion productivity investment fund.

Karin Smyth (Bristol South) (Lab): Does the hon. Gentleman not share my disappointment at the paltry recognition of the south-west in today's Budget? It does not even warrant a headline in the Red Book. What does that say about the Government's approach to the whole of the south-west economy?

Kevin Foster: I thank the hon. Lady for her intervention. I enjoyed our time together on the Public Accounts Committee. On the commitment to the south-west, I just say two words to her: Stonehenge tunnel. For decades we have waited and for decades it has not been delivered. Now, £1 billion will go into delivering it and into dualling the whole of the A303. I will judge the Government by what they do, not by what they spin.

I welcome the £2.3 billion for research and development. In the long run, I hope that that will include an institute of technology based around South Devon College in Paignton to deliver the highest levels of skills training in our local community. Torbay is famous for its beaches and tourism industry, but it also has, though slightly more hidden, a vibrant photonics industry that needs more people with skills to come to the area. If training is available on a large scale, businesses will be far more likely to invest in our area, to grow and expand, and to give local people those opportunities. The bid is being prepared literally as we speak and that is very welcome.

There are problems in the Bay to do with alcohol and substance abuse. The Chancellor's comments about super-strength ciders are therefore welcome. The issue of preloading affects our night-time economy, and that is connected to the fact that some cider is cheaper than mineral water, yet is far stronger than most other things on the market. I think that the Chancellor's approach is right. It will be interesting to see what happens in Scotland. I am not persuaded by the arguments for minimum pricing, but we will see what practical difference it makes in Scotland and learn from that. We will have an example of whether it works or not.

I welcome the changes to universal credit that have been announced, given that full service will be rolled out in Torbay in May 2018. I look forward to hearing the statement tomorrow, when we will get more detail. Again, it is good to know that the Government have listened, particularly to the comments that were made in last Thursday's debate in the Chamber.

Torbay is famous for its many small businesses, so people will welcome there being no change to the VAT threshold. That will keep many small businesses out of the administration of VAT. It is also welcome to hear about the action being taken to crack down on online tax avoidance. For me, that is a key issue. It does not make great sense that businesses can avoid tax if they

have a very large website, yet there is little that a small business based in a shopping centre in Torbay can do to avoid it. I welcome the other comments the Chancellor made about tax avoidance. We have heard many comments about tax avoidance today, but if these things are so easy to deal with, why were they not dealt with in the past? To be fair, there was a cross-party spirit in my time on the Public Accounts Committee when looking at tax avoidance issues. However, some of the rhetoric we hear in this Chamber does not sit well with the record of some people in this area.

Finally, having spent the weekend talking to Daniel Maddock, who is campaigning around Watcombe on the issue of potholes, it is always good to see the reference in the Red Book to the £45 million that is going into dealing with them. It might sound like a minor issue compared with building a new tunnel under Stonehenge or delivering a major piece of infrastructure, but it is the sort of thing that annoys those who pay their taxes and want to see a service in return.

This is a welcome Budget. It is a Budget that will help people reach their aspirations, a Budget that will help people buy a home, and a Budget that will help Britain move forward and have technology industries and a vibrant private sector as we approach Brexit. It is a Budget that will make Britain fit for the future and it should be supported by the House.

5.44 pm

Chris Williamson (Derby North) (Lab): I am very pleased to follow the hon. Member for Torbay (Kevin Foster). Before I start, I just want to pay tribute to a working-class hero whose funeral is taking place today. Derek Robinson once said:

“I can sleep sound at night because I never betrayed the workers”.

It is important that we acknowledge this towering figure of the Labour movement.

A Cabinet source is quoted as saying that this Budget had the worst build-up in history. I do not think he was wrong. I hear a number of Government Members went absolutely bananas about the Budget ahead of today. What is clear to me is that the Budget caps off seven years of abject failure, first by the coalition and now by the Conservative minority Government. Contrary to the warm words we have heard from Conservative and Democratic Unionist party Members, the Budget proves that the Government are out of touch, have no idea about the lives of ordinary people and certainly have no plans to improve them. What we are seeing is an irrational ideology trumping plain common sense. They are driven by a neo-liberal ideology that has proven they are certainly not a Government for the many.

Where is the help for low-paid workers? The measures the Chancellor announced on universal credit were absolutely pathetic. It is also worth making the point that they do not come into effect before Christmas, so people will be left penniless over the Christmas period. Where is the support for public sector workers? Let us remember that public sector workers, such as firefighters and social workers, define a decent society. I did not hear any mention of support for them. Where is the significant investment in infrastructure that this country desperately needs? Where is the boost for health, education and local government? Social care is in crisis and support for vulnerable children is in crisis.

We heard the Chancellor say he would make money available for fire safety, but when local authorities approached the Government for support with retrofitting sprinklers they were refused that support. The IFS estimates that local government funding will fall by 79% by 2020. Ahead of the Budget, the chief executive of the NHS warned that without funding, waiting lists will climb further to 5 million and the 18-week target will be scrapped. Key targets, such as the 62-day cancer treatment target, will also be missed. The extra money announced will not tackle the crisis. Last year saw a 40% cut in the adult skills budget, meaning 1.3 million fewer adult learners. We heard the Chancellor say that he wanted to make the dream of home ownership a reality, but where is the meaningful plan to enable working-class people to buy their own home? Where is the council house building programme?

The former Chancellor George Osborne promised that austerity would wipe out the deficit. Well, we have certainly not achieved that, have we? The failure to do so means that austerity has simply amounted to nothing more than conscious cruelty. They have failed to eliminate the debt, too. The Chancellor said today that debt is peaking. All the Chancellor is doing is fiddling while Britain burns. His fiddling around with housing association debt—taking it off the balance sheet—is really nothing more than a bit of trickery. On any measure, the Government have been a spectacular failure on the deficit. It is a case of rearranging the deckchairs in relation to debt. I wonder whether the Chancellor might have a new job as a deckchair attendant on Brighton beach when he is sacked as Chancellor.

The Chancellor went to say that there are more jobs than ever. The problem, as other hon. Members have said, is that after seven years of austerity productivity is woefully low. Every ONS productivity forecast since 2010 has been wrong, causing it to significantly downgrade its projections. Businesses are simply not investing, because they lack confidence in the economy. The Tory ideology is wrong. The doctrine of neo-liberalism says the state should be rolled back, but it is clear that we need an entrepreneurial state. I wonder if Members of the Government Benches recognise that many technological advances have been made by public sector investment. It is almost as if the Government were indulging in the wilful sabotage of the economy with the cuts to the adult skills budget last year, which, as I have already mentioned, have resulted in 1.3 million fewer adult learners. It is little wonder that the growth forecasts are so anaemic.

The previous Chancellor also said that the Government would not balance the books on the backs of the poor, but that is precisely what they have done with the additional £12 billion in social security cuts for working-age people in the pipeline. As we have heard, NHS waiting lists are going to get longer, while the extra funding for the NHS will simply not tackle that very real problem. We have also seen a skewed level of investment around the regions, with the ludicrous spectacle of rail investment in the east midlands running at £91 per head, whereas in London it is running at £746 per head.

We need a different approach. It does not have to be like this. Labour would offer a different approach. We would end the public sector pay cap; pause and fix the universal credit debacle; introduce a real living wage; bring in an energy price cap; bring forward infrastructure developments in every single region of the country;

[Chris Williamson]

create high-wage, high-productivity jobs; start a large-scale house building programme and introduce rent controls; scrap tuition fees and stop penalising people for getting a higher education; reverse the tax cuts to corporations and the super-rich; clamp down on the disgraceful industrial scale tax avoidance in this country; and reject the Tories's Brexit cliff edge and the race to the bottom that will turn Britain into a deregulated tax haven.

The Chancellor claimed to be embracing the future, but the truth is the Government are stuck in a Thatcherite past, dogmatic in their commitment to neo-liberalism, despite the fact that it is not working. Ministers will no doubt remember, from their ideological training in their public schools and elite universities, that the market is supposed to distribute wealth like an invisible hand. It is as if the Tories believe in ghosts. This Budget shows that they still believe in the invisible hand of the market. In reality, no such thing exists. They are deluding themselves, blinded by ideology. What Britain needs is the steering hand of an entrepreneurial state. What Britain needs is a Labour Government to provide it.

5.52 pm

Rachel Maclean (Redditch) (Con): It is a great privilege to follow all hon. Members who have spoken, including the hon. Member for Derby North (Chris Williamson), although I take issue with his remarks about Derek Robinson, otherwise known as Red Robbo, who I knew from my days campaigning in Birmingham, Northfield. I can assure the hon. Gentleman that a number of ordinary voters swore to me that they would never vote Labour again after what Derek Robinson did to the British car industry in bringing it to its knees. He was instrumental in destroying it.

As a new Member, it is a great privilege to speak in a Budget debate for the first time. I welcome the Budget. Every Government needs to raise money. We, on the Government Benches, are aware that it is not the Government's money that is being spent; it is people's money. Taxes must be raised, and the question is how. As we just heard from the hon. Gentleman, who lauded the communist party's plans, it is a stark choice. In his response to the Chancellor, I did not hear the Leader of the Opposition explain how he would fund any of his proposals. In contrast, our plans are well thought out. We understand businesses and what is needed to support them. That is why the Federation of Small Businesses has welcomed the Budget announcements today. We chose today to raise taxes on private jets and lower them on young families trying to buy their first house.

I was an entrepreneur for 25 years, before coming into this place. As my right hon. Friend the Chancellor said, he understands how difficult it is to get a small business off the ground. I, too, understand that; I have lived and breathed it. That is why I am delighted by the measures in the Budget backing entrepreneurial activity in our country. Such measures have already created about 197,000 jobs in our area since 2010, and 275 new businesses have been created in my constituency, which is testimony to the innovative spirit of the people there. I am also delighted about the 6,310 new apprenticeships that have been created—and those are good jobs. We are on the side of working people, and the Chancellor went further today by introducing a £1,075 pay rise for

ordinary working people paying the basic rate of tax. That means that people will be better off after this Budget.

I think this is a Budget that advances our country. It does not recede, which is what some Opposition Members would like to do. Another great Conservative reforming Prime Minister, Robert Peel, said that we must make a choice between advancing and receding. He understood free trade, and that is the direction in which the Conservatives are going.

Corporation tax receipts have increased by £20 billion since 2010, and there are 5.5 million more small businesses. Think how many more schools and hospitals can be funded by the tax receipts that are coming into the Treasury! We have fairer business rates, and I welcome the Chancellor's decision to remove the staircase tax and reform business rates relief. What would Labour do? It would borrow more, and it totally lacks any coherent narrative. When we came to office in 2010, borrowing stood at £73.26 billion—3.8% of GDP. Now it is down to £49 billion—2.4% of GDP—and the Chancellor has set out how it will fall further. My constituents will welcome that sensible approach to managing the economy. We know that borrowing more does not work. We have already tried that experiment. It crashed the economy, and ordinary working people, such as those in my constituency, paid the price.

I welcome the Chancellor's focus on the midlands engine. As a midlands MP, I have seen for myself the results of the hard work that he has put into the west midlands combined authority devolution deal, led by Andy Street, which will benefit us in Redditch. Make no mistake, however: I will be bending the Chancellor's ear to ensure that Redditch also benefits from, for instance, an institute for technology to harness its skills and make it go further, and an express train from Redditch to Birmingham.

I recognise that there is still a productivity gap between the regions in our country, and between cities and the towns outside them—for example, Redditch. That is why I welcome the £31 billion productivity fund and the increase in research and development funding, which has also been welcomed by the Royal Society. It said:

“This budget sends a clear signal that the Government is focused on the UK's technological future, and the crucial pipeline of skills needed to ensure that we remain at the forefront of the technological revolution”.

I am delighted that more tech businesses have been started, and that the Chancellor wants to see more still. A tech business is started every half hour. As the founder of a tech business myself, I know that, like me, my former colleagues will welcome the more generous enterprise investment scheme that the Chancellor has announced today.

I have mentioned the taxes that the Government have already raised, and will continue to raise as a result of the Budget measures. I am delighted to see that that money is going into our hospitals: there is £10 billion for the NHS. The Chancellor will not be surprised to learn that I shall be lobbying him, and his right hon. Friend the Secretary of State for Health, for more money to go to Alexandra Hospital in my constituency. Some funds have already been pledged through the sustainability and transformation plan, and I am delighted that that has been underpinned today. I hope that there will be funds, for which I have been lobbying strenuously, to help the hospital to deal with winter pressures.

Young people in Redditch will welcome the housing measures. I have just received an email from a constituent, Mr Andrew Ball, who is currently buying a small house in the Church Hill ward. He is due to save £280, which is very handy just before Christmas.

There are people who are absolutely delighted about these measures, and I am shocked by some of the negativity that I have heard from Opposition Members. I think that we should be positive and project an outward-looking vision of our country, beyond the four walls of the House and into the outside world.

As I listened to my right hon. Friend the Chancellor delivering his Budget, I was struck once again by the resonance of the words of Robert Peel. We face a choice between fearlessly shaping the future and retreating into the past. It is the choice between an open, innovative society and a closed, narrow one. Shall our motto be “advance” or “recede”? We on the Government Benches make our choice of a country welcoming change and welcoming the future. Therefore, I welcome this Budget.

6 pm

Mr Chris Leslie (Nottingham East) (Lab/Co-op): I always think that it is worth trying to find a few small mercies at the beginning of a Budget analysis, as the Chancellor has gone to the trouble of making an hour-long speech, so there must be a few things in it. I am glad to see some changes—or mitigating factors—with the announcement on universal credit, but it will still have a big impact on many of our constituents, as my hon. Friend the Member for Chesterfield (Toby Perkins) pointed out in his question about the impact on the severely disabled during Prime Minister’s questions.

I am glad that the Budget contains some changes that might help with housing, although Nottingham City Council is concerned that many of the funds announced will involve competitive bidding processes. It is also concerned that the relaxation of the housing revenue account cap may be for only areas of high demand, so it is not clear that it will necessarily cover cities outside London. Of course, the 70% discount on council house sales remains, so even if more stock is built, it may be quickly depleted. I am particularly disappointed that the Chancellor did not mention social care at all. It beggars belief that although there was some discussion of the NHS, the big issue of social care, which is a strategic block for many problems in the NHS, was just disregarded. We need to return to that point in the later days of this debate.

We can step back, think strategically and ask, “What is the story of this Budget?” The answer is in the stark and depressing statistics and figures in the Treasury Red Book, which show an enormous downgrade in economic growth, with dreadful figures for all the years from hereon in. We are waving goodbye to 2% growth, because growth is henceforth below those levels. There is a big downgrade in productivity—the biggest, in fact, since the OBR was created. There is also the big broken promise over the deficit, which now stretches until 2022 and beyond. We were promised on many occasions that we would have a budget surplus, but the chance for that seems long gone. Why is this the case? It is fundamentally because the dark clouds and cold winds of Brexit loom large and are already being felt.

Any analysis of our economic outlook or fiscal prospects cannot possibly ignore the Brexit question. The impact on business investment is being felt because uncertainty over trade and tariffs is holding firms back from putting money into things that would otherwise help to create productivity. The lack of productivity has fed into the growth downgrade, which in turn has created a big hole in the forecasts for Treasury revenues, which we need to pay for schools, hospitals, transport schemes and all our other vital public services.

The Bank of England’s decision-maker panel’s expectations for business investment are getting worse, quarter after quarter, looking into the future. We can see the negative effect of the clouds of Brexit on business investment and productivity. Look at the impact of sterling’s devaluation compared with the exchange rate index—it is 17.5% lower than at it was at its peak in November 2015. That has hit all our constituents in their pockets to a significant degree, with the National Institute of Economic and Social Research estimating that it has cost each household around £600. It is already hitting households with reductions in the real available incomes at their disposal.

We still have no idea about a transition status and what might happen after the fabled cliff edge in March 2019. The impact of uncertainty is likely to cast a shadow for many years to come. I hope that we will get some resolution at the European Council meeting before Christmas, but that seems to be quite a tall order.

When we look at what is perhaps the biggest issue—the fiscal impact—we see that £3 billion has been committed for Brexit preparations. What a waste of resources! That money should have been invested in our health service, in our schools and in other public services. In fact, more money has been committed for Brexit preparations in 2019 than has been committed for extra resources for the NHS. If anything sums up the dysfunction of this whole scenario, it is that statistic. And of course this is all before we have even seen the massive divorce bill. The £350 million a week for the NHS that we saw on the side of the big red bus has long gone. The OBR’s forecast document says that the divorce bill could be £67 billion. That is the equivalent of two years’-worth of budget deficit rolled together, and presumably it will be added on to the national debt.

Table 1.2 on page 17 of the Treasury’s Red Book shows a triple whammy—the real kick of Brexit’s impact on our public services. It shows an enormous downgrade in revenues. It forecasts £8 billion less in receipts for 2019, £13 billion less for 2020, and £20 billion less for 2021. Those enormous figures really ought to be a wake-up call not only for the Government, but for all Members of Parliament. This fate does not need to be set in stone. The situation can still be avoided. We know that people who were involved in Vote Leave are saying, “Well, it’s all done and dusted. This is the fate of the British economy, and Brexit is going to take us over the cliff,” but there are choices that we in Britain can make. I say to my hon. Friends as much as to the Government that it is our responsibility to avoid the Brexit austerity that is likely to cast a shadow over the decade ahead. That austerity will be the responsibility of us all unless we opt to remain in the single market and the customs union in order to retain the tariff-free trade that we have with our nearest neighbours and to avoid these problems.

Alex Chalk (Cheltenham) (Con): I have just looked at table 1.2 on page 17 of the Red Book, to which the hon. Gentleman referred. It shows the deficit going down from £58.3 billion to £16.8 billion, but the figures he referred to—£8.4 billion going up to £20.6 billion—relate to the receipts forecast. They do not indicate a reduction in receipts as a result of Brexit.

Mr Leslie: I am afraid they do show a reduction in receipts. The hon. Gentleman will see in the end column that the budget deficit for 2021 was forecast in the spring to be £16 billion, but today's Budget now predicts that it will be £30 billion. The level of borrowing is predicted to go up significantly, largely driven by the £20 billion fall in receipts. The figures are quite clear.

The Government could choose not to take resources out of public services now. They could add to the borrowing, but that would have an impact due to extra debt interest. My suspicion, certainly with this Government, is that there will be more fiscal tightening and more austerity in the tail end of the years ahead. When we add up the money being wasted on Brexit preparations and the divorce bill, and take into account the fall in receipts because of low productivity and lower growth forecasts, which in turn are being driven by the dark cloud of Brexit, we realise that this is the real story behind the Budget. However, this need not be the fate of this country if we take certain decisions. I say to hon. Members on both sides of the House: let us not be responsible for this level of austerity in the future. We can choose a different fate, and we need to ensure that we intervene and retain our membership of the single market and customs union.

6.9 pm

Mr Jacob Rees-Mogg (North East Somerset) (Con): I am sorry that I have not been in the Chamber for the whole debate, Mr Speaker. I have been at a meeting of the Exiting the European Union Committee debating one of our reports. We have been firmly excising split infinitives, and making sure that apostrophes appear in the right place and that Humble Addresses are preceded by the correct indefinite article. All those important matters took me away from the Chamber.

It is a pleasure to follow the hon. Member for Nottingham East (Mr Leslie), who is always so interesting on such matters, although we disagree very firmly about them. I thought it might be worth looking at how much better the figures are than they were expected to be. In the context of Brexit, we are always told that the end of the world is nigh, the writing is on the wall and all will be terrible, and yet when we look at the Red Book, the figures that we have had so far are better—in spite of the Treasury and others saying that it will all be a disaster. Paragraph 1.36 of the Red Book states:

“Borrowing in 2017-18 is £49.9 billion, £8.4 billion lower than forecast at Spring Budget 2017.”

Why? Because receipts are higher and more money is coming in, which is indicative of the economy's strengthening. The following page indicates that that is down to spending decisions and tax decisions that have been taken in the Budget.

I have one specific question for Ministers on the Treasury Bench about the Red Book. This may have been raised by my hon. Friend the Member for Dover (Charlie Elphicke), but it is of considerable importance.

Page 82, which I think is copied from page 114 of the OBR's "Economic and fiscal outlook", states that in 2022-23 there will be a £3.5 billion "own resources" contribution to the European Union. Now, I cannot believe that the wise figures in the OBR or in Her Majesty's Treasury could have made the schoolboy error of just assuming that money paid out in one year would continue indefinitely, but it misses the point that we will have left the European Union by 2022-23, that the implementation period will have ended, and that the whole concept of "own resources" will have ceased to exist. It is rather like spotting an error in "Wisden Cricketers' Almanack", which is very rare, and indicates a failing that I hope will be put right. I hope that we will discover that it was unintended, because if it is intended, that means that we will not in fact be stopping our contributions to the European Union, which would be very strange. To have this described as "own resources" is even more peculiar, because that assumes that we are still members of the EU. I think there is an error there.

The Chief Secretary to the Treasury (Elizabeth Truss):

To respond to my hon. Friend's point about the forecasts, they are made by the OBR. The OBR was provided with the Prime Minister's Florence speech—the basis on which we are negotiating with the EU—and it is up to the OBR to make its own independent forecasts. My hon. Friend will have to speak directly to the OBR about that, but my understanding is that it has used an average of other independent forecasts.

Mr Rees-Mogg: I am grateful to my right hon. Friend, but I do not think that that quite works for the "own resources" figure, because the OBR has made assumptions relating to our net contribution to the European Union and has assumed that those moneys will be spent domestically in the United Kingdom, and that therefore there is no fiscal advantage. However, there is still a £3.5 billion negative income from "own resources". It is hard to think that the OBR would have taken that from other forecasters, because that is a matter on which the Treasury can give an authoritative view, and it would be odd if the Treasury had not explained that "own resources" will end at the point at which we leave the European Union. They have to, because only member states of the European Union can make "own resources" contributions, for obvious reasons, although I have always disliked the term "own resources", and I have always been with Margaret Thatcher in that it is our money and we would quite like to keep it, thank you very much.

All that ties in with a point made eloquently by the hon. Member for Islwyn (Chris Evans): the key to this Budget has to be Brexit. What we are doing currently is in the context of leaving the European Union, and this Budget is inevitably encompassed by Brexit and by productivity. That is where the challenge lies. The OBR's gloomy productivity forecasts suggest a reduction in potential output in 2021-22 of 3%. The challenge for the architects of our economic future is how to make Brexit work to ensure that we get a productivity boost.

That is where I was so encouraged by what the Chancellor had to say about this Government being a free trade Government, and that the real opportunity that comes from Brexit is freely opening up our markets to the rest of the world. We must remember that the customs union, in which the hon. Member for Nottingham East is so keen to stay, is actually a protectionist union

that stops people in the United Kingdom from buying the cheapest available goods and that, by and large, it protects industries that the UK does not have. The overwhelming majority of the protections under the customs union are for things such as German coffee processors or Spanish orange growers—the types of things that we are not doing. Our industries receive marginal protection from the customs union, but at a very high cost to British consumers—it is thought that the cost for food is 20%, and that the next highest level of tariffs is on clothing and footwear.

The opportunity for the poorest in our society to see their standard of living and real wages rise is quite fundamental. Their weekly, monthly and annual expenditure will be reduced and their real incomes will rise, making funds available for other expenditure, or indeed for saving and reinvesting in British industry. Equally, the loss of cosy protectionism means that we will cease to subsidise inefficient continental businesses. It will also ensure that we concentrate on what we are best at. That ought to lead, of itself, to a boost in productivity. Indeed, that is the lesson of history when we move to free trade and remove not only formal tariffs, but non-tariff barriers.

That, if the correct policies are adopted, is how the £350 million a week can ultimately be provided for the national health service. Figures produced by Professor Patrick Minford and his distinguished team at Cardiff University indicate that there will be a boon of £135 billion between 2020 and 2025, and £40 billion a year after that, which will make it possible to have tax cuts and to fund the health service. It is encouraging that the Chancellor has already started that process and is making more money available for the health service now, because it is important that politicians deliver on the spirit of their promises, as well as on the detailed, pettifogging, nitpicking, small-print elements. It is right that that should be made possible, and having a free trade development of economic policy will be crucial to that, so it was welcome that the Chancellor included it in his Budget statement.

The other issue of greatest importance to voters is that of housing, and here I would encourage the Chancellor to go further. The Government are absolutely right to be supporting more house building, but the key will be reform of the planning system. The thing that makes housing in this country so expensive is the fact that supply is controlled. As the Chancellor rightly said in his Budget statement, actions to help demand are merely likely to push prices up. What we need is to see prices coming down, at least in relation to incomes, and that means not only increasing supply, but increasing the supply of housing that people want to live in.

The one question that I will therefore raise on the Budget is this. The Chancellor said that he would look to ensure that the housing was primarily in an urban setting, but when we ask people what housing they want to live in, 80% say that they want to live in houses with gardens, and that means we will have to build on green fields. It would be wise to review the green belt, because some parts of it are not actually essential to life and the pursuit of happiness. What we really want is a succession of Poundburys across the country, because that is the type of housing that people want to live in, and I think that the Conservative party should be on the side of not only the Prince of Wales, but the people.

6.18 pm

Liz Kendall (Leicester West) (Lab): It is a pleasure, as always, to follow the hon. Member for North East Somerset (Mr Rees-Mogg). The challenge facing any Government, and any Budget, is to boost our strengths, tackle our weaknesses and prepare the country for the future. I am afraid that the Government have failed to rise to these challenges, and not just in this inadequate Budget, but through their damaging approach to Brexit. I want to take each of those points in turn.

First, on our economic strengths, we are rightly proud of our world-leading car manufacturers, pharmaceutical and aerospace companies, creative industries, universities and financial services. We want and need those to expand and thrive, create more good-quality jobs and help us fund our vital public services, yet they all face huge uncertainties because of the Government's determination to pull us out of the single market and the customs union, and not just because of their acceptance that we might leave the EU with no deal and have to fall back on World Trade Organisation rules, but because of the active desire of some Government Members to do so. The risk of new tariffs and custom barriers, of financial services losing their passporting rights, and of restrictions on our trading with the largest market of 500 million consumers on our doorstep is a major cause of the lower than expected levels of business investment, productivity and growth that we heard in the Budget statement. The Government cannot escape that, no matter how much they want to sweep it under the carpet.

It is not only that the Government's approach to Brexit is risking our economic strengths; they are also failing to address our underlying economic weaknesses. To be clear: many of these weaknesses existed before Brexit and, indeed, before the financial crisis, but I fear that the Government's approach to Brexit will make them far worse. The fundamental problem is that the British economy is no longer delivering rising earnings for the majority of the population. We are in the longest period of wage stagnation for 150 years. I hugely welcome the high levels of employment, but many of the jobs are insecure and low paid, and child poverty is rising.

Britain has one of the most geographically unbalanced economies in Europe, with 40% of our economic output coming from London and the south-east. Indeed, those are the only two regions in the country that have seen their economies get back to pre-crisis levels. We are also one of the most unequal economies, not only in income inequality but in wealth inequality which, as the International Monetary Fund says, really matters, because more unequal countries have shorter and weaker periods of growth. For far too long, our economy has been plagued by short-termism, poor productivity and low levels of public and private investment. I am afraid nothing the Chancellor said today indicates that the Government understand the sheer scale of the problem or have a plan to reform our economy—to reform capitalism so that it works for the majority of people in every single part of the country.

That brings me to my final point about preparing the country for the future. We face big challenges alongside that of Brexit: deeper globalisation as emerging economies to the east and south increasingly compete on high-value products and services, not just on basic manufacturing; our ageing population and the implications for pensions,

[Liz Kendall]

the NHS and social care; technological change, which is opening up huge opportunities for some but risks leaving behind those without the skills they need; and the continuing need to tackle climate change.

I am glad that the Chancellor announced measures to encourage more young people to take A-level maths, along with investment in artificial intelligence and driverless cars, but where was the plan to transform skills in this country? Where was the plan to invest in early years so that every child starts school ready to learn? When children from the poorest parts of my constituency start school 20 months behind where they should be, they play catch-up for the rest of their lives. Where was the plan to help the 5 million adults without basic skills who will never cope with the changes brought by technology and globalisation?

The Chancellor said that there will be £2.8 billion extra for the NHS over the next three years. That is pathetically inadequate! It is less than the £3 billion being spent on preparing for Brexit. There was nothing in the Budget for social care, to give older and disabled people and their families, who are desperately struggling to cope, the help and support that they need.

All that brings me back to Brexit. The single most important thing we learned from the Budget is that there will be slower growth every year for five years. That means there will be £65 billion less than we thought just a year ago to spend on transforming this country and the life chances of the people we represent. On any economic test, the forecasts are a disaster, and the Government have only themselves to blame.

Several hon. Members *rose*—

Mr Speaker: Order. May I just advise the House of the situation in which we find ourselves? One hon. Member has most courteously agreed to speak on another day. Other colleagues, I know, are fully seized of the importance of their speaking today, and possibly very fully in view of the many important points that they have to make. I completely understand that, but the fact is that eight people wish to speak, and if they are to do so by 7 o'clock they can do the arithmetic for themselves. That is the reality of the matter. It is no good people complaining at the Whip when the Whip reports unwelcome news. People have to recognise the responsibility they have, and if there are lots of interventions the time left is shorter. It is as simple as that—end of subject.

6.25 pm

Jeremy Quin (Horsham) (Con): Thank you for calling me to speak, Mr Speaker. I will try to curtail my remarks with that in mind. I know that many Members want to contribute to this debate.

It is a pleasure to follow the hon. Member for Leicester West (Liz Kendall). Rather like the comment of my hon. Friend the Member for North East Somerset (Mr Rees-Mogg) about the hon. Member for Nottingham East (Mr Leslie), I may not agree with what the hon. Lady says, but she speaks with passion and verve and I understand her direction of travel. I do not want to embarrass her or her colleague, but I contrast that with what the Leader of the Opposition said earlier, which reminded me of a modern artist—a lot of noise and colour, but no discernible theme.

Every Member on both sides of the House wants good public services. They want them to be well supported and to deliver for our constituents. Like the hon. Member for Belfast South (Emma Little Pngelly) and others, I welcome the slight fiscal loosening over the next two to three years as recognition of the needs of our public sector. I am not going to prejudge independent pay reviews but—who knows?—perhaps that will give extra leeway in that direction as well. That is right and appropriate, but it is also right that it is executed in the context of a broader, macro-plan for bringing our national debt under control.

According to my back-of-an-envelope forecasts, we will reduce our deficit to its 2001 level, when the Labour party was in government. That was the last year in which it had very sensibly allowed its fiscal envelope to be dictated by my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke). From next year, our total debt as a percentage of GDP will begin to decline—a signal point in our resolving the fiscal hole of historic proportions that we inherited. Reducing that deficit is not glamorous or popular, but it is necessary. It is necessary to build up resilience to future shocks; for our annual interest payments, which are about 50% of what we spend every year on the NHS; and on the grounds of simple fairness to future generations.

To maintain that progress of debt reduction and to sustain our investment in the public services that we all cherish, the Chancellor is absolutely right to focus on our productivity puzzle. I respect the OBR's economic forecasts, which have been referred to frequently this afternoon. Personally I feel more optimistic as to the pace of growth. They are forecasts: they go up and they go down. That is in the nature of forecasting. As the OBR itself says:

“The outlook for potential...productivity is the most important, yet most uncertain, element of”

productivity output growth. The OBR is, of course, right on both counts. That is why I applaud the Chancellor's robust stance on embracing the new technologies, harnessing the UK's lead in innovation and building up our productivity growth.

We have an excellent record on employment, both in my Horsham constituency and nationally, with 1,000 jobs a day being created since 2010. Our challenge as a country—it is also a challenge globally, but it is particularly acute in the UK—is to ensure that those employees receive the investment, education, infrastructure and support that will allow us to drive our productivity and enhance further economic growth.

I welcome those measures in the Budget that are directly aimed at long-term improvements in our productivity, including targeting the new technologies, a further £2.3 billion for R and D, and a further enhancement to the R and D tax credit, helping to lift R and D investment to our target of 2.4% of GDP. As someone who sees the UK as a liberal country open to the world, I am delighted by the approach laid out in the Red Book for attracting and retaining the best scientific talent from anywhere in the world to work and flourish here in the UK.

On education, to which the hon. Member for Leicester West referred, I warmly welcome the new approaches. Horsham boasts excellent schools that place huge importance on STEM subjects, and voluntary organisations such as HackHorsham provide extra resources to young people who want to embrace those new technologies.

Mr Speaker: Order. I interrupt my former constituency chairman to say that I know the hon. Gentleman extremely well and he speaks in his mellifluous tone with great eloquence. He is capable of doing so at any length, short or long, but I know that, being a courteous fellow, he will want to have regard to the simmering temperature of the hon. Member for Wrexham (Ian C. Lucas), who is to follow him, and other colleagues who also wish to contribute. Therefore, I think I speak with some confidence in saying that his peroration is nigh.

Jeremy Quin: I take the hint, Mr Speaker, and I promise I will be brief. Education—I welcome it, and I certainly welcome the infrastructure spend on transport and housing. This is a wide Budget with a lot to commend it; it addresses the problems of the past while setting out the foundations for the future. I am sorry that I am not able to entertain the House at any greater length, but it is perfectly fair that others should have their shout. With that, I commend the Budget.

6.30 pm

Ian C. Lucas (Wrexham) (Lab): I am grateful to the hon. Member for Horsham (Jeremy Quin) for his courtesy in allowing those of us who have been here since 11.30 am to speak.

I want to talk about regional policy. My speaking time is restricted, but I am glad that the Chief Secretary to the Treasury is here as I want to raise a particular issue to do with Her Majesty's Revenue and Customs in my constituency of Wrexham; it is directly connected to regional policy. There was a time when the Conservative party talked about rebalancing the economy and there seemed to be a commitment to something called the northern powerhouse. I recall attending a meeting a couple of years ago with the then Chancellor of the Exchequer and Lord O'Neill, who both talked with enthusiasm about investing in the north of England.

I have had some time to read the Red Book while I have been waiting to speak. There is a large section about investment in the Cambridge-Milton Keynes-Oxford corridor—one of the most affluent areas of the United Kingdom. I believe in an economy that serves the whole of this country. I want to tell the Chief Secretary to the Treasury about another corridor, which exists between Manchester and Holyhead and contains some of the world-leading companies in the UK, including Airbus, JCB and the Wylfa 2 nuclear project.

The private sector is investing in that area of the country. Virgin Media is investing in a superfast broadband network in my constituency of Wrexham, and a company announced last week that it was moving there, creating 250 jobs. They have confidence in the area. Unbelievably, the Government are moving the local HMRC office in Wrexham to central Cardiff. The only HMRC office in Wales will be in the centre of the city of Cardiff—the most expensive place in Wales. How any sane Government can pursue such a regional policy is completely beyond me. It is not only wrong in terms of regional policy, but it is taking wealth away from another part of Wales.

Any sensible Government would do the exact opposite. The Welsh Government, who are sensible, are setting up a development bank for Wales in Wrexham as opposed to Cardiff. I would like the Chief Secretary to go away and rethink what I think is the worst, most incomprehensible decision that any Government Department has made

during my 16 years in the House. The Government need to reflect on whether they really believe in the United Kingdom and in investment in our regions and nations. Every indication that I have seen is that they do not support investment in infrastructure in the regions and nations of the United Kingdom.

In three separate Budgets, north Wales has been told that the plans for the north Wales growth deal are in hand—this is the hat-trick Budget. We have yet to see a penny piece of UK Government investment in north Wales transport infrastructure, including our rail network, for which the Government have had responsibility since 2010. They ought to be ashamed. It is about time they pulled their finger out. They need to do things differently.

6.34 pm

Geraint Davies (Swansea West) (Lab/Co-op): So much for Euro-Phil's "Fudge it Budget". He talked about embracing the future of global Britain, but there was virtually no mention of Brexit. We know that he will be in contempt if he does not reveal the 58 sector reports to the House, but he did not mention them at all in his Budget speech.

Even before the Budget, we saw the Government increase debt as a proportion of GDP, from 45% to 90%—it has doubled since 2010. Our debt is now £1.8 trillion—£30,000 per person, or two and a half years of expenditure. Under Labour, of course, we saw growth of 40% over the 10 years to 2008 and before the banking crisis. That sets the context of how appalling the past has been under the Tories.

We have seen hopeless productivity and hopeless growth. We saw a policy of quantitative easing, which basically pumped money in and inflated asset values. Anyone who has a house or any asset is richer, and the poor, without assets, are poorer. We know from the OECD that growth is related to inequality. If there is more inequality, there is less growth. We know from European studies using the normal methodology of the Gini coefficient that inequality has grown fastest and to the highest level in the UK.

We know from the United Nations, for example, that cuts have hit the disabled harder than anyone else—disproportionately, grotesquely—and their rights have been abused. The UN has asked us to change the way we deliver universal credit. And so on and so on—it is absolutely appalling.

Turning to Brexit, nobody on the Government side has mentioned the £40 billion divorce bill—it will end up being in the region of £1,000 per person. People have talked about free trade, but Brexit is the biggest withdrawal from free trade in UK history. We are turning our back on the biggest and most established marketplace in the world. We hope to have a relationship with other markets, but they are coalescing in their own trade agreements. We are likely to pay massive tariffs to the EU and under the World Trade Organisation. Given that most of our exports are services, we will pay even more on those.

We are seeing depreciation reduce everyone's assets and wages by between 10% and 15% at a stroke. We have inflation eating away at people's household income, whether that is through housing, food or energy prices. We have seen our growth basically at the bottom among the G7, and we are now seeing skills leaving the country

[Geraint Davies]

and going back to other parts of Europe, such as Poland, as we get restricted market access and disinvestment. The prospects for Britain are appalling.

Obviously, I welcome a few things. I introduced the Clean Air Bill today—31 years ago, Tony Benn was the last person to introduce a private Member's Bill on a Budget day—so I welcome some of the things about clean air. But it is unfortunate that there is not an increase in diesel duty that could be hypothecated to pay for electric buses in all our city centres, for instance. I also welcome the initiative on taxis.

I would have liked to see a focus on the Swansea Bay tidal lagoon and green energy, because 80% of fossil fuels cannot be exploited if we are to avoid irreversible climate change. I would also have liked to see electrification and connectivity on the Swansea Metro for my constituents.

Unfortunately, we now face a future in which we are going to be forced into the groping hands of Donald Trump and into trade relationships where we are going to be on the back foot, and we are going to have to accept what we are given. I do fear for the future.

I solemnly believe that the British people, who did, at the margin, give an advisory mandate for leaving Europe, should be given the final say in 2018 as to whether what they are getting now represents what they understood in 2016 that they would get. I will leave my remarks there.

6.38 pm

Karin Smyth (Bristol South) (Lab): I would like to start by again reminding the House that the Bristol economy is a net contributor to the Treasury of £10 billion annually. Once again, I ask, what do we get for it? I have looked in the Red Book for the south-west, and it is not there—there are a few paltry comments. Once again, we are short-changed by this Government.

I have heard about high employment levels, but in Bristol they mask the reality that there are too many low-paid jobs. Some 18% of workers in my constituency earn less than the voluntary living wage. Young people are the least likely in the country to go to university, and our people are ending up on the lowest level of apprenticeships. We have 20% of our people living with a life-limiting disability. This is a scandalous loss of human potential.

I do concede that there are some small signs of hope in today's Budget as regards housing. I welcome the Chancellor's commitment to house building, as this is crucial for my constituency. However, with house inflation at 14% in Bristol, the cut in stamp duty will not be of much help. I look forward to hearing whether Bristol is regarded as an area of high affordability pressure and therefore whether the council will be able to borrow more to build much needed council houses to rent in future.

We have young people in Bristol South ready to build these houses to feed the supply chain, but we desperately need an opportunity to train them. The wage differential for housing construction apprenticeships is good compared with others, but most of our young people do not get on to good apprenticeships. Last November, City of Bristol College was awarded pipeline status to get a construction centre in my constituency. When the previous Skills Minister, the right hon. Member for Harlow

(Robert Halfon), visited with me earlier this year, I pointed out to him the site where it can be built, but the local enterprise partnership has still not invested the money. There is no coherence in the Department for Education on capital money and investment. The Chancellor needs to stop wasting taxpayers' money and invest it where it is needed.

We have heard a lot this week about the pledge on automated driverless cars and other headline-grabbing sectors that the Government declare a priority: contrast that with the £500 million for technical qualifications. I have supported apprenticeship schemes for a long time in this House, but the ambitious, arbitrary targets and the focus on new starts as a measure of success have meant an emphasis on quantity over quality. I remind the Chancellor of the 61% decline in new apprenticeship starts in just the past few months since the levy started. Without further significant investment, the Government's target will not be met. It was not good enough today simply to refer to the levy as something he is going to keep an eye on.

I welcome the Government's commitment to technical education as part of an attempt to fill the skills gap, but again, there is no money in this for further education—a bare £20 million. I am acutely aware there have been huge delays in rolling out this programme. I fear that T-levels will face similar implementation problems as apprenticeships, and we are losing critical time. If the issues stem from a lack of funding, then I would have expected to see something more in this Budget. Instead, my local college is facing cuts from £9.7 million to £5.4 million since 2013, and, crucially, participation rates have halved. Two and half thousand adults ceased to be eligible for Government subsidy for their learning—more wasted human potential. We already have the lowest higher education attainment results of any constituency in the country. This disadvantage starts in early years and in schools. There are £1.9 million of school cuts coming across Bristol, and the below-inflation funding formula next year will represent a further per pupil funding decrease.

I would like to say a few words about health. Last year, the Public Health Committee and the Health Committee nailed the lie that the NHS got what it asked for last time. Let us not get into this again next time. Of course new money is welcome, but it is not sufficient to do the job that the Government have asked the NHS to do. It is also absolutely scandalous that we have heard nothing today about the silent misery for families who are living with the social care crisis. Since becoming an MP, I have not heard a single Tory defend the Lansley reforms. The destruction caused by the Health and Social Care Act 2012 is apparent to us all, with no one locally in charge to do anything about it.

6.43 pm

Catherine West (Hornsey and Wood Green) (Lab): It is a real pleasure to follow my hon. Friend the Member for Bristol South (Karin Smyth) and to speak in this Budget debate.

The outlook for the economy is bleak, with the worst five-year forecast of GDP since the Office for Budget Responsibility was set up, against the backdrop of the drop in sterling and the increase in inflation. As the Chancellor stood up to speak, the cost of Brexit was clear—in excess of £3 billion. Let's put that on the side of a bus!

Hornsey and Wood Green has been starved of funding over the past seven years. The capacity of our community to educate, house and care for our citizens, as well as keep them safe, has deteriorated and is set to decline further. While London remains, seemingly, a vibrant economy, there is a yawning gap between the haves and have-nots. My hon. Friend the Member for Wrexham (Ian C. Lucas) spoke of his concerns about his region, but there can be inequality within a region as well: in London, we often walk the same streets but inhabit different worlds. Wages are flat, household debt is up, and transport and infrastructure continue to stall, with negative effects on industry and workers alike.

People in three particular housing tenures—those who hope to buy, private sector renters and those who are languishing on social housing lists—are in desperate housing need. Disappointingly, the rough sleeping initiative in the Chancellor's speech did not include tackling rough sleeping in the capital. I think we all noticed this morning, as we charged in for our meetings and the Budget debate, that there were two homeless men asleep outside the door of the House of Commons. That is what Labour Members want to tackle, but I fear that when we come to the Budget debate next year, there may even be more homeless people lying in sleeping bags outside the doors of the House of Commons.

While London remains one of the top destinations for business and international talent, transport and infrastructure continue to stall, and it is time we all woke up to that. The Borough of Haringey has seen a 40% real-terms reduction in funding since 2010, resulting in £160 million of savings, which have affected disabled people, basic municipal services and children with special educational needs, and have generally had a depressing effect on the local economy. That worrying trend is set to continue, with another £20 million of savings to be found in the finances of one London borough.

A dangerous cocktail of growing demand, cost and inflation combined with funding cuts is putting unsustainable pressure on local government finances. Core funding from central Government is set to have fallen 63% in real terms over the decade to 2019-20. I tell children when I go into schools, "It's like your mum gives you £1 one day, but only 30p the next. That's how it is to manage a council these days." People in Hornsey and Wood Green know the situation well. We have a desperate shortage of housing, but we are also concerned about health.

The Minister for Transport Legislation and Maritime (Mr John Hayes): I am sure the hon. Lady will want to introduce some balance into her speech, because she is very fair-minded. Which does she welcome more: the substantial extra money for the NHS, the substantial investment in transport infrastructure or the cut in stamp duty for millions? Which of those does she think is the most important?

Catherine West: Instead of wasting all these billions on the whole Brexit shambles, I would rather we had more than £1 billion for the NHS. I am afraid that £1 billion is less than what Simon Stevens says we need.

In my constituency, 37 out of 37 schools will have experienced a 6% fall in funding per pupil between 2015-16 and 2019-20. Headteachers, classroom teachers and teaching assistants are all calling for desperately needed change. Police funding cuts barely got a mention,

but it looks as though the Home Office will have to swallow a £400 million cut to the police. I was out in the affluent suburb of Highgate on Monday morning, speaking to terrified mothers who had had things stolen from them by youngsters who had ridden up on mopeds and used hammers to smash the windows of the café in which they were sitting; that has happened four times since the café moved into the high street. We are facing a crime wave in London, and it needs to be addressed.

I want briefly to mention the cut of £797 million, or £510 per person, in health funding in the north central London area. Many Members will be aware that there are huge pressures, particularly in mental health, and cuts on that scale will have a huge effect on very vulnerable people with serious mental health problems.

Finally, I welcome elements of the change in approach to small business taxation, but we must go further. As our population continues to grow and people work in different ways, including in small business, we need to be ever mindful of supporting them.

6.48 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): I will try to rush through my speech as quickly as I possibly can. We in the SNP called for a Budget that put people and prosperity at its heart. I am afraid that we have not seen that, and the Chancellor's tinkering around the edges will not cut it.

We have heard nothing today about renewable energy. Despite Ministers' recent warm words, years on from George Osborne's betrayal over Peterhead there is still nothing on carbon capture and storage, which are vital for the future. There was very little on oil and gas. Although we welcome, at long last, the move on transferrable tax history, nowhere to be seen is the oil and gas ambassador that was promised. This is a phantom appointment—two years in the waiting—but such an ambassador could have been doing good for the North sea industry.

There was no acknowledgment of the monumental error of judgment that is the Hinkley C nuclear investment. The Public Accounts Committee said yesterday that there were "grave strategic errors", and that no thought was given to consumers before becoming locked into a 35-year deal. That follows the National Audit Office's judgment that this was "risky and expensive". With a strike price twice the cost of new offshore, consumers will be paying the price. As the Public Accounts Committee said, the poor have been hit the hardest. This is not a Budget for people, let alone for prosperity.

We did find out that £3.7 billion will be spent on the Brexit process. Let us take that and spend it on the NHS instead. There was nothing for the rural businesses that will be affected, and nothing to end the uncertainty. We could have heard about support for our farmers, who urgently need a clear explanation of the nature and timetable of the process for guaranteeing all EU funding programmes—and not just to 2020, but for the period beyond. There was nothing to deal with the skills and labour shortages that are now being caused by the Brexit shambles and uncertainty. There was nothing about the crisis that Brexit is causing for our NHS, or for the fish processing, food and drink or tourism sectors—to name just a few—because we do not yet know what is happening with our EU nationals, and we are already seeing people leaving those industries.

[Drew Hendry]

Much was made earlier about technology, but there was nothing about broadband. No increase in ambition has been shown in this Budget to match the 100% coverage to every premises promised in Scotland. Broadband is a reserved matter, but if this had been left to the UK Government, only 21% of the highlands would have had access to fibre. It took the Scottish Government to step up with £400 million to bring that figure up to 84% and be on track toward 100%. While I am on Scotland, the £2.9 billion cut we have seen is not assuaged by the £2 billion announced today. By the way, £1.1 billion of that is in the form of financial transactions that have to be repaid to the UK Treasury, and it is over three years. That means there is a real-terms cut of £239 million.

Where was the movement on the WASPI campaign? These women have been waiting far too long to get something from the Chancellor to sort out this issue. He said that

“we are all in politics to make people’s lives better”.

He had a big opportunity to do that today, but he missed it. He could have halted universal credit and started the process of fixing it. For four years, since the pilot in my constituency in 2013, we have been telling the UK Government the things they could do to sort it out. I welcome the small steps, but let us not get dazzled because they are not going to change much. The £1.5 billion intervention that has been announced sounds good, but if we look at the Blue Book, we can see that it means £20 million this year and it goes up to 2023. Freezing alcohol duty is good, but the amount to deal with all that harm is less than the cost of freezing alcohol duty. The reduction of one week to five weeks is also welcome in that it is at least something, but again, it will be of little help to many. Some 25% of claimants are already waiting longer, and the cuts are pushing people into crisis.

The Chancellor could have reduced rent arrear burdens, and helped councils and housing societies, by decoupling housing benefit, which would have helped enormously. He could have helped to ease such burdens. As the Women’s Budget Group has pointed out, employed individuals claiming universal credit will be £1,200 a year worse off by April 2021, and 57% of that is due to a cut in the in-work allowance. His failure to halt universal credit means that he has done nothing to help families waiting for months without payments, and nothing to sort out the systemic failures. He has done nothing to help the disabled, and he has given no help or guarantees to those facing eviction or those with no money this Christmas.

Finally, the Chancellor has made no attempt to remove the cruellest features, such as the wait for cancer patients or the terminally ill. Today he could have done something that would cost absolutely nothing: he could have removed the new universal credit requirement for self-certification for people facing terminal illness. This is not a Budget for people, nor for prosperity.

6.54 pm

Helen Goodman (Bishop Auckland) (Lab): I am pleased to follow the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) and to take part in the Budget debate today. The British economy has two problems, the first of which is low productivity growth.

A worker in France or Germany can go home on a Thursday night having produced X number of things and a British worker would have to continue until Friday night to have made the same amount of stuff. The second problem is the high level of uncertainty at the moment. As hon. Members probably know, the pound fell again after the Chancellor sat down.

The forecasts show that the situation is not getting better: GDP growth is down; productivity growth is down so far that in year 1 there is no productivity growth; and we will have £40 billion less to spend and/or to have in tax cuts at the end of the forecast period than we thought we would have this time last year. As a consequence, the forecasts are also showing average earnings falling. What did the Chancellor do to tackle this productivity problem? Obviously, it is a long-run problem and there are no instant solutions—nobody would be foolish enough to think that there were—but one thing that is worth noting is that the productivity problem has a regional dimension. The Institute for Public Policy Research has found that productivity outside the south-east is 44% lower than it is elsewhere. So when hon. Members talk about investing in the regions, we see that this is a matter of not just social justice, but economic efficiency. At the moment, the north-east gets £220 per head spent on transport, whereas London gets £1,940—almost 10 times as much. Why do the Government not re-order their investment projects and do HS3, linking Newcastle to Liverpool, before HS2?

When we look at what was in the Budget for the north-east, we see that we are talking about tiny sums: the figure for the north of Tyne devolution deal was £20 million a year; the money for the Tyne and Wear Metro will not be released until 2022, which is five years from now; the only new money for the Redcar steelworks was £5 million; and the Tees valley is being offered something that has no price tag at all—it is being invited to “enter discussions”! This is the situation for not just the north-east, as Midland Connect is getting £6 million. However, the London business rate retention, which is being piloted, is going to give London £7.5 billion. As for the stamp duty cut, the average house price in my constituency is £106,000, so people are not going to benefit from that cut. So this is another £650 million that is going to go to the wealthy parts of the country.

The second aspect of all this is skills. My constituency has an excellent further education college, Bishop Auckland College, which plays a vital role, but between 2009 and 2015 further education has been cut by 27% and adult education has been cut by 50%. The Chancellor announced extra money, but at £60 million it is 2% more—that is tiny compared with the massive cuts we have had. Brexit and the public’s desire to control immigration mean we must start investing more in our skills. There are regional disparities in this area, too. Of course people do not have jobs for life, but if we are to help them through this transition we must do more for adult education. The Association of Colleges produced a manifesto that contained some very sensible things. It said we should spend another £200 per student on 16 to 19-year-olds; that we should extend child benefit to people who are in further education, just as we do for people who are doing A-levels; and that we should spend some money on public transport for young people. In my constituency, a young person on a young saver’s

ticket going from Cockfield to Bishop Auckland has a weekly bill of £31 and a young person going from Bishop Auckland to Darlington for their education has a bill of £45 a week. Those are substantial numbers.

The most disappointing thing is that the Chancellor has not won more battles on Brexit and has not been able to see off those people who want a cliff edge from 1 April 2019. We all thought when the Prime Minister made her Florence speech that the Chancellor had won this argument, and on this side of the House we were all extremely pleased, but it seems that that was not so. Business wants certainty now. It is nearly Christmas; Ministers need to get their skates on.

Ordered. That the debate be now adjourned.—(*Andrew Stephenson.*)

Debate to be resumed tomorrow.

Business without Debate

DELEGATED LEGISLATION

Madam Deputy Speaker (Dame Rosie Winterton): With the leave of the House, we shall take motions 2 to 7 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

INTERNATIONAL DEVELOPMENT

That the draft Asian Development Bank (Eleventh Replenishment of the Asian Development Fund) Order 2017, which was laid before this House on 19 July, be approved.

That the draft African Development Fund (Multilateral Debt Relief Initiative) (Amendment) Order 2017, which was laid before this House on 19 July, be approved.

That the draft African Development Bank (Fourteenth Replenishment of the African Development Fund) Order 2017, which was laid before this House on 19 July, be approved.

That the draft International Development Association (Eighteenth Replenishment) Order 2017, which was laid before this House on 19 July, be approved.

That the draft Caribbean Development Bank (Ninth Replenishment of the Unified Special Development Fund) Order 2017, which was laid before this House on 19 July, be approved.

That the draft International Development Association (Multilateral Debt Relief Initiative) (Amendment) Order 2017, which was laid before this House on 19 July, be approved.—(*Andrew Stephenson.*)

Question agreed to.

PETITION

Changes to local Bus services in Torbay

7 pm

Kevin Foster (Torbay) (Con): I rise to present the petition of residents of Torbay on the changes to local bus services. I pay tribute to the work of Rosemary Shaw, who helped to collect names for the petition. It was signed by hundreds of people on paper and more than 1,300 people online.

The petition states:

The petition of users of the No.32 bus service in Torbay,

Declares that the change of service for the number 32 bus service between St Marychurch-Torbay Hospital/The Willows will have a detrimental impact on local residents, in particular, elderly residents.

The petitioners therefore request that the House of Commons urges Torbay Council to commit to re-instating the service route of the No.32 service for the sake of the local residents as soon as possible.

And the petitioners remain, etc.

[P002083]

Guards on Merseyrail Trains

Motion made, and Question proposed, That this House do now adjourn.—(Andrew Stephenson.)

7.1 pm

Dan Carden (Liverpool, Walton) (Lab): I am grateful for the opportunity to raise in the Chamber the important issue of the future of safety-critical guards on Merseyrail trains.

All of us value the work of the people who keep our country moving, be they guards, drivers, signal workers, track workers, ticket office workers, cleaners or station staff. I represent my home city in this place, and it is a privilege to be able to speak up for my constituents and working people. It is worth remembering that when workers want to raise issues as important as public safety and protecting decent jobs, they too often have to take industrial action, putting their livelihoods at risk—something I do not have to do by making this speech.

Mr George Howarth (Knowsley) (Lab): My hon. Friend makes the point that nobody wants this to happen. He will have seen the letter from the city region of 16 November, which is signed by its six council leaders. It calls for

“both parties in the dispute...to agree to engage in a process of independent conciliation, starting with no pre-conditions, with the intent of seeking to find a negotiated settlement”.

Does he not think that that is a reasonable suggestion?

Dan Carden: I thank my right hon. Friend for that intervention. I will lay out my arguments, including my comments about that issue, in my speech.

I will use this debate to outline why guards are so important for safety, security, service and accessibility, and to highlight the level of public support for retaining guards on trains. I will discuss their safety-critical function and their valued role in protecting the personal safety of all passengers.

Over the past 30 years, there has been a creeping introduction of driver-only operation. DOO is opposed by the rail unions and unpopular with the public. Since January 2011, there have been at least 10 serious incidents at the passenger-train interface, eight of which involved DOO services operating without a safety-critical member of staff on board the train.

Merseyrail, a private company co-owned by Serco and the Dutch state-owned Abellio, proposes to remove all its 207 guards. That decision comes after Merseytravel, our transport authority, has signed a 30-year contract for new rolling stock worth £460 million.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Does my hon. Friend welcome the new rolling stock, which will have the best accessibility for disabled people in the whole of the country? Does he think that negotiations to resolve the industrial issue are a matter of urgency so that the people of Merseyside can enjoy the new trains when they arrive?

Dan Carden: Negotiations are of course critical to resolving the dispute, and I absolutely welcome the new trains. They are long overdue and something the unions have campaigned for. They will be publicly owned by the people of the Liverpool city region and are forecast

to be 30% cheaper for the taxpayer than using the failed model of rolling stock leasing companies. ROSCOs are like the loan sharks of the railway, and it is right that they are rejected in Liverpool. The Minister might like to say a few words about why his Department persists in using them across the rest of the rail network.

There is not, however, a binary choice between having our new trains and keeping a fully staffed service. The two are not mutually exclusive. The new carriageless trains, with their more open structure, allow a guard to pass more easily through the length of a train. In fact, Merseytravel originally said it wanted both, because when the new train contract was first announced, Liam Robinson, the chair of Merseytravel, said:

“In an ideal world we’d like to have a second member of staff on every train, but there aren’t the resources to do that.”

I am grateful to Liam for his assistance in the lead-up to this debate.

Local politicians rightly speak up about the pitiful investment in public infrastructure in the north. Tory cuts in revenue support grants to local councils of the city region mean that the local transport levy has been cut by £32 million in real terms, which represents a third of the annual local transport budget being lost. Faced with those cuts, we must defend and maintain the standards we have, protect jobs and passenger safety, and expose unjustifiable profiteering from the travelling public. I will return to the role of local representatives, the transport authority and government later in my remarks, but first let me set out why I believe the first step to resolving the dispute is to agree the principle that keeping the guard on the train is essential, so that we can move to a more constructive debate that looks at solutions.

There are four railway stations in my constituency. The loss of 1,000 police officers and £100 million from Merseyside police’s budget since 2010 has had a devastating impact on our communities and the ability of the police to protect the public. Data released by the British Transport police shows that the number of violent attacks on mainline and underground trains has increased by 12.5% in the past year, with a spike in hate crime. Reported sexual offences on trains have more than doubled in the past five years. Figures obtained under a freedom of information request submitted by the National Union of Rail, Maritime and Transport Workers showed that in the past five years there were more than 1,200 on-train crimes on Merseyrail. The figures also show that almost 900 crimes, or 72%, took place before 8 pm, which was the time at which Merseyrail indicated that it would seek to keep a second, non-safety-critical person on the train. That begs the question that if Merseyrail acknowledges the need for a second person on the train after 8 pm, why not before? Just as the public are more vulnerable to crime when police numbers are cut, when frontline rail staff are removed passenger safety is jeopardised.

A report produced for Merseytravel by Passenger Focus in April 2014, titled “Future Merseyrail rolling stock—what passengers want”, was clear. It emerged that the most important factor identified by passengers was personal security on the train. The report showed that passenger satisfaction with personal security while on the train was high, at 86%, and said:

“this aspect is a strength upon which it is important to maintain focus and development.”

It went on to state that:

“the importance of this measure to passengers suggests that if satisfaction with personal security were to decrease in future, this would likely have a severe negative effect on overall satisfaction with the service as a whole.”

Subsequent polling by Opinium found that 84% of women passengers said that they would feel less safe without a guard, and the figure for people over 55 was 85%. Perhaps the best demonstration of how our guards are valued on Merseyside was the fact that a recent petition gained almost 25,000 signatures. It was started by Merseyrail passenger, Ellie Ward, who was assisted by a guard while in a vulnerable position. The guard took extra steps to make her and other female passengers feel secure.

Too much of the debate so far has focused on issues such as who will operate the doors and whether DOO can safely dispatch a train. I am afraid that these arguments are disingenuous and completely miss the point. Neither the Government nor the train company-financed rail regulators have made any assessment of the additional risk to passengers once the train has left the platform, with or without a guard on board. How can any decision on extending DOO claim to take passenger safety seriously before such an assessment has been made?

Train guards' safety-critical duties include protecting the train, safely securing the doors, and dealing with emergencies such as derailments, evacuations, fires, driver incapacity and failures of train safety systems. On Merseyrail, following a collision between a train and road vehicle at the Crescent Road level crossing in Southport in August 2016, the guard placed isolating equipment on the track, isolated the electric rail and evacuated passengers to safety, while the driver remained in his cab, leading the communications with signallers. Without a guard on the train, such emergencies would be dealt with by controllers up to 20 miles away speaking to passengers via intercom. It cannot conceivably be argued that that is as safe or safer. There are many more such stories, but as I am pushed for time, I will move on.

Disabled passengers, people with visual or hearing impairments, and people who suffer from anxiety rely on the reassuring presence and practical assistance of staff on platforms and guards during their journey. Merseyrail's current disabled people's protection policy states that:

“our on-train staff are trained in the procedures to advise and help you”.

The vital role of the guards is also acknowledged in the Rail Delivery Group's 2017 report “On Track for 2020? The Future of Accessible Rail Travel”. Moreover, it is worth fighting to keep good jobs for the future. Losing more than 200 secure skilled jobs from essential services is in no way progressive.

Despite several days of strike action, the public still overwhelmingly back the guards. Recent polling shows that 78% of regular passengers oppose the removal of guards from Merseyrail. The entire trade union movement and the north-west TUC support the guards, and the Labour party's policy is clear: to oppose any extension of DOO. The Welsh Government have now guaranteed a guard on every train for future franchises, and Scotland has made similar long-term arrangements. The shadow Secretary of State wrote to train operators last week to tell them that a Labour Government would halt any

plans to extend DOO. Merseytravel's former chairman, Mark Dowd, remains fully opposed to removing the guards, saying that “common sense should prevail”.

It has never been clearer that we need a new structure for our railways. Labour would take back control by bringing our rail network into public ownership. By reinvesting the revenues that are currently disappearing into shareholders' pockets, a Labour Government would ensure that we have affordable fares, state-of-the-art trains, safe staffing levels and an end to DOO. We would embrace technology while preserving good, skilled jobs.

This Government, on the other hand, do not have a plan for our rail network. They are writing job cuts into rail contracts, and they stand by as private rail companies mismanage services while making eye-watering profits. Almost a quarter of Merseyrail's income from passengers is swallowed up in profit. Merseyrail's owners, Serco and Dutch state-owned Abellio, can expect to pay out average dividends of £6.7 million each. It cannot be fair that profits can be extracted from the travelling public to fund Dutch public railways while our own rail network pays the price by losing guards. Is it too much to ask that they take a smaller slice of the profit so that passengers—who fund their profits, let us remember—might continue to have a safe and secure service?

Grahame Morris (Easington) (Lab): Is my hon. Friend aware that the state-owned operator puts guards on its trains in Holland, but proposes to run a service without them on its Mersey franchise?

Dan Carden: I find that incredible. It is not good enough for the people of Merseyside to go without guards when companies that profit from the revenue from those people's tickets provide guards in other countries.

Instead of pushing DOO, the Government could make passenger safety and the provision of safety-critical guards non-negotiable, before profits, at the top of contracts for all rail franchises. Better still would be to scrap the legislation under which only the private sector can run passenger train services. If the Minister wants to argue that this is a devolved issue and he cannot interfere, he must explain why Merseytravel is prohibited from running its trains in the public sector.

Ian Mearns (Gateshead) (Lab): Will my hon. Friend give way?

Dan Carden: I will not, because I am pushed for time.

For the reasons that I have outlined, I believe that the basis of any resolution must be agreement on the principle of keeping the guard on the train. Last week Merseyrail appointed a new managing director, and that might provide an opportunity for fresh thinking. Similar issues have been resolved elsewhere. The RMT has agreed new deals with a number of companies, including TransPennine Express, Great Western and East Coast, and also ScotRail, which, like Merseyrail, is owned by Abellio. If Abellio in Scotland can agree to keep the guard on the train, why cannot Abellio do so on Merseyside?

I commend the RMT's work in defence of its members and passenger safety. I want this dispute to be resolved as quickly as possible, and the basis of that must be agreement in principle to keep the guard on the train.

[Dan Carden]

I hope that Labour's representatives in the Liverpool city region will appreciate the points that have been made this evening but, in the face of the Government's cuts to funding for our transport authority, private profiteering that is out of control and the failed Tory ideology that runs right through our rail network, it is inevitable that we shall end up being given false choices between embracing new technology, and protecting secure jobs and public safety.

7.17 pm

The Parliamentary Under-Secretary of State for Transport (Paul Maynard): It is a pleasure to serve under your chairmanship, Madam Deputy Speaker.

I congratulate the hon. Member for Liverpool, Walton (Dan Carden) on securing the debate, and also on delivering his thoughts in such a cogent and well-balanced way. I am pleased to see that so many Members from both sides of the Mersey and, indeed, slightly beyond it are present this evening: I think that that demonstrates the importance that so many in the Mersey area attach to the issue. I suspect that I am not the hon. Gentleman's whole intended audience, and I am sure that many more will pay attention to it in the area of the city region.

As I am sure all Members know, Adjournment debates give Members worthwhile opportunities to raise important constituency matters, and the hon. Gentleman has certainly done that this evening, but he will probably not be surprised to hear me say that their value can be weakened when the issue under discussion falls not just without the jurisdiction of the responding Minister, but without that of—in this instance—my Department.

Since 2003, matters concerning Merseyrail have been entirely devolved, and have been the responsibility of the transport authority, Merseytravel, and the train operator itself. Although that prevents me from commenting directly on many of the points raised by the hon. Gentleman, I will do my best to give him a worthwhile response that deals with the broader issues that he has raised. Sadly, tempted though I am to try to engage with his wider points about Labour party policy, time probably does permit me to explain fully why I think that the idea of a state monopoly should fill every single passenger with nothing but dread.

Ian Mearns: Will the Minister give way?

Paul Maynard: Given the lack of available time, it is only fair that if there are interventions, I should devote my responses to the hon. Member for Liverpool, Walton. He can choose the moment at which to launch his salvo in my direction, but I suspect that divergence will increase as my speech proceeds.

Merseyside in particular has experienced the value of the public-private partnership that has driven the renaissance in passenger rail services since 1996, but before I say more about Merseyrail in particular, I want to take a minute to look at the bigger picture.

Just a few weeks ago, we published our rail spending commitments for the period up to 2024: £34.7 billion of public investment in our railway plus £13.2 billion from private sources including network charges and fares. This carries into another decade the greatest investment

in our railways since the time of Queen Victoria. It will deliver improvements in punctuality and reliability for passengers, as well as supporting thousands of jobs in the supply chain and the wider economy. Why are we making this money available? It is for quite a simple reason—because the privatisation of our railways has succeeded. I will never apologise for repeating the statistics. Passenger journeys have more than doubled since 1995. We now have the most improved railway in Europe, and the safest major railway.

As Merseyrail is a devolved concession, key strategic decisions are made at a local level by the Liverpool City Region Combined Authority. Merseyrail holds a 25-year concession, which commenced in July 2003, with the efficient operator reviews undertaken every five years. Merseytravel lets the concession for the Merseyrail network, setting the specification for service provision and the terms and conditions of contract under powers devolved from the Department for Transport back in 2003. The Merseyrail concession is different from most train franchise contracts, which are awarded by the Department for Transport. The only other franchise that is even remotely similar is that of the London Overground network. This local concession agreement has allowed both Merseytravel and Merseyrail to work closely together to respond to local demands and needs. Ultimately, the greatest beneficiaries are the passengers.

The length of the concession—25 years—distinguishes Merseyrail from many other train operating companies, whose contracts average between seven and 10 years. For this reason, Merseyrail and Merseytravel are in the enviable position of being able to take a long-term perspective on the investment and development of their rail services. This arrangement means that control of the concession rests wholly within the city region, ensuring strategic direction and leadership with a strong local focus and ensuring that developments fit with the city region's prioritised requirements embedded within the wider long-term rail strategy that it has developed itself. The nature of the concession sees Merseytravel working in close collaboration with Merseyrail, directly addressing local demands for the ultimate benefit of passengers.

When the previous franchise ended back in 2003, local politicians quite clearly wanted to respond to the needs of the rail users much better, and to implement changes that would improve the network for the benefit of customers and support the growth of the city region economy. They wanted a longer-term partnership approach with the operator to enable ongoing investment programmes to continue with risk being shared. This led to a highly demanding specification based on customer requirements and the needs of the local economy. Following a robust procurement process, 2003 saw the transfer of responsibility for the Merseyrail Electrics heavy rail franchise from the then Strategic Rail Authority to Merseytravel.

Dan Carden: In my speech, I congratulated Merseytravel on the ability to secure provision of these trains in the public sector, which means that they will be 30% cheaper than if they were bought through private means and private loans. But the one thing we cannot do is have a publicly run rail network across Merseyside because of the legislation of the UK Government. It is okay for Dutch public railways and public railways from other countries to come and run our railways; does the Minister not think that his Government might like to run a railway system sometime?

Paul Maynard: I heard the hon. Gentleman's point earlier. My response is that that is not Government policy and nor do I ever see it being Government policy while my party remains in power. The opportunity to have a public monopoly on our railways may be in the interest of the Labour party, but it is not in the interests of passengers.

The agreement with Merseytravel is worth hundreds of millions of pounds. Indeed, the grant for 2017-18 alone is close to £82 million. This framework gives the transport authority the confidence necessary to plan major long-term investments. That is why the quality of train services, stations and the whole experience of travelling on the Merseyrail network have been transformed since 2003. Indeed, Merseyrail has to be seen as an exemplar for the value of devolution and for local decision making where that is appropriate and practical.

On the day of devolution, Merseytravel rightly stated that its ambition was to shed the label "Miseryrail" by putting passengers first. Within a year, the first results of this transformation were apparent. Passenger satisfaction was up, particularly in relation to punctuality and the way in which passenger requests were handled. By autumn 2004, Merseyrail was top of the national customer satisfaction league for the first time in its history, and since 2008, satisfaction has never dropped below 90%.

A major contributor to this success story has been the collaborative partnership between the operator and Merseytravel within a concession agreement that also sets out a demanding service specification. The flexibility of local control has allowed both parties to develop a stream of initiatives to increase capacity, to tailor fares and services to local markets, to enhance trains and stations—such as Liverpool South Parkway, which I know well—and to improve punctuality.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): I hope that the Minister will respond to the point made by my hon. Friend the Member for Liverpool, Walton (Dan Carden) about the £32 million cut in central Government funding for Merseytravel, which is forcing it to make decisions that it would not want to make if it had the funds available.

Paul Maynard: As I have said, we have committed £82 million in this calendar year, which will give Merseytravel the confidence to make investments in rolling stock. It can choose how to invest that money. I think that Labour Members would be deeply disappointed, or indeed apoplectic, if I were to start questioning the decisions of the elected city Mayor of Liverpool or of the city region Mayor. The point of devolution is that local people have to take these decisions, through their representatives, and that is what they are doing.

The investment that we have made facilitated the operation of longer trains in 2008 and the doubling of Liverpool to Chester services in 2010. In 2014, Merseyrail also invested £3 million to make a second fleet refurbishment possible. Those are all examples of investment occurring in Merseyrail. Indeed, Merseytravel and Merseyrail have regularly jointly funded extra late-night trains during special events and trains on Boxing day, and this approach has been a great success. Passenger demand has consistently exceed targets. It has grown over 30%, from 27 million passengers a year to well over 35 million now, and it is approaching the point where the current train fleet, one of the oldest in the UK, will need the £460 million investment in new trains that will be rolled out for passengers by 2020.

In closing, I hope that I have been able to demonstrate how the public-private partnership between Merseytravel and Merseyrail has helped to transform rail services in Liverpool over the past 14 years, and that there is no reason to suspect that local politicians in Liverpool are unable to take decisions in the interests of their city region.

Ian Mearns: Will the Minister give way?

Paul Maynard: Given that I have a short time left, it would be churlish of me not to give way.

Ian Mearns: The Minister is not addressing the issue of having a second safety-critical person on the train. This applies not only to Merseyrail but to franchises around the country. He should have a clear position on the presence of a second safety-critical person on the train.

Paul Maynard: The topic of our discussion tonight is the presence of guards on Merseyrail trains. As Labour Members will know, they have a multiplicity of local Labour politicians to discuss this matter with, including the chair of Merseytravel, the elected city Mayor in Liverpool and the elected city region Mayor, all of whom have stood behind this decision. If we truly believe in devolving transport powers, we have to respect the decisions that are taken.

Let me restate my congratulations to the hon. Member for Liverpool, Walton on securing the debate. I am sure that he has had a ready audience across Merseyside for his comments—as I have said, I am sure that I was not the intended audience for those comments—and I am sure that the discussion will continue among his colleagues around Merseyside. We will monitor with interest what occurs.

Question put and agreed to.

7.29 pm

House adjourned.

Westminster Hall

Wednesday 22 November 2017

[MR GEORGE HOWARTH *in the Chair*]

Rural Communities in Scotland: Broadband

9.30 am

John Lamont (Berwickshire, Roxburgh and Selkirk) (Con): I beg to move,

That this House has considered the roll-out of broadband to rural communities in Scotland.

It is a pleasure to serve under your chairmanship, Mr Howarth. One of the biggest issues raised with me as Member of Parliament for Berwickshire, Roxburgh and Selkirk is the poor or non-existent broadband service that many of my constituents have to endure. In my maiden speech in the House of Commons in June, I committed to pursuing better broadband for all my constituents. I am therefore pleased to have secured today's debate on a topic that affects so many people in the Scottish borders.

We bank, shop, make travel plans, watch TV and speak to relatives on the other side of the world on the internet, so a reliable superfast broadband connection is essential. Superfast broadband is not a luxury. I view it as a fundamental service to which everyone should be entitled to have access. Having superfast broadband is comparable to being connected to the mains electricity, water or gas supply. It is also essential to allowing businesses to operate and to advertise, and to allowing farming businesses to manage essential paperwork. The model of how people do business has changed. Yes, the large employers and multinationals are still based in our bigger towns and cities, but increasingly a large part of our country's economic activity is undertaken by micro-businesses outwith the urban environment—people working from home and people working in their attic or garden shed. More importantly for the purposes of this discussion, this economic activity is happening in some of the most remote parts of our country.

In my area of the Scottish borders, successful businesses operate at the end of farm tracks at the top of the Ettrick valley, in the Lammermuirs above Duns, or in the foothills of the Cheviots, south of Kelso. The opportunity to set up a business in a rural area should not be limited for lack of a good broadband service. The attractiveness of moving to rural Scotland, either to live or to set up a business, should not be diminished because of inadequate broadband connectivity.

My constituency is in the bottom 30 constituencies for average broadband speeds. I suspect that we will hear from hon. Members representing other constituencies towards the bottom of that list too. According to figures from the Department for Digital, Culture, Media and Sport, 45% of my constituents receive slow internet speeds. The House of Commons Library briefing paper for this debate states that Berwickshire, Roxburgh and Selkirk ranks 621st out of the 650 constituencies in the United Kingdom for superfast broadband availability. Indeed, two council wards in my constituency—Mid Berwickshire,

and Jedburgh and District—have superfast availability below 50%, which puts them in the bottom 10% of wards for that in Great Britain.

That is backed up by a broadband survey that I recently carried out across the Scottish borders. Hundreds of responses were sent in—I had never seen such numbers before. Of those who responded, 71% said that their broadband speeds were slower than 10 megabits per second, and 80% said that they were unhappy with their broadband service. More than half of respondents said that they used their broadband connection for business, and only a handful of these respondents said that they were happy with their service. In this day and age, that is just not acceptable.

Who is responsible? It is of course true that legislative competence for broadband is reserved to the UK Parliament. Indeed, when official figures show that Scotland is lagging behind the rest of the United Kingdom for broadband roll-out, the Scottish National party Members and their colleagues in the Scottish Parliament like to jump up and down and blame the UK Government, but they do not like to remind us that the Scottish Government have the task of delivering superfast broadband in Scotland and implementing UK Government targets to improve broadband.

Deidre Brock (Edinburgh North and Leith) (SNP): The hon. Gentleman is surely aware of the Ofcom report entitled "Connected Nations 2016", which highlighted the fact that superfast broadband coverage in Scotland saw the largest increase in the UK over the previous 12 months.

John Lamont: I am grateful to the hon. Lady for making that point. Of course, we are playing catch-up in Scotland, because of the dither and delay from the SNP Government and Digital Scotland. I will come to the Ofcom report shortly.

Ross Thomson (Aberdeen South) (Con): The slow roll-out of superfast broadband by the Scottish Government has left my constituency with one of the slowest speeds of any urban area in the UK. For example, Blacktop in my constituency achieves only 1.5 megabits per second, which is about one 20th of what the average UK home achieves. Does my hon. Friend agree that, as Aberdeen is Europe's energy capital, that is simply not good enough?

John Lamont: My hon. Friend makes a very valid point. Of course, the SNP Government have let down not just urban Scotland, but rural Scotland. Both parts of Scotland—urban and rural communities—have been let down by the Scottish Government's failures to meet their obligations to deliver superfast broadband.

Alan Brown (Kilmarnock and Loudoun) (SNP): With regard to the previous intervention and the complaint about slow download speeds in urban areas, does the hon. Gentleman agree that the UK Government should have accepted an SNP amendment for the universal service obligation that would have covered upload and download speeds?

John Lamont: I will come to the USO shortly, and the hon. Gentleman might agree with some of the points I make, but first I want to make some progress.

[John Lamont]

Unlike what has happened in England and Wales, the Scottish Government have decided not to devolve further to local authorities the delivery of broadband. Instead, they have set up two delivery programmes, with the bulk of Scotland being covered by Digital Scotland. That means that the focus has inevitably been on the central belt and connecting the easier-to-reach cities and towns in order to meet the targets. That is yet another example of the central belt bias of the SNP Government in Edinburgh and of the centralising tendencies of the nationalists

I would like to look a bit more closely at how Digital Scotland has been performing and how it has been serving my constituents in the borders and people in other parts of Scotland. The problem that I come up against time and again is the lack of consistent information from Digital Scotland and the Scottish Government. Let me give colleagues just one example.

Colin from Foulden in Berwickshire first contacted me a few months ago, when trying to find out when improved broadband would be coming to his property. He moved into his house five years ago. Before finalising the purchase of it, he checked the broadband speeds on the BT website to find out when superfast broadband would be available. The website stated that for his landline and postcode, superfast broadband would be “coming soon”. Since then, he has been waiting patiently for his upgrade.

After Colin contacted me, I wrote to Digital Scotland, the Scottish Minister and my right hon. Friend the Minister in this debate to raise my constituent’s concerns. I received an email from the Scottish Minister in charge of broadband delivery, Fergus Ewing MSP, who said that fibre roll-out was planned for my constituent’s area. A month later, I received an email from Digital Scotland, also saying that there were plans to roll out fibre broadband. After I pushed for a more accurate date, I was told that my query had been passed to the policy team in Digital Scotland, who a month later responded that there were in fact no plans to upgrade my constituent’s broadband. Colin told me:

“I am left with the impression that nobody really knows what is going on.”

Sadly, across my constituency and, I suspect, many other constituencies, there are many people in Colin’s position. I am sure that my right hon. Friend the Minister would agree that that is just wrong and cannot be allowed to continue.

The Scottish Government and Digital Scotland have dithered and delayed too long. Most superfast projects in the United Kingdom have already begun their phase 2 procurement. Digital Scotland has delayed the procurement process and is considerably behind other parts of the United Kingdom.

David Simpson (Upper Bann) (DUP): I congratulate the hon. Gentleman on securing this debate. Far be it for me, coming from Northern Ireland, to get into an argument between the Conservatives and the SNP, but does he agree with me—indeed, he has made this point—that it does not matter which Government are responsible if they say they are going to deliver; the delivery problem is on the ground, with the infrastructure? The organisations

that are meant to be delivering are not delivering for the people on the ground. That needs to change, and Government need to change it.

John Lamont: The hon. Gentleman makes an important point. The constituents we represent do not really care about the infrastructure and who is responsible for delivery; they just want better broadband servers connected to their homes and communities.

I urge the United Kingdom Government to consider alternative models for broadband roll-out across Scotland. The time has come for the Scottish Government to be stripped of their responsibilities for future broadband delivery projects and for the job to be given to local councils in Scotland instead.

Deidre Brock: Further to the point made by the hon. Member for Aberdeen South (Ross Thomson) about coverage in Aberdeen and Aberdeenshire, coverage across that city and the shire has reached 95% and 81% respectively. Without direct intervention by the SNP Scottish Government, coverage would have been only 72% and 25% respectively. That clearly shows the benefits and progress of Scottish Government-led broadband investment.

John Lamont: I thank the hon. Lady for that point, but the fact is that Scotland is lagging behind the rest of the United Kingdom in superfast broadband delivery. That is a failure of Digital Scotland and a failure of the Scottish Government—I suspect they have been distracted by priorities other than the delivery of broadband for the communities that we represent.

Colin Clark (Gordon) (Con): In reply to the previous intervention, my constituency of Gordon, which is clearly a big part of Aberdeenshire, is 613th for broadband in Scotland. That is disappointing for constituents and disastrous for business. My hon. Friend mentioned alternatives. Point-to-point technology, already used by wind farms in isolated communities, is often cheaper than delivering fibre. Does he agree that that should play a bigger part in the solution?

John Lamont: My hon. Friend makes an important point. I will come on to the alternatives and self-help options, which many communities have to consider because of the failures, particularly of Openreach, to deliver to some of the harder-to-reach communities.

Mr Alister Jack (Dumfries and Galloway) (Con): Returning to a point my hon. Friend made a moment ago, my constituency of Dumfries and Galloway is in the bottom 30 of constituencies in the UK. We have done a broadband survey and had over 300 responses. When we speak to people directly, it is undoubtedly the case that they think the Scottish Government are focusing on the central belt, and they want the UK Government to put the money directly into Dumfries and Galloway, not to go through an organisation that is concentrating on population rather than square miles.

John Lamont: My hon. Friend makes an important point, which supports the point that I am making about the role local councils should have. Local councils, whether it is Dumfries and Galloway, Scottish Borders or Aberdeenshire, have a much better understanding of how to deliver better superfast broadband to the

communities they serve. I strongly believe that central Government, particularly the nationalist Government in Edinburgh, are so focused on other priorities and the central belt that they are failing rural Scotland and many of the constituencies that we represent.

Kirstene Hair (Angus) (Con): The constituency of the right hon. Member for Ross, Skye and Lochaber (Ian Blackford)—the SNP Westminster leader—has the slowest average download speed in Scotland. Given that, it is particularly surprising that he does not seem to see fit to attend this debate.

John Lamont: It is telling that only three nationalist Members are here this morning. That shows what their priorities are. While we are standing up for our constituents, who want better broadband, the nationalists are perhaps focused on other things.

Brendan O’Hara (Argyll and Bute) (SNP): On the point that the hon. Member for Angus (Kirstene Hair) made, I will not embarrass myself or my party by asking where the Secretary of State is, because we would not expect him to attend such a debate. Can I take the hon. Gentleman back a few minutes? We all have localised problems with broadband and BT roll-out, but will he confirm that he said that he wants the Scottish Government stripped of their powers over broadband roll-out?

John Lamont *rose*—

Mr George Howarth (in the Chair): Order. Before the hon. Gentleman continues, I realise that this subject is generating quite a bit of passion on both sides, but there is too much chuntering and calling out. If we listen in an orderly manner, I am sure everybody will get the opportunity to have their say.

John Lamont: I am more than happy to confirm the point. The Scottish Government and Digital Scotland have failed. That is also the view of many of my constituents. The Scottish Government have had their chance and it is time for—

Brendan O’Hara: Stripped of their powers?

Mr George Howarth (in the Chair): Order. The hon. Gentleman is a spokesman for his party. I realise he is very exercised about what Mr Lamont is saying in his speech, but he really should not be making comments from a sedentary position.

John Lamont: Thank you, Mr Howarth. Having spent 10 years in the Scottish Parliament, I am well used to listening to the SNP shouting from the sidelines, but not actually delivering anything for Scotland. Thankfully, we now have 13 Scottish Conservative and Unionist Members of Parliament, who are actually here to do a job, namely getting a better deal for our constituents, whether it be on broadband or any other policy area, unlike my nationalist friends, who are determined to take Scotland out of the United Kingdom and ignore every other policy area in this place.

Brendan O’Hara *rose*—

John Lamont: I want to make some progress.

I have been critical of Digital Scotland and the Scottish Government for their failures to deliver for Scotland a broadband network fit for the current age.

However, BT and Openreach are not without blame. Following negotiations and demands from Ofcom, Openreach is now a legally separate entity, but it is still wholly owned by BT’s parent holding company, BT Group plc. The situation we find ourselves in, with the digital divide between urban and rural, has been created by historical decisions made by BT. Had BT invested in our network in the way that I believe it should have, we would not be facing these challenges today. It has picked off the low-hanging fruit in broadband roll-out, focusing more on cities and commercially viable areas. I suggest that it has ignored the harder-to-get residents and communities because it knew it would cost too much. Too many communities have been forced to look at self-help options to find solutions for their poor broadband connections when Openreach has refused to help. My constituents are innovative and smart, but many have struggled with the bureaucracy of the schemes and the cost involved.

Ofcom’s December 2016 report, “Connected Nations”, which has been referred to, describes the urban-rural divide well. While 89% of premises in the United Kingdom can receive superfast broadband, there are 1.4 million premises that cannot get download speeds greater than 10 megabits per second. Those are disproportionately in rural areas, and the problem is particularly bad in Scotland.

Christine Jardine (Edinburgh West) (LD): I have no reservation about interfering in an argument between the Tories and the SNP. Does the hon. Gentleman see any connection between these rural broadband figures, particularly in the highlands, and the way in which Highland and Islands Enterprise, which was originally closely involved in the roll-out of broadband, has slowly been denuded of all its funding and powers and was recently under threat from the Scottish Government?

John Lamont: The hon. Lady makes an important point, which demonstrates yet again the centralising tendencies of the nationalist Government in Edinburgh and their focus on the central belt, rather than devolving powers to the communities that we all represent.

The “Connected Nations” report highlights that only 46% of premises in rural Scotland can access superfast broadband, compared with 62% of rural premises in England. It is those premises that will benefit from the universal service obligation. I fully support the universal service obligation contained in the Digital Economy Act 2017, but I would argue that the minimum speed should be higher than 10 megabits per second, as originally suggested. I know that the Minister is considering a proposal by BT to deliver the USO outside the 2017 Act, which BT says it will be able to deliver quicker. However, I believe that BT has had its chance to deliver and has failed. The 2016 report from the British Infrastructure Group highlighted that in 2009 BT promised that 2.5 million homes would be connected to ultrafast fibre to premises services by 2012, which was 25% of the country, yet by September 2015 BT had managed to reach about 0.7% of homes.

Lastly on BT, residents in many rural communities feel angry—frankly, I share their anger—when Openreach tells them that it is not commercially viable to invest in their broadband connections, and yet they read in the press about BT splashing out £1.2 billion on the rights

[John Lamont]

to televise the champions league. No, BT and Openreach have had their chance and they have failed to deliver for rural Scotland.

I suspect we will hear similar experiences from other Members, so I will draw my remarks to a conclusion. Ofcom's "Connected Nations" report describes the situation well when it states:

"Fast, reliable communications enable businesses to generate prosperity and employment, and our countries to compete. They empower every citizen to take a full part in society and benefit from life's opportunities. Communications also save lives, bind families and friends together, and keep us entertained."

We need to act to bridge the broadband gap between urban and rural Scotland—the broadband haves and the broadband have-nots.

Brendan O'Hara: As the hon. Gentleman is bringing his remarks to a close, could I return to the question I asked a couple of moments ago, which he did not answer? He said that he wanted the Scottish Government stripped of its powers. Is that what he was saying?

John Lamont: I have been absolutely clear. The UK Government have tasked the Scottish Government to deliver superfast broadband in Scotland. The SNP Scottish Government have failed. These powers should be taken away and given to local authorities—Scottish Borders Council, Moray Council, Dumfries and Galloway Council; rural councils that understand what the local communities need—not this central-belt biased SNP Government in Edinburgh who are determined to have a second independence referendum while everything else gets ignored.

I ask the Minister to consider addressing the following points in his remarks. First, to confirm the point I made earlier to the nationalist Members, will the UK Government look at ensuring that local authorities in Scotland have a much greater role in the delivery of broadband, rather than the centralised model currently adopted by the SNP Scottish Government? Secondly, will the Government consider a higher level of universal service obligation to ensure that rural communities are future-proofed as digital technology continues to evolve? Lastly, I look forward to welcoming the Minister to my constituency in the near future so that he can hear at first hand the very challenging experiences that many of my constituents in the Scottish Borders have to deal with in terms of access to broadband.

9.52 am

Martin Whitfield (East Lothian) (Lab): As always, it is an honour to serve under your chairmanship, Mr Howarth.

I congratulate my constituency neighbour, the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont), on securing this debate. He has spoken eloquently about the importance to his constituency and Scotland of the roll-out of broadband. Unfortunately, I believe some others—possibly people who have superfast broadband—trivialise this matter.

Let me say, however, that no one should downplay the force of the statistics for Scotland as a whole and the figures for my constituency of East Lothian. Fewer than half of our rural communities—46%—have access

to superfast speeds. Some 37% of premises in rural areas are unable to receive download speeds greater than 10 megabits per second. Closer to home, 80% of rural constituents in my area said that they were dissatisfied with their internet, and the median download speed in East Lothian—the constituency that lies just south of the central belt—is just 14.1 megabits per second. Those figures should rightly be viewed as a catalyst for change and although I welcome the UK and Scottish Governments' commitment to the roll-out of superfast broadband, I think those on all sides can agree that an enormous amount of work still needs to be done.

Another notable figure that struck me and came to my attention during the campaign is that 12% of my constituents work from home. That is not only above the Scottish average, but well above the constituency average for the whole of the UK. There are in fact only 34 constituencies in the UK where there are more home workers than in East Lothian. Herein lies the problem: business owners who work from home in rural areas, dependent on broadband, are resigned to travelling to cafés and coffee shops just to email or download information. That is a situation that I know many business owners across East Lothian regrettably recognise.

In East Lothian we have Lothian Broadband Networks Ltd, which started as a community company that offered access to the internet in areas not served by BT Openreach. These social entrepreneurs used innovative technology to beam access from transmitters to individual houses, via dishes, to allow people to access the internet. They form part of the third sector that competes with BT Openreach and Virgin Media. Many of those third parties are members of INCA, the Independent Networks Co-operative Association, and in its response to Ofcom's wholesale local access market review it pointed out that current policy appears to highlight a mysterious absence of these third parties in solving the problems that face whole communities.

Bill Grant (Ayr, Carrick and Cumnock) (Con): Like many constituencies in Scotland, Ayr, Carrick and Cumnock has very poor coverage of broadband. Does the hon. Gentleman agree that there are many fragile communities in Scotland with falling school rolls, poor transport, shops closing and pubs closing, and that an efficient level of broadband is essential to secure the future of those fragile rural communities?

Martin Whitfield: I wholeheartedly agree. Broadband is now an essential; it is not a luxury. It is one of the things that matrix together our communities, particularly those that are facing other challenges such as school closures, community cuts and local authority cuts.

Christine Jardine: The Scottish National party Government in Scotland have set themselves a target of 95% of homes with superfast broadband by the end of this year, and the other 5% by 2021. While I and the Liberal Democrats welcome that 95% target, we would say that the remaining 5% is perhaps the 5% that was the most difficult for the very reasons that the hon. Gentleman is outlining. Perhaps the priority was wrong, and that 5% should have been looked at earlier.

Martin Whitfield: I will come back to that point later, but I agree with the sentiments behind it.

In its response to Ofcom's wholesale local access market review, INCA talked about copper switch-off, which is coming and has to come. It needs to be considered along with the rural local loop unbundling. It needs to be addressed, and the suggestion at the moment that BT is possibly released from its LLU obligations and its sub-loop unbundling obligations might not solve the problem, but might inadvertently stifle the competition to challenge this and to address the 5% that seems to be being missed.

All of these challenges will not be solved by silo thinking, with one discussion about households, one about business and one about wireless. The answer must come from joined-up thinking. Whether working from home or operating from private premises, people in rural areas of East Lothian demand solutions that provide access to fast, reliable broadband.

Behind these figures there is the real-life impact of digital exclusion, which I wish to address as I come to the end of my speech. I worry that participation and digital inequality could be two of the defining features of the near future. We must start to see connectivity more as a household utility than as a luxury. Our future generations will be fully engaged in a digitised economy, so we must ensure that they are fully prepared and no one is left behind. Location or income inequality cannot be a barrier to digital inclusion; indeed, universal credit—what would a debate be without mention of universal credit?—requires access.

I wholeheartedly agree with the aspiration of the Scottish Government to build a “world-class digital nation” by 2021—four years away—but I believe we have a long way to go to achieve that, in a very short space of time. The infrastructural weaknesses in rural connectivity will have long-term effects, and the answers are there. With the success of all sectors—the communities, the local authorities, BT Openreach, the third-party sector and the leading companies such as Lothian Broadband in East Lothian—that is achievable, but we need to move from silo thinking to joined-up thinking.

Rural connectivity should be transformative for all the communities across Scotland. I reiterate my support for this Government's commitment to provide superfast broadband, but that must move from being a commitment to a reality. The roll-out cannot be capped at certain areas. It must not cut off communities in East Lothian and in other rural parts of Scotland. Digital inclusion is not an indulgence, but a necessity.

Mr George Howarth (in the Chair): Six people have indicated that they want to speak and we have roughly 30 minutes left. If you do the maths, we ought to get everybody in without imposing a time limit, but if necessary I will impose one. I call Kirstene Hair.

10.1 am

Kirstene Hair (Angus) (Con): It is a pleasure to serve under your chairmanship, Mr Howarth, and I am grateful to my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) for providing the opportunity for me to speak in this important debate.

Since I was elected in June, my casework has been dominated by yet another Scottish National party Government failure: the delivery of broadband in my constituency and, indeed, across Scotland. Scotland lags behind the UK on roll-out and Angus is even

further behind that poor Scottish average. Rural communities such as mine make a huge contribution to Scotland's economy, but they are again being left behind by the Scottish Government's focus on the central belt.

Complaints continually flow into my inbox from constituents about their access not even to superfast broadband, but to a basic internet connection. That connection would enable them simply to operate emails, pay bills or—fundamentally in a constituency with a higher-than-average unemployment rate—apply for jobs. Do not get me wrong: in my constituency there are schemes where residents have grouped together after losing faith in the Scottish Government to deliver. However, the expense simply cannot be afforded by most. A hospitality business was quoted £85,000 to get a connection because it is not included in the current roll-out. Frankly, that is simply not good enough.

Deidre Brock: Will the hon. Lady give way?

Kirstene Hair: I want to make some progress.

Of course, the situation does not stop SNP representatives muddying the waters further by talking about superfast availability that realistically only exists on paper. It is incredibly disappointing that SNP Members of the Scottish Parliament misrepresent the situation to their constituents by talking about how more than 90% of premises have access to superfast broadband, when we are all perfectly aware that long copper lines prevent households and businesses that are further away from enabled cabinets from getting those speeds. That further adds to the frustration of my residents, some of whom are now at their wits' end.

Alan Brown: Is the hon. Lady blaming the SNP Government for the historical BT infrastructure of long copper wire in the networks?

Kirstene Hair: I thank the hon. Gentleman for his intervention; it was a prime example of the SNP Government trying to push the blame on to somebody else.

I understand that leopards do not change their spots—again, that was a prime example—so, of course, SNP Members will blame the UK Government and anyone else, just as they did with the botched common agricultural policy payments and the failed centralisation of police and fire services. This is a problem purely of the SNP's making, but time and again we have seen the Scottish Government fire up their PR machine, which churns out all-singing, all-dancing press releases with the aim of pulling the wool over the eyes of Scots.

Deidre Brock: Will the hon. Lady give way?

Kirstene Hair: I am going to make some progress. What is abundantly clear is that when we scratch the surface—

Deidre Brock: Will the hon. Lady give way?

Mr George Howarth (in the Chair): Order. the hon. Member for Angus (Kirstene Hair) has indicated that, for the time being at least, she is not going to give way, so the hon. Member for Edinburgh North and Leith (Deidre Brock) should not just keep interrupting on the basis that she hopes she will.

Kirstene Hair: What is abundantly clear is that when we scratch the surface there is often no regard for the practicalities, and then, when the Scottish Government cannot deliver—yes, you guessed it—the blame lies at someone else’s door. They want all the powers but none of the responsibility.

This issue is not just about Government in Edinburgh. It is having a real impact on the day-to-day lives of those living without proper connectivity. Increasingly, businesses in my constituency tell me that it is becoming more and more difficult to keep up with day-to-day work and to compete both nationally and internationally—never mind thinking of investing in new technologies, which would greatly enhance their output—all because the connectivity levels cannot support it. This issue is seriously hampering the growth of our economy. My largest town of Arbroath has more than 20,000 residents, so it is hardly rural, but it has speeds of less than 10 megabits per second.

Paul Masterton (East Renfrewshire) (Con): As a central belt MP, I feel slightly guilty about having a significantly higher accessibility rate than most, but even in my constituency there are individuals and businesses that are some minutes’ drive away from Glasgow, in communities in Eaglesham and Uplawmoor, which have no access to sensible broadband. Does that issue not affect connectivity and business future-proofing as we go forward?

Kirstene Hair: My hon. Friend is absolutely right. With Scotland’s economy growing at a slower rate than the rest of the UK, it is fundamental that we have basic infrastructure in place.

Angus has one of the lowest download speeds in the UK and one of the lowest rates of superfast broadband across our UK. Angus is simply being failed by the Scottish Government. Imagine a business trading across the world that can barely get an internet connection for their office. So many other countries have higher speeds and levels of connectivity than Scotland, so what do the Government in Edinburgh do for people? The answer is, nothing. Actually, I tell a small lie: they will happily explain that it is nothing to do with them—that is, until a cabinet is connected to fibre, and then a Minister and his team will race out to get a photo opportunity and shout about how they are delivering for Scotland.

I wish the Scottish Government would listen to one of their own—Winnie Ewing, who once said:

“Stop the world, Scotland wants to get on”.

I ask them to stop the games and the grievance and get on with delivering vital broadband services for Angus and Scotland, so that my constituents can get the services they need and deserve.

10.7 am

Alan Brown (Kilmarnock and Loudoun) (SNP): It is a pleasure to serve under your chairmanship, Mr Howarth. As the phrase goes, there are supposed to be three types of lies: lies, damned lies and statistics. I think we can add to that the parallel universe of the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont). His Tory grievances know no bounds, and we have heard the same things from Government Members. This is the week that he tried to politicise Poppyscotland, so the Tory grievances really do know no bounds.

The hon. Gentleman talked about stripping the Scottish Government of their powers and giving them to local authorities. I hope that he is aware that local authorities have been involved in the roll-out. I know from my time as a councillor that East Ayrshire Council was involved in discussions with Digital Scotland and the Scottish Government and put money in to achieve a target of higher than 95% in my area.

The hon. Gentleman blithely ignores the fact that the UK Government’s target of 95% superfast coverage for the UK was based on a pan-UK approach, which allowed the UK Government to set a target that was skewed towards England, where there is a greater population. Were it not for the Scottish Government’s investment, we would not even be close to the 95% target.

Broadband Delivery UK allocated £100 million for broadband in Scotland, but the Scottish Government and other local authorities have had to add £185 million—additional funding of 185%—to get to a 95% target for Scotland. To achieve the 95% target in England, additional funding of only 108% was required, which shows the disparity in approaches and the level of commitment to it in Scotland.

Scotland’s landmass is the equivalent of 60% of England’s landmass, so clearly the funding allocation should have been done on that basis alone, which would have meant a much higher funding allocation initially of close to £338 million, instead of the £100 million that was received from the UK Government. With more densely populated areas elsewhere in the UK, commercial roll-out was always going to be more attractive and hit those areas first. Scotland’s challenging geography has resulted in the requirement for 400 kilometres of subsea cables.

Deidre Brock: Does my hon. Friend agree that the Scottish Government are clearing up the mess made by the UK Government and the absolute lack of ambition to connect Scotland that has been shown over several years?

Alan Brown: I wholeheartedly agree. This may surprise people but the Tory grievances know no bounds, as I said, and they do not know where the responsibility lies.

I hope the hon. Member for Berwickshire, Roxburgh and Selkirk is aware of the issue with Scotland’s historical infrastructure. Scotland has a much higher proportion of exchange-only lines, which has resulted in different solutions having to be implemented, and those were back-ended as well. That accounts for some of the initial slowness of roll-out.

I am sure that the hon. Gentleman is also well aware that rural Scotland suffers in mobile coverage, due to the licensing system in the UK and—again—a UK Government strategy that has overlooked rural Scotland. If we had good 4G coverage, at least that would mitigate the problems with broadband access in rural areas, but of course it is the rural areas of Scotland that are also subject to the notspots. The blame for that lies firmly with the UK Government.

It could all have been so different. The 3G auction in 2000 raised £22 billion for the Treasury, but that money was squandered. The 4G auction in 2013 raised nearly £2.5 billion. That money could have been invested in broadband and telecoms, but it was not, which again is

a failure of UK Government policy. We could have had a new and complete fibre infrastructure roll-out instead of relying on 100-year-old copper to deliver our broadband services. There could have been a much better strategy, instead of the piecemeal approach that we now have.

It is the same with the universal service obligation. At least the hon. Gentleman was willing to admit that it should be a 30 megabits per second USO to meet customer demands and expectations, and at least the Scottish Government have shown ambition and are committed to delivering that by 2021.

I cannot pretend that there have not been issues with the roll-out of broadband. One issue has been managing expectations, as everybody wants broadband and wants it now. I agree that the Digital Scotland website, which allows postcode checking as well as live interaction and live updates, could have been rolled out in a much better way, to allow people to have a better understanding of when they are likely to get broadband. Also, individual delays in the roll-out have not always been reported accurately; the updates could be much better.

BT has not covered itself in glory either. Many of my constituents have been frustrated by the lack of progress, and I held a public meeting on broadband, to get stakeholders in front of the public and allow interaction with them. That event was well-received and gave people a better understanding of the problems. As an MP, I have personally intervened at times to seek resolution for different cabinet upgrades. I fight on behalf of my constituents as well, and I recognise that there have been some problems along the way.

Overall, however, there is definitely a good story to tell. If the Scottish Government and local authorities had not invested as much money, the consequences do not bear thinking about. We are also at the mercy of the commercial roll-out. Commercial companies are not even obliged to tell us if they have achieved 100% roll-out where they said they were going to do so, and under state aid rules public funds cannot be invested in those areas.

Additionally, pillar two money has been used to support the roll-out of rural broadband in Scotland. The UK Government have not committed to providing the same levels of funding post-Brexit, so I hope that the hon. Member for Berwickshire, Roxburgh and Selkirk will bring that issue up with the UK Government. However, I note that he has refused to work with the SNP on the common agricultural policy convergence issue, which is also associated with the pillar two funding and overall European funding.

As has already been touched on, it is natural to leave the hardest areas until last, but I agree that that approach could perhaps be reviewed for future programmes, because it means that the same areas are always left behind. Again, the initial targets and initial allocations of money skewed the 95% target away from Scotland, leaving it to play catch-up.

It is also worth pointing out that of the 20 wards in the UK with the slowest broadband speeds, only one is in Scotland. Seven of the 10 slowest UK wards are in Wales, which has also suffered the same fate of having a devolved Administration that is overlooked by the UK Government. Also, in my time here in Parliament, many Tory MPs from the rest of the UK have complained

about rural broadband access in their constituencies, so there is no point pretending that this is just a Scottish matter.

In conclusion, only the Scottish Government have committed to 100% superfast broadband by 2021. There might be some more frustrations along the way, but I am confident that only one Government will deliver on that superfast commitment for their country.

10.14 am

Luke Graham (Ochil and South Perthshire) (Con): It is a pleasure to serve under your chairmanship, Mr Howarth.

I start by congratulating my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) on securing this debate. Anyone who has followed me in my short time in this House will know that broadband and connectivity are key interests of mine and subjects that are as close to my heart as they are to the hearts of my constituents.

We live in an increasingly digital world. Digital pervades every aspect of our lives today: in communication, through email, Facebook and Twitter; in banking, business and bitcoin; in farming, as farmers fulfil their CAP obligations; in retail, as retailers try to reach domestic and international customers; and in benefits, welfare and healthcare, all of which are moving online. You name it—now, pretty much every public and private service has a digital footprint. Therefore, access to broadband, specifically superfast broadband, is vital for the businesses and individuals in rural Scotland, including those in my constituency.

In an increasingly digital world, access to superfast broadband is crucial for rural areas in Scotland to flourish economically. The UK Government have invested £122 million in the broadband roll-out in Scotland. Despite that, Scotland is lagging behind the rest of the UK in the superfast broadband roll-out, which will surely harm Scotland's rural economy.

To be clear, because there has been some confusion about this matter in the past, responsibility for broadband policy lies with the UK Government; however, in Scotland the delivery of the roll-out is the responsibility of the Scottish Government. From a policy perspective, the UK Government have embarked on a programme to roll out superfast broadband across the UK. They have also put in place the universal service obligation, giving every household the right to request a broadband connection at a minimum level, up to a reasonable cost threshold. That is the policy that Holyrood has received hundreds of millions of pounds to deliver. By the end of 2016, however, 17% of Scottish households lacked access to superfast broadband, as opposed to just 11% of households across the United Kingdom.

Alan Brown: On the allocation of funding, does the hon. Gentleman accept my point that that £100 million or £120 million from the UK Government was nowhere near enough to achieve a 95% roll-out target in Scotland?

Luke Graham: I am glad that the hon. Gentleman raised that issue, because he mentioned that Scotland's landmass is only 60% of the landmass of England, and said that the funding should be distributed proportionately.

[*Luke Graham*]

Surely, however, that would result in our having less money, not more, so I was a little confused by what he said.

Deidre Brock rose—

Luke Graham: I will make some more progress and then the hon. Lady can come in.

It is true that superfast broadband availability in Scotland has improved from 73% to 83% since 2015, but it still lags behind the rest of the UK. Also, that improvement has largely been achieved by focusing on urban areas around the central belt of Scotland. The slow roll-out of broadband in rural Scotland reflects a Scottish Government who are intent on centralising power and leaving behind areas outside the central belt.

That is particularly true of my constituency of Ochil and South Perthshire. Ochil and South Perthshire enjoys only 69.1% of superfast broadband availability, compared with 83% in Scotland and 89% across the UK. Scotland also has lower than average download speeds than the rest of the United Kingdom.

The UK Government define superfast broadband as 24 megabits per second, yet the average download speed in my constituency is only 19 Mbps. That puts Ochil and South Perthshire in the worst 4% of broadband coverage in the whole of the UK. In 2017, that is unacceptable.

I accept that measures have been taken by both by the UK Government and by Holyrood to step up progress. In Scotland, the roll-out is part of the Digital Scotland programme, which includes the “Reaching 100” scheme to try to deliver superfast broadband to 100% of the premises in Scotland by 2021. The UK Government have named a number of pilot areas for ultrafast broadband, including Aberdeenshire.

I also welcome some of the draft proposals put forward by the Minister in the UK Government to ensure that some of the future rounds of broadband funding are given directly to local authorities and communities. That is not stripping Scotland of powers but empowering local communities and local councils, which is what devolution was intended to do.

Deidre Brock: Digital Scotland Superfast Broadband is delivering more than £400 million of investment, to deliver 95% future broadband access by 2017. But the USO commitment of the UK Government will not deliver broadband at superfast speeds for 100% of the country, unlike the Scottish Government. Does the hon. Gentleman not welcome that?

Luke Graham: As I have said already, I welcome some of the measures introduced by the Scottish Government and the UK Government. However, in Ochil and South Perthshire I have two Scottish Government Secretaries, and yet my constituency is still in the worst 4% of broadband coverage in the whole of the UK. So, if the Scottish Government are so good, where were their national issues being applied in my constituency? Where are they for my constituents in Glendevon, in Cleish and in St Fillans? Two Cabinet Secretaries—Scottish National party Cabinet Secretaries—are not delivering, just as they are not delivering for the rest of Scotland.

Although I welcome a lot of the initiatives that have been brought forward—

Stewart Malcolm McDonald (Glasgow South) (SNP): Will the hon. Gentleman give way?

Luke Graham: No. If the hon. Gentleman had come in on time for the debate, I would take an intervention from him, but otherwise he can stay quiet.

Neither Cabinet Secretary has changed the 69% broadband coverage in Ochil and South Perthshire—
[*Interruption.*]

Mr George Howarth (in the Chair): Order. It is not acceptable for Members to shout across the Chamber. Carry on, Mr Graham.

Luke Graham: Thank you, Mr Howarth. In Prime Minister’s questions a few weeks ago, I called on the UK Government and Holyrood to work together to address the slow roll-out of broadband in Scotland and in my constituency, and to reflect on some of the challenges my constituents face on a daily basis. I was shouted down. I hope that this time, instead of howling me down, SNP Members here and in Holyrood might heed my words and work together to deliver for the people of Ochil and South Perthshire.

10.20 am

Douglas Ross (Moray) (Con): It is a pleasure to serve under your chairmanship, Mr Howarth. I congratulate my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) on securing this important debate on broadband roll-out in Scotland. As the debate title mentions Scotland, I am sure all right hon. and hon. Members will join me in congratulating Forres in my constituency, which has been named as having the most beautiful high street in Scotland just this week.

Broadband connections are a hugely important issue to me as a constituency MP. It is the issue I have the most correspondence on, whether that is by letter, email or visits to my constituency surgeries. The mainstay of many rural communities, such as the one I represent, is our small businesses. They are often single-person operations, and they provide the glue that keeps rural communities such as those in Moray sustainable. That sustainability is being undermined by the lack of adequate broadband, without which it is simply not possible to trade in this day and age. It is not just small businesses; a significant and successful asset management company operates in my constituency. It has customers scattered across the globe and offices based in London, the United States and Asia. It is a home-grown company and proud of it, but the continued lack of adequate broadband is understandably causing it anxiety. The financial services industry in the UK is not just restricted to London and Edinburgh. It generates employment and revenue across the country, and our broadband coverage should reflect that.

The complaints come from all parts of Moray, with notable notspots including communities such as Rafford and Glenlivet and coastal communities such as Spey Bay. People watching in those communities will be puzzled by the SNP’s objections that local authorities should have more control over the roll-out of broadband in their areas. I was confused to see the glee—I wrote that word down—of SNP Members when my hon. Friend the Member for Berwickshire, Roxburgh and

Selkirk said that the Scottish Government should be stripped of these powers. It is almost as though they do not believe in true devolution from this Parliament to the Scottish Parliament and onwards. *[Interruption.]* Excuse me: I tell SNP Members that devolution does not stop in Edinburgh. Edinburgh is as far away from Moray as London often seems to be. We want more powers going down to our local authorities, rather than being held by a centralised SNP Government.

Ross Thomson: Like me and other hon. Friends, my hon. Friend served as a local councillor. Does he agree that there has been a tendency in the recent past for the Scottish Government to take powers away from our communities? Whether it is decisions about council tax, fire and police or planning, all the tendencies of the Scottish Government are to take powers to the centre and never to give them back.

Douglas Ross: I fully agree with my hon. Friend. The SNP Government are only interested in the central belt of Scotland. They are only interested in holding powers in Edinburgh and not in further devolution. I am proud that the Scottish Conservative party and the UK Government are keen to see further devolution.

Brendan O’Hara: Will the hon. Gentleman give way?

Douglas Ross: I am afraid I have to make progress to allow the hon. Gentleman adequate time to sum up the debate.

The Library briefing for this debate shows that the urban and rural parts of Moray are being let down by the Scottish Government. In Speyside Glenlivet, 52% of connections receive speeds of less than 10 megabits per second. That is an extremely rural ward, yet in Elgin City North, 51% of connections are less than 10 megabits per second. That is not acceptable. In Heldon and Laich, almost 7% of connections receive speeds of less than 2 megabits per second. The SNP should be stripped of the powers because it is not delivering for Scotland. It is time to go direct to the local authorities and deliver true devolution.

I will quickly mention alternatives to the broadband roll-out. I recently met WiFi Scotland, an extremely successful small start-up company based in Elgin and run by Rob Cowan and Angus Munro. It provides wireless broadband services to the Orton and Rothes valley and is looking to expand into Mulben and Boharm. I recently facilitated a meeting for those two gentlemen with Moray Council to ensure that we can streamline the planning process to allow them to develop the technology further.

I know that you would like me to conclude, Mr Howarth, so I will simply say that Moray is a great place to live and work—we even have award-winning high streets—but much of that work is in spite of, rather than because of our connectivity. Moray and Scotland deserve better than we are currently getting from the SNP Government. I welcome the announcements from the UK Government to give more power to local authorities.

Mr George Howarth (in the Chair): Before I call the next speaker, I remind him that I will call the first Front-Bench spokesman at 10.30 am.

10.25 am

David Duguid (Banff and Buchan) (Con): It is a pleasure to serve under your chairmanship, Mr Howarth. I congratulate my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) on securing this important debate. He and I share a passion for ensuring that rural communities such as his, mine in Banff and Buchan and those represented in the Chamber are not left behind in the roll-out of superfast broadband. I welcome the comments from the hon. Member for East Lothian (Martin Whitfield) on the increasingly essential nature of broadband access. It is no longer a “nice to have”; it is becoming a more and more essential part of everyday life.

Rural broadband is a major priority for the Scottish Conservatives, as it should be. As of 2016, only 83% of Scottish premises had access to superfast broadband. Admittedly that was an increase from 73% the previous year, but it compared with the UK average of 89%. Only one Scottish constituency is in the top 100 for access to superfast broadband speeds, while 23, including my own constituency, are in the bottom 100. What makes the situation particularly frustrating for Scottish Conservative Members of Parliament is that despite the SNP’s claims to the contrary, improving the situation is the responsibility of the Scottish Government in Holyrood. While broadband is a reserved matter and broadband roll-out is a UK-wide policy funded by the UK Government, in Scotland the Scottish Government are responsible for leading the delivery of the roll-out. The House of Commons briefing paper—it is number CBP06643, if anyone is interested—of 9 March 2017 makes that very clear. It states unambiguously:

“Broadband Delivery UK (BDUK) is responsible for managing the Government’s broadband funding. Individual projects are the responsibility of local authorities in England and the devolved Administrations in Scotland, Wales and Northern Ireland, as set out in BDUK’s delivery model.”

Incidentally, I found it interesting that, as far as I could tell, nobody from the SNP appeared to be present at yesterday’s Parliament and internet conference—I apologise if they were and I did not notice—which was hosted in part by the Minister. It had a significant session in the afternoon, specifically on connectivity. With their constant grievance that the internet is reserved, I would have thought that SNP Members would have been all over it, putting pressure on the Minister. The First Minister, Nicola Sturgeon, certainly did not seem to think that the matter was reserved last year when she pledged that the Scottish Government would

“ensure that 100 per cent of homes and businesses across Scotland have access to superfast (30Mbps) broadband by 2021.”

That is an interesting promise to make if the matter is indeed reserved and thus out of her hands.

I am told that Banff and Buchan has an average download speed of about 6 megabits per second. Having conducted similar surveys to some of my colleagues, I have never heard of anyone who actually has anything like 6 megabits per second. They either have reasonably good coverage if they are reasonably close to a cabinet, with a speed somewhere between 10 and 24 megabits, or they have next to nothing. If I understand the arithmetic, it suggests that far more people have less than 2 megabits per second than have more than 10 megabits.

Many of my constituents can only dream of speeds as high as 6 megabits, never mind the USO of 10 megabits. My hometown of Turriff, which is the

[David Duguid]

third largest town in the constituency, only recently got fibre to cabinet. In my case, being less than a kilometre from the cabinet brings me up to 10 megabits per second on average, but most of my constituents in the rural areas struggle to get speeds of even close to 2 megabits per second, assuming that they can get online at all. It is also worth noting that while the Scottish Government expect 95% of premises to have access to superfast broadband by the end of 2017, in Aberdeenshire, which takes in my constituency, Gordon and West Aberdeenshire and Kincardine, it is predicted that around 11% will still not have access to superfast by that time.

The world is becoming more and more connected. If our communities and premises are not adequately connected, communities will fall further and further behind the rest of the country—indeed, the world, as has already been mentioned. An increasing number of important services, including Government and local government services, are moving online, sometimes exclusively, and with each such service the situation for my constituents gets worse.

Relatively recently, we talked about something called the internet of things. That is rapidly becoming more like the internet of everyone and everything, but sadly not for everyone: only for those with a decent connection. There is simply too much acceptance of the problem.

10.30 am

Brendan O'Hara (Argyll and Bute) (SNP): As always, it is a pleasure to serve under your chairmanship, Mr Howarth. I cannot imagine you expected such a feisty start to your morning.

What we have seen this morning is probably best described as a missed opportunity to discuss sensibly and rationally what is happening across Scotland, particularly in our rural communities, as Conservative Members from Scotland decided they would rather score cheap political points. Every one of us has localised problems around broadband roll-out; when they let the cat out of the bag, what came out loud and clear this morning, from the hon. Members for Berwickshire, Roxburgh and Selkirk (John Lamont) and for Moray (Douglas Ross), is that the issue is actually about power stripping and taking powers away from the democratically elected Scottish Government.

I am not saying the Tories are predictable—although perhaps I am. We heard so much about the SNP's evil centralisation that is taking place, so I took a quick look at the reality and what the figures actually say. By December 2018, access to fibre broadband in Aberdeen city will be 97.5%, in Aberdeenshire it will be 91%, in Angus 94%, in Dumfries and Galloway 97%, in the Scottish Borders 95%, and in Fife 99%.

Douglas Ross: Will the hon. Gentleman give way?

Brendan O'Hara: I will make some progress and come back to the hon. Gentleman.

If Scottish Conservatives want to talk about grievance and pick an issue with which to bash the Scottish Government, one would think they might find a far better way to deliver it.

Stewart Malcolm McDonald *rose—*

Douglas Ross *rose—*

Brendan O'Hara: I will take an intervention from my hon. Friend first.

Stewart Malcolm McDonald: Is it not quite something to hear about centralisation from the party that abstained on the Community Empowerment and Renewal Bill, the biggest shift of power from the Government in Edinburgh to ordinary people?

Brendan O'Hara: My hon. Friend makes an absolutely excellent point, which goes to the contradiction at the heart of the Scottish Conservatives.

Douglas Ross: The hon. Gentleman says we are building up grievances. Will he explain that to my constituents who come to my surgeries explaining their frustrations with broadband roll-out? Will he also clarify for *Hansard* and for this House that the SNP does not want to give powers to local authorities in Scotland? That, too, is devolution, and I am surprised that SNP Members are so opposed to it.

Brendan O'Hara: I advise the hon. Gentleman to look at the Community Empowerment (Scotland) Act 2015. If that is not about devolving power to local communities, I do not know what is. We all have a mailbag full of broadband connection problems, but the fashion in which the Scottish Conservatives have behaved is unhelpful and unconstructive and does not reflect the reality.

In many ways I am delighted that digital communication is being debated here today, because it gives me the opportunity to enlighten the House as to exactly what is happening in Scotland and what the Scottish Government are doing in their Digital Scotland Superfast Broadband programme, which will have extended fibre access to 800,000 premises by March 2018, meaning that 95% of Scottish homes and businesses will be connected to superfast broadband. I am sure the whole House, with some honourable exceptions, will welcome that and applaud what the Scottish Government are doing.

This debate allows me to inform hon. Members of the enormously ambitious plans that the Scottish Government have—the R100 plans—that will see every home and business connected to superfast broadband with a USO of 30 megabits per second by 2021.

Liam Byrne (Birmingham, Hodge Hill) (Lab): Can the hon. Gentleman clarify whether the Scottish Government have been empowered to deliver the devolution of powers that he seeks?

Brendan O'Hara: In terms of devolving to local authorities?

Liam Byrne: The hon. Gentleman seeks devolution of power from the Scottish Government to local councils. My understanding is that central Government still have to legislate on that. Is that his understanding?

Brendan O'Hara: That is precisely my understanding. It is not in the Scottish Government's power. I absolutely agree with the right hon. Gentleman.

Unlike the United Kingdom Government, the Scottish Government are absolutely committed to a universal service obligation of 30 megabits per second. Compare that with the 10 megabit per second USO currently on offer from the UK Government.

As I say, we all have problems. My mailbag is absolutely full almost on a daily basis with problems with broadband. That does not mean that we are getting it wrong; it means, as my hon. Friend the Member for Kilmarnock and Loudoun (Alan Brown) said, that we cannot keep up with demand. People rightly demand to be connected. In my constituency of Argyll and Bute, we are losing population. I have said from day one in my two and a half years in this House that digital connectivity is the key to regenerating rural Scotland. I applaud the Scottish Government's ambition in rolling out superfast broadband at 30 megabits per second throughout rural Scotland.

I believe a bright digital future awaits those not only in Argyll and Bute, but across rural Scotland. Opposition naysayers will have humble pie to eat in a couple of years' time when it arrives.

The hon. Member for East Lothian (Martin Whitfield) made a useful and thoughtful contribution highlighting the problems and challenges that exist in his constituency. It is a tale I am not unfamiliar with. I echo his call, as I have in the past, to end the silo thinking. There must be a joined-up approach, because digital exclusion will be a serious problem if we do not get this right.

The hon. Member for Angus (Kirstene Hair) made a remarkable contribution and blamed the SNP for the historical copper wiring in the BT network. What can one say? My hon. Friend the Member for Kilmarnock and Loudoun rightly highlighted the historical failure of the UK Government to sufficiently invest in Scotland. He also highlighted the problems facing roll-out in rural Scotland.

The hon. Member for Moray repeated the power-stripping narrative of the hon. Member for Berwickshire, Roxburgh and Selkirk. If he thinks the Scottish Government should be stripped of their powers, does he think the UK Government should be stripped of their powers and that those powers should be devolved to English local authorities?

Douglas Ross: Unbelievable. The spokesperson for the third biggest party does not even realise that in England it is local authorities that deliver. It is because of their failure in Scotland that we should replicate what is happening in England and devolve further to local authorities. I cannot believe the SNP would object to that.

Brendan O'Hara: I absolutely do object to it. The Scottish Government, as we have seen, are doing an excellent job in rolling out across Scotland. The Scottish Government are delivering for Scotland.

I have less than two minutes left, so I will be quick and sum up. I firmly believe the Scottish Government are doing their best for Scotland. If the Tories would have us believe that they are the saviours of Scottish rural broadband, can the Minister explain why, since 2014, the UK Government have contributed only a derisory £21 million to support the expansion of Scottish fibre broadband—a figure that is less than that awarded to the counties of Devon and Somerset. Knowing full well that the Scottish Government were planning a USO of 30 megabits roll-out programme, why did the UK Government not even have the courtesy to inform the Scottish Government of their own plans to roll out 10 megabits per second, leaving the Scottish Government to find out from the pages of the press? And why did it

take 10 letters over 18 months from the Scottish Government to the DDCMS before the Minister finally met Minister Fergus Ewing, a meeting that took place just two weeks ago?

Finally, when GigaPlus Argyll, the community broadband company on Mull in my constituency, was left high and dry when its contractors went into administration, why were my emails and phone calls totally ignored? They were not even acknowledged by BDUK when I was trying to secure an urgent meeting to salvage something from the wreckage to try to save that project. Why, when I made an appointment to see the Minister himself about the crisis in GigaPlus Argyll, did he not turn up, with not so much as an apology or an offer to reschedule? Scotland is doing a great job in rolling out digital broadband, and I commend the work that the Scottish Government are doing.

10.40 am

Liam Byrne (Birmingham, Hodge Hill) (Lab): It is a great pleasure to serve under your chairmanship, Mr Howarth; thank you for preserving a modicum of order this morning as tempers rose. I congratulate the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont) on securing the debate. He is right that in the 21st century, broadband is not a luxury but an economic necessity. He eloquently argued that it is integral not simply to the way that we live, but to the way that we want to work. His timing is well chosen, because of course later this afternoon the Chancellor will have to stand up in the Chamber and try to explain to us all why a Conservative Government, and previously a Conservative-led coalition, have presided over a slower recovery after the financial crash than that following the great Wall Street crash of 1929.

As we rally behind a better future, growing the digital economy is clearly one of our most important opportunities. There are about 1.6 million people working in the digital economy today, but on average they are paid about 40% more than the national average. If we want to raise productivity growth rates and give our country a pay rise, we have to accelerate the roll-out of the digital infrastructure. I am sure he will not tell us this, but I very much hope that the Minister has been massively successful with his right hon. Friend the Chancellor and that there will be plenty of good news about broadband this afternoon.

Jim Shannon (Strangford) (DUP): Although the Government are pushing for flexible working time for parents of young children, the lack of decent broadband is grossly affecting people's ability to work from home. Does the right hon. Gentleman agree that we need a UK-wide project—in other words, across Scotland, Wales, Northern Ireland and all of England—to end the isolation of rural communities and to increase jobs among small and medium-sized businesses and enterprises that need that rural broadband connection?

Liam Byrne: I completely agree, and some hon. Members are luckier than others in the resources that they have been given to deliver that vision. Over the coming years, we will be extremely interested to see what Northern Ireland has secured and delivered with the £1 billion that it was offered to prop the Government up and keep them in power.

[Liam Byrne]

We have heard a shocking litany of complaints today from the hon. Members for Angus (Kirstene Hair), for Kilmarnock and Loudoun (Alan Brown), for Ochil and South Perthshire (Luke Graham), for Moray (Douglas Ross) and for Banff and Buchan (David Duguid) about the very high levels of dissatisfaction among their constituents and the very poor levels of service. I know that those complaints will have made a big impression on the Minister. The call made by the hon. Member for Berwickshire, Roxburgh and Selkirk for devolution of further power to councils raises an interesting point. My understanding is that the Scottish Government are not empowered to deliver that at the moment; it requires central Government to legislate. Perhaps the Minister will have more to say on that when he winds up; he may correct me, if I have grasped the wrong end of the stick. The challenge was brilliantly summarised by my hon. Friend the Member for East Lothian (Martin Whitfield), who described not only how superfast broadband is essential to the way that we want to live today, but how people are now scurrying between the wi-fi of various cafés to run their businesses. That is surely not the basis of the economic rebound that we want to see in the years to come.

I want to touch on three points in the debate, and they are about infrastructure, take-up and the way that we approach this policy problem. The bad tempers that we have heard this morning really illustrate that a new approach will be needed if we are to deliver for the people of Scotland over the coming years. On infrastructure, the state of affairs was well summarised. It is quite clear that broadband access is worse in Scotland than anywhere else in the United Kingdom. Earlier this year, Which? found that the worst three local authorities for broadband access are all in rural Scotland. The present consensus that a lack of broadband access is harming economic growth is particularly troubling. Last week, the National Housing Federation reported:

“Rural connectivity to broadband...limits the number of people willing to start and run businesses from rural areas.”

That was at the heart of the argument presented by the hon. Member for Berwickshire, Roxburgh and Selkirk today. It is a real worry, and I hope that the Minister will explain to us what the Government are going to do about it.

The poor state of infrastructure, though, is only half the story. Often, these debates centre on theoretical access, which is quite different from the access that people actually receive. The headlines that I saw said that 83% of properties in Scotland can access superfast broadband, but it is much poorer in rural areas, where 46% can access superfast broadband. Furthermore, when people are asked, as they have been by Which?, about the kind of service that they actually receive, the estimates are that two thirds of rural connections receive an average speed of below 10 megabits per second, which is of course much lower than the Government’s universal service obligation. I understand the presentational issues that all Governments have to conjure with, but we have to ask ourselves whether we are doing the debate any service by continuing to talk about theoretical access speeds when we know that problems between the cabinet and the home mean that the rates actually received are far less effective than those advertised.

My second point is on the take-up of broadband services, which is much lower in Scotland than elsewhere in the country. There is a question about whether that is something to do with awareness and can be remedied by Government here in Westminster or, indeed, in Scotland. The broad point that should emerge from today’s debate is that there is no single actor in this policy environment that will make all the difference; a very different kind of collaboration will be required in the years to come. We need to create a policy environment in which, as my hon. Friend the Member for East Lothian said, players can join in delivering these kinds of services. In some parts of Scotland, it will be much more effective for co-operative organisations to get stuck in and deliver the service in completely new ways. Many say to us that there is just not an encouraging policy environment for that at the moment.

My final point is about the poor level of collaboration between the Conservative Government here in Westminster and the Scottish National party Government in Scotland. We saw something of the character of that relationship this morning. It is not good for delivering progress and an awful lot more energy needs to be put into collaborating. It is just not appropriate for the Scottish Cabinet Secretary for the Rural Economy and Connectivity, Mr Ewing, to have to take the extraordinary step of using a Scottish parliamentary answer to demand action on broadband from the UK Government. If that is how relationships are now being conducted, I am afraid that both sides have something to answer for.

Labour has sought to strengthen universal service obligations. Indeed, our amendments for a universal service obligation of 30 megabits per second passed in the Lords; it was unfortunate that the Government overturned them in the Commons. We think that a universal service obligation of 30 megabits per second should be delivered by 2022. That was the position set out in our manifesto, and we hope that the Chancellor has heeded that advice and will deliver something akin to it this afternoon.

Let me conclude by echoing the excellent words of my hon. Friend the Member for East Lothian, who said that new inequalities must not be allowed to emerge in the digital economy. This is an area of economic progress that is simply too important for anyone to be left behind; our country simply cannot afford it. We look forward to what the Minister will tell us about remedying the problems that have been eloquently described and set out by the hon. Member for Berwickshire, Roxburgh and Selkirk this morning.

10.49 am

The Minister for Digital (Matt Hancock): This has been a robust debate and I want to answer the points that were made very clearly. The debate was initiated by my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont), and I am delighted that he and the other new Scottish Conservative MPs have done so much over the last few months to put Scottish broadband right under the spotlight. It deserves that attention, because it deserves to be better. I look forward to visiting my hon. Friend’s constituency very soon, as he asked. I will address all the questions that he raised.

I also agree with much of what the right hon. Member for Birmingham, Hodge Hill (Liam Byrne) said, not least that digital is vital for the future economy, and I

agree with my hon. Friend the Member for East Renfrewshire (Paul Masterton) that inequalities must not be allowed to emerge. The right hon. Member for Birmingham, Hodge Hill called for accurate descriptions of speeds actually available, and I look forward to progress on that front coming very soon.

My hon. Friend the Member for Angus (Kirstene Hair) argued very strongly that broadband is no longer a “nice to have” but a modern necessity. She explained why it is so important, and how disappointed she and her constituents are that delivery of superfast broadband in Scotland has not been good enough. We need to see an improvement. I wanted to set that out today.

In Scotland, around two-thirds of premises have access to superfast broadband through commercial roll-out by BT, Virgin and others, but one third cannot get it through that commercial roll-out, so after 2010 we introduced a subsidised superfast broadband programme in Scotland, as we did across the rest of the UK. We gave £100 million of UK taxpayers’ money to the Scottish Government to deliver that programme. Today, more than 92% of premises in Scotland now have access. That is good news, but it is well short of the Scottish Government’s target of 95% by the end of the year. Unfortunately, Scotland’s roll-out of superfast broadband is behind the pace of the rest of the UK, where access is now more than 94% and on track to hit 95% by the end of the year. It is also behind Wales, where we also gave funding after 2010, and where the Welsh Government have not bungled the delivery like the SNP Government have in Scotland.

Alan Brown: Will the Minister explain how the allocation of £100 million came about? That £100 million is roughly one third of what is needed to achieve the 95% target, whereas the £520 million allocation to England is half. How did that funding formula come about?

Matt Hancock: The Scottish Government got more than their fair share because they had a higher proportion needing supported rather than commercial access.

Until now, the Scottish Government have been happy to take the credit when things have gone right, but pass the buck when things have gone wrong—we saw more attempts at that this morning—so I am going to set out what has been going on. In 2014, we gave the Scottish Government more than £20 million for phase 2 of their superfast roll-out. Three years later, they have not only failed to sign that contract, but have not even opened the procurement yet. The Scottish Government are three years behind the fastest English local authorities in contracting for their roll-out.

In fact, Scotland is behind every single English local authority, behind the Welsh Government, behind Northern Ireland in getting going on phase 2 of its broadband roll-out. My own county of Suffolk, for example, has not only contracted phase 2; it has already contracted phase 3. There is a similar story in most other parts of the country—but not in Scotland. Worse, the Scottish Government project will not have contracts signed until the end of next year, which will be after the roll-out of phase 1 has finished, so they risk broadband delivery companies downing tools after completing phase 1 of the project, before phase 2 is ready to go. Elsewhere in the country, they got phase 2 going before the end of phase 1.

It is a great cause for regret that the Scottish Government have for more than three years sat on £20 million of UK taxpayers’ money, which could have been used to deliver broadband for the people of Scotland. The hon. Member for Argyll and Bute (Brendan O’Hara) raised the question of that £20 million. We offered it in 2014. A further £60 million is being returned from the first contract because of the level of take-up in phase 1, and another £14.5 million from underspending on that contract, and £30 million from city deals. In total, there is £125 million of UK taxpayers’ money waiting to be spent in Scotland—waiting for the Scottish Government to get on with it. So you can see why we and the people of Scotland are rightly frustrated at the Scottish Government dragging their feet.

Throughout the process, BDUK has offered technical support and assistance to Digital Scotland to try to get things going, but it seems that the Scottish Government’s fixation with pipe dreams of independence has distracted them from the job of delivering to the people they are meant to serve. It is part of a pattern.

As a result of our experience of delivering superfast broadband through the Scottish Government thus far, we have decided that for the next generation of broadband technology—full fibre—we will instead deal directly with local authorities across Scotland, as we do in England. We have already had a fantastic response, and I am looking forward to going to Aberdeenshire next week to see their pilot of a local full-fibre network project and to see progress on a test bed for 5G. I look forward to working constructively with Digital Scotland to deliver on the next steps of the superfast project and with local authorities across Scotland to deliver the next generation of technology that is coming rapidly.

Brendan O’Hara: The Minister said a moment ago that BDUK is on hand to offer technical solutions. Perhaps he is coming to my direct question on the problems of GigaPlus Argyll. BDUK offered no solutions; it absolutely abandoned GigaPlus Argyll and ignored me, as the Member of Parliament, on numerous occasions.

Matt Hancock: The hon. Gentleman should have been talking to Digital Scotland, because we gave the money to Digital Scotland to deliver, and for three years it has sat on that money and done nothing with it. What we need from the Scottish Government is not noise, but action for the thousands of people who have seen nothing but buffering while the Scottish Government have sat on their hands and sat on the money.

Brendan O’Hara: So, for clarity, is the Minister saying that BDUK has no role to play in the position of GigaPlus Argyll, despite it having been set up through BDUK? Is he saying that BDUK has no role to play for an elected MP to contact?

Matt Hancock: In future, BDUK and the UK Government will be delivering our full-fibre, next generation technology directly to local authorities in Scotland, instead of through the Scottish Government, because we have been so disappointed with the failure of the Scottish Government to deliver on money that has already been allocated.

Ross Thomson: Aberdeen has suffered from poor digital connectivity for too long. UK Government grants of up to £3,000 to get gigabit broadband are very welcome.

[*Ross Thomson*]

Does the Minister agree with me that that investment will help support Aberdeen to continue to compete on the international stage in areas such as oil and gas, food and drink and life sciences? Does he share my belief that Aberdeen City Council would do a much better job of delivering that locally than the SNP Government in Edinburgh?

Matt Hancock: I wholeheartedly support that and I look forward to working with local authorities right across Scotland, of whatever political persuasion, as we have with local authorities across England whatever their political persuasion, and as we have successfully with the Labour Welsh Government, who have delivered better for Wales than the Scottish Government have delivered for the people of Scotland. This is not about party politics; it is about how to best get decent broadband to the people. That is what I care about. We have had failures from the SNP Government, so we are going to go direct to local authorities, and I look forward to working with Members right across Scotland to make sure we can get that delivery.

In the meantime, of course I look forward to working with Digital Scotland on the contracts that are already in place to get to the end of that roll-out. I plead with the Scottish Government to get a move on. We stand ready to help get broadband to the people of Scotland. We will do everything we can to make that happen, but our patience with the Scottish Government when it comes to the next generation of delivery has simply run out.

10.59 am

John Lamont: I am very grateful to all Members who have contributed to today's debate and am particularly pleased to hear the Minister's comments about involving local councils in the delivery of broadband in Scotland, after the huge failure of the Scottish Government.

It is notable that most of the Members who contributed to the debate all agreed that the SNP Scottish Government have failed miserably in the delivery of superfast broadband in Scotland. We had the pleasure of the company of three SNP Members for most of the debate. I think it is always telling that when the SNP are under pressure, the call goes out for troops to come and help them, and they fill up their Benches to give them some support—but they have all gone off again. As I said, I am very grateful to have had this opportunity to raise such an important issue for my constituents.

Question put and agreed to.

Resolved,

That this House has considered the roll-out of broadband to rural communities in Scotland.

Durham Tees Valley Airport

11 am

Phil Wilson (Sedgefield) (Lab): I beg to move,

That this House has considered the future of Durham Tees Valley airport.

I applied for this debate to give support to Durham Tees Valley airport and the Peel Group, which plans to grow the airport. In the last decade or so, Durham Tees Valley has faced major difficulties, as have many other regional airports across the country. It has had to face the fact that the aviation industry has radically changed.

Durham Tees Valley airport started life in 1941 as an RAF base originally called Goosepool. In 1964, it became Teesside International airport, and it was renamed Durham Tees Valley airport in 2004. In 2003, the Peel Group purchased a 75% share in the airport, with the six local authorities sharing a 25% stake; today, it owns 89%. The Peel Group is a private sector investment group with a strong presence throughout the north of England.

In 2006, passenger numbers peaked at 910,000, with BMI flying a regular service to Heathrow. In 2007, the global recession hit the airport, as it did everywhere else. A year later, Flyglobespan, an airline using the airport, went into administration, which caused passenger numbers to fall by thousands. In 2009, BMI withdrew its Heathrow service, and passenger numbers fell from 645,000 to 288,000 in just 12 months. Durham Tees Valley was not the only regional airport to lose such a connection, as airlines sought to concentrate their remaining slots at Heathrow on more lucrative international routes. Passenger numbers today are between 130,000 and 140,000—almost a tenth of what they were a decade ago.

KLM's flights to Schiphol three times a day and Eastern Airways' flights to Aberdeen now account for the bulk of passenger numbers. The airport is currently making a loss of between £2 million and £3 million a year.

Alex Cunningham (Stockton North) (Lab): My hon. Friend mentions the airport's losses. The Tees Valley Mayor's pledge to buy the airport has captured voters' imagination. He told me he can do that without involving taxpayers' money. Does my hon. Friend agree that it is now time for the Tees Valley Mayor to publish his business plan to buy the airport, complete with numbers and sources of funding, or just be honest about it and admit that he cannot deliver that promise?

Phil Wilson: The Tees Valley Mayor has a few questions to answer on this issue. I will come to that matter later in my speech, but I am pleased that my hon. Friend raised it.

Despite the losses and the low passenger numbers, there is still a strategic role for regional airports. There is a strong correlation between regional GDP, employment in air-intensive industries and aviation connectivity. Regional airports provide a major gateway for visitors to the region.

Mike Hill (Hartlepool) (Lab): Does my hon. Friend acknowledge that the workers at the airport have sacrificed pay and conditions and will soon sacrifice their pensions as part of the efficiencies to keep the airport going?

Phil Wilson: My hon. Friend raises a significant issue. About 600 people work at the airport, and we all want to ensure that they continue to have a job.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): My hon. Friend and I have worked together closely on this issue. I represent Newcastle International airport, which is also a big employer in my constituency and the region. Does he agree that the links to Heathrow from our region are vital, so the Government must get a move on? We look forward to hearing a proper announcement that this will go ahead in the near future.

Phil Wilson: That is another valid point that I will come to later in my speech.

Dr Paul Williams (Stockton South) (Lab): My hon. Friend is being very generous in giving way. I recently met a team from the Great North Air Ambulance Service, which is based at the airport. So far this year, it has responded to 400 calls in an area covering 8,000 square miles in the north of England. Will my hon. Friend join me in commending the vital work that it does in serving our communities? Does he agree that we should continue to do what we can to support that great charity?

Phil Wilson: The air ambulance service, which is based at the airport, provides a great service for the area. Where I live, I can sometimes see it flying over to get to an incident. It is a great charity, and I want to see it grow and prosper there.

Regional airports support the business community, whose key needs from regional air services are an increase in destinations and the frequency of flights to major travel hubs such as Schiphol, access to major markets, and links to London and the south-east, especially Heathrow. A third runway at Heathrow airport is key for regional airports such as Durham Tees Valley, which has been listed as one of the regional airports that will have access to it.

Durham Tees Valley airport plays a much wider strategic role in the region. It has been consistently recognised as a key asset for the region in regional strategic plans and national reports such as Lord Heseltine's independent report, "Tees Valley: opportunity unlimited". The report also highlighted the importance for the Tees Valley economy of having international connectivity with its global trading partners, and highlighted the opportunities that the airport brings for logistics, freight and wider aviation-related services.

Durham Tees Valley can drive a major employment cluster of both aviation and non-aviation businesses in and around the airport. Regional airports typically have the space, capacity and environment to host such businesses in a way that larger passenger-focused airports cannot. Durham Tees Valley's 800-acre site, known as Aero Centre Tees Valley, is a prime example of that. To unlock those investments, the airport needs the support of local and national leaders and public sector partners to create the right conditions for investment in public infrastructure. I would love to hear from the Minister what more the Government can do to help.

Alex Cunningham: As part of that connectivity, the airport needs a proper rail service. The railway line actually skips the airport, and there is no proper service

serving it. Does my hon. Friend agree that the Minister can turn his attention to that as we look at rail infrastructure across the piece?

Phil Wilson: Again, my hon. Friend pre-empted something I am going to say in my speech. I will mention the rail link, because it is very important.

The airport can attract investment while taking into consideration trends in the UK regional airport sector. In the eight years between 2007 and 2015, the north-east of England was badly impacted by the global financial crisis, which affected the region's economy and subsequently its demand for air travel. The north-east of England was the worst hit of all UK regions. Air traffic in 2015 was almost 1.7 million passengers per annum lower than in 2007—a 26% reduction. The airport lost 592,000 passengers, representing about 80% of its traffic, and Newcastle airport lost about 20% of its traffic. The same trend was seen across the UK, particularly at smaller regional airports, as capacity was reduced or redeployed to major airports. However, no region was affected as much as the north-east.

This is not just about the north-east and Durham Tees Valley. This issue affects other regional airports throughout the country, but to a lesser extent. Passenger numbers have fallen dramatically in several regional airports. Prestwick airport lost more than 1.1 million passengers between 2009 and 2016—a 63% loss. Cardiff airport lost more than 280,000 passengers, and Bournemouth lost more than 200,000 passengers. The notable exception is Leeds Bradford, which saw significant growth over the period, achieved by heavy incentivisation, which resulted in ongoing losses. The last set of accounts, published in March 2016, showed a loss of £3.8 million.

In addition to suffering reductions in the passenger and freight tonnage numbers, a number of regional airports have encountered more fundamental problems over the period. In 2007, loss-making Plymouth closed. In 2013, the Scottish Government took loss-making Prestwick into public ownership. Since then, £40 million of public money has been invested in the past four years, but that has done nothing to stop the reduction in passenger traffic and continuing losses of about £9 million. Loss-making Cardiff was also taken into public ownership by the Welsh Assembly that year. Between 2009 and 2016 passenger numbers at the airport fell by 280,000, or 18%. In 2014, loss-making Manston closed, as did loss-making Blackpool as a full-service airport. For me, therefore—this is a key point—regional airports must seek a diversification strategy to ensure financial sustainability and to continue their wider role as economic catalysts, supported by public sector investment and infrastructure. That is the approach that the Peel Group is taking.

Besides KLM, Eastern Airways and Loganair, other users of the airport include Cobham Aviation Services, which has a training and testing contract with the Ministry of Defence; the Serco International Fire Training Centre, which is one of the leading aviation fire training centres in the world and has a 20-acre dedicated training site with simulators and the largest confined-space rigs in the UK; TNT, which operates a logistics operation out of a dedicated hangar; Thales, which is on site to operate delivery contracts related to air traffic provision for the armed forces; and Sycamore Aviation, which provides aircraft end-of-life services. Larger ad hoc

[Phil Wilson]

passenger flights occur sometimes in the form of military charter flights, carrying troops based at nearby garrisons. A number of general aviation flying schools operate from Durham Tees Valley, using two or four-seat light aircraft. The number of business aviation flights is growing steadily, operating aircraft types that range from single-engine private to large transatlantic business jets. More than 80% of the operating costs of an airport are fixed, meaning that regardless of the passenger numbers the airport operation has a significant cost base.

The Airports Council International reports that in Europe 73% of airports handling fewer than 1 million passengers and 59% of those handling fewer than 3 million passengers are loss making. Recognition of challenging times and the need to prevent Durham Tees Valley from becoming yet another casualty led to the development of the airport master-plan by Peel. Published in 2014, it is designed to chart a path for the airport to 2020 and beyond.

Securing the future of aviation services is dependent on accepting the realism and rationale set out in the master-plan. In the plan, Peel understands that DTVA needs to concentrate on those aviation services in which it has strength, including building on those services that are important to the business community, such as flights to Schiphol and Aberdeen. A well-established general aviation centre provides scope for growth and, since the launch of the new master-plan, new companies have been attracted.

In 2015 Peel launched the Aero Centre Tees Valley, which is the umbrella brand showcasing the development opportunities available throughout the airport site. The Aero Centre offers a wide range of land and property opportunities and markets opportunities for aircraft hangarage of 290,000 square feet and general employment space of 3.5 million square feet. The Aero Centre is connected by rail and by the UK's largest exporting port and its fastest moving commuter road network, which is on our doorstep.

Central to the strategy for aviation operations is the need to look at all possible means of generating other income streams by exploiting the potential of one of DTVA's main strengths, which is its extensive land holdings. Airports that have succumbed to closure have not had that option and, without it, closure would almost certainly have become a necessity for Durham Tees Valley. To help finance the master-plan, provision was made for housing development on land north of the airport. The sale of the land for more than 300 houses will generate millions of pounds for Peel, 100% of which will be reinvested in the future of the airport.

Alex Cunningham: Will my hon. Friend give way?

Phil Wilson: I would love to get on, because I want to hear from the Minister.

The focus is on the north side of the airport, but the south side has great potential too. Peel believes that its master-plan has the potential, over time, to generate about 6,000 jobs. I believe that Peel has a plan, and it has shown commitment to the airport, which is proved by the investment of £38 million over the past 14 years or so. Peel has shouldered the airport's losses while investing in capital infrastructure. The fact that it is

prepared to invest 100% of the money raised from the land sale for housing proves its commitment for the long term. It is being realistic when it says that the focus of its air passenger strategy is those routes that provide for the business community, because that is where the strength is now, but at the same time it is doing what it can in a difficult market to attract leisure flights to the airport.

I believe that, for all the frustration the local community feels about the airport, there is a route out of the problems that it has faced. The master-plan is robust, and the airport supports 600 jobs, contributes £37 million gross value added to the Teesside and Durham economy and is a catalyst for economic prosperity.

Some have said that DTVA has been allowed to decline. As I have shown in my speech, however, it is not alone in the problems it has faced. Some say that fresh thinking is needed, but I believe that Peel's master-plan is evidence of that. Some say that a practical and pragmatic approach is needed, but Peel is showing that too. I do not agree with those who say that the answer to all of the airport's problems is to take it back into public ownership but, apparently, that is the view of the newly elected Conservative Mayor for Tees Valley.

First, the airport is not for sale. Secondly, Peel has invested and covered the airport's losses of £38 million since 2003. The airport loses between £2 million and £3 million a year so, if a private sector company is willing to carry that financial burden while remaining committed to securing a sustainable future for the airport, why transfer the burden to the taxpayers of Tees Valley and Durham? I have no idea how much the airport would cost to buy, but I imagine that Peel would want some compensation for the millions of pounds it has already invested in the site. As the local MP, I have worked with Peel for the past 10 years, and they have not been easy times for the airport or regional aviation in general.

I am sick of the airport being used as a political football. It is time for grown-up politics. I want to see the airport work with the public sector, but I think we should support the owner in its plan and not seek to undermine it. I would say to the Mayor for Tees Valley: draw a line under any idea of nationalising the airport—as I have said, public ownership is not a panacea—and instead work with the Peel Group, become an ambassador for the airport and help us to secure its future. What I have learned in this job, if we really want to do something big for the local area, is not to grandstand, not to promise what cannot be delivered, and not to take the people of Tees Valley and Durham for granted.

I will work with anyone, including the Mayor, to secure the future of Durham Tees Valley airport, but the idea of public ownership is fanciful and I think that the Mayor knows it. He should work with me to help the airport succeed, because I believe that Durham Tees Valley is "flying for the future" and I want the people of Durham and Tees Valley to be a part of that.

11.17 am

The Minister for Transport Legislation and Maritime (Mr John Hayes): It is a great pleasure to serve under your chairmanship, Mr Howarth, and to reply to this important debate. I congratulate the hon. Member for Sedgefield (Phil Wilson) on securing it.

The hon. Gentleman's enthusiasm for Tees Valley airport and the region as a whole is noted and is worthy. It is an enthusiasm shared, as he said, by the Mayor, who has been a great champion of the economic interests of Tees Valley and in particular of the airport. I will speak more about that in a moment, but I pay great tribute to the Mayor and to his work in that respect. I know that he will work with colleagues, as the hon. Gentleman suggested, of all political persuasions. Such matters extend well beyond a party political divide; they are about doing our best by the local people and continuing to support the local economy.

My own interest in Tees Valley, although I do not come from or represent that part of the world, I suppose began when I was in a previous ministerial job.

Phil Wilson: The airport is known as Durham Tees Valley.

Mr Hayes: Yes, I know; that was not lost on me. As I said, my own interest in Tees Valley began when I was in an earlier ministerial role and met some of the employers that the hon. Gentleman speaks about, in order to discuss their needs; I think I was the Minister responsible for skills at the time. I am well aware of the contribution that that part of our country makes to the economy as a whole, as well as to the locality. I understand the dynamism present there and the connections to other places and other countries—the international aspect that he reprised in his speech. Of course, central to all that are good communications and good infrastructure, the ability of both people and goods to travel to and from that place.

The hon. Gentleman is right to say that in that context the decline in services at Durham Tees Valley airport in recent years is a matter of regret. There is no doubt about that, as he said. I have the opportunity, therefore, to respond on the Government's behalf to the wider points that the hon. Gentleman made about regional airports, because he mentioned that the issue is not wholly about Durham Tees Valley airport but about regional airports and their relationship to our aviation strategy. I want to say a few words about that at the outset and come back to the specifics that he mentioned.

Alex Cunningham: Will the Minister give way?

Mr Hayes: I will; I am about to begin my exciting account of our views on regional airports, but perhaps the hon. Gentleman will contribute to that.

Alex Cunningham: I am most certainly looking forward to that. Does the Minister agree that Heathrow, with all its ambitions for the third runway, could actually help regional airports, particularly Durham Tees Valley, by saying now that it will ensure that we have slots from Durham Tees Valley into Heathrow?

Mr Hayes: Yes; connectivity matters and I will speak about that in a moment. The hon. Gentleman made his point forcefully and put it on the record, which I am sure he wanted to do.

My view is clear: airports across the UK, including those in north-east England, make a vital contribution to the growth of regional local economies, as well as providing convenient means by which passengers can travel to other locations in the United Kingdom and

other airports, as the hon. Gentleman suggests. They encourage investment, potential for trade and, as he and others have said, valuable local jobs, a base for the development of skills—many skills related to aviation are provided in those local airports—and they provide a means by which we can balance our economy. They can allow the growth of localities that are distant from south-east England but are none the less vital to our economic wellbeing, so they play many roles.

We have 40 commercial airports across the country, which ensure that 80% of the UK's population are within 90 minutes of at least two airports. The UK has direct flights to over 370 destinations in more than 100 countries across the world. Those connections—this is the point that the hon. Gentleman made emphatically—provide huge benefits for the cities and regions of the airports that they serve. The hon. Gentleman will know, because he is interested in the subject, that the Government continue to recognise that importance. A priority for the aviation strategy that we are developing will be to ensure that the aviation sector continues to provide and improve connectivity across the regions and nations of the UK.

The hon. Gentleman will also know that this summer we published a call for evidence on the development of that strategy. We sought views on those very issues and we want to develop a strategy that takes full account of the role of airports across the country. Of course, it is true that there are major international airports in our kingdom, but they are not all that matters. The other airports matter, too—for all the reasons that the hon. Member for Sedgefield gave, and that I have amplified. We received a large number of responses to the call for evidence, which we are currently analysing, and we will consult further on the issues raised—including how to encourage connectivity—for exactly the reasons that have been argued. It is very important that an aviation strategy thinks strategically about the effect of connectivity not only to local economies but to our economy more broadly.

In those terms, I welcome this debate as a further contribution to that consideration. I invite hon. Members in Westminster Hall and others, more widely across the House, to contribute to that consultative process. It is really important that we base what we do on the understanding by different Members across the House of the effect of connectivity—particularly access to airports—in their localities and their regions. I recognise and value that.

Tees Valley airport, as the hon. Gentleman said, has enjoyed a level of investment, notwithstanding the challenges that it faces. Only this month, as he knows, a £250,000 terminal improvement programme was completed. That followed the announcement of the new services by Loganair, which will run weekly flights between Durham Tees Valley and Aberdeen, as well as non-stop flights six days a week linking Durham Tees Valley with Norwich. I am pleased to note that the airport's public initiative, flying for the future, which highlights the airport's key role in the Tees Valley area, shares some of the ambitions that the hon. Gentleman set out.

There is an interesting history of the particularity of the arrangements prevailing in respect of the governance of Tees Valley airport—Durham Tees Valley airport: I do not want to undersell Durham, as Durham is etched on my heart, as the hon. Gentleman probably knows.

[Mr John Hayes]

The airport was sold by the local authorities, for £500,000 I think, back in 2003 if my memory serves me right. The five local authorities concerned are still represented on the board, are they not? I suppose that they must be as distressed by the loss being made annually as anyone else, given that they are board members and share some responsibility for the airport's governance—although they are minority shareholders, in the way that he described.

At the end of the day, what is currently happening at Durham Tees Valley airport clearly is not working. The airport is making a loss and it is not fulfilling some of the potential that the hon. Gentleman wishes for it—as does the whole Chamber, I guess. The Mayor has been in discussions with the current owners, Peel Airports. In the end, it is a commercial matter. Being mindful of the debate, I took the trouble to ring the Mayor yesterday to take his view on the issue and to ask what he felt was the Government's role in it. He made it very clear, as I anticipated that he might, that it is not a matter for the Government, but very much a local matter, and it has to be settled locally. The Government have no competence in it. Of course, it is right to assume that they take an active interest in it, because it relates to the development of the strategy that I have described. As we care about regional airports, we would be bound to have an interest in it, but it is not for us to give power to local people to make decisions and then for me to impose what I think on local people. That would be quite wrong and no one in Westminster Hall today would want me to do that.

Alex Cunningham: Perhaps the Minister has answered my question before I have posed it. The local authority owns about 12% of the airport, but in the Minister's discussions with the Mayor, did he offer the Mayor any advice on his grand plan to buy the airport, at the cost of tens of millions of pounds? Assuming—judging by his speech a few seconds ago—that the Minister did not offer him advice, what advice would he offer him now?

Mr Hayes: I am not sure that it would be appropriate for me to advise the Mayor on a local commercial matter. He did not seek my advice and I think that it

would have been impertinent of me to offer it. I recognise that the Mayor has already made an outstanding contribution to the life, health and wellbeing of local people in Tees Valley, and I have every confidence that he will continue to do so. Indeed, we have already said that the airport matters—that is the essence of this debate. It is great that both local Members of Parliament, regardless of political party, and the Mayor are united, not only in their determination to do right by local people, but in their clear view that the airport is critical to local wellbeing.

Dr Paul Williams: Will the Minister give way?

Mr Hayes: I do not normally take interventions from Members who are not dressed properly, but on this occasion—because I am feeling particularly generous—although the hon. Gentleman clearly is sartorially challenged, I will hear from him.

Dr Williams: I thank the Minister for his generous comments. Does he therefore agree that it is time, as the hon. Member for Sedgefield (Phil Wilson) suggested, to draw a line under the idea that anyone will buy back Durham Tees Valley airport, and that we should all work together with the Mayor to get behind Peel's plan for the future?

Mr Hayes: It would be vital that any deal done worked for all parties. I am sure the Mayor is very conscious of that—clearly, that has to be the case. In the discussions that he is having with the owners, with the Tees Valley Combined Authority and with other interested parties, I have no doubt that the interests of the locality will be at his heart; they always have been and I guess that they always will be. The Government are determined to ensure that regional airports thrive, and Durham Tees Valley has to be very high on that list because, as I have said, I am a great admirer of the local people and the local economy, and I know that we made the right decision on their behalf in that cause.

Question put and agreed to.

11.30 am

Sitting suspended.

Drug Addiction

[MIKE GAPES *in the Chair*]

2.30 pm

Craig Mackinlay (South Thanet) (Con): I beg to move,

That this House has considered the human and financial costs of drug addiction.

This is an expansive subject, with a huge number of facets, and is covered by a huge amount of UK and international data. Pleasingly, two Members raised drugs issues at Prime Minister's questions today. They probably sought to steer us towards their views about liberalisation and legalisation, which I must say are somewhat the opposite of mine.

I thank the Minister for being here to respond to the debate. This issue cuts across many Departments. It is not just a health issue; it cuts across policing, justice and home affairs, health, border matters and education, and it is even an issue for the Treasury. I thank the many organisations that supplied data and their interpretations in advance of this wide-ranging debate, including the Royal College of Psychiatrists, Release and the House of Commons Library, which has considered data from a huge variety of sources.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Gentleman on securing this debate. He talks about data. Does he agree that the information from the Library about the increase in male mortality from drug misuse, particularly in the past five years, is alarming and demonstrates the urgent need not only for this debate but for action to be taken after it?

Craig Mackinlay: The hon. Gentleman highlights one of the key tenets of my speech. I am most concerned about death rates.

I thank the Library for its diligent service; it is an invaluable source of information. I also received information from Smart Approaches to Marijuana, or SAM, a US agency that has done a lot of work on how decriminalisation of cannabis in particular has affected various states in the United States. I consulted papers by the National Treatment Agency for Substance Misuse and by the Advisory Council on the Misuse of Drugs, and the National Audit Office evaluation of the Government's 2010 drugs strategy, which is a seven-yearly document. I also consulted the Government's July 2017 drugs strategy.

The real trigger for me calling this debate was the rising death toll in the USA due to the use of opioids and their derivatives—notably fentanyl, with which I am sure many hon. Members are familiar—whether they are legally obtained or illicitly produced. Some 64,000 drug-related deaths were recorded in the US in 2016, an increase of just over 21% from the year before. There was a 33% rise in one year in the state of Ohio alone. There were 4,050 deaths in Ohio, which has a population of just 12 million. To give Members an idea of scale, the entire US military losses over the 20 years of the Vietnam war were a fraction under 60,000. Scaled up to the UK population, Ohio's current death rate would represent 22,000 deaths in the UK each year. Thankfully, the figure here is lower; according to the last reported data, there were 2,677 deaths in 2015.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): Does the hon. Gentleman share my concern that Wales is disproportionately represented? Wales's population is 5% of the United Kingdom's, but 10% of those drugs deaths took place in Wales. Will he join me in asking the Minister whether changes to UK legislation are needed to allow devolved Governments to introduce harm-reducing measures, such as safe injecting facilities, in areas with a high concentration of injecting drug users, such as Wrexham?

Craig Mackinlay: I thank the hon. Lady for that intervention. She has put that issue on the record, and I am sure the Minister will address it later. I will provide some data for Wales that may assist her.

My concerns are somewhat summed up by that old adage, which is usually used in relation to financial markets: when the US sneezes, the UK catches a cold. I am concerned that we may be on the brink of a fentanyl epidemic here in the UK. I want to highlight both the human costs and the financial costs of drug addiction to the UK economy and to the people of this country.

The human costs are fairly obvious. Everyone will have their own points to add to this list, but they include: physical and mental health issues; disruption to families; the effects on children and their life chances, including the increasingly clear link between drug use during pregnancy and various autism spectrum conditions and physical deformities in children; the obvious spread of disease; the often desperate measures that people take to try to raise cash, resulting in prostitution and all manner of human degradation; forgone opportunities and the essence of all that someone could be in life being extinguished; and, of course, premature death.

Jeff Smith (Manchester, Withington) (Lab): The hon. Gentleman is right to highlight the fact that our drugs policy in this country is failing. Does he not think that now might be the time for a shift in drugs policy and for us to focus not on criminalisation but on care and health? Should that not be the focus of our drugs policy?

Craig Mackinlay: The hon. Gentleman is right. I have an expansive speech to make, which I think will cover all the issues well. Perhaps he would like to come back in with those points later.

I chair the all-party parliamentary group on the harmful effects of cannabis on developing brains and have a long interest in that topic. The APPG's principal aim is to raise awareness of the continued and growing danger to children, teenagers and their families of cannabis use in particular but also of wider drug use. I will publish a detailed paper on that subject later. The effects of the early use of skunk cannabis on youngsters' mental health are increasingly recognised, as is the additional human cost of the significant rise in other effects, such as traffic-related deaths, in some of the US states that have gone down the route of decriminalisation.

I do not just take an abstract, desk-based approach to this topic. I have been a magistrate in Kent for 12 years. For too long, I have seen people go through the same revolving door of committing crimes, coming to court and going to prison. The same drug-related issues come up time and again. On one occasion, someone's appearance in court arose from offences committed on the day of their release from a custodial sentence. That revolving door has to stop. Too often, I have seen

[Craig Mackinlay]

youngsters in their late teens or early 20s who are on employment and support allowance or similar disability benefits and are incapable of holding down work brought to court after bouts of acquisitive crime. Nearly all of them are on long-term anti-psychotic drugs to deal with schizophrenia and bipolar disorders. In my experience, practically every one of those people gives the same mitigation in court: “I’ve had a long-term addiction to cannabis from an early age”—often from the age of 13.

The 2014 NHS National Treatment Agency for Substance Misuse paper was particularly useful in advance of this debate. It highlights that there are 306,000 heroin and crack users in England, with disproportionate heroin and crack use in lower-income areas compared with wealthier parts of the country. Drug use and poverty are linked. More than 1 million people are affected by family members’ or friends’ links to drug addiction. The Advisory Council on the Misuse of Drugs found a substantial increase in the number of people dying from drugs in the UK in recent years. That is mainly down to opioid substances, which, as I mentioned, caused 2,677 deaths in 2015. Opioid-related deaths have increased year on year. A massive increase in the 1990s followed a marked increase in heroin use. Thankfully, the number of deaths flattened and declined in the late 1990s and early 2000s—that was often put down to lower grade and more highly cut heroin being sold—but it has risen markedly since 2004.

Let me move on to fentanyl and various synthetic opioids, which are cited as the reason for the increase in deaths in the US. Fentanyl is a fairly normal pharmaceutical product. It is widely used, often in operations. It was first created in the early 1960s as a pain management drug, and it is very effective at that. It has a fairly easy formulation, but illicit supply increasingly comes from China, hence its street name of China white.

The epidemic of drug overdoses in America is killing people at almost double the rate of both firearm and motor vehicle-related deaths. Between 1999 and 2015, it is estimated that fentanyl and derivatives killed about 300,000 people in the US—the numbers are of virtually biblical proportions.

We regularly hear the argument for legalisation of cannabis, with those demands often coming from our Liberal Democrat friends—I see the right hon. Member for North Norfolk (Norman Lamb) in his place. Let us examine a real case study. In November 2012, Colorado and Washington states voted to legalise the private use of marijuana. In those two states, marijuana use exceeds the US national average and has risen significantly post-legalisation—more rapidly than in states where it is still illegal. We have also seen increases in teen arrests, accidental ingestion by children, marijuana-related poisoning, teenage admissions to treatment, and crime.

According to the Associated Press:

“In Washington, the black market has exploded since voters legalized marijuana...with scores of legally dubious...dispensaries opening and some pot delivery services brazenly advertising that they sell outside the legal system.”

Rather than putting a lid on matters, legalisation has taken the lid off. Marijuana-related traffic deaths—where a driver tested positive—have more than doubled,

from 55 in 2012 to 123 in 2016, and there has been a 72% increase in marijuana-related hospitalisations since legalisation.

With that backdrop, let us look at the UK. The Library suggests that drug misuse in England and Wales has fallen in the past decade. That has got to be good news. However, I view some of those figures with a little scepticism; I will refer to such matters later on. Of course, 95% of heroin on the streets originates from Afghanistan, and cocaine invariably comes from Peru, Colombia and Bolivia; it is not manufactured in the UK. For that reason, I very much hope that as we leave the European Union and exercise more diligent control of our borders, we will be able to implement a more rigorous approach to border security, particularly on the smuggling of drugs.

The number of people in drug addiction treatment in the UK is at just a little under 300,000, with opiate dependency involved in more than 52% of cases. More than 100,000 under-18s are living with people in drug treatment. Those are some of the human costs. What are the financial costs?

John Howell (Henley) (Con): I thank my hon. Friend for introducing the debate. Before he moves on to financial costs, will he say something about another side of the human cost—the extent to which prisoners are taking drugs and the efforts being made to try to stop that in prisons?

Craig Mackinlay: My hon. Friend makes a good point. We in the judiciary often feel that we put people in prison as a last resort and hope that that is a place where they may seek relief from drugs and get the treatment they need. However, all too often we hear of many examples where that is far from the case.

I want to mention the financial cost, because it is hugely relevant to our economy. Figures I have put together suggest that the financial cost now amounts to a fairly reasonable chunk of our annual deficit. It is very difficult to pull figures together, but one that I have derived from headline data is £20.3 billion a year. That does not include some of the more unknown and abstract costs, such as opportunity costs of lost economic output from a potential workforce who are economically inactive due to drug dependency and the physical and mental effects of drug use.

To break the figure down, drug-related crime is estimated at a fraction under £14 billion a year. The cost to the NHS of ongoing health issues resulting from drug addiction is half a billion. The benefits and treatment cost is estimated at £3.6 billion—£1.7 billion in direct benefits, £1.2 billion in the cost of looked-after children of drug addicts, and £700 million in addiction treatments such as methadone and Subutex. The cost to the courts, the Prison Service and the police in 2014-15 was £1.6 billion. An addicted person not in treatment and committing crime costs on average £26,074 a year. A somewhat dated *Daily Telegraph* report shows that a problem drug user could cost the state £843,000 over their lifetime—and that was in 2008.

Some of the other human costs are obvious, such as depression, anxiety, psychosis and personality disorders. Some 70% of those in drug treatment suffer from mental health problems. We might ask which follows which, but I think there is a clear link between drug use and

psychotic episodes. Cardiovascular disease is also an issue after a lifetime of drug misuse. Muscular and skeletal damage are commonplace among injecting drug users. Lung damage following the smoking of various drugs and derivatives is also prevalent. Poor vein health and deep vein thrombosis is common among injectors. Then there is liver damage, which is expensive to treat, with hepatitis C causing cirrhosis, liver failure, liver cancer and death.

Deaths can come in many forms, including through accidents, suicides, assaults and simple overdose, as well as misadventure from drug poisoning, and drug abuse and drug dependence. Figures from the Office for National Statistics show that 2016 saw the highest number of deaths down to illegal drug use since records began in 1993. That fact is worth bringing to the table. Fewer than 1% of all adults in the UK are using heroin, but about 1% of heroin addicts die each year—10 times the equivalent death rate of the general population—and those deaths are predominantly from heroin and opioid use.

I will give the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) some figures for the UK. Between 2012 and 2015, opioid-related deaths in England rose by 58%. She will be pleased to know that in Wales the rise was only—if that is the right word—23%; in Scotland it was 21% and in Northern Ireland, 47%. We now see an ageing cohort of drug users who began their drug-taking lives in the '80s and '90s coming through the system with increasingly complex health and social care needs, which have contributed to a recent spike in deaths.

A typical heroin user is likely to spend £1,400 a month on drugs—two and a half times an average mortgage. More than half of all acquisitive crimes—crimes including shoplifting, burglary, robbery, car crime, fraud and drug dealing, whether at a lower or higher level—are down to those on heroin, cocaine or crack. Those crimes have victims. To bring that down to a micro-level, figures from Kent County Council's road safety team show there were 59 incidents of known drug-driving on Kent roads in 2016, with 16 resulting in serious injury and three in road accident deaths. Those figures are rising. In the last 10 years, Kent has seen 18 fatal, 70 serious and 142 slight accidents due to drug-driving incidents.

When budgets are stretched nationally and locally, the temptation is to reduce treatment, but that is entirely the wrong approach. NHS figures suggest that for every £1 spent on drug treatment, there is a saving of £2.50 to general society. We have a good record on drug treatment in the UK, far better than many other countries in the world. In England, 60% of heroin users are in treatment, compared with only 45% in Italy and 37% in the Netherlands. We have fewer injectors now than we did some years ago. We have an advanced needle-sharing procedure, and that is improving. As I say, it is far better than other countries: 1.3% of drug injectors suffer from HIV, compared with 3% in Germany and 37% in Russia, so we are doing some things very well.

What can drug treatment do to help outcomes for society? Obviously, it stops emergency admissions, as A&E is often the first call, it prevents suicide, self-harm and accidents, and of course it reduces reoffending. Estimates in the NHS document suggest that a city the size of Bristol could cut 95,000 offences a year through effective treatment. The benefit of that to society is some £18 million a year. It is not just the financial

effect, however; there are other societal effects: reduced crime, less drug litter and less street prostitution. The area that I used to represent as a councillor in the Medway towns was plagued by street prostitution in the middle of Chatham. With that came the drug litter and sexual paraphernalia literally dumped in the street, costing the council money and being a potential source of infection to others.

Troubled families can be stabilised through effective drug treatment. We can reduce drug-related deaths and blood-borne viruses. I repeat: £1 spent can represent a saving of £2.50 to society.

Jeff Smith: The hon. Gentleman is rightly making the case that it is a false economy not to invest in addiction services. Does he share my disappointment that funding for addiction services has fallen by half and that, under this Government, public health budgets are also falling, with councils struggling to fund the addiction services we need?

Craig Mackinlay: I could not agree more with the hon. Gentleman: I feel there is a false economy in cutting that type of service. Obviously, they are the sorts of services where we cannot always see what sort of bang we are getting for the pound spent, because the savings come about in a rather disparate way. The hon. Gentleman brings a very powerful case to the table.

The Government have spent vast sums of money over the last few years on the Frank initiative. I do not know whether hon. Members will remember it—"Call Frank"; "Tell Frank". I have asked many youngsters of late whether they have heard of "Frank", and they do not have a clue who he is, so I question somewhat the effectiveness of the Frank initiative, which is particularly aimed at teenagers and adolescents. I will be reporting in a detailed paper shortly, so hon. Members should look out for that.

Almost in closing, I want to look at the July 2017 drug strategy. It is a good strategy with recovery at its heart. It looks at the threats and at the actions we can take to reduce homelessness, domestic abuse and mental health issues. The strategies are the usual strategies, which I think are common sense: reducing demand through deterrence and the expansion of education and prevention information, obviously restricting supply through law enforcement responses, supporting recovery and driving international action to reduce the amount of foreign-produced drugs hitting our streets—of course, that does little to stop the ever-increasing rise of cannabis grown in the UK. I believe it is clear that drug misuse destroys lives. It has a devastating effect on families and communities.

Ronnie Cowan (Inverclyde) (SNP): The hon. Gentleman is coming to his conclusion. He seems to be saying that we are spending all that money trying to penalise people for drug use and trying to cut off the international supply. He has put horrific figures in front of us today. What will he do to change and affect that outcome?

Craig Mackinlay: The hon. Gentleman will hear that in my conclusion.

Ronnie Cowan: I was too soon.

Craig Mackinlay: I am sure that, as any of these debates progress, there is often a clarion call: “Let’s just liberalise. Let’s just legalise.” I am very pleased that, from what I have heard so far from the Government, they have no intention of doing that, and I massively support them. Drugs are illegal for a reason, because of the clear evidence that they are harmful to human health and associated with the wider societal harms of family breakdown, poverty, crime and antisocial behaviour.

Ronnie Cowan: What does the hon. Gentleman say to the Portuguese Government, who decriminalised and legalised and have seen a reduction by half in heroin addiction? What does he say to John Marks, who ran a very successful clinic in Liverpool, where the local crime rate dropped by 90%?

Craig Mackinlay: Again, if the hon. Gentleman will hold on for a moment, I will address that point. Where we have big experience areas such as Colorado and Washington, we have not seen just a stabilisation, reduction or more sensible use. We have seen increased rates and an increase in deaths and consequential accidents and results. To address his point, in an operation in Switzerland, which I think was also replicated in London, Brighton and Darlington in 2009, an unresponsive minority of heroin users who seemed not to be affected by normal drug treatment methods were given pharmaceutical-grade heroin under daily clinical conditions. I am not averse to that; it is a way forward for a very hard core of users, to keep their criminality off the street, get them clean drugs at the right time and help them off their addictions.

We often say, “Why should we criminalise the user?” In my experience of the court system, I have never seen somebody go to prison for the use of drugs. They tend to go to prison because of the criminality that results from drugs. There is one country, Sweden, that is very stiff on these things. Sweden has probably one of the most penal criminal codes for even personal use of drugs. It is interesting that it enjoys one of the lowest rates of drug use in Europe.

I have concerns that we are facing a general institutional downgrading of possession, particularly of class B drugs, and for that reason I am not sure that we see the full spectrum of what is happening out there in real drug use, based on the figures we receive from the police. If we were to see those, we would see reductions. Arrests for cannabis possession have apparently dropped by 46% since 2010. Cautions are down by 48% and numbers of people charged are down by 33%.

Ronnie Cowan: Is that not symptomatic of the police force taking a different attitude? Many police commissioners have come out and said, “We have to stop arresting people for personal possession.”

Craig Mackinlay: The hon. Gentleman is absolutely right. That has been the outcome. I am not particularly keen on seeing youngsters receive a criminal record for the use of drugs. There is perhaps another way, such as a non-recordable early intervention, rather than a criminal record that could be with them for life and weigh seriously against their potential job opportunities for the future. We are seeing police guidelines saying that no arrests should be made for possession. I am worried that we are seeing a normalisation of drug use. If youngsters feel that that is the new norm, there will be very little deterrent and they will feel that taking cannabis

is acceptable. Inquiries I have made for my report have shown that youngsters still feel that they are deterred from going into using cannabis by the threat of criminal sanction.

I will come to my conclusion, which I hope will wrap a few things up. I am particularly fearful that this side of the Atlantic will face a potential onslaught of fentanyl and other artificial opioid derivatives, and I feel the Government need to be prepared for that. Action to rehabilitate that current core of class A drug users now will save their lives in the future, should fentanyl become more of a norm on our streets. I feel that we should be upping our game in three strands of work: education in schools, colleges and universities.

I would like to see significantly increased sentences for drug supply. Under current sentencing guidelines, the maximum sentence for the category A offence of supplying 5 kg-plus of class A drugs, which is right at the high end of drug supply, is 16 years, compared with 35 years for attempted murder. As we cope, or potentially have to cope, with fentanyl and similar lethal derivatives, we should perhaps give some thought to creating a new class—class AA—for these truly lethal drugs.

But to me, rehabilitation is the key, and I would not want to see services or that type of expenditure downgraded, because of the £2.50 saving for every £1 of investment. I would like residential rehabilitation to be the norm. We could call them prisons, if hon. Members would like, but they would be prisons or centres with one primary focus, and I think the judiciary would welcome being able to make that choice. They would be abstinence-based rehabilitation centres; people would go in on drugs and come out clean.

Mike Gapes (in the Chair): I am conscious that we do not have unlimited time, so I would be grateful if hon. Members kept their remarks brief, so that I can allow time at the end for the Minister and the Opposition Front Benchers to speak and, if possible, call everyone who wishes to speak.

3.2 pm

Norman Lamb (North Norfolk) (LD): It is a pleasure to serve under your chairmanship, Mr Gapes. I congratulate the hon. Member for South Thanet (Craig Mackinlay) on securing a debate on this really important issue.

I will start with where I agree with the hon. Gentleman. As a father myself, I share the horror at the impact of dangerous drug use; in a sense, my starting point is to be hostile to dangerous drug use, whether legal or illegal. That is a really important point, because according to the evidence the most dangerous drug of all is alcohol, which is used very heavily within these buildings. We must remember that, because there is enormous hypocrisy in the debate on this issue.

For me, the most depressing thing said in the Chamber today was the Prime Minister’s reaffirmation of the commitment to the war on drugs—the catastrophically disastrous war on drugs—in response to a question from the hon. Member for Reigate (Crispin Blunt). He raised a totally rational case, which was rejected with what I would say was a rejection of the evidence and an approach based on stigma and an ignorance of the facts of the disastrous impact of the war on drugs.

It was an enormous pleasure just the other day to meet some parents, together with the hon. Member for Inverclyde (Ronnie Cowan), from the Anyone’s Child organisation.

Far from what the Prime Minister said about the families of those who have lost their lives through drug use all rallying around to demand ever-tougher sentences, these brave people are powerfully making the case that the criminalisation of drug use has had disastrous consequences for their families and will leave them distraught for the rest of their lives.

In a way, the great irony I found in the contribution from the hon. Member for South Thanet is that he pointed to a whole series of disastrous consequences of drug use—but drug use under a criminal market. That is the extraordinary thing. I am completely with him about identifying and recognising these disasters, but they are happening here and now. There is a false thinking that suggests that, because there are dangers of drug use, the automatically sensible thing to do is to ban drugs, but we should know by now that that does not work. The Home Office's own study in 2014 confirmed that banning has no impact on the level of drug use in society, so let us start thinking afresh about this issue.

Craig Mackinlay: Will the right hon. Gentleman give way?

Norman Lamb: No; I am conscious that time is really tight.

Far from protecting people, the current framework of our drug laws resulted in 3,744 drug-related deaths in 2016—the highest ever level, and a 44% increase over five years. We are not talking only about the United States; it has arrived in this country with a vengeance. Heroin and morphine deaths rose by 109% under a criminal market. It is not working.

On criminalisation, the hon. Member for South Thanet said he does not see many people ending up in prison, but just last year 45,000 people ended up with criminal convictions for possessing drugs, which has a dreadful blighting effect on their careers; we waste human capital in our country. One of the families that talked to us on Monday talked about their son, who is a really clever scientist but who now cannot work as a scientist because of the effect of his conviction several years ago. That is ludicrous, but it is the effect of criminalisation. The Australian study from a few years ago confirms the negative impact of criminalisation on all those people who end up with a criminal record.

Criminalisation also hits many people who self-medicate because they are experiencing mental ill health. It has a massive impact on people who are already vulnerable, and because they choose to use a substance to perhaps take away the pain of what they are going through, we then give them a criminal conviction. It is the most ludicrous response imaginable. There are also those people who suffer from conditions such as multiple sclerosis, and who use cannabis to ease their pain, who we then give a criminal conviction for their trouble. Again, it is a ludicrous way of responding to a real problem.

We hand vast sums of money—billions of pounds in profits—to organised crime, not only in this country but globally. It is the most extraordinary waste of resources and it promotes extreme violence in our communities. Of course, it is always the poorest communities that suffer the most. In the United States, there is very clear evidence that it is poor black communities that suffer the most. In our country, black people are targeted for stop and search, being nine times more likely to be stopped and searched for drugs than white people.

Instead of those awful consequences of criminalising drug use, let us think about an alternative approach that may be more rational and may be based on evidence, not ignorance and stigma. Let us instead regulate the market for cannabis. The data that the hon. Member for South Thanet raised from the states in the US that have legalised cannabis are highly contested data. Very respected organisations such as the Drug Policy Alliance address some of the misclaims about the impacts of cannabis use in Colorado and Washington. One of its conclusions is that teen marijuana use is unchanged, while its overall conclusion on the impact of legalisation is “So Far, So Good”.

A lot of misclaims are being made about the impact of legalisation in the United States, but a legalised, regulated market has the potential to take the trade away from criminals and instead raise pounds in taxes, which can then be used on health and education and supporting people out of addiction, rather than simply criminalising them. Let us treat it as a health issue, not a criminal justice issue. Let us accept across our country the principle of safer drug consumption rooms. They are already saving lives in eight European countries and in Canada and Australia. The principle is endorsed by the BMA. No one dies of an overdose in a drug consumption room. Let us accept that evidence and apply it in this country before we continue the carnage of loss of life that we are experiencing now. Let us accept heroin-assisted treatment where other treatments have failed. I recognise that the hon. Member for South Thanet acknowledged that that may be appropriate in some cases, but it is a policy based on evidence of what works.

Finally, the attitude of this Government. I have mentioned the 2014 Home Office study that was done while the Prime Minister was Home Secretary. Her own Department concluded that there was no international evidence at all to show that tougher drug laws reduce the use of drugs in society, so why do the Government not follow the evidence? Secondly, the evaluation of the Government's drugs strategy last year raised some extremely serious concerns. It concluded that enforcement expenditure has

“little impact on availability.”

It states:

“Illicit drug markets are resilient and can...adapt to even significant drug and asset seizures.”

Criminalisation does not work. Contact with the criminal justice system for drug offences can

“bring with it potential unintended consequences including unemployment...and harm to families”.

Also:

“Incarceration may also negatively impact on the indirect and unemployment harms that...drug-related enforcement activities”

seek to improve. The conclusion of the Government's own analysis is that it is not working.

Then there is the real hypocrisy. There will be loads of Ministers in this Government who have used cannabis, and probably other drugs as well, in their younger years, and yet they are prepared to see fellow citizens convicted of offences for something that they themselves did in their younger years, and they have gone on to enjoy good careers. Let us stop the hypocrisy. Let us recognise that we should apply the approach of reduction in harm, not criminalisation, because it has not worked and it has led to awful consequences internationally.

3.12 pm

Crispin Blunt (Reigate) (Con): It is a pleasure to serve under your chairmanship, Mr Gapes. It is long overdue. It is also a pleasure to follow the right hon. Member for North Norfolk (Norman Lamb). I congratulate him on his speech. I agree with his analysis entirely. I also congratulate my hon. Friend the Member for South Thanet (Craig Mackinlay) on raising this issue. He is right to point out the dramatic risk of fentanyl-associated harm that is perhaps coming our way following what is happening in the United States.

Any examination of the global evidence shows that the costs my hon. Friend pointed to, financial and human, are infinitely higher than they should be owing to the global policy of prohibition and criminalisation of drugs since the 1961 UN single convention on narcotic drugs, which has been an unmitigated global public policy disaster. He rightly drew attention to the dangers of drug-driving and his concern at the increasing number of road deaths caused by drug-driving, as in the United States. That will require strong enforcement action to catch, warn and punish offenders, in the same way as drink-driving here in the UK has met with effective policing and societal attitude changes.

Jim Shannon (Strangford) (DUP): Will the hon. Gentleman give way?

Crispin Blunt: Forgive me; I am short of time.

I come to this debate from the criminal justice perspective, having seen for myself as Minister for Prisons and Criminal Justice the time and costs incurred by the police, courts, prisons and probation service in managing the effects of drug-related crime. My hon. Friend the Member for South Thanet also drew attention to the problems of cannabis, particularly street cannabis, which, with its high levels of tetrahydrocannabinol, or THC, is more potent and liable to cause schizophrenia in long-term users.

However, those looking to use cannabis recreationally often have little to choose from and have no idea what their cannabis, acquired on the street from drug dealers, has in it. Legalisation and regulation would allow consumers to access less harmful forms of cannabis with lower levels of THC and higher levels of cannabidiol, or CBD, giving the desired high, in just the same way as drug users of tobacco and alcohol can be assured of the regulated quality and provenance of their products, together with the health warnings and all the necessary restrictions on advertising and sales that a properly regulated market can deliver.

Licensing and regulation proportionate to the risks of each type of drug and signposting users to services when they get into trouble would be the right place for public policy if we followed the evidence of what works. At a stroke it would deliver the massive good of eliminating the huge costs associated with criminal possession and supply. By permitting a legal but regulated market, we would decouple hundreds of millions of consumers around the world—millions in the UK alone—from funding and facilitating a world of criminality.

Just as prohibition in 1920s America provided a financial basis for organised crime to flourish in American cities, so our policy of prohibition has gifted an industry worth half a trillion dollars a year to serious and

organised criminals producing and supplying untested substances. Their interest is hardly the health of their consumers, but far more to produce the addiction that will sustain a vastly lucrative business model.

Alongside the addiction, we then have to deal with the awful consequences of drug market violence as gangs and dealers vie for control of the trade, quite apart from the enormous amount of the lower-level criminality of burglary and other acquisitive crimes as addicts seek to fund their addiction. As well as keeping criminals, many of them young people, out of drug supply, licensing and regulation allows us to tackle the health-related harms associated with drugs and drug addiction that my hon. Friend was right to draw attention to. Criminalisation means that users are hidden from health practitioners, and there is a lack of guidance about how to find and access services. Taxation of sales by licensed retailers would pay for better prevention, treatment and public health education, available at the point of purchase—a dispensing pharmacist, for instance.

Colorado has raised half a billion dollars in state taxes and fees since it licensed recreational cannabis in 2014. The right hon. Member for North Norfolk referred to the the Home Office evaluation of its own drug strategy, which states:

“There is, in general, a lack of robust evidence as to whether capture and punishment serves as a deterrent for drug use”.

If we translate that out of bureaucratese, that means we know current policy does not work. Since we have been fighting the war on drugs for more than half a century, it might now be an idea to examine the evidence. So I say to my hon. Friend the Member for South Thanet, instead of doubling down on a failing policy and demanding yet more higher sentences for particular parts of the supply chain—in the example he gave, the failing policy has led to the highest level of opioid drug deaths since records began—we should learn from decriminalisation and public health approaches in other countries.

In Portugal, for example, where the possession of small amounts of drugs has been decriminalised since 2001, a step well short of licensing and regulation, usage rates are among the lowest in Europe, and drug-related pathologies, such as blood-borne viruses and deaths due to misuse, have decreased dramatically. Compare the drug mortality rate of 5.8 per million in Portugal with Scotland, where it is 247 per million. The Portuguese state offers treatment programmes without dragging users through the criminal justice system, where it becomes harder to manage addiction and abuse. I can tell my hon. Friend, drawing on knowledge of the effort to establish drug-free wings in prisons, that it is not easy to do. I accept that it is a perfectly sound policy objective, but do not think for a minute that there is a magic wand to deliver a part of the prison system that will be proof against drugs getting in.

In the criminal justice system, as I can testify from my own experience, it is hard to manage addiction and abuse. The reshaping of our drugs policies should be informed by the growing body of evidence that will come in from the legalisation of cannabis sales in several US states and, from next July, in Canada. We will be able to learn, too, from the Netherlands, Switzerland, Germany and others with drug consumption rooms, an

example of the kind of regulation we could deliver around heroin consumption in supervised, safer environments where, as the right hon. Member for North Norfolk said, no one has ever died of an overdose. So we must listen to the Global Commission on Drug Policy, which seeks a balanced, evidence-based approach. The UK could have a royal commission to make evidence-based policy recommendations free of politicians' trite response, "Drugs are bad; they must be banned." That can give us a route to reframing the debate on drugs and finding evidence-based policy approaches that will truly reduce the costs of addiction, both financial and human.

Mike Gapes (in the Chair): Two hon. Members have indicated a wish to speak and I should like both to get in, but if they are to do so each needs to speak for no more than four and a half minutes.

3.20 pm

Ronnie Cowan (Inverclyde) (SNP): Thank you, Mr Gapes; I was hoping to have longer on my feet—I am sure you will understand that—but much of what I was going to say was elegantly covered by the right hon. Member for North Norfolk (Norman Lamb) and the hon. Member for Reigate (Crispin Blunt), so I shall skip those parts of my speech.

The important point is that no financial cost that can be attributed to drug addiction comes close to matching the human cost. The deaths of loved ones, the sufferings of addicts, wasted lives and the associated suffering far outweigh any amount of money that has been spent fighting the war on drugs. Yet we continue to pour time, effort and money into a system that emphasises criminal prosecution. Since Mexico intensified its approach to drug law enforcement, more than 100,000 people have died and 20,000 are missing. The personal testimonies from members of Anyone's Child are heartfelt and painful. It calls on the Government

"to regulate drugs to reduce the risk they pose".

It says that

"legal regulation doesn't mean a free-for-all where drugs are widely available—our current laws have already achieved that".

We need to take control away from the criminal fraternity. Across the world for more than 50 years the war on drugs has killed the innocent and made the guilty rich. It has destroyed communities and compounded the difficulties faced in addressing addiction problems. As we know, the UK Government spend around £1.6 billion a year on drug law enforcement. As was pointed out earlier, even the Government know that their drug policy has failed. Last night I attended an event hosted by Addaction. A gentleman who is in recovery said, "As humans we judge. It keeps us safe. Before you judge try to see the person".

What can the Government do? Safer drug consumption rooms, which we have talked about, are already saving lives in eight European countries as well as in Canada and Australia. They have been endorsed by the British Medical Association. Those facilities reduce the spread of infectious diseases such as HIV and hepatitis C, and the risks of public drug use. No one has ever died of an overdose in a DCR anywhere in the world. That is the third time that statement has been heard this afternoon, and it will be heard again.

Heroin-assisted treatment is also being successfully implemented in several European countries, and is endorsed by the British Medical Association. In 2016, the Advisory Council on the Misuse of Drugs stated that

"central government funding should be provided to support heroin-assisted treatment"

for patients for whom other forms of opioid substitution treatment have not been effective. I think that there is agreement here about that, but the Government have failed to act on that request.

Specialist drug checking services can allow people at nightclubs and festivals to find out what is in their batch. Data from recent UK trials showed that one in five people found that they did not have the drug that they expected, and 80% of that group then chose to use a smaller quantity, avoid mixing it with other substances, or dispose of their batch altogether.

Perhaps a financial justification is required, rather than a humanitarian one: researchers in the US Office of National Drug Control Policy have confirmed what has already been said about expenditure on treatment being more than paid for elsewhere, as they estimate that \$1 spent on substance abuse treatment saves \$4 in healthcare costs and \$7 in law enforcement costs. Not only does drug abuse treatment save lives—it saves billions of dollars as well.

While drug use continues across society we must note that addiction can and does affect people from all walks of life. Only 10% of drug users will develop an addiction, and addiction does not respect race, creed, colour, religion, gender or financial standing. However, as is often the case, it is the poorest who suffer the most. In 2008, the Scottish Government published the national drugs strategy for Scotland, "The Road to Recovery". That set out a new strategic direction for tackling problem drug use, based on treatment services promoting recovery. The Scottish Government have invested £689 million to tackle problem drug and alcohol use since 2008, and education has been an important part of the strategy.

Kirstene Hair (Angus) (Con): Drug-related deaths are a particular problem in Scotland, as the hon. Gentleman has outlined, including in my constituency, where they are rapidly increasing—at a faster rate than in England and Wales. Does the hon. Gentleman agree that the Scottish Government need to get serious about addressing problems in NHS Scotland, such as the staff shortages in Angus, and the problems that Police Scotland faces?

Mike Gapes (in the Chair): Order. The hon. Lady is making an intervention, not a speech, and I should be grateful if the hon. Member for Inverclyde would respond to it briefly.

Ronnie Cowan: I shall cover that point right now: Public Health Minister Aileen Campbell has announced a refreshing of Scotland's drugs strategy. We will not be complacent about what we have achieved, and we will continue to take an evidence-based approach, and to improve what we are doing in Scotland. We have been working on the seek, keep and treat framework, a joint initiative between the Scottish Government and the Scottish Drugs Forum, which will examine the operational

[*Ronnie Cowan*]

implications of engaging with older drug users and how to encourage them into services and keep them in treatment.

For many people it is heroin, cocaine or cannabis that are classified as drugs; but we must not ignore alcohol. Alcohol addiction is one of the most damaging forms of drug addiction.

Mike Gapes (in the Chair): Order. Is the hon. Gentleman coming to the end of his remarks? Perhaps he can give his last sentence; otherwise the hon. Member for Henley (John Howell) will not be able to make a speech.

Ronnie Cowan: Absolutely, Mr Gapes.

In conclusion, if we spend money to address addiction problems as a health issue, that will not only bring about better results, but will prove to be less expensive than our current strategy, which criminalises and stigmatises people with addiction problems.

3.26 pm

John Howell (Henley) (Con): Thank you, Mr Gapes, for managing to squeeze me into the debate. I shall use the time wisely, I hope. We have all agreed that drug misuse can destroy lives, that it has a devastating effect on families and communities, and that we can help individuals by preventing drug misuse and through treatment and wider recovery support. That is where I would support the Government's new strategy—in putting recovery at its heart.

What I am uncomfortable with at the moment is the idea of going straight to a policy of decriminalisation. I should like smarter law enforcement. How to approach that is largely in the hands of police and crime commissioners. If we had a smarter enforcement response, it might produce beneficial results. There is no reason why the enforcement process against those who supply drugs should not be harsh, involving effective action. However, we need to be much more sophisticated in our approach to possession, and in taking account of the number of people using drugs, and who are therefore committing crimes. If it is possible to take a halfway position on the issue, I certainly advocate that.

We need also to ensure better outcomes, and better measurements to capture them, throughout the process. We have bandied figures around today, but there is not a lot of commonality between them, and the figures that I have are slightly different from those that my hon. Friend the Member for South Thanet (Craig Mackinlay) set forth. We need some really tight figures; and I am surprised, given the amount of time that has been spent in combating the drugs problem, to find that we still do not have those figures.

In an intervention on my hon. Friend the Member for South Thanet I mentioned the Prison Service, because I am a member of the Select Committee on Justice and have visited many prisons where the issue has come up. Sophistication is needed in the way we tackle that. There are people in prison who were taking drugs before they went there, and quite a lot who have taken drugs since they came into prison. How we handle that will say a lot about how we tackle the problem for the future.

The thing that has most impressed me is information I was sent by a charity called Release. I know that it argues for ending the criminalisation of drug possession; but it brought out some key points on which we need to concentrate. The first was the necessity to combat the situation by improving public health. We should spend some time on that. It also stresses ways that we can reduce the stigmatisation and marginalisation of vulnerable populations—a number of Members have spoken about that—and allied to that is the need to combat the spread of infectious diseases. Finally, it is also necessary to look at a range of other issues, such as addressing homelessness. Those things are in the Government strategy, but I do not yet see them being joined up in order to take them forward.

Several hon. Members *rose*—

Mike Gapes (in the Chair): Order. The Front-Bench speakers have half an hour between them, and I would be grateful if they would allow the Minister at least 10 minutes in which to make his remarks.

3.30 pm

David Linden (Glasgow East) (SNP): It is a pleasure to see you in the Chair, Mr Gapes, and I congratulate the hon. Member for South Thanet (Craig Mackinlay) on securing this debate. I am mindful that several colleagues have not had the opportunity to say as much as they would have liked, so I am happy to take interventions as much as possible to allow those points to be put on the record.

When summing up a debate such as this, the SNP spokesperson tends to talk about what is happening in Scotland—I know that the hon. Member for Angus (Kirstene Hair) has spoken about that. I will be honest and say that the data from Scotland, particularly on drug deaths, are concerning. Statistics show that there were 867 drug-related deaths in Scotland in 2016, which in my view is 867 too many. I would be doing this House and my constituents a disservice if I glossed over that fact and did not express concern about that serious rise in drug deaths. Alongside my hon. Friend the Member for Inverclyde (Ronnie Cowan) I am happy to welcome the decision by the Scottish Government to refresh the national drugs strategy that was outlaid in 2008, and I hope that that work can be done in conjunction with the Scottish Drugs Forum.

Kirstene Hair: I respect the hon. Gentleman recognising the figures from Scotland, which I find equally concerning. Does he agree that the Scottish Government need to get serious about addressing problems in NHS Scotland, specifically in my constituency, where we have extreme staff shortages? There are also problems facing Police Scotland, because those services must be robust to deliver a successful drugs strategy.

David Linden: Very deliberately, because this debate is about the human and financial cost of drug addiction, I do not want to make a party political point. I could be tempted down the line of saying that if we followed the Conservative's tax plans, that would mean £160 million less for public services in Scotland, but I shall not go down that path.

Before I move on to the human cost of drug addiction, let me sum up some of the contributions to the debate. There has been a lot of discussion and a lot of figures have been bandied about, but I want to talk about a couple of personal cases.

Jim Shannon: I congratulate all those who have spoken on this issue. In Northern Ireland, more people have died from drug addiction than from road traffic accidents, but perhaps there is a way of addressing that issue. Does the hon. Gentleman agree that there must be more links between GPs, so that they can refer people whenever they are aware there is a problem and tackle addiction more successfully? There are methods to do that within the system.

David Linden: I am grateful to the hon. Gentleman, and I shall come on to the point about support services that are provided in our communities.

The hon. Member for South Thanet mentioned the Frank project, and I was conscious that he was looking over at me and probably trying to work out whether I am here on work experience, or whether I am actually an MP. I am both young enough and old enough to remember “Talk to Frank”, and it is disappointing that we do not see as much of that anymore—I remember that when I was growing up we would see it on a regular basis. The right hon. Member for North Norfolk (Norman Lamb) spoke with huge experience and knowledge on this issue. He was a Health Minister in the coalition Government, and we should spend a lot of time listening to him. I am not sure that I agreed with everything he said, but he is worthy of listening to.

The right hon. Gentleman mentioned safe injecting facilities and heroin-assisted treatment. Prior to becoming a Member of the House last June, I worked for my hon. Friend the Member for Glasgow Central (Alison Thewliss), and there was a proposal to install the UK’s first safe injecting facility in Glasgow. I am disappointed that the Lord Advocate in Scotland has said that he is currently not minded to give that legal cover, and to go down that route we will probably need Home Office Ministers to look at the Misuse of Drugs Act 1971. In Glasgow we are pushing ahead with the heroin-assisted treatment model, which should be welcomed.

The hon. Member for Reigate (Crispin Blunt) spoke about the importance of following the evidence, which I endorse. Before I was an MP, I had the privilege of going to Dublin and visiting the Ana Liffey project, which is moving towards a safe injecting facility. The key message that we took from there was that we should very much follow the evidence. I commend NHS Greater Glasgow and Clyde, which throughout the entire process has built an evidence-based case, and that point is well made. My hon. Friend the Member for Inverclyde had a short amount of time in which to speak. I am conscious that he speaks with a huge amount of passion on this issue, and I hope that he continues to do that in this House. I commend the work done by him and the right hon. Member for North Norfolk this week.

I see my role as an MP as being to speak up for constituents in the east end, and to give ordinary Glaswegians a voice in Parliament. Last week, Michelle Kearney, who is originally from Carmyle in my constituency, spoke bravely in the *Evening Times* about the death of her daughter, Michelle, who tragically died aged just

16 on 19 October 1999. I am very grateful to Michelle’s mum, who took some time yesterday to speak with me about her own story, which is incredibly moving and deserves to be heard in this House.

The details of numerous failings by the Children’s Panel and social workers is a pain that Michelle still carries to this day. These are her words, and I very much hope that I can do her justice:

“My pain is the same pain as any other mother who has lost a child. Why should my pain be minimised because my daughter made a choice to take drugs that night? That’s a big hurdle for the families...I just had a feeling. I knew she wouldn’t be an adult. I had a sense. She said, ‘mum I’m never going to be a big lady. I’ll never be happy in this world but I know that I will in the next’...I could feel her dying every day. I buried her in my head for four years...She became a prostitute, not to fund anything but because that’s all she thought she was good for. She had met a girl that night and went back to a flat. I believe she was injected by the girl because she was injected into her right arm and she was right handed. It took 12 hours for her to die and she died with strangers...The police came to my door to tell me that she had been found dead. She had only tried drugs twice to my mind. It was just her time to go and came as no surprise, I just didn’t expect it to be drugs...She was the first child to die in those circumstances so her death was very public. There was no justice. It devastated our family.”

Michelle’s courage in talking publicly about her daughter’s death is, in itself, remarkable, but the fact that she has now chosen to dedicate her life to helping others as a counsellor for the Family Addiction Support Service says a lot about her selflessness. I pay tribute to that service in Glasgow. It does tremendous work with families, and throughout this debate we must be mindful of the families of those affected by addiction. I hope that by being able to give Michelle a voice in Parliament today I have managed to do her justice, but it was just by chance that I read her story in Saturday’s *Evening Times*. By that point I had already informed the Whips Office, and the Chair, that I intended to speak in this debate, based on my own upbringing.

I have spoken before in this House about being brought up in the Cranhill area of Glasgow’s east end—something of which I am fiercely proud. My first involvement in any form of political activism was not delivering leaflets for the SNP; it was going on a Mothers Against Drugs march with my mum on our housing estate. On 3 January 1998, another young Cranhill boy, Allan Harper—just a few years older than me—tragically died of an overdose. Even as a seven-year-old, I still vividly remember walking along Bellrock Street, past the maisonette flats, for the candlelit vigil for Allan. We did that march, with the mummies and the weans in Cranhill, to send a strong powerful message to the drug dealers on our estate that we would no longer tolerate them pushing drugs in our community. Twenty years ago on that march, never in my wildest dreams did I imagine that 20 years later I would be standing here as the MP for Cranhill. It is something of which I am incredibly proud.

As we reflect on the current battle that we have with drugs in our communities and families, I very much hope that in 20 years’ time, the next MP for Cranhill will not be standing here talking about a death rate from drugs of 867. The time for talk is over; the time for action is now, and that is a message for all Governments.

3.39 pm

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): It is a pleasure to serve under your chairmanship, Mr Gapes.

Let me start by thanking the hon. Member for South Thanet (Craig Mackinlay) for securing this important debate, and for his excellent opening speech, which laid out all the human and associated monetary costs that drug addiction costs society and indeed the Exchequer. His figures are even greater than the ones I will be citing in my contribution, which is perhaps because he included all classes of drugs. I will only be citing figures for class A drugs, but that shows the enormity of the costs that we are dealing with today.

While there is a very important debate going on in the main Chamber, it is welcome to see the number of MPs here today to discuss this important issue. We have had many excellent contributions to the debate, including from the right hon. Member for North Norfolk (Norman Lamb), the hon. Members for Reigate (Crispin Blunt), for Inverclyde (Ronnie Cowan) and for Henley (John Howell), and the hon. Member for Glasgow East (David Linden), who is the Scottish National party spokesperson; he made a pertinent and moving speech, and I commend him for that. They all made strong and thought-provoking speeches, and we have had some excellent interventions. I thank all Members for taking the time to set out their positions and thoughts on drug addiction and the costs to society.

As we have heard, drug addiction is one of the most deeply concerning issues we face today. Drug addiction, in its many guises, can blight communities and the lives of so many people, which is why it is vital that policy is developed to significantly reduce the harm that addiction can inflict on individuals and communities. According to Home Office figures, the number of people taking drugs has fallen significantly over the past decade. That is to be welcomed. Reducing the number of people taking drugs is a step in the right direction to not only improve the health of the nation but reduce crime and pressures on our public services.

Sadly, if we scratch the surface, we unveil more uncomfortable truths that the Government must face. In 2016, there were a total of 2,593 drug misuse deaths involving illegal drugs—the highest number since comparable records began in 1993. That trend in avoidable deaths is reflected across both genders. However, for men the drug misuse mortality rate has jumped sharply over the last three years and reached a new peak of 67.1 deaths per million people—another high since records began in 1993. The female rate is less pronounced but is also at an all-time high.

Across Europe, it is estimated that a total of 8,441 deaths occurred due to drug overdose in 2015, mainly from heroin or other opioids. Here in the UK, we come out on top with the highest percentage of those deaths, at 31%. That is absolutely damning, especially when the Advisory Council on the Misuse of Drugs stated in a report last year that England alone saw an increase of 58% in opioid deaths between 2012 and 2015. Much of that is put down to ageing users of heroin and opioids, which gives rise to the question: what are the Government doing to address the often complex social care needs of drug addicts?

It is not only the deaths that occur from drug misuse and addiction that are concerning, but the costs to society in general, as we heard from the hon. Member for South Thanet. In terms of monetary costs, it is estimated that class A drugs such as heroin and crack cocaine cost us £15.4 billion a year, which is £44,231 per problematic user. Broken down, that figure is roughly £13.86 billion on social and economic costs, £535 million on drug arrests and £488 million on the NHS dealing with mortality and morbidity and providing acute treatment and support for mental health and behavioural disorders associated with drug misuse. As I said, that is just for class A drugs. When we include all classes of drugs, the sums increase substantially, as has been set out in detail.

Mary Glendon (North Tyneside) (Lab): Does my hon. Friend agree with the drugs, alcohol and justice cross-party parliamentary group that, to reduce alcohol and drugs-related deaths and illnesses, a co-ordinated harm reduction strategy needs to be prioritised?

Mrs Hodgson: Yes, I do agree.

It is no wonder, when we go off all these figures, that earlier this year the UK was deemed the overdose capital of Europe and is now seen internationally as having serious shortcomings when it comes to addressing addiction and drug misuse. What are the Government going to do to address these problems? I am sure the Minister will cite the recent publication of the drugs strategy in the summer. As he will know, Opposition Members welcomed the strategy, but it left us wanting. There is much to be welcomed in it, but it is clear that what was announced has not moved us on any further from what was happening in 2010 and now works within a seriously reduced financial envelope due to short-sighted cuts to public health budgets.

The Minister knows all too well that public health budgets have been decimated, with an estimated £800 million expected to be siphoned out of local budgets by 2021. That has meant drug rehabilitation services being closed and budgets to tackle drug abuse cut, all against a backdrop of an NHS under significant pressure. Labour's analysis of figures published by the Department for Communities and Local Government shows that this year we will see 106 councils reduce drug treatment and prevention budgets by a total of £28.4 million; 95 councils reduce alcohol treatment and prevention, at a total of £6.5 million; and 70 local authorities reduce drug and alcohol services for children, at a total of £8.3 million. That works out at a total reduction of £43.3 million imposed by the Minister's Government on a whole host of services created to prevent and treat addiction problems. Those figures are unavoidable and shameful. We should be putting greater emphasis on the radical upgrade in public health and prevention promised in the "Five Year Forward View" in 2014.

The Minister cannot come before us today and honestly say that his Government are improving services and seriously addressing this issue when they are overseeing such significant cuts that are rolling back provision on addiction services. It is not just me or Labour making that case, but the likes of the chief executive of Collective Voices, Paul Hayes, who said earlier this year:

"The more we disinvest in treatment, as we are doing at the moment, the more we will put increasing numbers of people at risk of early avoidable deaths."

The Minister has the power to go back to his Department and ensure that these avoidable deaths are avoided and the unnecessary losses of life halted.

The Government's failure to seriously get to grips with the issue of drug addiction and the sad outcomes associated with it is shaming us across the world. Yasmin Batliwala, chair of the Westminster Drug Project, was recently reported as saying:

"We once had services that led the way."

She went on:

"We now need to do a lot to catch up with countries in the developing world that are doing a lot more for their service users. The sign of a civilised society is how it cares for its most vulnerable."

The Minister needs to acknowledge that his Government are overseeing such a negative and backwards approach to prevention, instead of taking radical steps to address and prevent drug addiction.

It is high time this Government seriously came to terms with the actions they have taken over the last few years on public health and rethink their short-sighted approach. Otherwise, we will see the figures that I quoted at the beginning of my speech become ever worse under their watch. The people who struggle and battle with addiction deserve and need our support, not just for them, to improve their lives, but for the rest of society, so that we can finally ensure that no one's life is blighted by drug addiction.

3.48 pm

The Minister of State, Department of Health (Mr Philip Dunne): It is a pleasure to serve under your chairmanship, Mr Gapes. Thank you for protecting my 10 minutes at the end of the debate. I congratulate my hon. Friend the Member for South Thanet (Craig Mackinlay) on securing the debate.

It has been noticeable that there is complete consensus among those who have contributed today about the horror and damage that drug abuse causes for individuals and wider society. Nobody, quite properly, has stood up here to say anything other than that. However, there is a noticeable difference in approach as to how to deal with some of these challenges. It is impressive that we had a consistent line from the right hon. Member for North Norfolk (Norman Lamb), my hon. Friend the Member for Reigate (Crispin Blunt) and the hon. Member for Inverclyde (Ronnie Cowan). They all called for a particular approach that the Government do not support. I shall focus most of my remarks on what the Government are actually doing.

The hon. Member for Washington and Sunderland West (Mrs Hodgson), who speaks for the Opposition, was quick to criticise the support provided to drug abusers and she called for more action, but she did not come up with a single example that I could detect of what more could be done—[*Interruption*—]—to provide any greater action, in response to the drug strategy that we published in July. I appreciate that she expressed some welcome for that strategy, but she did not indicate anything else that she said was missing that we should introduce.

Mrs Hodgson: We could always take over in government.

Mike Gapes (in the Chair): Order.

Mr Dunne: As I said, the Government published what we regard as an ambitious new drug strategy in July. As my right hon. Friend the Home Secretary compellingly set out in her foreword, the harms caused by drug misuse are far-reaching and affect lives at every level. I welcome the support of my hon. Friend the Member for South Thanet for the strategy. My hon. Friend the Member for Henley (John Howell) also made a powerful contribution to the debate, focusing on differentiating enforcement action between the different categories of drug users. Although, of course, some of that is already in force in the sanctions available to our criminal justice system, the point that he makes in relation to identifying those who use criminality to fund their addiction is important.

Crime committed to fuel drug dependence is one of the biggest challenges that society has to contend with as a result of drug abuse. That extends into organised criminality in this country and internationally. From the perspective of the individual, the physical and mental health harms suffered by those who misuse drugs and the irreparable damage and loss to the families and individuals whose lives they destroy were eloquently expressed by the hon. Member for Glasgow East (David Linden), who speaks for the Scottish National party. The constituent's story that he told was harrowing. I think that we all share those concerns.

The drug strategy highlights the huge financial cost to society from illicit drugs. Each year, drugs cost the UK £10.7 billion in policing, healthcare and crime, with drug-fuelled theft alone costing £6 billion a year.

Norman Lamb: Will the Minister give way?

Mr Dunne: I am afraid not, because I have limited time.

As my hon. Friend the Member for South Thanet pointed out, research shows that for every £1 spent on treatment, an estimated £2.50 is saved. It remains essential for us to offer those with a drug dependency the optimal chance of recovery. Since the 2010 strategy was published, we have made significant progress, despite the comments from the hon. Member for Washington and Sunderland West. She did acknowledge that drug use in England and Wales is lower now than it was a decade ago. In 2016-17, 8.5% of adults had used a drug in the previous year, compared with 10.1% of adults back in 2006-07. More adults are leaving treatment successfully now than in 2009-10, and the average waiting time to access treatment is now two days.

The new strategy aims to reduce illicit drug use and to increase the rate at which people recover from their dependence. Action is being taken in four areas: reducing demand to prevent drug use and its escalation; restricting the supply of illegal drugs; building recovery; and a new strand focused on global action. At the centre of the strategy is a core message: no one organisation or group can tackle drug misuse alone. As my hon. Friend pointed out, a partnership approach is required across Government and involving the treatment system, education, employment, housing, mental and physical health and the criminal justice system.

To drive forward the partnership approach, we are setting up a new board, chaired by the Home Secretary, which is due to meet for the first time next month. My right hon. Friend the Secretary of State for Health will

[Mr Dunne]

attend, along with Ministers from across Government and wider partners, including Public Health England. The aim is to hold all parts of the system to account on specific commitments in the strategy. We are also appointing a new “recovery champion”, who will have a national leadership role with a remit to advise the Home Secretary and the board. That individual will drive collaboration across sectors and give people with drug dependency a voice to address the stigma that can prevent them from accessing the support that they need.

We will also take forward the drug strategy’s approach to prevention, because we know that we stand the best chance of preventing young people from misusing drugs by building their resilience and helping them to make good choices about their lives and their health. To achieve that, we will take forward evidence-based prevention measures, including developing the “Frank” drugs information service, to which my hon. Friend referred, so that it remains a credible and trusted source of information for young people. I note that the young people in the straw poll he did in his constituency had not heard of that service. I will ask officials to look at how we can raise awareness of that tool, but I point out gently to him that it is designed to be an information tool rather than a prevention tool in and of itself.

Other measures are promoting the online resilience-building resource, Rise Above, which helps teenagers to make positive choices for their health, and expanding the alcohol and drug education and prevention information service to give schools the tools and resources that they need to help to prevent drug misuse among teenagers.

The hon. Member for Washington and Sunderland West mentioned funding. Funding decisions on drug and alcohol treatment budgets have been devolved to local authorities, which are best placed to understand the support and treatment needs of their populations because they differ across the country, as we have heard today. We know that there are concerns about funding, and that local authorities are making difficult choices about their spending; we are not shying away from that. That is why we are extending the ring-fenced public health grant until April 2019 and retaining the specific criteria to improve drug and alcohol treatment uptake and outcomes. Although the intention remains to give local authorities more control over the money that they raise—like with business rates—we are actively considering the options for 2019 onwards. We remain committed to protecting and improving the outcomes from core services, including in respect of substance misuse, and will involve stakeholders in discussions about how we achieve that.

We know that drug misuse is both a cause and a result of wider social issues. That is why we are testing ways to improve employment support for people in recovery. We have accepted Dame Carol Black’s recommendation that we trial an “individual placement and support” approach to help people in drug and alcohol treatment to prepare for, find and maintain employment. In that

context, I would like to give a quick plug to an outstanding charity in my constituency called Willowdene Farm, which provides very successful residential rehabilitation and training centres, historically for adult men with a history of substance addiction; it has just opened a residential facility for adult women as well. It is leading the way in encouraging those who have been through its programme into employment. Public Health England announced yesterday that the trial will go live in April 2018 in seven areas: Birmingham, Blackpool, Brighton and Hove, Derbyshire, Haringey, Sheffield and Staffordshire.

I shall briefly go through some of the emerging challenges. Since 2012, we have seen sharp increases in drug misuse deaths linked to an ageing group of older heroin users with multiple and complex needs. In response to drug-related deaths, Public Health England is looking at how we protect people from dying of overdoses. It has published updated guidance for mental health and substance misuse treatment services, to help them to work better with people who have co-existing mental health, alcohol and drug problems.

In addition, local authorities must ensure that treatment services respond to the changing patterns of drug use. Treatment has been demonstrated to have a significant protective effect, without which the recent rise in drug-related deaths is likely to have been higher. Drug treatment can also cut crime. Recent analysis by the Ministry of Justice and Public Health England showed that 44% of people in treatment had not offended again two years after starting treatment. In recent months, as we heard from my hon. Friend the Member for South Thanet, there have been deaths linked to fentanyl-contaminated heroin in parts of the UK. He gave us a graphic illustration of the impact in certain parts of the United States. I agree that that is extremely worrying. It underlines the importance of vigilance and strong enforcement action by the police and the National Crime Agency, as well as accessible treatment and the availability of life-saving interventions such as naloxone.

The use of synthetic cannabinoids, often called Spice, among the homeless and prison populations is a real concern for the Government. That was raised by a number of hon. Members. The Government have already taken action to classify third-generation synthetic cannabinoids, such as Spice, as class B drugs under the Misuse of Drugs Act 1971, giving the police the powers that they need to take action, making possession illegal and delivering longer sentences for dealers.

3.59 pm

Craig Mackinlay: I thank right hon. and hon. Members very much for their contributions this afternoon—obviously, it is a split debate and a split decision. I will put just one thing on the record now, if I may. We tend to make dangerous things illegal. When firearms are used to commit dreadful offences in the US—

Mike Gapes (in the Chair): Order.

Motion lapsed (Standing Order No. 10(6)).

Hydraulic Fracturing: North East Derbyshire

[MRS ANNE MAIN *in the Chair*]

4 pm

Lee Rowley (North East Derbyshire) (Con): I beg to move,

That this House has considered the potential effect of hydraulic fracturing in North East Derbyshire.

It is a pleasure to serve under your chairmanship, Mrs Main. I am grateful for the opportunity to talk about an issue of immense importance to me and to the residents of the constituency that I have the privilege to represent.

North East Derbyshire is part of the petroleum exploration and development licence 300, which was issued by the Department a couple of years ago. About a year ago it became apparent that we would probably see some exploratory drilling in my constituency, close to the picturesque village of Marsh Lane, which is in the stunning Moss Valley in the north part of my constituency. A formal planning application came forward for this exploratory drilling on 8 May. The holder of the PEDL licence, INEOS Upstream has put forward an application for exploratory drilling in Marsh Lane. That planning application is still under way with the minerals authority of Derbyshire County Council and we expect a decision on that application in the new year.

I want to place on record my complete and absolute opposition to exploratory drilling, which may lead to fracking, in the North East Derbyshire constituency and particularly at this particular site near Marsh Lane. I will talk extensively about my reasons for doing so. To be clear, North East Derbyshire does not support or want this application, and it does not want to see drilling on a historical, agricultural area of land, which can clearly be seen for miles around as it is on the brow of a hill in the middle of green belt, next to a conservation area.

I know that fracking is a hugely controversial area of public policy, and I cannot hope to do justice—

Damien Moore (Southport) (Con): This is an important issue in my hon. Friend's constituency and across the country, but we need to make sure that we continue to look at alternative sources of energy for this country, where energy security is a big concern for domestic users—for their own electronic equipment and devices—but also for businesses as we hope to encourage them to come here. More alternative methods should be looked at, and I am hoping to have tidal lagoon in my constituency to generate energy.

Lee Rowley: My hon. Friend highlights a point that I will come to in a moment: we have a variety of potential opportunities here, including some we have not necessarily thought about previously, such as tidal lagoons.

Proponents of fracking would argue that the United Kingdom, blessed by large-scale energy resources, should take the opportunities to harvest the energy beneath its sea and soil, to improve our energy security and ensure we are diversifying our energy mix. "Rejoice!" they will say, "The United Kingdom has a long and rich history of mining in this part of the world and across the United Kingdom as a whole, and fracking is just another innovation in a long seam of innovation that helps to heat our homes and allow us to drive our cars."

The alternative argument is equally clear and concise, if not more so. "Fracking," say its opponents, "is an energy activity which we do not need and should not support." For some, that is down to environmental concerns. The continuation of hydrocarbon development in our country is not something we should support, in understanding the challenges we have in the coming decades. For others, such as me, it is the sheer imposition and impact of this kind of activity on areas that have been rural for hundreds of years and never seen anything like the kind of development that is proposed if fracking happens.

Louise Haigh (Sheffield, Heeley) (Lab): Does the hon. Gentleman agree that the problem with the application in his constituency is not just the impact it will have there, but that it could be the tip of the iceberg for applications in surrounding constituencies, such as my own, that are in urban areas? This is not just an issue for rural areas. All the surrounding areas are considered to be high risk by the Coal Authority.

Lee Rowley: The hon. Lady brings up an important point—one that I will come to later in my speech, because it is vital to understand that specific point before we conclude.

Some will argue from an environmental perspective, some from a perspective on the sheer imposition of activity, and others will be concerned about the uncertainty that fracking brings, for a multitude of reasons, which I cannot hope to go into in this short debate. Others would simply point to the Department for Business, Energy and Industrial Strategy opinion tracker on fracking, which shows that only 16% of people were in favour of fracking in the latest survey in August this year.

I acknowledge that the Government take a different view from me and many of my residents. I accept the place the Government start from—I have no criticism of that—which is that we need to improve our energy security, diversify our energy mix and ensure we can bridge to the future when renewables can take on a greater share of the energy generation that we need in this country, but I do not agree with the Government's conclusion on this particular issue.

I accept that energy production has fallen by over a half since 2000, that we are back to pre-North sea oil levels of imports and that we are obtaining an increasing volume of gas from Qatar to heat our homes. I accept that renewable energy remains at a smaller level of energy generation than we would all hope, although it has grown massively from negligible levels just a few decades ago. Even as a fracking sceptic, I accept that there is a debate to be had on how we continue to keep our homes warm, our cars moving and our factories working.

Rachael Maskell (York Central) (Lab/Co-op): City of York Council policy is to not have fracking, yet INEOS Upstream is at its heels. In Kirby Misperton, 99.2% of the community in a survey said they did not want fracking, but fracking is now going ahead. Is it not vital that we listen to the community and also the environmental protectors, who are there night after night and day after day protecting that site at Kirby Misperton, wanting to ensure that those environmental standards are upheld?

Mrs Anne Main (in the Chair): I point out that the interventions are incredibly long—they are becoming mini-speeches. I ask that the hon. Member be given the courtesy of being able to continue his speech.

Lee Rowley: I agree with the hon. Lady in terms of the importance of local communities being taken along with the country as a whole when it comes to fracking. Whatever people's views are on fracking, there is certainly a job to be done on that.

Notwithstanding all the challenges to national policy I have described, that does not mean that we should automatically default to being in favour of fracking. In the main Chamber today we heard other examples of how we can improve and make better use of energy through new tax breaks and by trying to re-stimulate North sea oil. I welcome such activity, but I do not believe that the United Kingdom is so far having the conversation that it needs about the impact that fracking will have in some areas, such as mine.

In addition, we have not understood properly the issues that will be created for nearby residents, for businesses that need to continue to operate on a daily basis and for communities who will live in the shadow of the kind of proposals put forward for North East Derbyshire. Even if one agrees with the principle of fracking—I respect absolutely those who do, but that is another discussion we do not have time for now—that does not mean that fracking is appropriate in all circumstances or all places, or that it should be supported in all instances. That is the crucial point for me. Fracking is a highly intense, high-impact, large-scale set of activities, often but not always in rural areas, and it will change the nature of our countryside for decades. It cannot be the case even for the most ardent of its supporters that fracking is appropriate everywhere. If it should not be done in some places, I am positing that it should not be done in north Derbyshire because it is inappropriate there.

Ruth George (High Peak) (Lab): As the MP for a constituency that is also in Derbyshire, I accept the valid points that the hon. Gentleman is making. Is it not most regrettable that the Government have passed policy meaning that even if county councils reject an application for fracking, that will almost certainly be overturned under the Government's guidelines and therefore the views of communities are not being taken into account?

Lee Rowley: I understand the point that the hon. Lady is making, but I am not sure that I necessarily agree with her conclusion. There have obviously been some places where the planning inspector has rejected the rejection of the planning authority, but in others the planning authority accepted the application in the first place or the planning inspector has not yet made an absolute decision. I do not think it is as cut and dried as the hon. Lady suggests.

I have no doubt that I will be labelled a "nimby" for what I am saying in this debate. It might be said that I do not like it just because it happens to be in my part of the world and that I would not be here right now if it were not for the fact that the field that it is being proposed to dig up is in the middle of my constituency. Many of my constituents would have absolutely no time for those sentiments. North East Derbyshire is not full of nimbys. We have spent most of the past four centuries digging up coal, oil and gas in order to support people, to heat their homes, to allow them to drive their cars and to enable them to ensure that their factories still work, and we have lost men, sacrificed health and

scarred our landscape as a result. On a personal level, both my grandfathers worked down the pits; one died as a result of the health injuries that he incurred down there, and the other lost his leg. Many of my constituents worked in the production of energy for many years. The last coal mine in my area closed within living memory. I have sat in living rooms that have lamps from 40 years ago, collected when the mines were still open, surrounded by the memorabilia of those coal mining areas, which are now saying that they do not want fracking in their part of the world.

We are not nimbys. We have looked at the proposal in our area and we have concluded that Bramley Moor is a thoroughly inappropriate place to undertake this activity. We have rationalised, for good and honest reasons, why we do not want the kind of industrialisation that this would bring. Some in my area have gone further and turned against fracking as a whole; a number would ban it. Whatever the disparate reasons—I do not concur with all of them—we are stronger together as a group and we stand as one and say in unison: we do not want the Bramley Moor Lane application; we do not need it; and we should not have it.

Mr Clive Betts (Sheffield South East) (Lab): Does the hon. Gentleman agree that one of the biggest downsides to fracking is the amount of traffic movements involved? While this application does not directly impinge on my constituency, if contractors take a different route through Ridgeway village, it could cause major problems for my constituents as well.

Lee Rowley: I absolutely concur. I will come to traffic in a moment, but I understand that if this application goes ahead, the traffic management plan is likely to propose that it goes away from the hon. Gentleman's constituency. However, I cannot imagine the concerns that lorries going round 90° bends and down one-way streets would create in Ridgeway and Ford, were that to happen.

As I said, the location of this proposal is Marsh Lane, which is a small and picturesque village in my constituency with approximately 800 residents, in the stunning Moss Valley just south of Sheffield. Those constituents have been hugely welcoming of me since my election last June. The village has two pubs, a bustling community and a primary school of about 100 children. This proposal would be just a few hundred metres from where those primary schoolchildren play on a daily basis.

Near Marsh Lane, and also substantially affected, would be the villages of Apperknowle and Unstone, the suburb of New Whittington, the towns of Dronfield and Eckington, the hamlet of Troway and the village of Coal Aston where, if this goes ahead, it is expected that thousands of lorry movements will traverse narrow streets, go round the sharp country bends—as the hon. Gentleman talked about—and go past the frontage of hundreds of houses in order to enable the activities taking place down the road. By any measure, Bramley Moor Lane is a thoroughly inappropriate place to frack.

Picture the brow of a gentle hill, which can be seen for miles around. If this application is approved, a 60 metre-high drill rig will go on the brow of that hill for months to enable the initial drilling. Even when that drilling rig is removed—I accept that it will not be there for the entire time—the planning application confirms

that up to 17 different bulky and highly visible items would remain there for up to five years: a 2 metre-high fence, 4.8 metre-high bunding and fencing, multiple 3 metre-high cabins, acoustic screening up to 5 metres in height, four lots of security cameras of 5.5 metres high, a 9 metre lighting rig, a 10 metre-high emergency vent, a 4.5 metre-high pressure control and a 4 metre skid and choke manifold. This is not a minor incursion into a landscape with similar features. It is the wholesale industrialisation of the Derbyshire countryside, which has never, at least on public record, seen the kind of changes that are proposed. I have spent time in the Derbyshire Record Office going through and looking at maps, and as far as I can see Bramblemoor Lane has had three centuries of agriculture and nothing like the kind of industrialisation that is proposed.

The effort required to start this process is large, imposing and disruptive. If it happens, there will be 14,000 vehicle movements over the next five years. Various road layouts leading to the site would need to be reconfigured, not because the cars using them every day need that to happen but because the huge lorries that would need to come through to set this up cannot get around the corners and the paraphernalia that is already on the road. There would be the removal or reduction of an undetermined amount, but probably up to half a kilometre, of mature hedgerow that has probably been in that location since 1795, when the enclosure Acts created the aesthetic in that part of the world. There would be the installation of permanent lighting across the site, just a few hundred yards away from families and houses, and many more things I could mention, including the impact on animals, flora and fauna; the loss of land likely to have been in agricultural use for centuries; noise impacts; and the potential for air pollution. Whatever our view on fracking, if there was ever a place for it not to go, it would be here.

When I speak with residents they are often in tears about this issue. They are reasonable people and they understand that the United Kingdom needs to make progress. They understand that the Government have a challenge to ensure that we have the energy we need to heat our houses, and they understand that we need to ensure the safety and security of our energy supply going forward. But, respectfully, they are unconvinced by this proposal. A petition on this specific topic has now reached 88,000 signatures. There are 5,000 objections to the planning application alone.

Yet it is my final point that is of particular concern to me, and it was referenced briefly a moment ago. Everything I have described so far is for a single application for a period of up to five years. I hope it does not go ahead; but if it does, my concern is about the wider impact if that drilling is successful and it is determined that Marsh Lane, Bramblemoor Lane, my constituency as a whole and the neighbouring constituencies are appropriate places to frack.

The drilling companies themselves have indicated that, in such an instance, the kind of impact that I have described would be multiplied many-fold over the near area. Up to 30 wells could be accommodated within a 10 km radius, according to the applicant's own leaflets, of which I have copies. That equates to a concrete well pad, machinery and rigs for some of the time, and all the impacts every couple of kilometres, which I have just described. In addition, new pipelines and significant

traffic movements to bring in water will be necessary—tens of thousands of vehicle movements, multiple fracking sites and myriad pipelines, all primarily in rural areas. Whatever our view on fracking, that is a wholesale change to our landscape and an even more pronounced reindustrialisation of an area. Such a planning application for anything else—housing, business or commercial—would be rejected.

The motion states that the House has considered the potential effect of hydraulic fracturing in North East Derbyshire, so we need to consider the noise, the pollution, the traffic, the disruption, the change, the pipelines, the rigs, the well pads, the security, the fences and the impact on that beautiful part of the world. The residents of my constituency have considered it, I have considered it, the villages around Marsh Lane have considered it, and we do not want it.

4.19 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Richard Harrington): As ever, it is a great pleasure to take part in a debate chaired by you, Mrs Main. I thank my hon. Friend the Member for North East Derbyshire (Lee Rowley) for securing the debate and the other hon. Members for their interventions. I am afraid that I do not know his constituency personally, but I say to the Opposition Members from Sheffield that I was brought up in Attercliffe in Sheffield, so I know the area quite well. *[Interruption.]* It is not the posh bit, it would be fair to say. Apart from my memories of Castle Market in Sheffield, where my father had his market stall for most of my childhood, I have no local knowledge, but I have listened carefully to my hon. Friend.

I accept that this is not really a debate about fracking versus not fracking—a topic that this Chamber and the main Chamber could discuss for several hours, if not several days—but I want to put on record my view that shale gas clearly has the potential to power growth, support thousands of jobs and provide a new energy source. My hon. Friend the Member for Southport (Damien Moore) said that fracking has its plus points and makes us less reliant on imports from abroad, and so on. I felt that point was well made, and it does have to be made.

As my hon. Friend the Member for North East Derbyshire is aware, it is not really for me to comment on the Marsh Lane planning application. That is exactly what our local planning system is for. However, having heard from him in his eloquent remarks about the number of protests in the area against the petition and all the official responses, I feel that while my job has its contentions, I would not like to be one of the local councillors on the evening when that is considered.

It is for me to mention some of the matters that a local planning authority should consider when making its decision. Planning is a quasi-judicial process and any planning decision should be taken in line with due process and a fair hearing. To ensure that the local community has had the opportunity to raise any material considerations, the planning authority will seek views from the local community—as the planning authority presumably has, given what my hon. Friend said. That provides, quite properly in a democratic system, precisely the platform for the kind of process that he mentioned.

Rachael Maskell: Given that 99.2% of people around Kirby Misperton raised serious concerns in the consultation, how can the community have a voice when it was completely ignored and the fracking went ahead?

Richard Harrington: I am afraid that I do not know about that particular application, but we have been discussing the local planning procedure and I am sure that the officers and councillors of that area would take that into consideration—*[Interruption.]* Well, in my experience of a lot of planning applications in my constituency, they do in some and in some they do not. I cannot say that we have had anything like fracking, but in the normal system, that is what the democratic process involves.

The cumulative effect of shale developments need to be taken into account. The national policy is clear: when planning permission is granted for shale gas, the cumulative impact of potentially multiple shale sites has to be considered. My hon. Friend the Member for North East Derbyshire made that point towards the end of his speech. Such sites are not just considered in isolation. That is part of the national planning policy. Local authorities have the power to assess and restrict the cumulative effects of shale sites, which include some points that he made about the adverse impact on the natural or historical environment. The Government's view is that the protections are sufficient.

As with any construction project—my hon. Friend might not want any in his constituency; that is a perfectly reasonable view—there will be some element of disruption. The planning guidance clearly sets out how surface-level considerations—such as noise, dust, air quality, lighting and the visual impact on the local and wider landscape, as well as traffic, which the hon. Member for Sheffield South East (Mr Betts) mentioned—should all be addressed by the local planning authority. That has to be considered. Such authorities, including his own, can refuse the application or impose operational restrictions for that reason or any other that they consider appropriate.

In my understanding, from the research that we did when we found out about this debate, the application at Marsh Lane is not for hydraulic fracturing, but for stratigraphy tests—I hope hon. Members will excuse my lack of a scientific background, but the application is not for hydraulic fracturing.

Ruth George: My constituency also falls under the same local authority. Given that the Minister will ask the local authority to look into all the very valid points raised by the hon. Member for North East Derbyshire (Lee Rowley), if the application is thereby refused by the local authority and is called up before the Secretary of State, will the Secretary of State then give due weighting to exactly the same arguments from the community in contravention of the guidance that has been given?

Richard Harrington: I am not actually making a point about this case; I am saying that there is a duty to look into all these points.

Ruth George: Should the Secretary of State not do so as well?

Richard Harrington: The Secretary of State at the Department for Communities and Local Government—not at the Department for Business, Energy and Industrial Strategy, because this is not dealt with commercially, but as a planning application—does, I am sure, know their duties perfectly well, which in this case are quasi-judicial in nature and, I am sure, include those particular things—*[Interruption.]* Well, they do.

As for the benefits of shale, all our constituents have to consider what the benefits and disadvantages might be, as with anything else. The benefits might include a community benefit fund, for example. In Lancashire, there was an application in which Cuadrilla—another company that does this sort of thing—announced that £100,000 would be given to an independent community benefit fund. Local residents are consulted on this matter. The Treasury recently set out proposals on how the new shale wealth fund will be delivered. I will not go into detail on that, because I know there is very little time left.

Local people are part of the whole system, which could deliver very large sums of money to constituents in these areas. They may decide it is not for them, but they also have the right to decide democratically that it might be. I would not rule that out. That money is in addition to any existing local government funding. It is not there to replace existing projects, but it would improve local jobs and tax revenues, and so on. There are plus points.

The Government will only allow the development of a shale gas industry in a safe way, both for the environment and local people. There are plenty of legal safeguards, through the Infrastructure Act 2015 and other measures. Some environmental issues were mentioned in relation to mining in previous generations, including flooding, all of which the ancestors of my hon. Friend the Member for North East Derbyshire would have suffered from, so those are already in the system. We have banned fracking from many valuable areas such as national parks, the broads and areas of outstanding natural beauty.

I wish I had more time, but I will conclude by saying that, if successful, the shale gas industry could have good points for the country, but as with anything else there is a balance between supporting the industry and protecting the countryside. There is flexibility in the local planning system to ensure that the views of local communities are considered and that local planning authorities take into account the particular characteristics of a proposed site—that is why it is a “local” system. The Government are keen to see shale gas go ahead in the UK, because we want the opportunity for the country to benefit from it, but I fully accept all the points made by my hon. Friend. I congratulate him on making those points—everything he said has been carefully noted.

Question put and agreed to.

Public Country-by-country Reporting

4.30 pm

Nigel Mills (Amber Valley) (Con): I beg to move,

That this House has considered public country-by-country reporting.

I thank the Minister for being here. Today is a busy day for the Treasury, so I am grateful that he has found the time to respond to the debate. I also thank him for some of the measures that we heard earlier in the Budget, especially on the challenge that the digital economy and large companies pose to our tax system and the further measures to try to ensure that they pay all their VAT. We have been asking for those measures and it is great to see some progress. It shows that we all share the same goal: we want the largest companies to pay their fair share of tax in all the countries in which they operate. Any measures we can bring into force to do that will be greatly welcomed and that is exactly what we are trying to achieve here.

We are pressing the case for the largest companies operating in the UK to publish the country-by-country reporting that they are already required by the Government to do privately for HMRC, so that we can all see exactly where they are making their profits, where they have employees, where they have sales revenues and what tax they are paying on a territory-by-territory basis in all the key territories in which they operate. I strongly believe that the only way we will make real progress on these issues is to make companies publicly accountable so that they have to publish what they are doing and where, so that we can all see it and challenge them. If there are no adequate explanations for why they are reporting large profits in territories with very few employees, very low revenue and very few assets, perhaps we will have to conclude that they are doing that just to avoid paying their fair share of tax. We can all make a sensible buying decision on whether we wish to use those companies at all.

We will not achieve the solution that we want—everyone paying their fair share—by expecting HMRC to do all the compliance work and to challenge every company that is out there operating in the UK. We have to find a way to change the behaviour of the largest companies and to show that we do not believe that the use of aggressive tax avoidance, artificial structures or territories in which they have no substance is an acceptable way to behave. If we can achieve that behaviour shift, it will be far easier for us to collect the taxes that we want. I do not think there is any disagreement on that between hon. Members here who campaign on this subject and the Government; it is what we all want to see. The Government have followed exactly that approach in recent years.

This year, the Government are requiring very large businesses to publish their tax strategy and set out their approach to tax risk, tax compliance and tax planning. The reason for that was not to put an exciting document out there for tax professionals to argue about, but to make the highest levels of management at those companies think through their tax policy and their relationship with HMRC and set those out in a public document that we can all read and challenge. The aim was to improve their behaviour on the basis that the more sunlight we can shine on such issues, the more likely it is

that we can change behaviour. We are not asking for a quantum shift from the Government's existing approach, or for a huge amount of extra work on behalf of those companies, or for companies to put incredibly sensitive commercial data in the public domain. We are asking for an extension of the existing process, so that it includes this most important information: exactly how much money they are making in each territory and how much tax they are paying there.

Dr David Drew (Stroud) (Lab/Co-op): The hon. Gentleman makes a compelling case. I asked two parliamentary questions last month about the Government's strategy on country-by-country reporting. In both answers, the Government referred to the fact that they are making deliberations within ECOFIN, which is fine while we are members of the EU. Does he know what the Government's strategy might be when we are no longer members?

Nigel Mills: That might be slightly above my pay grade, but I am grateful for the hon. Gentleman's questioning of that situation. That is the challenge we put to the Minister today.

The Government have already imposed a requirement on the largest companies operating in the UK to give that information to HMRC. Two years ago, they accepted an amendment from the right hon. Member for Don Valley (Caroline Flint) to take the power to make that information public. Today, we ask the Government to set the date by which they will start to require that information to be in the public domain, maybe as a backstop so that if EU discussions on doing it multilaterally have not worked by—I do not know—the middle of 2019, we will require UK companies to start doing it and we will take the lead in that situation. That would be consistent with the timing of our departure from the EU.

I think we all agree that the ideal situation would be multinational and multilateral—preferably an OECD or a G20 requirement—so that most of the developed world was doing it. If we cannot have that, we would like the EU to do it. We would like the EU proposal to do something similar to what we want, but it does not entirely do that because it includes disclosures only for EU countries and countries it prescribes as tax havens. We would like a proper territory-by-territory disclosure of all the countries that are material to a company's operations. That EU proposal is stuck, however; it is not happening any time soon. We want the UK to set an example and show the EU and the world that we are prepared to lead on this. We are the largest financial centre. We have huge numbers of very large companies listed on our stock exchange. It is right that we set an example and say, "This is the kind of transparency we expect if you want to operate in the UK and be listed on our stock exchange."

The Minister and his predecessors have argued that public reporting could be a bad thing for the UK for various reasons, such as that it would make us less competitive. I am not convinced by those arguments. I will run through some of the disclosures that we already expect from our largest companies. Under international financial reporting standard 8 on operating segments, large companies must produce in their financial accounts an analysis by the key operating segments of their

[Nigel Mills]

revenues, profits and all manner of other things. I am sure that before that standard came in they would have argued that that was incredibly sensitive commercial information, which they should not have to produce—but they do. Paragraph 33 of IFRS 8 sets out that companies need to provide

“analyses of revenues and certain non-current assets by geographical area—with an expanded requirement to disclose revenues/assets by individual foreign country (if material), irrespective of the identification of operating segments”.

There is already a rule out there for very large companies, especially those listed on the stock exchanges that use IFRS, that they have to publish that information in some form. We are not expecting them to do something dramatically different, but to publish that in a coherent format where we can see and understand it.

I would go further and say that over the last few years, we have so increased the requirements for what we expect large companies to disclose that that level of information by territory would not be a significant increase. In 2013, statutory instrument No. 1970 introduced a requirement for companies to produce a strategic report that has to include

“a fair review of the company’s business, and...a description of the principal risks and uncertainties facing the company.”

It must be

“a balanced and comprehensive analysis of...the development and performance of the company’s business during the financial year”.

It must also set out

“key performance indicators, including information relating to environmental matters and employee matters.”

To expect companies to come out and say what their KPIs are, how they performed against them, and set out the key risks facing them—they are quite wide-ranging disclosures. It shows that we have moved ever onwards in expecting companies to report on their corporate social responsibility, hence all the requirements that we have imposed on companies such as giving details of their employees and the gender pay gap, commenting on their environmental performance, and the transparency requirements about corruption, bribery and anti-modern slavery. I do not think that most of our constituents regard tax as different from corporate social responsibility; they see paying a fair share of tax as part of a company’s responsibility. If we require companies to report on so many other worthwhile things, why not require them to report how much tax they pay in each territory? If they are paying the right amount, they can show that transparently; if not, they can explain why not.

The concern that requiring public country-by-country reporting would dramatically disadvantage UK companies or scare them off from having head offices here is an overreaction. In fact, it would be a sensible extension of existing requirements, including those for segmental reporting or for a tax note that explains the difference between the rate paid and the statutory rate. The information currently published is so limited, hard to understand, condensed and—some might say—twisted that no one can make any sense of what companies are doing. In cases where a company operates in a jurisdiction with an average effective rate of 25% but pays 3%, that information is not readily available to us.

The advantage of requiring public country-by-country reporting is not only that it would change companies’ behaviour, but that it would restore people’s confidence that our tax system is fair, that companies are paying the right amount of tax, and that we are doing all we can to collect it. If we imposed such a requirement on the large companies that are sheltering their profits in places where they have no real presence, I suspect they would stop doing it. That would boost confidence by allowing us to see from companies’ disclosures whether they have been caught by the rules and required to pay extra tax. It would also show us the exact scale of aggressive tax-abusive behaviour. Most multinational companies are probably not engaging in such behaviour; they probably just want to know the right amount of tax to pay per territory and get on with running and growing their business.

Restoring confidence and belief in our tax system is extremely important, particularly to the UK as an outgoing, exporting, global economy with a lot of intellectual property assets and a commitment to science and research. We do not want the world to move to an aggressive tax that attempts to clobber companies on turnover without looking at their real profits per territory. Our UK businesses will lose if we do not get the level of confidence right. If we cannot find a way of enforcing our rules, changing behaviour and restoring public confidence, Governments around the world will have to take other action to recover revenue. In the long run, it is absolutely in our interests to get this right, which we can achieve only with sunlight and transparency.

I commend the Government for the position paper they published today on the challenge to our tax regime posed by the digital economy. It includes some sensible ideas, such as charging tax on royalties paid offshore. Its second paragraph points out that the Government have taken “bold unilateral action where needed”

to tackle the issue. That is exactly what we need on transparency: bold unilateral action. If we cannot agree on an EU-wide approach within a sensible timeframe, let us set a date for taking the lead and setting an example. I am not fixated on any particular date—if we need until 2019 or 2020 for negotiations, I accept that—but will the Minister tell us the Government’s backstop date for getting a multilateral deal? If they cannot get such a deal, when will they act, unilaterally if necessary, to impose this policy in the UK?

4.44 pm

Caroline Flint (Don Valley) (Lab): I am delighted to serve under your chairmanship, Mrs Main. I thank the hon. Member for Amber Valley (Nigel Mills), my colleague and friend, for securing and introducing this debate. I will focus on the case that investors are now making for public country-by-country reporting; an interesting development is that more and more investors are concerned about the behaviour of the companies they invest in, including whether they are paying their fair share of tax on their economic activity around the world.

Principles for Responsible Investment is a United Nations-backed organisation with more than 1,860 signatories—asset owners, investment managers and service providers. It is trying to develop a dialogue with firms about responsible tax strategies. Its website defines its mission as follows:

“Responsible investment is an approach to investing that aims to incorporate environmental, social and governance (ESG)

factors into investment decisions, to better manage risk and generate sustainable, long-term returns.”

Its guidance for dialogue with firms includes the following observation:

“An aggressive corporate approach to tax planning should be a concern to investors as it can create earnings risk and lead to governance problems; damage reputation and brand value; cause macroeconomic and societal distortions.”

Under the subheading “Why now?”, it further observes:

“Stronger enforcement around the world and increased media and civil society scrutiny have made multinational companies much more vulnerable to unexpected tax assessments and increases in tax liability and reputational damage.”

In a section headed “Transparency on tax strategies, tax-related risks and country-by-country activities”, PRI’s working group on tax disclosure makes the following recommendation:

“Detailed reporting would provide an overview of...country-by-country reporting details, including a list of all subsidiaries and their business nature...as required by the appropriate OECD-BEPS templates”.

That would be helpful. The welcome dialogue encouraged by PRI is a sign that awareness of the implications of aggressive tax avoidance is growing and that investors want to know more about company tax strategies.

Last night, I was at a dinner organised by Fair Tax Mark and SSE to discuss approaches to tax transparency with other companies, including investment organisations. It was interesting to hear from a number of firms that increased openness about how much tax they pay and why has become an important part of boards’ discussions and has benefited how boards approach the issues. A number of representatives also pointed out how positively their own workforce had responded to increased openness, because it made them feel good about what their employers were doing—not only creating jobs, but putting something back for the wider good of the communities where they work and create wealth.

As MPs, we often receive information from companies in our constituencies and elsewhere about how much they contribute to the public good in the United Kingdom. They should be praised not only for the jobs and wealth they create, but for what they put back into communities. Firms put money into the environment, encourage their employees to be volunteers, and make efforts in many important areas; a number of children’s football teams local to me have benefited from football strips funded by corporate concerns. However, what I want to hear more than anything else from companies in my constituency and multinational companies in London or our big cities is how transparent they are about the tax they pay. That needs to be the headline, because any doubt that they are paying their fair share of tax undermines all their good work for the public and the community.

I believe the world is moving towards greater transparency. I would be interested to hear the Minister explain, when he replies to this debate, why companies in the extractive and financial sectors already have to put this information into the public domain and why they do not see that as a risk in terms of competition. They have accepted that it is something they have to do. Why is it okay for the companies in those sectors to provide this information, but somehow there is a barrier to other companies in other sectors joining forces and providing this information?

When the Minister sums up, I would love to know what level of multilateral co-operation is necessary. How many other countries does it take to form a critical mass and enable the UK to move forward? Should this be through the EU or through the UN? It would be really interesting to know what threshold we are working towards to bring into being the enabling power already contained in the Finance Act 2016—because the Government adopted my amendment, which was a cross-party amendment—to introduce country-by-country reporting.

I really believe that the world is moving towards greater transparency, and the Government have a choice, as my friend the hon. Member for Amber Valley said. Is the UK going to be a leader or will we just follow the pack?

Mrs Anne Main (in the Chair): Before I call the next hon. Member, let me say that there are three Members who wish to speak, and I will begin calling the Front Benchers at 5.10 pm.

4.51 pm

Luke Graham (Ochil and South Perthshire) (Con): It is a pleasure, Mrs Main, to serve under your chairmanship—sorry, chairship. Or is stewardship the right phrase? Apologies.

I will try to keep my comments brief. I commend my hon. Friend the Member for Amber Valley (Nigel Mills) for securing this debate. As an accountant—I refer people to my entry in the Register of Members’ Financial Interests—I am genuinely delighted to speak in this debate. In the light of the Paradise papers, it has become increasingly clear that this issue needs to be addressed. Currently, multinational enterprises are not required to publish the details about the amount of tax they pay in each country that they have operations in, as hon. Members have already mentioned.

As we have heard, the Government have a strong record of closing tax gaps, increasing some of the tax revenue and bringing down the tax gap in our country. Proposals put forward in 2016 introduced provisions requiring multinationals to provide Her Majesty’s Revenue and Customs with an annual country-by-country report, showing how much revenue and profit they earn, how much corporate income tax they pay, and their total employment, capital, retained earnings and tangible assets. That will help HMRC, but that information will not be made public, which will not promote the trust and transparency that other hon. Members have called for.

The debate has therefore shifted, quite rightly, to whether we introduce the public country-by-country reports, and whether we should do so unilaterally or on a multilateral basis. Although acting unilaterally would obviously give us some thought leadership, it could put us at a competitive disadvantage, especially going into the era of uncertainty over Brexit movements.

The UK Government have a strong record of leading tax reporting and combatting tax evasion efforts internationally. They have established quite a comprehensive and effective model, and they initiated some of the country-by-country reporting during Britain’s G8 presidency in 2013. The UK was also the first country to commit to implementing the OECD model for country-by-country reporting, with the provisions in the Finance Act 2016, which have already been referred to.

[*Luke Graham*]

This is not just a British problem. I am sure that hon. Members have read plenty of reports from our cousins in the United States, where it is estimated that \$1 trillion in commercial returns is being held overseas rather than being repatriated to America. That money could go towards restoring half the infrastructure across the entire United States, so there are real gains for countries if they sign up and help with some of the thought leadership on this topic.

This is a timely debate, because in our increasingly connected world—both physically and digitally—transparency becomes more and more important. It is important to my constituents, including business owners, in ensuring real trust in who they are doing business with and how they are doing business, not only in the United Kingdom but elsewhere around the world.

In a previous life, I had the pleasure to work with His Royal Highness the Prince's Accounting for Sustainability Project, which champions increased reporting requirements, mostly on environmental and social measures. It also champions examples of best practice internationally, to ensure that companies are reporting in the most transparent way and to the highest standards of international practice. Its sister organisation, the International Integrated Reporting Council, has led the way in setting international standards and bringing companies, Governments and other public bodies together to champion and share best practice and to show some of the real returns for investors and customers alike.

As we have seen our economy change, intangibles have become increasingly valuable to companies and investors. I was working on a project just two years ago, and it was estimated that around 80% of the value of the Standard & Poor's 500 was being held as intangibles rather than as tangible assets. When we start to consider the consequence of these intangibles, it becomes increasingly important that around the world companies need to be as transparent as possible, not only about the physical capital they hold but about their human and social capital.

Clearly, the best approach is to continue pursuing this as an international goal. The Government are right to seek international support—I will support my hon. Friends whenever I can to gain that support—to ensure a comprehensive and effective model for public country-by-country reporting. To that end, I was pleased to note that the European Commission has proposed public country-by-country reporting at EU level, which I know the Government support, and I hope that, regardless of the outcome of Brexit, we will continue to work together to achieve that with the EU and other international organisations worldwide.

4.56 pm

Dame Margaret Hodge (Barking) (Lab): It is a pleasure to speak before you this afternoon, Mrs Main. I join others in congratulating the hon. Member for Amber Valley (Nigel Mills) on securing this debate. I also congratulate my right hon. Friend the Member for Don Valley (Caroline Flint) on actually getting this practice on to the statute book in 2016.

I will just add, very briefly, to what has been said so far. It is great that there is consensus this afternoon across the parties, and that kind of consensus is what I

have encountered in many of the discussions that I have had on these issues. I hope that the Government will listen and act on that consensus in a way that would win support among the vast majority of Members of this House and outside this House. My only quarrel with the hon. Member for Amber Valley is that I do not think that would be taking unilateral action; I think we would be showing bold leadership if we were the first to act in this area.

I want to make three brief points. First, one issue arising from the Paradise papers that has not been raised, and for which country-by-country reporting would be an important part of the answer, is that corporations and companies were revealed to be seeking locations for their business in a way that would create artificial financial structures that existed simply for the purpose of avoiding tax. Apple received some coverage in the papers, but it is utterly awful that all Apple's activity outside the USA is now housed, I think, in Jersey and is worth, according to what we can uncover, £252 billion. It is very difficult to find what Apple's rate of tax is, but one of its companies—according to the European Union, I think; no doubt my hon. Friend the Member for Oxford East (Anneliese Dodds) will make this clear from the Front Bench—ended up paying a rate of tax of 0.005% on its earnings here.

It is clear from the Paradise papers that Apple sought to find a financial structure that would allow it to avoid paying tax in those jurisdictions outside America where it carried out its economic activity and secured its profits. One of the purposes of transparency in country-by-country reporting would be to see where Apple was undertaking its economic activity and therefore where it should be taxed. Over half of Apple's business is outside the USA; it is simply not getting taxed in the places that it should be.

The other company is Nike. Anyone who buys a pair of Nike trainers in any UK shop would think that the tax was paid here, but it is not. It used to go to Holland and it then ended up, in a complicated way, in Bermuda. Since then, a new structure has been invented: Nike Innovate C.V. It is a virtual entity; it does not have a location. It is not based anywhere. That structure enables Nike to avoid paying the tax that it should in the jurisdictions where it carries out its business and makes its profits. The big corporations would not be able to carry out their business in the way they currently do, as revealed most recently through the Paradise papers, if we had transparent, open, public country-by-country reporting.

The second thing I want to talk about is collecting money from tax avoidance. I hope the Minister will give us a bit of information in his response, as I am rather tired of hearing from the Prime Minister, the Chancellor and the Minister about how brilliantly this Government are doing at collecting that money.

The Financial Secretary to the Treasury (Mel Stride)
indicated assent.

Dame Margaret Hodge: The Minister is nodding his head, but the Government should be honest with us. The figure of £160 billion that is currently used—I have heard it used time and time again—is simply an HMRC estimate of the money due from tax avoidance that it has uncovered. It does not tell us how much has been collected or how much has been added to the coffers.

Since the Minister used the figure in a debate last week, I have tried to identify how much we have actually got in. I have asked everybody. I have asked the National Audit Office and the Library. I have tabled questions to the Minister, to which he has yet to reply—perhaps he will reply this afternoon. No one actually tells one how much has been collected in tax avoidance. My guess is that it is a tiny, minute amount of that £160 billion that the Government claim they have got in. Please be honest with us. A little bit of honesty will enable us to have a proper debate.

The final point I want to make, adding to what others have said, is that if the Minister showed the bold leadership we want him to show by having public registers of beneficial ownership, he would be incredibly popular. I would have thought that there could not be a better time than now for Conservative Members to try to gain some popularity. I will give three examples of what has happened recently. After the release of the Paradise papers, the Tax Justice Network launched a petition that gained more than 200,000 signatures. It has now presented that petition to Downing Street. Oxfam did some polling that showed that eight out of 10 members of the public think that multinationals with UK headquarters should publish information publicly about the size of their profits, where they are made, what taxes are paid and the countries in which they operate. Some 70% of Conservative voters believe that the Government should be more active in tackling tax avoidance by companies. Some 80% of Conservative voters are in favour of tougher transparency rules for companies.

The final survey I wanted to refer to was of the FTSE 100. Four out of every five of the top 100 FTSE companies would not oppose the introduction of a legal requirement to make their country-by-country reports public. In fact, a large number would support it. The hon. Member for Amber Valley eloquently made the point that the reporting requirements in other legislation to date are pretty open. Why not put this requirement into the mix? It is supported by the analysis.

This is the fourth debate on these issues in the past month that I have participated in, and I will carry on holding such debates time and time again. I am sorry if the Minister feels it is not the best use of his time, but we will carry on doing this. This is a campaign we are absolutely determined to win, and part of that campaign is public country-by-country reporting.

Mrs Anne Main (in the Chair): I remind Members that I will call the Front-Bench spokesman for the Scottish National party at 5.10 pm.

5.4 pm

Dr Rupa Huq (Ealing Central and Acton) (Lab): I congratulate the hon. Member for Amber Valley (Nigel Mills), my trusty co-chair on the all-party parliamentary group on anti-corruption, on securing this highly relevant and timely debate, given that it is Budget day. I also congratulate him on his thoughtful opening speech.

With last year's Panama papers and then the Paradise papers the other week, there is a sense that systems of international finance and taxation seem to be working for the benefit of individuals with access to vast wealth and an army of lawyers, rather than—to coin a phrase—for the many, not the few. We are in the grip of a culture of secrecy and silence in our overseas territories and Crown

dependencies, enabling tax avoidance and evasion on an industrial scale. It looks suspiciously like there is one rule for the super-rich and another for the rest of us.

Lord Sugar has blamed “bad advice” for the fact that these sitcom celebrities, sports stars, pop stars, the Duchy of Lancaster and all those other people have been caught up in the latest whirlwind. Lord Sugar said that tax avoidance is un-British and that we are blessed to be

“in a country that has a police force, a National Health Service, an army...and all the good things we get here.”

To the delight of Transparency International, Christian Aid and Global Witness, we were promised Government action by David Cameron in the flurry of the 2016 anti-corruption summit, but the Government seem to have fallen disappointingly short. Country-by-country reporting, which we are addressing in particular today, is an issue that I first came across as a candidate in 2015. Before I was elected, I experienced my first mass email petition from potential constituents. It was called, “What will you do to crack down on tax dodging?” I assured them I would insist that multinational companies are required to publish details of the amounts of tax they pay in their countries of operation.

As soon as I was elected, I was happy to back the “show us the money” amendment tabled by my right hon. Friend the Member for Don Valley (Caroline Flint). When the Criminal Finances Bill came before the House, I spoke from the Opposition Front Bench on the need for public registers of beneficial ownership. Then we had the snap election and the legislative provisions were swirled into the vortex of wash-up. For this Government, “could do better” is perhaps an understatement. In 2012, David Cameron declared that organisations investing in complicated schemes

“to just minimise their tax rates is not morally acceptable. Some of these schemes...are quite frankly morally wrong.”

Even if he acted within the letter of the law, the behaviour of Bono of U2 was close to the edge.

Financial secrecy feeds into legal and illegal approaches to not paying a fair share. Last year the Conservative Government said that all countries needed to reach a gold standard of public registers of beneficial ownership, yet there has been a palpable rowing back. Now the Foreign Office only expects UK tax havens to go down that road when it becomes a global standard. Montserrat has already committed to put in place a public register. We have a duty to justify our claims to be a global leader on transparency and anti-corruption by facilitating that, rather than ducking the challenge in a dereliction of duty. The tax abuse in the Paradise papers and the corruption in the Panama papers are two sides of the same coin of financial secrecy. In both cases the Government's stated intentions are undermined by their willingness to tolerate offshore financial secrecy.

The Cameron Government at least made the right noises. I have to see the detail of what was announced in the Budget statement, but I am cheered by the idea of extending offshore time limits. Until now, however, the Prime Minister—who is often responding to events rather than mastering them, being in office but not in power, and all that stuff—seems to have had a comparatively lackadaisical attitude.

Luke Graham: Will the hon. Lady give way?

Dr Huq: I will not, because I only have a couple of seconds left and I have more to say.

We were promised an anti-corruption strategy by 2016, and now we are hearing it will be 2018. The other day, in one of the many debates of my right hon. Friend the Member for Barking (Dame Margaret Hodge), a question was asked about the anti-corruption tsar. It used to be Eric Pickles, but the Government seem to have forgotten that the post even exists.

As a London MP, I am acutely aware of the housing crisis in our capital. The UK property market seems to be skewed by the apparently uncontrolled flow of anonymous and potentially laundered money from those secrecy jurisdictions. I know a stamp duty exemption has been announced, but the Office for Budget Responsibility is already saying that it will only inflate prices rather than address the real problem.

Mandatory disclosure of payments and operations on a country-by-country basis mitigates political, legal and reputational risks and generates timely, disaggregated and easily comparable data. Companies should ensure high levels of corporate transparency since that also allows citizens to hold them accountable for the impact that they have on communities. One international tax avoidance scandal might look careless; two starts to look like something of a habit.

Rather than hiding behind the jargon of the written answers we have had up to now, the Minister must tell us today what is being done concretely by the international community to reach agreements on multinational firms filing public reports on their dealings, country by country. When does he expect to reach a multilateral agreement under which the UK may adopt public country-by-country reporting? I thank the media for exposing this stuff by shining a light into murky corners—not necessarily leaking, but turning on the tap in this instance. Warm words are not enough; we need action now.

5.9 pm

Deidre Brock (Edinburgh North and Leith) (SNP): It is a pleasure to serve under your chairship, Mrs Main. I commend my former colleague on the Public Accounts Committee, the hon. Member for Amber Valley (Nigel Mills), for securing this debate and adding his voice to calls for—I think this was his phrase—the clear sunlight of transparency, for territory-by-territory reporting, and for the UK to show the world that it leads on this issue by example. I particularly noted his comments on how companies already have significantly greater requirements nowadays to comply with duties such as corporate social responsibility, and his questioning of how those responsibilities differ from their responsibilities to pay tax.

It is also important to recognise the contribution made by the right hon. Member for Don Valley (Caroline Flint) over the past few years. She, too, has done much to make sure that the issue has stayed front and centre. I particularly note the concessions that she squeezed out of the Treasury last year, including the amendment to the Finance Bill that paved the way for more transparency. I also recognise the right hon. Member for Barking (Dame Margaret Hodge) and all the work that she did in her time as Chair of the Public Accounts Committee.

The right hon. Member for Don Valley spoke of the increasing number of investors calling for companies to come clean over the amounts of tax they pay, and of the significant reputational damage that they can suffer if

found wanting. That is a really important point. She also asked how many countries need to sign up to greater transparency before the crest of the wave is high enough to force real action. The right hon. Member for Barking noted and welcomed the cross-party nature of the support for these proposals that has been a distinguishing feature of all the debates around this issue. She called for leadership and a real willingness to step up as the first country to really take on these measures.

Jim Shannon (Strangford) (DUP): Does the hon. Lady agree that it is essential that multinational companies simply do the right thing and pay what they owe for the benefit of the nation—something that small and medium-sized businesses do throughout this nation every day of the week? Such payments allow them to have the freedom to trade and make money. There is a moral obligation to deliver those payments, and they should.

Deidre Brock: I echo the hon. Gentleman's call, and agree that there is a moral obligation. We clearly need rigorous regulation, to create a tax system that is fair and works for everyone. The hon. Member for Ealing Central and Acton (Dr Huq) spoke of offshore financial transparency, or lack thereof. She referenced the Paradise and Panama papers, and called for the long-awaited anti-corruption strategy to be instated as soon as possible. It will be interesting to hear the Minister respond to that point.

It is also appropriate to note the action—small, but welcome—announced by the Chancellor today about assessing the activities of firms trading here. It is not enough, but it is a start. Profit-shifters—the shape-shifters of the corporate world—seem only too glad to accept the benefits that come from operating in our communities, such as policing, road maintenance, street lighting, and so on, but seem far more reluctant to pay their share of the costs. I appreciate that there are people—some of whom are, or have been, legislators in this Parliament—who also stash cash offshore or use interesting, tortuous schemes to avoid paying tax. Successive Governments have not done enough to stop them. However, corporations that routinely play the three-card trick with their profits are truly appalling. As the right hon. Member for Barking mentioned, the excuses that are routinely offered by Apple, Starbucks, Google, Amazon, and the rest—that they abide by the letter of the law and pay what is demanded of them—stink. Legal or not, the behaviours that they exhibit are immoral; they should be willing to pay for the services they receive.

Paying taxes is the price of getting society's benefits. Companies should be willing to pay, and Governments should be forcing them to pay. Enforcement has to get harder, and investigations have to be tougher. Instead of having so many civil servants chasing down benefits claimants, for example, the Government really must invest more time in the pursuit of tax-dodgers. It is just not good enough that there only 522 officers in Her Majesty's Revenue and Customs' high net-worth unit, and only 518 in the affluent unit. That, of course, measures up against the more than 4,000 officers that the Department for Work and Pensions has, chasing those on benefits for a few pennies here and there. That is not only immoral, but not even good value for money.

Individuals and corporations that dodge tax need to be brought to book, and Governments need to be hunting them. We need international co-operation to

get better results—we could have done with staying in the EU for that, of course—but Governments can and should act now, by starting to force the issue and taxing them properly. Billions of pounds in lost revenue is a huge gap that needs to be closed.

5.15 pm

Anneliese Dodds (Oxford East) (Lab/Co-op): Thank you, Mrs Main, for your stewardship of this debate. I welcome the debate, and congratulate the hon. Member for Amber Valley (Nigel Mills) on securing it, and thank him for his considerable work promoting tax transparency, building on his experience professionally before entering this place. Of course, I also want to hail the work of others in promoting public country-by-country reporting, not least that of my right hon. Friend the Member for Don Valley (Caroline Flint), who has strenuously promoted it many times, and that of my right hon. Friend the Member for Barking (Dame Margaret Hodge), who has ensured that this matter has been promoted consistently by the all-party parliamentary group on responsible tax and many others. I also commend my hon. Friend the Member for Ealing Central and Acton (Dr Huq), who importantly drew our attention to the fact that this is about not only tax transparency, but trying to deal with corruption and money laundering.

I will try to keep my remarks succinct, but I want to first say how pleased I am that we are having this debate, because of the huge amount of public concern around tax matters, as highlighted by other hon. Members. My right hon. Friend the Member for Barking has already referred to public opinion polling that shows that there is enormous support for more transparency around taxation matters, particularly for multinational enterprises. That is particularly important, because public country-by-country reporting enables us to focus on profit-shifting activities. Often when we talk about aggressive tax-avoidance in this place we hear the Government claim that the tax gap is reducing—of course, there is a debate and discussion around that—but their own figures for the tax gap do not cover profit-shifting by multinational enterprises. That is becoming an increasingly large problem, especially with issues around digitisation, which my right hon. Friend rightly referred to.

I remember having a discussion with representatives of Facebook when I was in the European Parliament, before I joined this place. Information about the amount of tax it was paying and how much it paid its staff had been leaked—Facebook had not made it public—and it appeared to be paying incredibly low levels of tax. A representative of Facebook said to me, “Oh, you just don’t understand.” I said, “No, I do understand; I have the figures. I just don’t agree with them—that’s where the difference lies.” I think everyone should be able to have those figures, so they can properly assess them.

As has already been mentioned, in February 2016 the Government required multinational companies to provide their tax details, as well as other details relating to revenue, total employment and so on, to the Exchequer, which was obviously a good first step. Then, in the Budget, the Chancellor maintained that he had introduced new measures to improve large business compliance, including the publication of tax strategies. On that point, we have not seen the level of publication of tax strategies that some of us might have hoped for—I hope that will be coming soon.

None the less, that hook at least enabled my right hon. Friend the Member for Don Valley to table an amendment to the Finance Bill to include public country-by-country reporting. I remind Members of what she said of her amendment, which was passed by this House. She said that it

“will enshrine in law support for the principle of public country-by-country reporting with the power for the Government to introduce when the time is most appropriate.”—[*Official Report*, 5 September 2016; Vol. 614, c. 136.]

That statement includes no qualification that it should happen only when there is multinational agreement on that principle. Rather, my right hon. Friend stated that it should be introduced when the time is most appropriate. I believe that the time is appropriate now, and other hon. Members have articulated very strongly why that is the case.

It is right for the Government to aim to take a lead on this issue. As was mentioned, there is a blockage at EU level at the moment. The European Parliament supports public country-by-country reporting, but there is disagreement in the Council. That is partly because this issue is now bundled in with debates at EU level about having a blacklist of tax havens run by the EU, which is a contentious issue. As a result, we have an opportunity to make a clear statement and push other countries in the right direction by setting an example. In fact, I know the UK has been arguing for disaggregation of figures at EU level. I am pleased to see that, but we now need to show an example. Above all, we need to show how this kind of activity need not lead to comparative disadvantages for our nation—quite the opposite. There is a good deal of existing evidence about the impact of public—

Mrs Anne Main (in the Chair): Order. I ask the hon. Lady to bring her remarks to a close.

Anneliese Dodds: I beg your pardon, Mrs Main; I certainly will do. There is lots of evidence already about country-by-country reporting in extractive industries and in banking. Reports from PwC, for example, have shown it to be very successful for companies; it has not been negative for them. We have the examples of SSE, Pearson and others. It has made business sense, and it would make business sense for the UK as well.

5.20 pm

The Financial Secretary to the Treasury (Mel Stride): It is a pleasure to serve under your chairmanship, Mrs Main, and I thank my hon. Friend the Member for Amber Valley (Nigel Mills) for having secured what I think we all accept is an extremely important debate. I also thank him for the advice he has been able to give me over the months and years on matters as exciting as corporate taxation.

I also welcome my hon. Friend’s support for some of the measures in today’s Budget—this is not an area of Government policy that we are going to be neglecting anytime soon; we are going to be all over this space in a very significant manner. He specifically raised measures relating to VAT and the collection of VAT from those who use digital platforms. We are indeed introducing joint and several liability to make sure that we step up the clampdown on, in that instance, VAT fraud.

[Mel Stride]

The right hon. Member for Barking (Dame Margaret Hodge) suggested that our figures were not durable and questioned the veracity of our numbers. We have secured £160 billion through clamping down on tax evasion and non-compliance, and that figure appears in HMRC's annual report and accounts, which are of course audited by the National Audit Office.

Dame Margaret Hodge: That is not secured money; it is money to which HMRC feels it is entitled but has yet to secure. My experience from the Falciani Swiss leak suggests that intentions do not become reality.

Mel Stride: I do not think the right hon. Lady and I are going to agree on that particular point. One point we might agree on is the tax gap, which is 6%—the lowest in our history. That is the difference between that which we should be collecting and that which we are collecting. It is a world-beating figure, also audited by the NAO. According to the International Monetary Fund, it sets a world standard in terms of robustness.

As you will know, Mrs Main, we have done a great deal over the years in clamping down on tax avoidance and evasion. In the Finance (No. 2) Act 2017, which has just gone through Parliament, we introduced corporate interest restrictions to stop companies shifting profits around by the ingenious use of intra-company loans. We had the diverted profits tax in 2015, which addresses a number of the examples we heard in the debate today. We have been in the vanguard of the base erosion and profit shifting project at the OECD. We are benefiting now from the common reporting standards across 50 countries—rising to 100—so account information is available to HMRC in real time. We are engaged with the EU on mandatory disclosure rules to make sure that we can clamp down on schemes, through those who are party to them.

The right hon. Member for Don Valley (Caroline Flint) raised the issue of the information required from the extraction sector and the financial sector in comparison with the ask on country-by-country reporting. Those are of course different sets of information. In the case of the extraction sector and the financial sector, the information required is significantly less exhaustive than would be the case in country-by-country reporting.

The right hon. Lady also asked a very important and pertinent question about how many countries would need to say yes for us to feel that we could go ahead on a multilateral basis. I suppose that gives rise to other questions, such as which countries and what mix of countries. She can rest assured that as and when, as we hope, we reach the point when sufficient countries say they will sign up, we will be pleased to do so. I add my congratulations to her for the hard work that she did, particularly on the Finance Act 2016, to ensure that her amendment reached the statute book.

My hon. Friend the Member for Ochil and South Perthshire (Luke Graham) spoke about the importance of international standards. He also raised the issue of intangible assets, which is one of the common threads running through the issues of companies shifting profits around. If there is clearly economic activity in a particular place, it is much easier to pin the profits to where that

activity is occurring than if there are, for example, digital companies that are selling substantially into the United Kingdom but basing their operations elsewhere. That can be through royalty payments on intellectual property charges between companies; it is quite possible to avoid tax as a consequence. That is why we announced in the Budget today that we will be looking at introducing the withholding of taxes in respect of royalty payments for IP, where they relate to movements of income between ourselves and very low-tax jurisdictions. We will be looking into that whole area by way of consultation.

I was tickled by the suggestion from the right hon. Member for Barking that she could feed me ideas that would make me more popular within my own party. I look forward to hearing as many of those as she cares to pass my way, because I am very interested in being so popular.

The hon. Member for Ealing Central and Acton (Dr Huq) raised the issue of registers of beneficial ownership across, particularly, Crown dependencies and overseas territories. We have those; they are not public, but they are accessible in real time by HMRC and we have a good record in tracking down people who try to stash money away in, for example, overseas trusts. We have raised £2.8 billion in that respect since 2010. I was pleased that the hon. Lady welcomed the measures in today's Budget that extend to 12 years the time period in which we can go after individuals who have been involved in just that kind of activity.

In my final couple of minutes, I want to focus on the principal arguments. We are not against country-by-country reporting. We welcome the opportunity to move to exactly that situation, but to do so unilaterally will not work, for at least three reasons. It would certainly make the UK less competitive than other tax jurisdictions. I see no reason why any particular business should want to go to a country with that in place as strongly as they would want to go where it is not in place. If it were just us alone, we would also be in the position of not being able to get public disclosure if a UK company had associated non-UK companies in other jurisdictions and not under that company's control. The big advantage of going multilaterally is the standardisation of the standards that we set and the rules and regulations around each particular step.

The Government will continue to work towards bringing in not just country-by-country reporting as we have at the moment, but public country-by-country reporting. I am grateful to my hon. Friend the Member for Amber Valley and all those who have contributed to the debate for helping to inform that discussion.

5.28 pm

Nigel Mills: I thank you, Mrs Main, and all those who have participated in another interesting debate on this issue. Yes, we are all disappointed that we have not managed to move the Government to at least set a backstop date; I suspect that is something that we will have to come back to. Until somebody takes the lead, I suspect this will never happen. We have set an example—we have taken unilateral action on this issue in various other areas. It could be asked, why would a company come and operate in this country if it had to pay a whole new tax that did not apply anywhere else? Well, we have set that example. We probably have a bit of a

case to make. We hear the Minister's arguments and we will keep making our counter-arguments, and I suspect we will be talking about this again sometime soon.

Question put and agreed to.

Resolved,

That this House has considered public country-by-country reporting.

5.29 pm

Sitting adjourned.

Written Statement

Wednesday 22 November 2017

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

The Labour Market and the Economy

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James): The Government are pleased to accept all of the rate recommendations as set out in the Low Pay Commission's autumn report 2017. The Low Pay Commission is an internationally renowned independent and expert body which conducts extensive analysis and stakeholder research in order to make its minimum wage rate recommendations.

The Low Pay Commission has recommended that:

The national living wage (for workers aged 25 and over) should increase from £7.50 to £7.83;

The rate for 21 to 24-year-olds should increase from £7.05 to £7.38;

The rate for 18 to 20-year-olds should increase from £5.60 to £5.90;

The rate for 16 to 17-year-olds should increase from £4.05 to £4.20; and

The apprentice rate (for apprentices aged under 19 or in the first year of their apprenticeship) should increase from £3.50 to £3.70.

The Low Pay Commission has also recommended that the accommodation offset increases from the current rate of £6.40 to £7.00 from 1 April 2018.

We welcome the Low Pay Commission's recommendation of an increase to the national living wage rate such that it remains on path to reach 60% of median earnings by 2020.

Further to this, economic indicators have enabled the Low Pay Commission to be more ambitious when setting the youth rates, within its remit of recommending rates which do not damage the employment prospects of younger workers. Those entitled to the 21-24 age rate will see the fastest percentage increase since 2006. Similarly, those entitled to the 18-20 age rate will see the fastest increase since 2004.

These increases are due to come into effect from April 2018, subject to parliamentary approval. The Government intend to lay implementing regulations before Parliament in due course.

Copies will be available in the Vote Office and the Printed Paper Office and from the BEIS website at www.beis.gov.uk.

[HCWS266]

Petition

Wednesday 22 November 2017

OBSERVATIONS

COMMUNITIES AND LOCAL GOVERNMENT

Law relating to travelling communities

The petition of constituents of Hodge Hill,

Declares that we are blighted by the disruption of travelling communities repeatedly moving onto public green space and causing significant damage.

The petitioners therefore urge the House of Commons to change the law to allow instant eviction, rather than waiting the 48 hours now required by law.

And the petitioners remain, etc.—*[Presented by Liam Byrne, Official Report, 16 October 2017; Vol. 629, c. 687.]*

[P002062]

Observations from the Minister for Housing and Planning (Alok Sharma):

The Government are concerned about unauthorised traveller encampments and the effect that they can have on communities. In order to remove trespassers from open land, landowners must make an application to the relevant Court for an Order for Possession. The procedure for evicting trespassers from open land is contained within Part 55 of the Civil Procedure Rules. Part 55.5 states that:

(2) In a possession claim against trespassers the defendant must be served with the claim form, particulars of claim and any witness statements—

(a) in the case of residential property, not less than 5 days; and

(b) in the case of other land, not less than 2 days, before the hearing date.

Applications in respect of travellers incursions are treated as urgent business and the local court (subject to court capacity) will issue proceedings and set a hearing on the same day, with the hearing fixed for the next available date. Applications can be made to the County Court without notice. In exceptional circumstances, applications without notice can also be made to the High Court.

The time taken to conduct evictions from open land reflects the time required for the legal procedures to be completed and the need to give the defendants time to make alternative arrangements. The Civil Procedure Rules state that the times for service can be shortened further in particular circumstances, such as those concerning assault or serious damage to property. In light of these provisions, it is not considered a change in law is necessary to abridge the times in all cases.

The Housing Minister, Alok Sharma MP, announced on 9 October at the General Debate on Gypsies and Travellers and local communities that the Government intend to issue a call for evidence on the effectiveness of enforcement against unauthorised developments and encampments. We welcome views on whether there is anything that would ensure existing powers can be used more effectively, and will set out further details regarding the call for evidence shortly.

ORAL ANSWERS

Wednesday 22 November 2017

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Wednesday 22 November 2017

	<i>Col. No.</i>	<i>Col. No.</i>
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The Labour Market and the Economy	33WS	

PETITION

Wednesday 22 November 2017

	<i>Col. No.</i>
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Law relating to travelling communities	11P

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