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HOUSE OF COMMONS
OFFICIAL REPORT

PARLIAMENTARY
DEBATES
(HANSARD)

Monday 11 December 2017

HER MAJESTY'S GOVERNMENT

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OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-SEVENTH PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 13 JUNE 2017]

SIXTY-SIXTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES

VOLUME 633

EIGHTH VOLUME OF SESSION 2017-2019

House of Commons

Monday 11 December 2017

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

EDUCATION

The Secretary of State was asked—

Social Mobility

1. **James Cartledge** (South Suffolk) (Con): What steps her Department is taking to enhance social mobility.

[902843]

22. **Nigel Huddleston** (Mid Worcestershire) (Con): What steps her Department is taking to enhance social mobility.

[902865]

The Secretary of State for Education (Justine Greening): We have made significant and ambitious reforms to the education system since 2010. We have expanded childcare provision, raised school standards, transformed apprenticeships and increased university access. We will continue to drive social mobility through the whole education system and beyond into careers. Equality of opportunity is essential to make our country one that works for everyone, not just the privileged few.

James Cartledge: In light of the excellent news that we have seen the best improvement in reading standards in our schools for 15 years, not least due to the excellent work of the Minister for School Standards, my right hon. Friend the Member for Bognor Regis and Littlehampton (Nick Gibb), does my right hon. Friend the Secretary of State agree that no single measure can boost social mobility more than this kind of dramatic improvement in education standards?

Justine Greening: Absolutely, I do. In fact, it was put forward in the teeth of opposition from many Opposition Members. Last week's international reading results showed not only that reading in England has improved for pupils from all backgrounds, but crucially that low-performing pupils are gaining the most rapidly. Just 58% of pupils reached expected reading standards in the first national phonic screening check in 2012. That figure is now 81%. There has been no welcome from the Opposition for this progress.

Nigel Huddleston: Does the Secretary of State agree that the recent Social Mobility Commission report showed that social mobility is an issue not just for inner cities but for our shire counties, including Worcestershire? Is that not further justification for a fairer funding formula to redress some of the relative underfunding of so many of our rural schools?

Justine Greening: My hon. Friend is right. This was an important funding reform to ensure that all children are invested in properly. On opportunity areas, we are focusing our effort on areas of the country with the greatest challenges and the fewest opportunities. We have invested £72 million in opportunity areas, some in rural areas. My hon. Friend is absolutely right to flag up the fact that talent is spread evenly, but opportunity is not. We are determined to change that.

Several hon. Members rose—

Mr Speaker: One Member of the House is so keen to demonstrate her commitment to equality that she is wearing what I will call a rainbow pullover, with the

rainbow symbol of equality. I am referring to the hon. Member for Wakefield (Mary Creagh), to whose contribution we look forward with eager anticipation.

Nic Dakin (Scunthorpe) (Lab): Sixth form colleges are well recognised for their role in delivering social mobility, yet that is now at risk with an underfunding of £1,200 per student, compared with 11 to 16 funding. Will the Secretary of State act to address this before it is too late?

Justine Greening: As the hon. Gentleman will know, we are putting more money into making sure that post-16 education is consistently gold standard, regardless of whether young people follow academic or technical education routes. I am sure he will have welcomed the announcement in the Budget a couple of weeks ago, of extra premiums for maths students.

Sir Vince Cable (Twickenham) (LD): Since the Secretary of State was the only member of the Cabinet to get a pass mark from the Social Mobility Commission, will she now cement her reputation by intervening to stop the catastrophic decline in apprenticeship starts?

Justine Greening: I will set out a social mobility action plan later this week. On the right hon. Gentleman's claims about apprenticeships, starts remain on track to reach 3 million by 2020. There have already been 1.1 million since May 2015. Rather than talking them down, it would be better if he talked our education system up.

Robert Halfon (Harlow) (Con): I congratulate the Minister for School Standards on the incredible work done on young children's reading. On social justice, will my right hon. Friend consider providing 30 hours of free childcare for foster children, in line with those of working parents, by dropping the eligibility earnings cap for free childcare to £65,000 from the existing £100,000 mark?

Justine Greening: The 30 hours free childcare policy has been incredibly popular with parents. Nine out of 10 say they very much like it and welcome it. We are actively looking at the issue my hon. Friend mentions in relation to foster children.

Justin Madders (Ellesmere Port and Neston) (Lab): As chair of the all-party group on social mobility, I am very concerned to read the Social Mobility Commission's report and the subsequent comments from the outgoing chair. Will the Secretary of State, or one of her ministerial team, agree to meet the all-party group to discuss where we go from here?

Justine Greening: I hope the hon. Gentleman will be able to welcome the plan I will set out later this week. I think the time has come for us all to move on from talking about the problem, which we have done a lot for many, many years, to deciding that we have it within us to work together up and down the country to now tackle it.

Tracy Brabin (Batley and Spen) (Lab/Co-op): I agree with the right hon. Member for Harlow (Robert Halfon). Last week the Minister for Children and Families used the 30 hours of free childcare as an example of the

Government's commitment to social mobility. He knows that foster children are some of the most vulnerable, often starting school having already fallen behind their peers, and that many would benefit from access to high-quality early years education. Why have they been excluded from the 30-hours offer, and will the Secretary of State tell us when this discrimination will end?

Justine Greening: I am pleased that the hon. Lady implicitly recognises that the 30-hours policy is a good thing, which, ideally, would be extended to more children. As I just said to my right hon. Friend the Member for Harlow (Robert Halfon), we will be looking at that.

Multi-academy Trusts: Financial Accountability

2. **Mike Hill** (Hartlepool) (Lab): What steps she is taking to monitor the financial accountability of multi-academy trusts. [902844]

The Minister for School Standards (Nick Gibb): Academies and multi-academy trusts are subject to a much stronger financial accountability regime than local authority-maintained schools. Academies are required to publish audited financial accounts annually, and the Education and Skills Funding Agency oversees compliance with the funding agreement. We take swift and robust action at the first sign of failure, either financial failure or academic underperformance. The auditors gave 98% of academy trust 2015-16 accounts a clean bill of health.

Mike Hill: In my constituency, we have suffered significant cuts in central budgets that support the most vulnerable people in our communities. Hartlepool Council has suffered cuts of almost 50% over the last five years, at a time when demands on services continue to rise rapidly. The council has tried very hard to protect frontline children's services, but there has nevertheless been a 14% reduction in funding for them. Can the Secretary of State explain how our most vulnerable children and young people will have increased social mobility, given the significant and growing pressures on social care, funding for those—

Mr Speaker: Order. First, the question is far too long, and secondly, I am afraid that it does not relate to the matter that we are discussing. We are supposed to be talking about the financial accountability of multi-academy trusts.

Nick Gibb: We are spending record amounts on school funding. We are spending £41 billion this year, and that will rise to £43.5 billion by 2019-20. In the new national funding formula, a fair system that previous Governments have shied away from introducing, we give huge priority to funding for the disadvantaged.

Philip Davies (Shipley) (Con): During education questions last month, I raised the case of High Crag primary school in my constituency, which had £276,000 snaffled from its funds by Wakefield City Academies Trust shortly before the trust's collapse. The school is in a very deprived part of the constituency, and, quite understandably, it wants its money back. Will the Minister tell us what he is doing to ensure that that happens?

Nick Gibb: My hon. Friend should know that no academy trust can profit from its schools, and the Wakefield trust will not be able to retain any reserves that it has at the point of dissolution. We are working with all the academies and the preferred new trust to determine what is appropriate support and proper funding.

Mary Creagh (Wakefield) (Lab): I hope that the standard of the question is up to that of the jumper, Mr Speaker, but I fear that it may not be.

Notwithstanding what the Minister has said, the acting chief executive of Wakefield City Academies Trust managed to pay himself £1,000 a day in a company owned by his daughter and to pay £60,000 a year for clerking services. Despite those excessive sums, however, it appears that the audit committee did not meet for a full calendar year to sign off the probity of those payments. How many more academy trusts across the country are in special measures? Into how many more trusts has the Minister sent his special auditors so that they can have a look? He sent them into Wakefield, but he did not tell anyone else about what was going on, leaving the trust to fail in September during the first week of the new term.

Nick Gibb: All related-party transactions must be disclosed, and they are. We are working with the trust to transfer all 21 academies to new sponsors with a track record of improving schools and delivering high academic standards. Those transfers will take place in a way that secures the financial future of each school.

James Heappey (Wells) (Con): The excellent Priory multi-academy trust has been working with King Alfred school in Highbridge, in my constituency, since the school was placed in special measures last year. They have made some very good progress, but the trust's board of directors is nervous about formalising the sponsorship until urgently needed repairs have been completed at the school. Will the Minister meet me, along with representatives of the trust and the school, so that we can resolve the impasse at the earliest opportunity?

Nick Gibb: Yes, of course; I will be delighted to meet my hon. Friend to try to resolve that impasse. We are spending record amounts of capital on our school system: £23 billion in this period.

Mike Kane (Wythenshawe and Sale East) (Lab): I am confused. In 2015 the Education Funding Agency conducted a financial management and governance review of the failed Wakefield City Academies Trust, but the Department refused to publish it, placing the trust's commercial interests above the interests of the 8,500 pupils. So can the Minister answer the question of my hon. Friend the Member for Wakefield (Mary Creagh): how many more MATs are in peril on his watch?

Nick Gibb: As I said earlier, 98% of academy trust accounts for 2015-16 got a clean bill of health. We take the financial probity of the academy system very seriously. All academies have to publish audited financial accounts, which maintained local authority schools do not. The fact that far fewer schools today are rated as inadequate than in 2010 is a tribute to the structural reforms and the academies programme. Currently, 450,000 pupils

are in sponsored academies rated as good or outstanding. Under the watch of the hon. Gentleman's party these schools were typically underperforming, before we turned them into sponsored academies.

Schools: Capital Funding

3. **Stephen Morgan (Portsmouth South) (Lab):** What recent assessment she has made of the adequacy of capital funding for schools. [902845]

10. **Bambos Charalambous (Enfield, Southgate) (Lab):** What recent assessment she has made of the adequacy of capital funding for schools. [902852]

The Minister for School Standards (Nick Gibb): The Government are making a significant capital investment in the school estate: we have committed over £23 billion in capital funding over the period 2016-21. This will create over 600,000 new school places, rebuild buildings in the worst condition at over 500 schools through the priority school building programme, and deliver thousands of projects to improve the physical condition of school buildings. Since 2010, capital funding has resulted in 735,000 new places and revenue funding is at an all-time high at £41 billion.

Stephen Morgan: Recent research by the National Education Union and Tes found that 94% of teachers pay for essential classroom supplies, including at schools in my constituency where glue-sticks are being brought in by hard-working staff. With this in mind, does the Minister still maintain that Portsmouth's schools have enough money and resources?

Nick Gibb: No parent should be expected to pay for the basic needs of their school, although they can, of course, be asked to fund school trips and extra things. We are spending record amounts on our school system: £41 billion this year, rising to £43.5 billion by 2019-20, and standards are rising in our school system, too, in reading, maths and GCSEs, despite a more rigorous curriculum in our secondary and primary schools.

Bambos Charalambous: Can the Minister confirm that, despite the additional £1.3 billion announced in July, the schools budget is still facing a £1.5 billion real-terms funding shortfall, which nothing has been done to reverse?

Nick Gibb: No. My right hon. Friend the Secretary of State announced an additional £1.3 billion in July, as the hon. Gentleman kindly acknowledged. That means that not only have we maintained school funding in real terms, as we did in the last Parliament, but we have maintained school funding in real terms per pupil in this period up to 2020.

Lucy Frazer (South East Cambridgeshire) (Con): Currently, bids for capital spending on maintenance for schools are assessed on the state of the building. Given that there is significant competition for these bids and it is very difficult to assess the state of buildings in different schools across the country, is there not a case for also assessing the historical underfunding in various areas of our country?

Nick Gibb: We deal with the historical underfunding through a fairer national funding formula. On capital funding, we are spending £10 billion between 2016 and 2021 on school replacements, maintenance and improvement. That must be determined according to the condition of the school, and we have conducted a national survey of all schools in the country so that the system is fair.

Kevin Foster (Torbay) (Con): Through the Minister, may I thank the Secretary of State and her Parliamentary Private Secretary for their superb response to the question I asked at the last Education questions session? On Friday, I was at Shiphay Learning Academy meeting its headteacher Elaine Gill, to discuss the condition of its building, and particularly the roof. Will the Minister reassure me that there will be an adequacy of funding to seriously consider the bid it is about to put forward to the condition improvement fund?

Nick Gibb: Obviously I cannot comment on a particular bid, but we are spending £10 billion on ensuring that we have sufficient capital to replace schools and improve the maintenance of schools. I hope that that answer was as superb as the previous answers that my hon. Friend has had.

18. [902861] **Alex Sobel (Leeds North West) (Lab/Co-op):** The executive member for children on Leeds City Council wrote to me today after writing to the Secretary of State on 28 September about health and safety issues in local education authority schools, including schools that are trying to become academies. The response from the Department was about the condition improvement fund for academies, so I am going to ask again: what funding and support are available for LEA schools with serious health and safety concerns, including concerns about asbestos and fire safety? What funding is the Secretary of State going to provide for those schools?

Nick Gibb: We have allocated £4.2 billion since 2015 to maintain and improve school buildings. Some of that is allocated to local authorities, because they are best placed to know the priorities of the schools in their local authority area.

Mr Shailesh Vara (North West Cambridgeshire) (Con): Sawtry Village Academy in my constituency is in serious financial difficulty, not least because of the activities of its former head, which included building a sex dungeon alongside his office for his private use. That headteacher is now in prison, but the financial difficulties of the school remain. Will the Minister kindly agree to meet me and representatives of the school to discuss the way forward?

Nick Gibb: Yes, I would be happy to meet my hon. Friend to discuss the financial and academic future of that school.

Angela Rayner (Ashton-under-Lyne) (Lab): Can the Minister confirm that the Budget actually cut education capital funding by £1 billion in this spending review, and that part of that cut involves removing more than three quarters of the healthy pupils capital programme? Perhaps he recalls the Government's pledge earlier this

year that the healthy pupils fund would not fall below £415 million, regardless. Will he now apologise for breaking that promise?

Nick Gibb: The hon. Lady has misunderstood the budget process. We have not cut £1 billion from the capital spending of schools. What we have done is convert an element of the healthy schools budget into revenue spending, to ensure that schools are properly funded on the frontline, because we believe that schools need to be properly funded and that is how we have managed to allocate an extra £1.3 billion to school funding—something that she and the school system have called for.

Academic A-levels: Knowsley

4. **Maria Eagle (Garston and Halewood) (Lab):** What steps she is taking to ensure that academic A-levels are taught in the Metropolitan Borough of Knowsley. [902846]

The Secretary of State for Education (Justine Greening): Knowsley Metropolitan Borough will benefit from an initial A-level offer in September 2018 through Knowsley Community College's imminent merger with St Helens College. The 2018-19 prospectus has now been published, setting out the A-level offer available, and the Department is also working with Knowsley's local authority to ensure the implementation of Knowsley Better Together, which is the wider local plan for improving access to A-levels in Knowsley.

Maria Eagle: I thank the Secretary of State for that answer, but in a number of meetings with Knowsley MPs over the past year, her Ministers have promised to bring in a recognised excellent provider to restore academic A-level provision to Knowsley. The provision of some college vocational A-levels is a welcome development, but it is not enough. What progress has the Department made on delivering the promises made by her Ministers to local MPs over the past year?

Justine Greening: I was happy to meet the hon. Lady and her colleagues, and I am sure she will remember from the letter I sent her following that meeting that I have asked my officials specifically to convene a further meeting locally to agree an approach on the maths support programme, which will focus on improving level 3 maths, and on the English hub roll-out for Knowsley.

Mr George Howarth (Knowsley) (Lab): The new A-level provision from next September in Knowsley is very welcome, but will the Secretary of State commit to working with the local authority and the commission established under the leadership of Christine Gilbert to ensure that more young people in Knowsley are able to take advantage not only of academic A-levels but of vocational qualifications?

Justine Greening: We want to ensure that that kind of offer is available for every child in our country, including in Knowsley. As the right hon. Gentleman suggests, there is a lot of work to be done to ensure that the education offer on people's doorsteps in Knowsley gets better over the coming years. He will know that a lot of

work is going on locally, and that is complemented by our national focus on standards. I have written to him about this, and I am happy to do my role in ensuring that we work together to improve education outcomes for children in Knowsley.

STEM Subjects

5. **Colin Clark** (Gordon) (Con): What steps the Government are taking to encourage pupils to take up science, technology, engineering and maths. [902847]

The Secretary of State for Education (Justine Greening): The Government are committed to tackling our long-term shortage of STEM skills in order to grow the workforce that we need for a dynamic economy. An additional £406 million for maths, digital and technical education was announced in the Budget, including a new post-16 maths premium and a new £84 million programme to improve the teaching of computing, both of which aim to encourage the increased take-up of STEM subjects.

Colin Clark: Children in England are benefiting from the Government's focus on STEM subjects, but does the Secretary of State agree that all children in the UK should be encouraged to study such subjects? A shortage of STEM teachers in Scotland risks undermining children's opportunities, including at Inverurie Academy in my constituency.

Justine Greening: My hon. Friend is absolutely right. The Scottish Government have failed to deliver better education standards across the board for Scottish children. In fact, looking at Scotland's PISA results, standards dropped across all testing areas between 2012 and 2015. That is the Scottish Government's legacy for their children. Scotland is behind England in science, maths and reading, which is a shocking indictment.

Melanie Onn (Great Grimsby) (Lab): At last week's meeting of the all-party parliamentary group on the UK oil refining sector, I met several young ambassadors who had excellent suggestions for encouraging young people to study STEM subjects. One suggestion was that Ofsted should measure the number of engineers that schools produce, rather than how many of their pupils go to university. Will the Secretary of State consider that?

Justine Greening: We are moving in the right direction. The hon. Lady is right to make a point about the pipeline, which means not just better grades at GCSE, but more young people taking A-level maths—now the most popular A-level. We want that to carry on into university and then into careers. We have actually seen a 20% increase in the number of girls taking STEM A-levels, but there is much work to be done.

Sir Nicholas Soames (Mid Sussex) (Con): My right hon. Friend the Secretary of State will be aware of the excellent support that we have been given in Haywards Heath by the Minister for Apprenticeships and Skills, my right hon. Friend the Member for Guildford (Anne Milton), in helping to reopen the sadly closed Haywards Heath sixth-form college. Does the Secretary of State realise that that college would be the perfect location for a STEM college in south-east England?

Justine Greening: My right hon. Friend raises an interesting proposal, and I am pleased that he is working so effectively with the Minister for Apprenticeships and Skills. We need not only to improve our investment in STEM, but to change young people's perceptions of STEM so that they can see what a fascinating career can lie ahead after doing STEM subjects at A-level and, critically, STEM degrees. That is how we can steadily continue to change the situation for the better.

Carol Monaghan (Glasgow North West) (SNP): I am sure that the Secretary of State will know that STEM teachers in Scotland need a university-level qualification in a STEM subject, so we have retained the professionalism. However, my question is about getting girls into STEM. As we approach Christmas, the gender stereotyping in toys is simply depressing, with boys being presented with technical toys while girls are expected to become pretty home makers—even Lego is making the distinction, with princess Lego sets. What representations is the Secretary of State making to toy manufacturers and retailers to ensure that gender-neutral toys are promoted and that girls are encouraged into STEM?

Justine Greening: My right hon. Friend the Minister for Apprenticeships and Skills will shortly be holding a roundtable on such issues, but she should focus more broadly on the underlying strategy of getting more young girls and women into STEM careers. The good news is that the number of women accepted on to STEM undergraduate courses increased in England by 25% since 2010.

Coding and Programming Education

6. **Scott Mann** (North Cornwall) (Con): What steps her Department is taking to promote coding and programming education in schools. [902848]

The Minister for School Standards (Nick Gibb): We are committing £84 million of new funding between 2018 and 2023 to support computing teaching in schools, which will include training up to 8,000 secondary teachers to teach the new computing science GCSE, a national centre for computing education and an online resource for the A-level. That will support schools in delivering the new computing curriculum, which includes coding from key stage 1, and our reformed GCSE and A-level, both of which have a strong focus on programming.

Scott Mann: Cornwall is one of the fastest growing areas for tech start-ups in the whole country, and it is vital to address the challenges that we face on rural poverty as we move from a place-based economy to a skills-based economy. Does my right hon. Friend recognise that the secondary schools and the colleges in Cornwall are ready and raring to go to fill those gaps in that growing market in the economy?

Nick Gibb: We recognise both the challenges and the successes in Cornwall. My hon. Friend, of course, is one of Cornwall's greatest champions. Cornwall and the Scilly Isles is one of the first areas where we are establishing a skills advisory panel with the local enterprise partnership to bring together local representatives, including

local businesses; train providers and colleges; and develop a comprehensive analysis of the area's skills needs to help ensure that skills provision meets those needs.

James Frith (Bury North) (Lab): The success of T-levels, which will incorporate coding and programming in education, will largely rely on addressing the chronic underfunding of our colleges, so was the Secretary of State disappointed, as Bury College and Holy Cross College in my constituency were, that the Chancellor ignored the pleas to address the great iniquity of post-16 funding? What will the Secretary of State do about it?

Nick Gibb: Maybe the hon. Gentleman missed the announcement of £500 million of extra funding for technical education post-16.

Home-schooling

7. **Wera Hobhouse** (Bath) (LD): If she will make an assessment of the adequacy of local authorities' oversight of the education and wellbeing of children who are home-schooled. [902849]

The Minister for Children and Families (Mr Robert Goodwill): Local authorities have the power to ensure that children being educated at home by their parents are well educated and safe, but I am not confident the power is being used properly everywhere. That is why the forthcoming consultation on revised guidance for authorities and parents is so important. Every child needs a good education, including those who are home-schooled.

Wera Hobhouse: Mr Speaker, I am ever so slightly disappointed that you did not notice my excellent sweater.

Mr Speaker: I have now.

Wera Hobhouse: Has the Department made any assessment of the skills that parents need to home-educate a child successfully?

Mr Goodwill: Certainly there are some very good examples of home education being delivered, in some cases by qualified teachers, but it is important that home education is not, for example, used as an alternative to exclusion or, indeed, because of the lack of provision of correct special educational needs. We are very much on the case.

Andrew Selous (South West Bedfordshire) (Con): Many Traveller children are home-schooled, yet only 4% go to university, compared with 43% nationally. The race disparity audit showed Traveller children having the worst educational outcomes of any group, so will my hon. Friend meet me to discuss how we can ensure that Traveller children access education like every other child in the UK?

Mr Goodwill: Certainly Traveller children are the outliers in many of the statistics that we see. Local authorities have no specific power or duty to monitor the quality of home education, although their duty to identify children who may not be receiving suitable

education enables them to make informal inquiries and start a process that can, but seldom does, end in a school attendance order.

Lucy Powell (Manchester Central) (Lab/Co-op): Does the Minister agree with the chief inspector of schools, Amanda Spielman, that so-called off-rolling, which includes home-schooling and alternative provision off site, is one of the big scandals in our education system? The Institute for Public Policy Research estimates that 48,000 children are now off-rolled. What will the Government do to give local authorities the powers and capacity to deal with this issue, and to force multi-academy trusts to stop off-rolling people in the pursuit of standards?

Mr Goodwill: That is certainly against the admissions code. As I have already said, I am not satisfied that these rules are being applied properly on every occasion. That is why we will soon consult on revised guidance for parents and local authorities, with the aim of clarifying how local authorities can take effective action when children are not served well by home education.

Children in Care

8. **Lucy Allan** (Telford) (Con): What steps her Department is taking to reduce the number of children taken into care. [902850]

The Minister for Children and Families (Mr Robert Goodwill): We are driving forward reforms in children's social care to ensure that all vulnerable children and families receive the highest-quality care and support. We have invested more than £200 million through the innovation programme to test and develop better practice, including testing approaches to help vulnerable children remain safely in their own home.

Lucy Allan: With record numbers of children being taken into state care, and with more and more families being subjected to statutory investigation, funding for children's social care is increasingly directed at such last-resort interventions, instead of at supportive measures to help families at an earlier stage. Given the lifelong cost to children of this skewed model, will the Minister consider a fundamental review of children's social care to ensure that families are supported to achieve the best outcomes for their children?

Mr Goodwill: I agree with my hon. Friend that a serious programme of reform for children's social care is needed. We set out our vision for delivering excellent children's social care in "Putting children first". It outlines our reform programme, which seeks to improve the quality of social work practice; create systems and environments where great social work can flourish; and promote learning and multi-agency working, where all involved in supporting children and families can work effectively together.

Tony Lloyd (Rochdale) (Lab): The hon. Member for Telford (Lucy Allan) is absolutely right on this, and there should be agreement across the House that early intervention is not only more cost-effective, but more effective in human terms. Does the Minister accept that there is a crisis in the funding of children's care, and that unless we are prepared to make the money for early

intervention available up front, we will simply force local authorities to chase the crisis and not do the early intervention work we need?

Mr Goodwill: I absolutely agree that early intervention, and innovation to learn how it can be more successful, is vital to delivering good children's social care. That is why we have our £200 million innovation programme, which aims to ensure that we can best deploy the resources we make available to local authorities.

Mrs Emma Lewell-Buck (South Shields) (Lab): The Minister is presiding over a rise in care numbers and a shortage of foster carers. More than 70% of children's homes are now run for profit. These providers are warning of imminent closures if his Government do not get their act together and tackle the issue of backdated sleep-in shift payments, which have led to debts of up to £2 million for some homes. Where on earth does the Minister propose placing our looked-after children when his Government's reliance on the private sector fails?

Mr Goodwill: The hon. Lady draws attention to the figures. Children and Family Court Advisory and Support Service statistics show an increase of 14% in care order applications in 2016-17 compared with 2015-16, although the latest available figures for 2017-18 show a plateauing compared with the previous year. I pay tribute to all those who are developing effective children's care—not only those in the private sector, but the many local authority providers and of course foster carers who operate outside local government employment rules.

Teacher Recruitment and Retention

9. **Matt Rodda** (Reading East) (Lab): What recent assessment she has made of trends in teacher recruitment and retention. [902851]

The Secretary of State for Education (Justine Greening): Teacher numbers are at an all-time high: there are 15,500 more teachers than there were in 2010; postgraduate recruitment is at its highest level since 2012-13; and in 2015-16 we welcomed back 4,200 teachers into the classroom, which is an 8% improvement on the 2011 figure. However, we are absolutely not complacent; we continue to invest in teacher recruitment and are actively addressing the issues that teachers cite as a reason for leaving the profession.¹

Matt Rodda: I thank the Secretary of State for her answer, but I draw her attention to the situation in my constituency and the evidence from the School Teachers' Review Body, which has stated that there is

"a real risk that schools will not be able to recruit and retain a workforce of high quality teachers to support pupil achievement."

It says that is particularly the case given the predicted increase in pupil numbers. What action have the Government taken to address teacher recruitment and retention? Will she meet me and local heads to discuss this matter?

Justine Greening: Retention rates are broadly stable over a 20-year period. In fact, the overall vacancy rate for all teachers is about 0.3%. The hon. Gentleman asks what we are doing on the quality of the people coming into teaching, and I can tell him that the proportion of

people entering teaching with a degree or a higher qualification is now 98.5%, which represents a 4.3% increase since 2010. Indeed, 19% of this year's cohort of trainees have first-class degrees, which is a higher proportion than in any of the past five years.

Mr Richard Bacon (South Norfolk) (Con): Given that the Self-build and Custom Housebuilding Act 2015 is now on the statute book, will the Secretary of State meet me and the National Custom & Self Build Association so that we can explain how the Act's provisions can be used to recruit and retain teachers in difficult-to-fill subjects?

Justine Greening: I would be happy to meet, or for a ministerial member of my team to meet, my hon. Friend. This excellent Bill came through Parliament at an important time, and I am happy to talk to him about how we can make sure that young people coming through our education system are connected up with the great career opportunities that await them when they leave.

Angela Rayner (Ashton-under-Lyne) (Lab): Given what the Secretary of State just said about our excellent teachers, I hope that we can all agree that it is time to end the real-terms pay cuts for teachers. However, the Office for Budget Responsibility has warned that this will lead to schools squeezing non-pay spending and reducing the workforce without extra funding. The Chancellor wants us to believe that he has ended the public sector pay cap. The Secretary of State wants us to believe that she has ended cuts to schools. They cannot both be right, so which one of them is putting the "con" into the Conservatives?

Justine Greening: Obviously the School Teachers' Review Body will be getting its remit letter shortly, but what I have tried to set out is a much broader strategy for teaching as a profession, and not just in relation to financial incentives and making sure that they are in the places where we particularly want teachers to teach. Later this week, we will issue our consultation on strengthening qualified teacher status, which I hope will be welcomed. Of course, we are working hard to remove unnecessary workload. Earlier this year, I held a flexible working summit with the professions and unions to talk about how we can make sure that teachers stay in the profession.

Apprenticeships

11. **Mike Amesbury** (Weaver Vale) (Lab): What progress her Department has made on meeting its 2020 target for quality apprenticeship starts. [902853]

12. **Mr Virendra Sharma** (Ealing, Southall) (Lab): What progress her Department has made on meeting its 2020 target for quality apprenticeship starts. [902854]

The Minister for Apprenticeships and Skills (Anne Milton): We are determined to reach 3 million apprenticeship starts in England by 2020. There have been 1.1 million new apprenticeship starts since 2015, but quality is also important. I am pleased that there were 24,600 starts on new employer-designed apprenticeship standards in 2016-17. That is a huge increase from 4,300 the year before.

1. [Official Report, 18 December 2017, Vol. 633, c. 3MC.]

Mike Amesbury: Given that average monthly apprenticeship starts are 17% lower than they need to be to hit the Government's 2020 target, does the Minister agree that local leaders and businesses are better equipped to meet that target than the Conservative Government?

Anne Milton: If he talks to employers, the hon. Gentleman will find that it is only because of the reforms we have introduced, which have allowed employers to be at the very heart of the process, that we have made the progress we have. Numerous Governments have attempted to do something about apprenticeships, but it is only now that we are seeing real change.

Mr Sharma: According to a new Sutton Trust report, "Better Apprenticeships", two thirds of apprenticeships are the result of merely rebadging existing employee training as apprenticeships. What steps is the Minister taking to ensure that existing employees are participating in substantial training to develop new skills, and not just being accredited for their existing competence?

Anne Milton: This is critical. I have talked to apprentices and employers about apprenticeships, and there is no doubt that we have a skills shortage. Employers are absolutely determined to make sure that they have the workforce they need to deliver the skills they will need for their businesses in future.

24. [902867] **Suella Fernandes** (Fareham) (Con): Fareham College, which is a great champion of vocational training and apprenticeships, was recently rated outstanding by Ofsted. Will my right hon. Friend join me in congratulating its principal, Nigel Duncan, and the staff and students who are all working so hard so that those students are equipped with training and skills fit for the future?

Anne Milton: I am delighted to join my hon. Friend in congratulating Fareham College. In fact, I recently met an employer who has started an innovative co-operation with that college, which is doing a brilliant job and really addressing the skills shortages in the area. It is good to see employers coming together, working successfully with a local college, and making sure that they have the power behind them to get the skills that are under-represented in the area.

Alan Mak (Havant) (Con): Will the Minister update the House on her Department's work to encourage more people with learning disabilities to get involved in apprenticeships and join the labour market?

Anne Milton: Yes. We are doing a huge amount of work; I know that my hon. Friend, as chairman of the all-party group on apprenticeships, is doing a lot of work himself. We have specific targets: we want people with learning disabilities to represent 20% of all apprenticeship starts by 2020. We have made progress, and the trajectory for people with learning disabilities is going up.¹

Family Hubs

13. **Henry Smith** (Crawley) (Con): What progress has been made on developing family hubs. [902855]

1. [Official Report, 15 January 2018, Vol. 634, c. 3MC.]

The Minister for Children and Families (Mr Robert Goodwill): We welcome the development of family hubs. Many areas are already moving towards this model of support for children and families. However, it is up to local authorities to decide how to organise and commission services in their areas. Local councils are best placed to understand local needs and how best to meet them.

Henry Smith: Following the recent publication of "Transforming Children and Young People's Mental Health Provision: a Green Paper", may I urge my hon. Friend to encourage local authorities to provide better support for parents and carers in the area of mental health?

Mr Goodwill: In the Green Paper, we commit to working with the What Works centres to publish and promote guidance for local areas to encourage the evidence-based commissioning of interventions aimed at supporting parents and carers, including parenting programmes. We are supportive of councils that wish to roll out family hubs. Ultimately, it is up to local councils to decide the best solutions for their areas.

Apprenticeships

14. **Lee Rowley** (North East Derbyshire) (Con): What steps the Government are taking to invest in apprenticeships. [902856]

The Minister for Apprenticeships and Skills (Anne Milton): We have put in place key reforms to drive investment in apprenticeships: employer-designed apprenticeship standards to meet their needs and drive up quality; and the apprenticeship levy to encourage sustained employer investment. By 2019-20, spending on apprenticeships in England will reach £2.4 billion, which is double what it was in 2010 in cash terms.

Lee Rowley: I recently visited Stubbing Court Training, a local training provider in my constituency that specialises in the equestrian area. Given the Government's recent changes to apprenticeships, will the Minister meet me to talk about how we can ensure that we continue to provide the support that the Government are offering for smaller and more rural employers and training providers?

Anne Milton: I would be extremely happy to meet my hon. Friend. In fact, I recently met my hon. Friend the Member for Taunton Deane (Rebecca Pow) to discuss this issue. We need to ensure that apprenticeships work for every community, wherever they are and in whatever sector.

Jim McMahon (Oldham West and Royton) (Lab/Co-op): What are the Government doing to address the reported 61% fall in apprenticeship starts since the introduction of the apprenticeship levy?

Anne Milton: I am a bit disappointed that the right hon. Member for Twickenham (Sir Vince Cable) is not in the Chamber to listen to the rest of this question. If the hon. Member for Oldham West and Royton (Jim McMahon) looks at the figures more closely, he will see that there was a sharp spike of 46% between February and April this year compared with the situation in 2016.

This year's starts are therefore down just 2.8% overall. This was entirely as we anticipated. We have brought in new systems, and it is right that employers that are now paying the levy are taking the time to plan. I suggest that Opposition Members need to talk up apprenticeships and apprentices.

Mandarin

16. **Will Quince** (Colchester) (Con): What steps her Department is taking to increase the number of pupils studying Mandarin. [902858]

The Minister for School Standards (Nick Gibb): The aim of our Mandarin Excellence programme, which was established in 2014, was to have 5,000 pupils fluent in Mandarin by 2020, and it is on track to achieve that. I pay tribute to my right hon. Friend the Member for West Dorset (Sir Oliver Letwin), who originally proposed this idea to me. The programme is now in 37 schools, with more than 1,400 pupils participating, all of whom are committed to eight hours of study—four hours in class and four hours of homework—each week. The intention is that by the time these pupils are in year 13, they will be fluent in Mandarin, reaching the international standard HSK (Level V).

Mr Speaker: The answers that are scribbled by those who serve Ministers are very informative, but the trouble is they are too long. It is the responsibility of Ministers to reduce their size. We are all very entertained by the Minister of State, but it would be good if he could do so more briefly.

Will Quince: Last week, the British Government hosted the UK young leaders' roundtable and the people-to-people dialogue between the UK and China. Having recently visited China myself and seen the great opportunity that exists, does the Minister agree that having more schools offering Chinese or Mandarin as an option would help to strengthen the global strategic partnership between our two countries?

Nick Gibb: Yes, my hon. Friend is right. Last week we invited Minister Chen from China and my right hon. Friend the Secretary of State to meet 140 pupils who were participating in the Mandarin Excellence project. Minister Chen was impressed, as we all were, by the standard of the Mandarin being spoken by year 8 pupils who had been studying on the programme for just one year.

Leaving the EU: University Staffing

17. **Joanna Cherry** (Edinburgh South West) (SNP): What assessment she has made of the effect of the UK leaving the EU on staffing levels in universities. [902859]

The Minister for Universities, Science, Research and Innovation (Joseph Johnson): EU staff make an important contribution to our universities. The UK and the EU have reached an agreement on citizens' rights that will allow EU citizens to continue living here broadly as now, which will help to provide certainty to such staff in our institutions.

Joanna Cherry: Heriot-Watt University and Edinburgh Napier University in my constituency have made staff redundant, citing Brexit and the UK Government's immigration policies as a proximate cause. Napier University has advised me that potential staff members from other EU countries are turning down job offers. What concrete reassurance can the Minister give these international award-winning universities that Brexit will not further affect their staffing levels?

Joseph Johnson: That uncertainty is completely unnecessary. I point the universities to the joint report issued last Friday by the Commission and the UK Government that points to our continued participation in programmes such as Horizon 2020 not just up until March 2019, but until the end of 2020. They should appreciate that important reassurance.

Paul Masterton (East Renfrewshire) (Con): Many of my constituents in East Renfrewshire work in academic research and are concerned about the impact of Brexit on collaboration with European institutions. What reassurance can the Minister give to my constituents that Brexit will not put that collaboration in doubt?

Joseph Johnson: They can take reassurance from the statement that was put out on Friday. We will participate in Horizon 2020 and Erasmus+ beyond the point of Brexit—until the end of 2020. That is of fundamental importance to our scientific endeavour.

Topical Questions

T1. [902868] **Robert Jenrick** (Newark) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for Education (Justine Greening): School standards are rising in England thanks to the Government's reform, and the hard work of teachers and students. Last month, Ofsted published data showing that there are now 1.9 million more pupils in good or outstanding primary and secondary schools. International results show that England is rising up the league tables and that English students are outperforming their peers across the world on reading literacy. We held the first skills summit with leading British employers at the Department for Education, and we have just published our new careers strategy to ensure that every single young person, whatever their background, gets the right advice that they need for a career. Finally, we have just launched our consultation on accelerated degrees, which will not only be more cost-effective for students, but will enable university to be an option for more students.

Robert Jenrick: If we want to promote opportunity and reduce inequality, we have to start in the classroom. That is where the pioneering reforms such as the phonics revolution, which was set in chain by the Minister for School Standards, have made such an important difference. But it is the teachers who have made it happen, so will the Secretary of State thank the teachers of Newark and Nottinghamshire—and those across the country—for their hard work?

Justine Greening: Absolutely. Teachers in Newark should be congratulated on the results that they are achieving for local children. It is telling that Labour

Members opposed every single change to the schools system that is driving up standards, with the help of teachers and students, including academies and free schools, the phonics check, the new curriculum, GCSEs and A-levels, and accelerated degrees. They never miss an opportunity to talk down schools and teachers, but there is always a deafening silence on welcoming actual improvements in standards. In the end, it is all about party politics.

Mr Speaker: I call Gordon Marsden—get in there, man.

Gordon Marsden (Blackpool South) (Lab): Friday's National Audit Office report on the higher education market is hugely damaging. It says that the market is failing students and that such practice anywhere else would raise questions of mis-selling. Meanwhile, the Student Loans Company is in crisis. This is all under the watch of the Minister for Universities, Science, Research and Innovation. What does he say now to the NAO?

The Minister for Universities, Science, Research and Innovation (Joseph Johnson): The National Audit Office rightly pointed out that students want value for money, which has been the guiding objective of our entire suite of HE reform programmes. That is why we have set up the Office for Students, which will ensure that universities are held to account for the teaching quality and value for money that they deliver to our students.

T4. [902872] **Tom Pursglove** (Corby) (Con): The Secretary of State is absolutely right to shout about the fact that 1.9 million more children are now in good or outstanding schools, including in Corby and east Northamptonshire. That equates to 87% of children in such schools now, compared with 66% in 2010. Does the Minister agree that that is real progress and not, as some have suggested, the result of an increase in the school-age population?

The Minister for School Standards (Nick Gibb): My hon. Friend is absolutely right. We want every child to have a good school place that provides them with the knowledge and skills to succeed in the future. Thanks to changes made by this Government, and the hard work of thousands of teachers across the country, he is right to say that 87% of children are now in good or outstanding schools compared with 66% in 2010.

Carol Monaghan (Glasgow North West) (SNP): The academic community in the north of Ireland might have a way ahead in the light of the recent Brexit negotiations. Will the Secretary of State give the same reassurance to the academic community in Scotland which, as my hon. and learned Friend the Member for Edinburgh South West (Joanna Cherry) highlighted, is concerned about the recruitment and retention of EU nationals?

Justine Greening: I hope that the announcement from the Prime Minister and the European Commission on Friday will have very much allayed many of the understandable concerns that EU workers had about their future status in the UK.

T6. [902874] **Nigel Huddleston** (Mid Worcestershire) (Con): Many teachers in my constituency tell me that they spend a lot of time on their pastoral care responsibilities,

particularly relating to mental health. What are the Government doing to help those schools where children's mental health is a particularly acute issue?

Justine Greening: My hon. Friend is absolutely right to raise this issue. Indeed, on 4 December we published "Transforming Children and Young People's Mental Health Provision: a Green Paper". With £350 million of funding, the new measures include new mental health support teams to provide a real step change in the level of early intervention treatment available to pupils, and a clear ambition for a four-week waiting time for specialist NHS services. Of course, we will also provide new training for designated mental health senior leads in schools.

T2. [902869] **Ellie Reeves** (Lewisham West and Penge) (Lab): The House of Commons nursery is an award-winning nursery, and its manager was recently named nursery manager of the year for looking after the children during the Westminster terror attack. Will the Minister join me in commending the staff for their work, and will he also acknowledge the pressure they and other nursery providers are put under by the inadequate funding for the 30 hours of free childcare?

The Minister for Children and Families (Mr Robert Goodwill): I certainly pay tribute to nurseries up and down the country that are delivering fantastic childcare, particularly as part of the 30 hours' free funding. I am actually getting a little tired of the Labour party criticising the scheme. It is being delivered fantastically well. Some 216,000 parents registered for the September intake, and 93% have taken those places. I look forward to another cohort of children coming in on 1 January.

T7. [902875] **Mark Pawsey** (Rugby) (Con): The Minister has already spoken about proposals for revised guidance on home-schooling. Warwickshire County Council tells me that there is no requirement for parents to register with the local authority, which can make it difficult for home-schooled children to get the education they deserve. Would such a change be part of the revised guidance?

Mr Goodwill: Children who are educated at home are the responsibility of their parents. Compulsory registration is not necessary. What is necessary is that local authorities take effective action in cases where parents are unable to provide a proper education. However, I am certainly happy to meet my hon. Friend to discuss his suggestion.

T3. [902871] **Rosie Cooper** (West Lancashire) (Lab): The parents of a child who has Asperger's contacted me recently and explained in depth how their son's school failed to consider his needs, and the great stress that that caused them as a family. As a signatory to the Ambitious about Autism pledge in the last Parliament, may I ask the Secretary of State what action her Department is taking to ensure that school staff are properly trained and have adequate resources?

Justine Greening: This is important. We have introduced the much broader education, health and care plans to make sure that young people get a much better assessment of their overall needs. I am very happy, though, to look at the particular case the hon. Lady mentions.

Bob Blackman (Harrow East) (Con): Parents in my constituency largely have access to schools offering faith-based education for their children, if they desire it, but every one of those schools is over-subscribed. What more can my right hon. Friend do to ensure that there is real choice for parents in faith-based education?

Nick Gibb: We greatly value the important role that faith schools play in our education system. They are high performing, they are popular with parents and they make an excellent contribution to our education system. Through the free schools programme, we have facilitated the creation of 71 new state-funded faith schools.

T5. [902873] **Dan Jarvis** (Barnsley Central) (Lab): What impact has the £659 million of cuts to Sure Start and early years investment had on the educational attainment of Britain's poorest children?

Mr Goodwill: Sure Start schemes up and down the country are being delivered by local authorities, and it is up to them to make the decisions. However, we have already discussed the roll-out of hubs by some local authorities, which are proving particularly effective. As I say, it is for local authorities to determine what is best for their children.

Eddie Hughes (Walsall North) (Con): Figures released recently by the right hon. Member for Tottenham (Mr Lammy) show that the proportion of students in my constituency who get the top grades and go to top universities is lower than in the south-east of the country. What action can the Government take to address that inequality?

Joseph Johnson: Data published by UCAS today shows that the 18-year-old entry rate to full-time education in Walsall North has increased by 54% compared with 2006. In our last guidance to the director of fair access, we asked that areas with the poorest progression to university received particular attention.

T8. [902876] **Louise Haigh** (Sheffield, Heeley) (Lab): A maintained primary school in my constituency has received over 20 pupils in year from a local academy because of their permanent exclusion, or because they have been pushed out due to the risk of a permanent exclusion. What more can the Department and local authorities do to disincentivise academies from excluding pupils and pushing them on to maintained primaries?

Justine Greening: First, the new national funding formula much better helps schools to deal with this issue of students coming into schools in year. Secondly, following the race disparity audit, we launched an exclusions review to make sure that the whole process around how a child is permanently excluded is properly delivered.

Kirstene Hair (Angus) (Con): The Minister may be aware that the Scottish Parliament's Education and Skills Committee recently voted to block plans to introduce the Scottish Government's named person policy. Does he agree that that policy is a gross invasion of privacy, totally unnecessary, and diverts vital resources from the most vulnerable? Will he confirm that this Conservative

United Kingdom Government have no similar plans for such an unnecessary policy?

Mr Goodwill: I can reassure my hon. Friend that there is currently no intention to introduce the named person system in England. We want a system that makes sure that children and their families get targeted help and the support that they need. Our "Working together to safeguard children" guidance is clear that services provided to children and families should be delivered in a co-ordinated way.

T9. [902877] **Anna McMorris** (Cardiff North) (Lab): The Prime Minister's refusal to remove foreign students from immigration figures is damaging our universities. What discussions has the Secretary of State had with the Home Secretary about the financial contribution of overseas students and staff, and their classification in Government immigration statistics?

Justine Greening: We have a world-class university system that is highly regarded by international students. There is no cap on the numbers of international students who can study in the UK. Indeed, we have seen a rise in the number of Indian and Chinese students coming to do so.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): As my right hon. Friend will be aware, 2018 is the year of the engineer, with one of the aims being to change the perception of engineering, particularly among young women. Will she meet me, in my role as the Government's envoy for this campaign, to discuss how her Department can work with the Department for Transport to further these aims?

The Minister for Apprenticeships and Skills (Anne Milton): I would be delighted to meet my hon. Friend, and I praise the work that he has done on apprenticeships. It was a delight to see him at WorldSkills UK in Birmingham. I also praise the work that he is doing on the year of engineering.

Sir Edward Davey (Kingston and Surbiton) (LD): The Secretary of State might not be aware of this yet, but on 4 December I wrote to her to ask for an urgent meeting to discuss the funding of high needs in Kingston. Kingston's high needs budget is set to be overspent this year by £6.5 million, or 35%—the worst in London. Will she meet me as soon as possible to discuss this?

Mr Goodwill: We are providing high needs funding of £5.84 billion to local authorities this year—next year's figure rises to £5.97 billion—to help them to support children and young people with special educational needs. Earlier this year, we gave local authorities £23 million to support a strategic review of their special needs provision. We have allocated £215 million of capital funding to enable local authorities to create more places for those with special educational needs and disabilities. I would be happy to meet the right hon. Gentleman to discuss this issue.

Several hon. Members rose—

Mr Speaker: A single-sentence inquiry, perhaps, and conceivably a single-sentence reply.

Jo Churchill (Bury St Edmunds) (Con): Dividing lines of opportunity are now seen much more between metropolitan and rural areas. Will the Minister assure me that the bold creation of apprenticeships and institutes of technology will centre on rural areas as well as towns?

Justine Greening: We want to make sure that institutes of technology are based everywhere around the country. My hon. Friend is absolutely right to flag up the fact that rural areas are a place where we want to see more opportunity.

Mr Jim Cunningham (Coventry South) (Lab): What is the Minister doing to help young people with hearing difficulties to obtain apprenticeships?

Anne Milton: A lot of work and a lot of money is going into making sure that young people with learning difficulties can access apprenticeships. That is why we have set targets so that 20% of all apprenticeship starts will be people with learning difficulties by 2020.¹

Rebecca Pow (Taunton Deane) (Con): It is essential that we highlight job opportunities to our young people when businesses have needs. There are large gaps in the £6 billion landscape industry. Does the Minister agree that there are big opportunities to address that through our careers services?

Anne Milton: It was a delight to launch the careers strategy last week. Its spine will be the Gatsby benchmarks, which are critical. The pilot in the north-east demonstrated just how much progress we can make if schools meet all those targets.

Stephanie Peacock (Barnsley East) (Lab): Class sizes in Barnsley are above the national average. As a former teacher, I know the impact that that can have. Does the Secretary of State accept that it has a detrimental impact on pupils?

Justine Greening: As we have heard routinely today, school standards in England are rising. In the end, that is what parents care about. There are 1.9 million more children in better primary and secondary schools, and the phonics check is improving literacy outcomes tremendously. It would be good if Opposition Members welcomed that for once.

Justin Tomlinson (North Swindon) (Con): Will the Minister for School Standards join me in congratulating Swindon Academy, in conjunction with Marlborough

College, on doubling its intake this year, with children from all backgrounds now having a real chance of accessing the very top universities?

Nick Gibb: I would be delighted to join my hon. Friend in congratulating Swindon Academy. I enjoyed visiting the school with him and meeting Ruth Robinson, its exceptional principal. The school runs special programmes to help the most able children to fulfil their potential, as well as providing very high standards of education across the board.

Emma Hardy (Kingston upon Hull West and Hessle) (Lab): If the Department is serious about meeting its apprenticeships targets, surely the Minister will agree with me about the need to reclassify apprenticeships as improved education or training so that young, hard-working apprentices, such as Chloe from Hull, save money on their transport and prescription costs.

Anne Milton: As the hon. Lady will know, transport is the responsibility of local authorities. We are determined to make sure that there are no barriers to anybody taking up an apprenticeship. As I go around the country, it is amazing to hear stories about the programme. I am delighted by its success so far.

Sammy Wilson (East Antrim) (DUP) *rose—*

Mr Speaker: It is always good if we can see a smiling Sammy at the end of questions.

Sammy Wilson: T-levels are being developed in England, but it is not clear whether they will be available in Northern Ireland. Even if they are, the regulatory body will be England-only and based here in England. That has the potential to disrupt higher education, routes to employment and the transferability of skills. Will the Secretary of State commit to working with Northern Ireland's Department of Education and examination board to ensure that T-levels are made available in Northern Ireland?

Mr Speaker: I think that is the hon. Gentleman's version of a one-sentence question.

Justine Greening: I would be very happy to meet the hon. Gentleman to discuss that. We want T-levels to be transformative in improving technical education in our country, and I have no doubt that he feels the same way about Northern Ireland. Let us meet up to discuss how we can make sure that the strategy works for every child.

1. [Official Report, 15 January 2018, Vol. 634, c. 4MC.]

Brexit Negotiations

3.37 pm

The Prime Minister (Mrs Theresa May): With permission, Mr Speaker, I would like to update the House on the negotiations for our departure from the European Union. On Friday morning, the Government and the European Commission published a joint report on progress during the first phase. On the basis of this report, and following the discussions I held throughout last week, President Juncker is recommending to the European Council that sufficient progress has now been made to move to the next stage and begin talks on the future relationship between the UK and the EU. President Tusk has responded positively by proposing guidelines for the next phase of the negotiations.

I want to pay tribute to my right hon. Friend the Secretary of State for Exiting the European Union and our whole negotiating team for their calm and professional approach to these negotiations. We have argued robustly and clearly for the outcomes we seek: a fair and reciprocal deal that will guarantee the rights of more than 3 million EU citizens living in the UK and 1 million UK nationals living in the EU, so that they can carry on living their lives as before; a fair settlement of the accounts, meeting our rights and obligations as a departing member state in the spirit of our future partnership; and a commitment to maintain the common travel area with Ireland, to uphold the Belfast agreement in full and to avoid a hard border between Northern Ireland and Ireland while upholding the constitutional and economic integrity of the whole United Kingdom. Let me set out for the House the agreements we have now reached in each of these areas.

More than 3 million EU citizens make an extraordinary contribution to every part of our economy, our society, our culture and our national life, and I know that EU member states similarly value the contribution of the 1 million UK nationals living in their communities, so from the outset I have made protecting citizens' rights my first priority. But for these rights to be truly reciprocal, they need to be interpreted consistently in both the UK and the EU.

The European Union started by wanting all EU citizens' rights to be preserved in the UK by a prolongation of EU law. They said these rights should not require any UK process to implement them, and that they should be supervised by the Commission and enforced by the European Court of Justice. Those proposals were not acceptable. When we leave the European Union, our laws will be made and enforced here in Britain, not in Luxembourg. So the EU has accepted that we will incorporate the withdrawal agreement into UK law, and citizens' rights will then be enforced by our courts—where appropriate, paying due regard to relevant ECJ case law, just as they—*[Interruption.]* Wait for it: where appropriate, paying due regard to relevant ECJ case law, just as they already decide other matters with reference to international law when it is relevant.

In the interests of consistent interpretation of citizens' rights, we have agreed that where existing law is not clear, our courts—and only our courts—will be able to choose to ask the ECJ for an interpretation prior to reaching their own decision, but this will be a very narrow remit and in a very small number of cases,

and unlike now the courts will not be obliged to do so; this will be voluntary. The case itself will always be determined by the UK courts, not the ECJ, and there will also be a sunset clause, so after eight years even this voluntary mechanism will end.

The end point of this process is very clear. EU citizens living in the UK will have their rights enshrined in UK law and enforced by British courts, and UK citizens living in the EU will also have their rights protected. The jurisdiction of the ECJ in the UK is coming to an end. We are taking control of our own laws once again, and that is exactly how it should be.

Let me turn to the financial settlement. Following some tough conversations, we have agreed the scope of our commitments and the principles for their valuation. We will continue to pay our net contributions under the current EU budget plan. During this time, our proposed implementation period will see us continuing to trade on current terms, and we will pay our fair share of the outstanding commitments and liabilities to which we committed during our membership. However, this is conditional upon a number of principles we have negotiated over how we will ultimately arrive at a fair valuation of these commitments, which will bring the actual financial settlement down by a substantial amount. This part of the report that we agreed on Friday, like the rest of it, is also subject to the general reservation that nothing is agreed until everything is agreed. This means we want to see the whole deal now coming together, including the terms of our future deep and special partnership, as I said in Florence.

These are the actions of a responsible nation honouring the commitments that it has made to its allies, having gone through those commitments line by line, as we said we would. It is a fair settlement for the British taxpayer, who will soon see significant savings compared with remaining in the European Union. It means we will be able to use that money to invest in our priorities at home, such as housing, schools and the NHS, and it means the days of paying vast sums to the European Union every year are coming to an end.

Our departure from the European Union presents a significant and unique challenge for Northern Ireland and Ireland, so it is absolutely right that the joint report makes it clear that we will uphold the Belfast agreement in full. This agreement, including its subsequent implementation agreements and arrangements, has been critical to the progress made in Northern Ireland over recent decades. Our commitments to those agreements, the principles that underpin them, the institutions they establish, and the rights and opportunities they guarantee remain steadfast. The joint report reaffirms our guarantee that there will be no hard border between Northern Ireland and Ireland. So much of daily life in Northern Ireland depends on being able to cross the border freely, so it is right that we ensure that no new barriers are put in place.

We have also been absolutely clear that nothing in this process will alter our determination to uphold the constitutional and economic integrity of the whole United Kingdom. It was right that we took time last week to strengthen and clarify the joint report in this regard, listening to Unionists across the country, including the Democratic Unionist party. On Friday, I reinforced that further by making six principled commitments to Northern Ireland.

[The Prime Minister]

First, we will always uphold and support Northern Ireland's status as an integral part of the United Kingdom, consistent with the principle of consent. As our Northern Ireland manifesto at the last election made clear, the Government I lead will never be neutral when it comes to expressing our support for the Union.

Secondly, we will fully protect and maintain Northern Ireland's position within the single market of the United Kingdom. This is by far the most important market for Northern Ireland's goods and services, and Northern Ireland will continue to have full and unfettered access to it.

Thirdly, there will be no new borders within the United Kingdom. In addition to there being no hard border between Northern Ireland and Ireland, we will maintain the common travel area throughout these islands.

Fourthly, the whole of the United Kingdom, including Northern Ireland, will leave the EU customs union and the EU single market. Nothing in the agreement I have reached alters that fundamental fact.

Fifthly, we will uphold the commitments and safeguards set out in the Belfast agreement regarding north-south co-operation. That will continue to require cross-community support.

Sixthly, the whole of the United Kingdom, including Northern Ireland, will no longer be subject to the jurisdiction of the European Court of Justice.

As the joint report makes clear, our intention is to deliver against these commitments through the new deep and special partnership that we will build with the European Union. Should this not prove possible, we have also been clear that we will seek specific solutions to address the unique circumstances of the island of Ireland. Because we recognise the concerns felt on either side of the border, and we want to guarantee that we will honour the commitments we have made, we have also agreed one further fall-back option of last resort. If we cannot find specific solutions, the UK will maintain full alignment with those rules of the internal market and the customs union that, now or in the future, support north-south co-operation, economic co-operation across the island of Ireland and the protection of the Belfast agreement. The joint report clearly sets out that cross-community safeguards and consent are required from the Northern Ireland Executive and Assembly for distinct arrangements in that scenario, and that in all circumstances, Northern Irish businesses must continue to have full and unfettered access to the markets in the rest of the United Kingdom on which they rely. So there can be no question about our commitment to avoiding barriers both north-south and east-west.

We will continue to work with all Northern Irish parties and the Irish Government in the second phase of the talks, and continue to encourage the re-establishment of the Northern Ireland Executive so that Northern Ireland's voice is fully heard throughout this process.

Finally, in my Florence speech I proposed an implementation period to give Governments, businesses and families the time they need to implement the changes required for our future partnership. The precise terms of this period will be for discussion in the next phase of negotiations. I very much welcome President Tusk's

recommendation that talks on the implementation period should start immediately and that it should be agreed as soon as possible.

This is not about a hard or a soft Brexit. The arrangements we have agreed to reach the second phase of the talks are entirely consistent with the principles and objectives that I set out in my speeches in Florence and at Lancaster House. I know that some doubted we would reach this stage. The process ahead will not be easy. The progress so far has required give and take for the UK and the EU to move forward together, and that is what we have done. Of course, nothing is agreed until everything is agreed, but there is, I believe, a new sense of optimism now in the talks, and I fully hope and expect that we will confirm the arrangements I have set out today in the European Council later this week.

This is good news for people who voted leave, who were worried that we were so bogged down in tortuous negotiations that it was never going to happen, and it is good news for people who voted remain, who were worried that we would crash out without a deal. We are going to leave, but we will do so in a smooth and orderly way, securing a new deep and special partnership with our friends while taking back control of our borders, money and laws once again. That is my mission. That is this Government's mission. On Friday we took a big step towards achieving it. I commend this statement to the House.

3.50 pm

Jeremy Corbyn (Islington North) (Lab): I would like to thank the Prime Minister for an advance copy of the statement. Eighteen months on from the referendum result, the Prime Minister has scraped through phase 1 of the negotiations after 18 months, two months later than planned, with many of the key aspects of phase 1 still not clear.

This weekend, Cabinet members have managed to contradict each other. Some have managed to go even further and contradict themselves. We respect the result of the referendum, but due to the Government's shambolic negotiations it is getting increasingly difficult to believe this is a Government who are even capable of negotiating a good deal for Britain. These negotiations are vital for people's jobs and for our economy. Our future prosperity depends on getting them right. So let us hope that today we can elicit some uncharacteristic clarity from the Prime Minister.

First, on the financial statement, can the Prime Minister confirm the figure quoted by the Secretary of State for Exiting the European Union that we will pay between £35 billion and £39 billion in exit payments? After this weekend's confusion, can the Prime Minister clarify whether this payment is conditional on securing a final deal, as the Brexit Secretary said, or whether it is an obligation for the UK to pay, as the Chancellor said? If it is conditional, how much is it? When can the Prime Minister publish a full breakdown of the settlement, and does she agree that the settlement should be audited by the National Audit Office and the Office for Budget Responsibility? Does she yet have any indication of what level of ongoing payments the UK will make to the EU for ongoing participation in joint EU programmes and ongoing membership of EU agencies?

Secondly, on the issue of citizens' rights, can the Prime Minister confirm that the Government have agreed that the European Court of Justice will oversee the deal on EU citizens' rights for the next eight years, and that the UK courts will have "due regard" to ECJ decisions indefinitely? Can she therefore update the House on her red line that there will be no future role for the ECJ? What will that mean for trade negotiations?

Importantly for British citizens living in EU countries, can the Prime Minister confirm that the Government's negotiations mean that they will maintain all their existing rights indefinitely? Will she confirm today that UK pensions will continue to be paid and uprated for all British citizens?

Thirdly, on the complex question of the Irish border, there are again conflicting statements—this time between the Brexit Secretary and, of course, the Brexit Secretary. Can the Prime Minister confirm whether the deal reached last week is legally enforceable? Article 46 of the agreement seems pretty clear that it

"must be upheld in all circumstances, irrespective of the nature of any future agreement between the European Union and the United Kingdom."

What does regulatory alignment mean? Does it mean the exact same rules, or different rules with similar outcomes? If it is the latter, who will adjudicate on whether those different rules are similar enough? Which policy areas are covered, and how long will regulatory alignment last? Is it only for the transition—the implementation period, as the Prime Minister calls it—or is it permanent?

Finally, on deadlines, the Government wasted time on phase 1, partly with a general election that I am sure the Prime Minister now regrets calling. The Government originally aimed for phase 1 negotiations to be complete in October. Then everything was ready for an announcement last Monday. Ultimately, we saw a rather fudged agreement late last week. Has this experience given the Prime Minister reason to consider dropping the unnecessary exit date of 29 March 2019 from the European Union (Withdrawal) Bill? I am sure the whole House—indeed, I think probably the whole country—would rather get the best possible deal a little bit later if it meant a better deal for people's jobs and the economy.

The second phase of negotiations will have a huge impact on our relationship with our largest trading partner. The Brexit Secretary committed to deliver the "exact same benefits" as now. Does that remain the Government's aim? I assume it does, as the Prime Minister has just said that the UK will maintain full alignment with the rules of the internal market and the customs union.

I have left the trickiest question till last. Can the Prime Minister explain what the Brexit Secretary actually meant when he said that he wanted to have trade relationships in the future that are CETA-plus-plus-plus? Can she explain what on earth he was talking about? *[Interruption.]* The Foreign Secretary is trying to bring clarity to the situation. I wish the Prime Minister well in adjudicating that debate.

I hope the next crucial phase of negotiations is not punctuated by the posturing, delays and disarray that have characterised the first phase. I am sure the whole country would welcome clarity from the Prime Minister on exactly what has just been agreed.

The Prime Minister: I have to say to the right hon. Gentleman that the only posturing taking place has been on the Opposition Front Bench.

The right hon. Gentleman talks quite a lot about alignment. I set out our objectives for the Brexit negotiations very clearly in my Lancaster House speech, and I set them out further and in some more detail in the speech I gave in Florence. Meanwhile, the Labour party has had 12 different Brexit plans. In fact, the right hon. Gentleman has had so many Brexit plans he cannot even reach alignment with himself.

To answer the right hon. Gentleman's questions, he started off by saying he wanted to uphold the referendum result. Later in his comments, however, he said he did not want to accept the leave date of 29 March 2019. We are leaving the European Union on that date. That is what the British people voted for, and that is what the Government are going to put in place.

The right hon. Gentleman asked about the financial settlement. We have agreed the scope of commitments, and methods for valuations and adjustments to those values. The calculations currently say that the valuation would be £35 billion to £39 billion, so the answer to his question is yes. He asked whether that was conditional on securing a deal. It is clear in the joint progress report, and I have repeated it in my statement just now, that the offer is on the table in the context of us agreeing the next stage and the partnership for the future. If we do not agree that partnership, then the offer is off the table.

The right hon. Gentleman asked how much we were going to pay into joint programmes. That is all part of the negotiation in phase 2, and it will be negotiated depending on the programme and depending on the agency, should we wish to remain part of it. He asked whether I would confirm that the European Court of Justice would oversee the rights of EU citizens for the next eight years. The answer to that is no, because it will not be overseeing the rights of EU citizens for the next eight years. I made it absolutely clear that citizens' rights would be determined by the courts here in the UK. The right hon. Gentleman asked about the legal nature of that agreement. It will be brought into law in this country in the withdrawal and implementation Bill that will be presented to the House. He asked about the payment of pensions for UK citizens. Yes, that will continue. He asked whether the arrangements that were in place in relation to citizens' rights in the ECJ would have an impact on other parts of the deal. Paragraph 41 of the joint report makes it very clear that this in no way prejudices discussions on other elements of the withdrawal agreement.

The right hon. Gentleman asked about alignment. What is necessary is that we have the same objectives. We may reach those objectives in different ways, but what we need to ensure—and this is not a theological argument; it is about the practical decisions that need to be made—is that the trade across the border between Northern Ireland and Ireland can continue, and that is what we will be looking at. The Taoiseach and I have been very clear in our discussions: we both believe that we should be working to ensure that that can be achieved through the overall agreement between the UK and the EU, and that is indeed what we should be aiming for.

The right hon. Gentleman asked about the trade deal, and about CETA-plus-plus-plus. We have always said that we are not looking for a deal that is Norway,

[*The Prime Minister*]

and we are not looking for a deal that is CETA. What we are looking for is a deal that is right for the United Kingdom. Sadly, we know what a Labour approach to these negotiations would mean. It would mean paying the European Union billions of pounds every year in perpetuity. It would mean following EU rules with no say on them. It would mean no divergence whatsoever from EU rules in the future. It would mean zero control of immigration. I have to say to the right hon. Gentleman that that would not make a success of Brexit; it would be no Brexit at all.

Mr Kenneth Clarke (Rushcliffe) (Con): Let me first congratulate the Prime Minister on her triumph last Friday. [HON. MEMBERS: "Hear, hear."] I hope that that is maintained, because I have never previously known the days following a British Government's entry into a treaty-like agreement with 27 friendly Governments to be followed by Ministers and their aides appearing to cast doubt on whether we have agreed to anything finally, and regard ourselves as bound at all.

Will the Prime Minister confirm that "nothing is agreed until everything is agreed" is a well-known phrase which means that details can be revisited once you have sorted out what the ultimate destination is, but which does not mean that you are going to tear everything up and start all over again on EU citizens and paying money and regulatory convergence if something goes wrong in the future? Will she confirm that we have settled the rights of EU citizens, that we know how we are going to calculate the financial obligation that undoubtedly falls on this country because of past commitments by British Governments, and that open borders do require some regulatory alignment in any country in the world if we are to have an open border—and we are committed to an open border between the Republic of Ireland and Northern Ireland, which in part, of course, means between the United Kingdom and the European Union?

The Prime Minister: I thank my right hon. and learned Friend for his positive comments about the stage that we have reached in the negotiations. The report that was issued is a joint progress report on the point that we have reached and the agreements that we have reached. As my right hon. and learned Friend said, it enables us to go on to the detailed negotiations on various of these issues. The area on which we have had perhaps the most detailed negotiations so far is that of citizens' rights, which covers a range of issues relating to benefits and so forth for EU citizens who are here. Obviously, we have also had negotiations on the other elements, which are not just about Northern Ireland and the financial settlement, but about a number of issues connected with the withdrawal. Of course, that withdrawal agreement, as we have set out in this joint progress report, will be brought into UK law at the point at which that Bill is brought before this House, and this House will have an opportunity to vote on that Bill.

My right hon. and learned Friend made the point at the end about trade deals, and he is absolutely right that in any trade agreement there is a necessity for both sides to agree certain regulations, rules and standards on which they will operate. This will be no different from

that; it will be different only in the sense that we are already operating on—mostly—exactly the same rules and regulations as the European Union, so we start from a slightly different place than we would do if we were negotiating with another country.

Ian Blackford (Ross, Skye and Lochaber) (SNP): What a difference a day makes! Yesterday, the Secretary of State for Exiting the European Union said that the agreement reached in Brussels on the UK's withdrawal was "a statement of intent" rather than "a legally enforceable thing". The Secretary of State was put in his place by the Deputy Prime Minister of Ireland, who tweeted:

"The commitments and the principles...are made and must be upheld in all circumstances".

This morning, the Secretary of State hit the radio waves to reveal that the deal is "more than legally enforceable". So, for the avoidance of any doubt, can the Prime Minister tell the House today that in no circumstances will we be returning to a hard border between Northern Ireland and the Irish Republic? Let us make that commitment in this House today.

Last week, we had the humiliating scene of the Prime Minister being forced out of the original deal by the DUP, and rushing back to London. The Government had to rewrite the agreement so as to reach the DUP's approval. We really have to wonder who is running the UK: is it Arlene Foster or the right hon. Member for Maidenhead?

While Members on the SNP Benches welcome both sides moving into phase 2 negotiations, the next phase will be significantly tougher and it is essential that all Governments across the UK are fully involved in the negotiations on the UK's future relationship with the EU—something that has not happened to this point. The provisions relating to Northern Ireland in the agreement raise major new questions over proposed UK-wide frameworks. Let me be clear: any special arrangements for Northern Ireland must now be available to all nations of the UK. The SNP will continue to speak with one loud and clear voice. The Prime Minister must commit today to keeping the UK in the single market and the customs union; to do otherwise would be catastrophic for jobs, workers' rights, people's incomes and living standards.

The Prime Minister: The right hon. Gentleman asked me to confirm in this House that there will be no hard border between Northern Ireland and Ireland. I have to say to him that this is not the first time that I have made that statement in this House; he can google it and find from *Hansard* how many times I have said it. Indeed, if he had listened to and looked at my statement, he would have learned that I said that "the joint report reaffirms our guarantee that there will be no hard border between Northern Ireland and Ireland."

The right hon. Gentleman asks about the circumstances and anything that relates to Northern Ireland being given to Scotland. Northern Ireland is, of course, in a different position from Scotland: it is the only part of the UK that has a land border with a country that will remain in the European Union, and it is in fact already the case that there are a number of unique and specific solutions that pertain to the island of Ireland, such as the common electricity market and the single phytosanitary

area. Various resolutions have already been put in place to recognise that physical relationship between Northern Ireland and Ireland.

The right hon. Gentleman asks yet again for the UK to stay in the single market and customs union. I said, again, in my statement that we will be leaving the single market and the customs union, and we will be doing that because we will be putting in place the vote that took place in 2016 to leave the EU. I repeat to the right hon. Gentleman: he talks about the statement I have made and the commitments of this Government, but it would be good for him to stand up and say he supports, as I have in this statement, the continued constitutional and economic integrity of the whole United Kingdom.

Mr Iain Duncan Smith (Chingford and Woodford Green) (Con): I join my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) in congratulating my right hon. Friend the Prime Minister on driving through an improved agreement on Friday, which many thought would not be feasible. She has been incredibly clear in the past about the fact that the two-year period that follows our departure will be an implementation period. Is it still the Government's position that that implementation phase will be used to implement all that has been agreed, and not, as some say, just to carry on with no change at all?

The Prime Minister: The point of the implementation period is exactly as my right hon. Friend says—namely, to ensure that the changes necessary for the new relationship to work can be put in place. Examples include the registration of EU citizens here in the UK, which the Home Office will be running during that period. It is also about ensuring that businesses and citizens have the confidence and reassurance of knowing how they will be operating during that period, that there is no double cliff edge for businesses and that they have a smooth process of change. That is the point of the implementation period. Further details of it will be negotiated in the next phase, and I am pleased that the European Commission and the President of the EU Council are clear that that should start immediately.

Hilary Benn (Leeds Central) (Lab): The most important part of this agreement is paragraph 49, which I welcome. It says clearly that

“the United Kingdom will maintain full alignment with those rules of the Internal Market and the Customs Union which, now or in the future, support North-South cooperation, the all island economy and the protection of the 1998 Agreement.”

Given that those words are prefaced by the words:

“In the absence of agreed solutions,”

can the Prime Minister please confirm to the House today that this crystal-clear commitment will apply in all circumstances, including if no trade deal is reached with the European Union?

The Prime Minister: The point of saying “In the absence of agreed solutions” in paragraph 49 is that we believe that the solution we find in relation to the issue of the border between Northern Ireland and Ireland will come from the negotiated trade settlement that we have with the European Union in the overall relationship of the UK and the European Union. If we fail to get it through that, specific solutions will be put in place for

Northern Ireland. If we fail that—this is why I have described it as a last resort—we will look to the arrangement that is described in paragraph 49.

Tom Tugendhat (Tonbridge and Malling) (Con): Unusually, I join my right hon. Friend Mr Duncan Smith and my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke)—[*Interruption.*] Chingford, forgive me. I join my right hon. Friend the Member for Chingford and my right hon. and learned Friend the Member for Rushcliffe in welcoming the Prime Minister's achievements this weekend. Will she have spent as much time as I have in recent weeks and months speaking to European friends and reminding them that we are leaving the EU, not leaving Europe, and that the next stage should involve our working together to build a prosperous future together?

Mr Speaker: We should not forget Woodford Green. It would be rather unkind, and probably rather resented by the people of Woodford Green, if they were arbitrarily excised from reference to the right hon. Gentleman's constituency.

The Prime Minister: I absolutely agree with my hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat) that we are leaving the European Union but not leaving Europe. This is a statement that we have made on a number of occasions. We will continue to work with our European allies in a whole variety of areas in the interests of Europe as a whole. Indeed, just this morning, I had a meeting with my opposite number from Bulgaria to talk about the work we can continue to do with Bulgaria on the western Balkans, where much work needs to be done by us in Europe. We will continue to do that whether we are in the European Union or not.

Several hon. Members rose—

Mr Speaker: Ah, yes—the Member with the bright jumper! I call Mary Creagh.

Mary Creagh (Wakefield) (Lab): The Brexit Secretary has captivated the House with tales of regulatory impact assessments that do not exist. The Chancellor has said that the divorce bill will be paid in all circumstances, but the Brexit Secretary contradicted him at the weekend, saying that it would be conditional on a trade deal. The Prime Minister's deal with the Taoiseach, promising full regulatory alignment, has been dismissed by the Brexit Secretary as a statement of intent. If she cannot even get her Brexit Secretary to agree with her, how on earth is she going to get a good deal that protects jobs, investment and growth in this country?

The Prime Minister: The Brexit Secretary and I—indeed, the whole Cabinet and the whole Government—are behind the agreement, the deal and the progress report that we have negotiated in relation to moving on to phase 2. We are of one accord on that. The only party that is not of one accord is the Labour party.

Anna Soubry (Broxtowe) (Con): Across the Government Benches, there is complete unanimity about congratulating the Prime Minister on securing the agreement. If I may say so, it was a pitiful performance from the Leader of

[Anna Soubry]

the Opposition, and I still do not know whether he actually welcomes the agreement, but he should support this major step forward. Looking to the future, around this time next year we should have begun to conclude the trade negotiations towards the trade deal, so does the Prime Minister anticipate that we will have details of our new trading relationship with the EU, or will there be a set of heads of agreement?

The Prime Minister: We have always said that we will be working to negotiate our full agreement on the future relationship that we have with the EU. Of course, it will not legally be possible for the EU to sign up to that agreement until after we have left and become a third country, because it is not possible for such an agreement to be signed while we are in the EU. The pieces of work that will now go forward will include the details of the implementation period, the details of the withdrawal agreement, which will have to go through certain parliamentary processes in European member states and will also be put to Parliament here in the UK, and our future relationship with the EU on trade, security and other areas.

Sir Vince Cable (Twickenham) (LD): In order to strengthen the Prime Minister's leverage in the next stage of negotiations, may I suggest that she suspend tribal politics and invite the Leader of the Opposition and his Front-Bench colleagues to join her negotiating team? Whatever their tactical differences, they agree with her on the fundamentals of Brexit and on withdrawal from the single market and the customs union—disastrous though that may be.

The Prime Minister: There is a huge assumption underlying the right hon. Gentleman's question, because he says that the Labour party actually agrees with us on membership of the customs union and the single market, but there are many views on that in the Labour party. It is not at all clear that it agrees with the Government on the future relationship with the internal market and the customs union, because it keeps taking different positions. If the right hon. Gentleman has inside information on the Labour party's position, I would be very glad to hear it.

Sir William Cash (Stone) (Con): Does my right hon. Friend welcome the outbreak of unity on the Government Benches regarding the outcome of the progress report? Does she agree that a number of matters still need to be resolved? Serious questions will be addressed, and the European Scrutiny Committee will be paying serious attention to those questions. Does she also agree that the Opposition have demonstrated not only today but over past weeks a complete inconsistency on every point of principle and detail? They are simply a national disgrace.

The Prime Minister: I certainly agree with my hon. Friend, and I am grateful to him for his reference to the statement of unity. I know that the European Scrutiny Committee has always taken its role very seriously and will continue to do so. Its role is particularly important as we reach this point in time and as it considers these particular arrangements. Yes, there are serious issues

that still need to be addressed and will be addressed in phase 2 of the talks, but the important thing was getting on to phase 2 so that we can look at such issues in much more detail. As he says, the Labour party has distinguished itself only by the fact that it has had 12 different Brexit plans over the past 18 months. It really does not know what its view is on this at all.

Alison McGovern (Wirral South) (Lab): Last week, the Chancellor of the Exchequer told me that the Cabinet had never even discussed the decision to leave the single market and the customs union. As we move on, we need to be absolutely clear about the Cabinet's view, so will the Prime Minister inform the House when the Cabinet last discussed the negotiating objectives for the final trade deal?

The Prime Minister: The Cabinet has had a number of discussions on various aspects of the negotiations, and it will continue to have those discussions. The Cabinet was united behind the Florence speech, which set out the objectives, and it was behind the Lancaster House speech. The objectives for the Government have not changed, and they have been agreed by the Government.

John Redwood (Wokingham) (Con): I wish the Prime Minister every success in negotiating a comprehensive free trade deal. Does she agree that when we leave, with or without a deal, we will be trading under World Trade Organisation terms, which now include the extremely helpful and comprehensive trade facilitation agreement that allows good progress over borders for all WTO members? Does not that strengthen our position when she negotiates a good deal?

The Prime Minister: My right hon. Friend refers to the developments at the WTO, and they will of course be interesting to us as we look ahead and negotiate our deal for the future. I hope the optimism that has been shown by the European Union as we progress on to the next stage will give everybody confidence and reassurance that we can indeed agree the comprehensive free trade agreement we want for our future relationship with the European Union.

Mr Pat McFadden (Wolverhampton South East) (Lab): For phase 2 of the discussions, the Brexit Secretary has set a benchmark of securing a free trade agreement with the exact same benefits that we currently enjoy. Does the Prime Minister agree with her Environment Secretary and many others that if the public do not like the terms of the final deal, they have every right to change their mind?

The Prime Minister: That is a misinterpretation of what the Environment Secretary said at the weekend. I have been very clear that there will be no second referendum on this issue. This Parliament overwhelmingly voted to give the British people the decision on membership of the European Union. The British people voted, and we will now deliver on their vote.

Nicky Morgan (Loughborough) (Con): On behalf of the thousands of EU citizens living in the Loughborough constituency and across the country, may I thank the Prime Minister for the Christmas present she has given them by providing certainty about their future in this

country? It is a shame that that part of last week's deal has not had the coverage it should have had because of the other important issues. Does she agree that her work last week is testament to the power of continued dialogue between the parties, and that those who suggest that when things get tough, we should walk away do not represent the way she attacks these issues?

The Prime Minister: My right hon. Friend is right. I hope people will look seriously and carefully at the negotiated agreement on citizens' rights, which is important. We are in a negotiation, which takes hard work on both sides. It also takes determination, and this Government have shown the determination to get it right for the UK.

Mr George Howarth (Knowsley) (Lab): Does not CETA-plus-plus-plus amount to a similar—but not the same—set of arrangements to those in the single market and the customs union? Would not the Government have to accept a similar set of arrangements on free movement of labour?

The Prime Minister: The right hon. Gentleman and a number of others keep talking about membership of the single market and the customs union. The point is that the European Union has made it very clear that the four pillars are indivisible. We are leaving the European Union, and therefore we will be leaving the European single market and the European customs union. What we will negotiate is a separate trade deal, which we want to be as tariff-free and frictionless as possible.

Michael Fabricant (Lichfield) (Con): Constituents of mine who have parents and grandparents living in the European Union are very concerned by comments made by the Labour party, which wanted to conclude an early deal that would rightly protect Europeans living in the United Kingdom, but would sell down the river those British citizens who live in Europe. Does my right hon. Friend agree that the primary role of the Prime Minister is to defend the interests of British citizens? Will she explain in a tiny bit more detail precisely what the protections will be for British people living in Europe after Brexit?

The Prime Minister: My hon. Friend is absolutely right. It is important that not only I, as Prime Minister, but this Government give priority to UK citizens and ensure that they are not left behind. That is why we wanted to make sure that the agreement on citizens' rights was reciprocal, as it indeed is. UK citizens will enjoy the rights they have on issues such as benefits payments and access to healthcare. All these issues have been addressed in this first phase of the negotiations and are reflected in the joint progress report that we have set out. What is important is that both EU citizens living here and UK citizens living in the EU27 will be protected.

Nigel Dodds (Belfast North) (DUP): The Prime Minister said at her Friday press conference that the deal arrived at represented a significant improvement from Monday, and we on these Benches agree wholeheartedly with that. May I thank the Prime Minister for her personal devotion to working to get the text, as she put it today, "strengthened" in relation to the "constitutional and economic integrity" of the whole United Kingdom?

Will she confirm that the text of this agreement now makes it clear that in the event of a deal, Northern Ireland will not be separated politically, economically or by any regulatory requirements from the rest of the UK—this is along with the aim of having no hard border on the island of Ireland—but that in the event of no overall deal, nothing is agreed?

The Prime Minister: May I say to the right hon. Gentleman that I am grateful for the contributions that were made, as I said in my statement, by the DUP and others who were concerned about the Union of the United Kingdom? The joint progress reported was strengthened to make it absolutely clear, as he says, that of course under the Belfast agreement we recognise the principle of consent, but nothing in that agreement will lead to a separation of Northern Ireland from the rest of the United Kingdom.

Sir Roger Gale (North Thanet) (Con): I thank my right hon. Friend for her reaffirmation that British citizens resident throughout the EU will continue to receive uprated pensions and, as I now understand it, healthcare and health-related exportable benefits. May I ask her to indicate whether those will continue into the foreseeable future?

The Prime Minister: Yes, I can. The point of the agreement is to ensure that those rights and obligations do carry on in the future. A number of these issues are set out in the joint progress reports; there are specific references to the rules on healthcare, on social security systems and so forth. We are very clear that it is important that those rights be available for UK citizens in the EU, and they will be.

Mr Chris Leslie (Nottingham East) (Lab/Co-op): I wonder whether the Prime Minister will help us to clarify what is meant by "full alignment". There was speculation in the newspapers this weekend that No. 10 had been selling it to the Foreign Secretary as a meaningless concept. I do not want her to say, "Full alignment means full alignment"; I want her to say whether she means it to apply to all areas of trade, or whether it is limited to agriculture and energy. Will she explain what she means by "full alignment"?

The Prime Minister: Full alignment means that we will be achieving the same objectives. I set out in my Florence speech that there are a number of ways in which we can approach this. There will be some areas where we want to achieve the same objectives by the same means. In others we will want to achieve the same objectives by different means. If we look at the areas covered currently by north-south co-operation, we see there are six of those areas. Two of them are not covered generally by the *acquis*—education and health—but there are other issues, such as the environment, waste and water management, the electricity market, agriculture, and questions relating to road and rail transport.

Several hon. Members rose—

Mr Speaker: The hon. Member for Grantham and Stamford looks poised to begin a 100-metre sprint. I call Mr Nicholas Edward Coleridge Boles.

Nick Boles (Grantham and Stamford) (Con): Thank you, Mr Speaker. I am no cricket fan, but may I tell my right hon. Friend that that was a performance worthy of Geoffrey Boycott? May I ask her to clarify an important point? When it comes to the settling of the accounts—the second batch of payments—it is little understood among my constituents that these payments will be made over 20 or 30 years as they fall due, and that there is never going to be a moment when she signs some humungous cheque to settle the accounts. It would be incredibly reassuring for people to hear that from her at the Dispatch Box.

The Prime Minister: For the avoidance of doubt, I should say to the whole House that I regard any reference to Geoffrey Boycott as a compliment. What is said in the joint progress report is that these payments will be made as they fall due, unless otherwise determined by the United Kingdom and the European Union.

Kate Hoey (Vauxhall) (Lab): This is a little bit of repetition, but to be absolutely clear, will the Prime Minister confirm that leaving the single market—the internal market, as I prefer to call it—and the customs union is not an option, and that anyone who is pushing for that is really still trying to stay in the EU?

The Prime Minister: The hon. Lady asked me to confirm that anybody wanting to leave the single market and the customs union effectively wants to stay in the EU; I think she meant that anybody who wants to stay in the single market and the customs union wants that. *[Interruption.]* She is nodding her affirmation. Yes, that is absolutely right. It is clear that actually leaving the EU means leaving the single market and the customs union.

Sir Edward Leigh (Gainsborough) (Con): Despite all the prophecies of doom and gloom, the Prime Minister, with her calm, true grit, has shown that Brexit can and will be done. We congratulate her on that. Of course it is a compromise, but when Brexiteers like me look at the alternative—namely, a Labour Government staying in the single market forever and having no control over immigration—it is amazing how our minds are concentrated in support of the Prime Minister. Will she confirm that, although as a great country we can of course choose to align our regulations with those of other countries, once the implementation period is over, we will have full regulatory autonomy?

The Prime Minister: That is the whole point. Once we are outside the European Union, we will be able to determine our regulations and where we wish to diverge from the regulations of the European Union. As I said in my response to my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke), in any trade agreement there is an agreement about the rules, regulations and standards on which both sides will operate, but also an agreement about what happens when one side wants to diverge from them. The important point is that this Parliament will be the body deciding those rules and regulations.

Chuka Umunna (Streatham) (Lab): Senior civil servants across Whitehall have reportedly been instructed from here on not to commit to writing any evaluation they make of the impact of Brexit on their industry sectors. Is that true? If so, why the cover-up?

The Prime Minister: No.

Dr Julian Lewis (New Forest East) (Con): At a time of intolerable financial pressure on defence, will the Prime Minister confirm that there can be no question of our paying billions of pounds to the European Union that we do not need to pay, unless as part of an overall trade deal?

The Prime Minister: As I said earlier, the offer in the progress report is there, as the report itself makes very clear, on the basis that we will be making an agreement with the European Union on our trading relationship, and on our relationship in other areas, such as security.

Edward Miliband (Doncaster North) (Lab): In her reply to the hon. Member for Gainsborough (Sir Edward Leigh), the Prime Minister seemed to confirm that she believes that we will have full regulatory autonomy after we leave the European Union. Will she explain how that is compatible with regulatory alignment between Northern Ireland and the Republic of Ireland and no hard border?

The Prime Minister: The point I made in response to my hon. Friend the Member for Gainsborough (Sir Edward Leigh) was that decisions about the future rules and regulations on which this country operates will be made by this Parliament. We have said very clearly that we will avoid, and guarantee that we will not have, a hard border between Northern Ireland and Ireland. In any trade agreement, a decision will be taken as to those rules and regulations on which we wish to operate on the same basis, those areas where we have the same objectives but will operate on a different basis, and those areas that are irrelevant to the issue of the trade agreement.

Stephen Crabb (Preseli Pembrokeshire) (Con): I congratulate the Prime Minister on the skill and pragmatism she has shown in steering a course to this point. Does she agree that the very positive response of business over the weekend underlines the importance of maintaining an approach that is both pragmatic and ambitious? Those are the qualities on which we need to stay focused if we are to land that free trade deal with the EU.

The Prime Minister: My right hon. Friend is right, and I am pleased that business has welcomed the progress we have made as we move on to the next stage of the negotiations. It is important that we retain that optimism and ambition for the future. It is possible to achieve a really ambitious comprehensive trade agreement with the European Union, and that will be not only to our benefit but to the benefit of the EU27.

Joanna Cherry (Edinburgh South West) (SNP): We are told that this first-stage deal is a statement of intent that is not legally binding. Does the Prime Minister agree that the same could be said of her article 50 letter, and that if a satisfactory deal is not reached overall at the end of the day, it would be open to this sovereign Parliament, as a matter of EU law and in accordance with our constitutional requirements, unilaterally to revoke the article 50 letter?

The Prime Minister: The hon. and learned Lady started off by referencing the issue of the status of this joint progress report. It is a joint progress report on the agreements that have been reached so far in the negotiations,

which has enabled the European Commission to determine that sufficient progress has been made to pass on to the next stage of negotiations. Further details on certain aspects of withdrawal will need to be determined as we go ahead in the coming months, alongside the work on the implementation period and the future partnership with the European Union. As I have said on a number of occasions, that withdrawal agreement will be put into legislation here in this House.

Mr David Jones (Clwyd West) (Con): I congratulate the Prime Minister on what has been achieved thus far, which we must hope will translate into mutually beneficial withdrawal and trade agreements, but given that that cannot be guaranteed, will she give instructions for the sum set aside by the Chancellor in his Budget last month to be expended on upgrading our customs infrastructure, in order to secure smooth international trade after Brexit and reassure business in this country?

The Prime Minister: As my right hon. Friend knows, in addition to the £700 million already allocated by the Treasury to the current year for the changes that will be needed for the contingency arrangements to be put in place, £3 billion was put forward in the autumn Budget. That will be allocated to Departments, obviously, according to their need and requirement. On the specific issue of customs arrangements, Her Majesty's Revenue and Customs is moving forward on them, and will have in place what is necessary in order for us to have a customs system when we leave the European Union.

Stella Creasy (Walthamstow) (Lab/Co-op): Frequently with this Prime Minister, we have found that when she says nothing has changed, everything has changed. In particular, this statement talks about residents of Northern Ireland being able to cross the border freely and there being no hard border. If she thinks that it is in the best interests of Northern Irish residents to continue to benefit from freedom of movement, why is she denying equal rights to my constituents?

The Prime Minister: The hon. Lady says that something significant has changed. I suggest that she looks back in history a little, because she will find that the common travel area has been in place since 1923.

Several hon. Members *rose*—

Mr Speaker: I advise the House that, in the first hour, we have had 27 Back-Bench contributions, but there are no fewer than 57 Members still wishing to participate. The Prime Minister has been commendably succinct in her replies, but some questions have erred on the side of prolixity, so there is now a premium on brevity, which is brilliantly exemplified, on almost every occasion, by Sir Desmond Swayne.

Sir Desmond Swayne (New Forest West) (Con): Does any regulatory alignment exclude the possibility of sharing a common external tariff?

Mr Speaker: I am grateful to the right hon. Gentleman for proving my point.

The Prime Minister: Full alignment means that we will ensure that we can operate in a practical sense on a basis that will enable that continued trade to take place between Northern Ireland and Ireland. We have put

forward a number of suggestions in relation to the customs union arrangements that currently exist and the customs arrangements that we will have in the future. One of those included different arrangements in relation to the external tariff. We will ensure that there is no hard border, but I think that we can come to a customs arrangement that will mean that we can have that tariff-free and frictionless trade between the United Kingdom and the whole of the EU.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): The Prime Minister said in her statement that “significant savings” would be made through the Brexit agreement. Will she tell us how she knows what those significant savings will be before she has reached an agreement? If she does know them, will she publish their value to allow the whole House to see what they are?

The Prime Minister: Of course, significant savings will be made when the United Kingdom leaves the European Union and is no longer paying the price of membership of the European Union to the European Union every single year.

Philip Davies (Shipley) (Con): The Prime Minister said that there has been give and take in these negotiations. Of course she is absolutely right: we are giving the EU tens of billions of pounds, and the EU is taking them. She said that the money will not be paid unless there is a final agreement. By definition, that must mean that we are not legally obliged to make these payments because otherwise that option would not be available to us. Will she explain why she is paying tens of billions of pounds that are not legally due to the European Union when she is continuing a policy of austerity at home? Many of my constituents simply do not understand where all this extra money is coming from.

The Prime Minister: I said in my statement, and have repeated, that the offer we have made is in the context of us achieving that agreement on the future partnership between the United Kingdom and the European Union. I said in my Florence speech—I have repeated this on a number of occasions—that we are a country that honours our commitments, and it is important that we do that.

Mike Gapes (Ilford South) (Lab/Co-op): The draft phase 2 guidelines say:

“negotiations in the second phase can only progress as long as all commitments undertaken during the first phase are respected in full and translated faithfully in legal terms as quickly as possible.”

When are we going to get the legislation?

The Prime Minister: We will get the legislation when we have agreed the details that are required to have that withdrawal agreement. The European Commission negotiator, Michel Barnier, has said that he wants to achieve that detailed withdrawal agreement by October next year.

Vicky Ford (Chelmsford) (Con): I congratulate the Prime Minister on a very detailed agreement. Paragraph 73 says that the UK

“may wish to participate in some Union budgetary programmes...post-2020”

as a third country. Is it likely that those programmes could include co-operation on the three S's—security, scientific research and student exchanges?

The Prime Minister: The simple answer is that those areas could be included. I have said—my hon. Friend will not be surprised by this, given my background—that we may wish to include a number of security programmes. We may also very well wish to remain involved in the other areas that my hon. Friend identifies. Those decisions will be part of the next stage of the negotiations, and they will be taken on the basis of what will be in the best interests of the United Kingdom.

Hywel Williams (Arfon) (PC): I thank the Prime Minister for prior sight of her statement. On 26 October last year, I raised with her the danger of favouring particular sectors in any future trade deal. She replied:

“I will be cutting the best deal for the United Kingdom—all parts of it.”—[*Official Report*, 26 October 2016; Vol. 616, c. 281.]

On Sunday, the Brexit Secretary said that he would seek a trade deal that would be Canada-plus-plus-plus. Will the Prime Minister therefore identify the particular sectors referred to under “plus-plus-plus”?

The Prime Minister: There is no inconsistency in this. We want the best trade deal for all our trade with the European Union, and that is what we will be working to.

Charlie Elphicke (Dover) (Ind): Will the Prime Minister agree that finding agreed solutions is critical not just for the Northern Ireland border, but for the channel ports, including the port of Dover? Will she make it a key priority of the trade talks that we ensure that we have a smooth flow of trade and the option of diversity?

The Prime Minister: My hon. Friend is absolutely right. We recognise the importance of Dover as a border port and, indeed, that of other ports around the United Kingdom. The future customs relationship will be a key part of negotiating the trade deal. We have said that we want to be as tariff-free and frictionless as possible, and that is what we will be working to.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): The issue of regulatory divergence is an ongoing matter of concern for many sectors of our economy. When the Prime Minister read the summary outcomes of the Brexit sectoral analyses, did she happen to read about the impact of Brexit on chemicals? The Chemical Industries Association has today written to the Secretary of State for Environment, Food and Rural Affairs to ask the Government

“to do all it can to remain within or as close as possible”

to the EU’s rule book for the sector, the exports of which are worth £50 billion a year. What reassurance will the Prime Minister give to the association?

The Prime Minister: We have been very clear that we were looking at a variety of areas in which the question will be asked as to whether we wish to retain the same arrangements, or arrangements that achieve the same outcomes but are not necessarily the same arrangements, or if we wish to diverge completely. We recognise the importance of the pharmaceutical industry to the United Kingdom—it is a key industry in the industrial strategy, which my right hon. Friend the Business Secretary published only a couple of weeks ago—but these will be matters for negotiation in the second phase.

Robert Halfon (Harlow) (Con): I congratulate my right hon. Friend on displaying almost Zebedee-like qualities of resilience in terms of the Brexit magic roundabout, but on the figure she has quoted of up to £39 billion, will she confirm that there will not be any more offered in the continued negotiations? Could she also set out a detailed cost-benefit analysis that I can present to my constituents?

The Prime Minister: As I indicated, if we look at the scope and analysis that has been done, the estimate is that the sum of money would be £35 billion to £39 billion, but we have said, as my right hon. Friend will have heard in answer to previous questions, that there may be some programmes of which we do wish to remain a member, and therefore we would be willing to pay an appropriate price for the cost of that. But a very good piece of work has been done on these financial arrangements, and, obviously, we take that forward, as I said, in the context of agreeing that future relationship.

Wes Streeting (Ilford North) (Lab): Paragraph 49 of the agreement says very clearly:

“In the absence of agreed solutions, the United Kingdom will maintain full alignment with those rules of the Internal Market and the Customs Union which, now or in the future, support North-South cooperation, the all-island economy and the protection of the 1998 Agreement.”

In making that undertaking, can the Prime Minister provide the reassurance that British people, businesses and public services are looking for—that she has finally closed the door to the disastrous no-deal scenario that so many Government Members have advocated?

The Prime Minister: No. If the hon. Gentleman looks at the joint progress report, he will also see that these things are all set in the context of agreeing the future partnership and the future trade arrangement between the United Kingdom and the European Union, but I remain of the view that no deal is better than a bad deal.

Mr Peter Bone (Wellingborough) (Con): I came to the Chamber today thinking that we were going to leave the European Union on 29 March 2019 and that the whole House agreed. We now know from the Leader of the Opposition that Labour wants to stay in indefinitely. Will the Prime Minister confirm that we will come out in 473 days’ time and that that date will be put in the European Union (Withdrawal) Bill?

The Prime Minister: I thank my hon. Friend, and I can confirm that we will be leaving the European Union on 29 March 2019. I think the fact, as he reflects, that the Leader of the Opposition was so equivocal about the Labour party’s view on this issue shows that the Opposition want to try to play to two houses: they want to say at the start that they are confirming the referendum and respecting it; and yet, at the same time, they do not want to accept that we will be leaving the European Union—and we will be leaving.

Wera Hobhouse (Bath) (LD): Will the Prime Minister confirm that Northern Ireland could have different customs arrangements from the rest of the UK?

The Prime Minister: No. What we have said is that we will put practical arrangements in place to ensure that there is no hard border between Northern Ireland and

Ireland, but we have also been clear that we will respect the internal market of the United Kingdom. That means no border down the Irish sea.

Mr Laurence Robertson (Tewkesbury) (Con): Does the Prime Minister agree that one of the many benefits of leaving the EU customs union is that we will be able to forge our own trade deals with countries across the world—deals that the EU has failed so far to strike? Is it not the case that that would benefit the whole United Kingdom, including Northern Ireland, which would actually lose out if it stayed in the customs union, because it would not then get that full benefit?

The Prime Minister: My hon. Friend makes a very important point. We will be able to strike those trade deals around the world, and Northern Ireland will benefit from those trade deals, as will the rest of the UK.

Alison Thewliss (Glasgow Central) (SNP): In answer to a question I asked about the tampon tax, the Financial Secretary to the Treasury said that the Government continue to press for a VAT zero rate for women's sanitary products at EU level. If the Government cannot negotiate, in two years, a zero rate for the tampon tax, what hope do we have of a trade deal?

The Prime Minister: We are leaving the European Union and we will be able to make decisions of that sort for ourselves in future.

Andrew Bridgen (North West Leicestershire) (Con): I thank my right hon. Friend for confirming very clearly that the so-called EU divorce bill will be paid only if we are successful at negotiating an acceptable trade deal with the European Union. Does she agree that this will certainly focus the minds of EU negotiators and is our best chance of obtaining an acceptable outcome for the UK?

The Prime Minister: I am optimistic about getting that good trade deal for the United Kingdom with the EU, because actually it is in the EU27's interests for their businesses to be able to continue to trade on good terms with the UK.

Stephen Timms (East Ham) (Lab): The European Union says that we will stay in the single market and the customs union during the implementation phase. The Prime Minister is saying, I presume, that we will leave at the start of the implementation phase, but will she confirm that the jurisdiction of the European Court of Justice will continue throughout the two years or so of the implementation phase?

The Prime Minister: As the right hon. Gentleman knows, the details of the implementation period are to be negotiated. Assuming that the EU Council takes the decision to move ahead on Thursday or Friday of this week, that will happen very quickly. He talks about leaving the single market and the customs union. We will do that when we leave the European Union in March 2019, but we will then have a relationship with the European Union during the implementation period to ensure that businesses and individuals have the reassurance of not needing to make two stages of adjustments to our future partnership.

Mr Shailesh Vara (North West Cambridgeshire) (Con): May I congratulate the Prime Minister on her sheer determination and stamina in reaching the stage of having this joint report? To the extent that we do have an agreement in March 2019, and that thereafter, for many years to come, we do make payments to the EU as agreed, will she consider publishing the amount of money that we are not paying to the EU so that the British people can see the benefit that they are deriving in the years to come?

The Prime Minister: I thank my hon. Friend for his suggestion. I think that in due course we will be able to show not only the amount of money that we will not be spending through the European Union, but the positive ways in which we can spend that money here in the UK.

Ian Paisley (North Antrim) (DUP): That little-known French newspaper, *L'Opinion*, today quotes Mr Verhofstadt as claiming that the Prime Minister is relying on "those little Protestant allies in the Democratic Unionist party". Will the Prime Minister make it clear to Mr Verhofstadt that she is implementing the will of the British people unashamedly on behalf of all the British people, including those of us from Ulster? Will she also confirm that the trade negotiations will include control of our fishing policy going forward?

The Prime Minister: Yes, I am very happy to say to the hon. Gentleman that what I and the Government are doing is delivering on the vote of the people of the United Kingdom to leave the European Union. In terms of going forward on the trade deals, when we leave the European Union, we will of course leave the common agricultural policy and the common fisheries policy, and we will have to determine arrangements in relation to those for the United Kingdom in the future.

Mr William Wragg (Hazel Grove) (Con): My right hon. Friend has been very busy in recent days, but may I thank her very much indeed for the birthday card that arrived on my desk this morning? Sadly, Mr Juncker's is yet to arrive.

The Prime Minister will know that many people in this country want us to get on with leaving the European Union, so what guarantee can she give that I will not have to suffer another significant birthday before that is achieved?

The Prime Minister: I am sure that the whole House will want to wish my hon. Friend a very happy birthday today. I hope that he and others will take reassurance from the fact that we have achieved sufficient progress and we can move on to the second phase. That shows that through determined work we can achieve what we want to achieve, which is a good withdrawal agreement, a good future relationship with the European Union, and leaving on 29 March 2019.

Ian Murray (Edinburgh South) (Lab): Within a few paragraphs of the Prime Minister's statement, she reaffirms that the UK will leave the single market and the customs union, says that the Government "will fully protect and maintain Northern Ireland's position within the single market of the United Kingdom", and says that there will be "no hard border" and "regulatory harmonisation". Are not those three statements contradictory?

The Prime Minister: No.

Antoinette Sandbach (Eddisbury) (Con): May I congratulate the Prime Minister on acting in the national interest? I urge her to continue to show the spirit of pragmatism and compromise when regulatory alignment will benefit businesses, for example in the north-west. I am thinking of the energy, aerospace, chemicals and pharmaceuticals sectors, all of which employ tens of thousands of people in the north-west.

The Prime Minister: We are very conscious of the impact of decisions that are taken. We want to ensure that the industries that are so important to my hon. Friend's constituency, and to others in the north-west and elsewhere in the UK, are able not just to continue, but to grow, expand and be world leading in a number of areas. We will take those considerations into account as we look at our future trade arrangements.

Clive Efford (Eltham) (Lab): The Prime Minister has negotiated a financial package for exiting the European Union. Can she confirm that there is a further bill to be paid for access in the future, and that there is absolutely no question of our leaving the European Union without settling our tab for the commitments that we made prior to the referendum?

The Prime Minister: We are not talking about paying for access to something in the future. There might be certain programmes and areas of which we do want to remain a member—[*Interruption.*] I have given examples in the past. In justice and home affairs, there may be some areas in which it makes sense for the United Kingdom to continue to operate with members of the European Union. The commitments that are set out in the joint progress report are very clear. This is about honouring the commitments that we have made in the context of agreeing the future partnership.

Mr Jonathan Djanogly (Huntingdon) (Con): In congratulating the Prime Minister and the Brexit Secretary on this very significant achievement, may I point out that when the Brexit Committee met Mr Barnier recently, he spoke about decoupling future security discussions from future trade discussions? I would be interested to hear my right hon. Friend's views on whether that is the right way forward.

The Prime Minister: As we move into the next phase, we will be negotiating our future relationship and future partnership with the European Union. That will be across all aspects of our current relationship with the European Union, so it will be about negotiating on trade and negotiating on security. I set out in my Florence speech that we expect to negotiate a separate treaty on our security arrangements and co-operation.

Stephen Kinnock (Aberavon) (Lab): The Prime Minister has repeatedly claimed today that the financial settlement is subject to the conclusion of the future deep and special partnership. May I draw her attention to paragraph 96 of the progress report, which clearly states that the financial settlement is contingent only on conclusion of the article 50 withdrawal agreement and the transitional arrangements? Will she please provide some clarity on this vital issue and confirm that her precise understanding

of paragraph 96 is that the settlement is contingent only on the withdrawal agreement and the transitional arrangements, not on the future partnership?

The Prime Minister: No, that is not my understanding of the joint progress report or the position that we will be in. It is very clear at the beginning of the joint progress report that this is a set of proposals that have been put forward in the context of negotiating that final agreement. I refer the hon. Gentleman to the reference to the framework for the future relationship in paragraph 96.

Robert Neill (Bromley and Chislehurst) (Con): The Prime Minister has shown not only pragmatism and determination, but a lot of courage. I congratulate her on that, as do the 36% of my constituents who work in the financial services sector. Given the key importance of the sector to our economy, will she undertake to show the same pragmatism as we develop the proposals in paragraph 91 of the joint report, particularly when it comes to finding a pragmatic means of seeking regulatory co-operation and grandfathering existing services contracts, as suggested by TheCityUK?

The Prime Minister: I am grateful to my hon. Friend for the reference he has made. Indeed, the paragraph he refers to is obviously one of those that set out a number of separation issues other than citizens' rights, the financial settlement and the Northern Ireland border, which were discussed in phase 1. It is important, to pick up the point he made about pragmatism, that we adopt a practical, pragmatic approach to the future, ensuring that we have the relationship we want with the European Union that will be good for the United Kingdom, but also good for the EU27.

Jim Shannon (Strangford) (DUP): I thank the Prime Minister for her statement and also for her strength of character. Will she confirm that any regulatory alignment required to ensure north-south co-operation will not require either the United Kingdom or Northern Ireland to be a member of any single market or customs union?

The Prime Minister: I am very clear that we will not be a member of the single market or the customs union, and we were not proposing that any part of the United Kingdom will be a member of the single market or the customs union separate from the rest of the United Kingdom. The whole of the United Kingdom will be out of the internal market and the customs union.

Richard Drax (South Dorset) (Con): I warmly congratulate my right hon. Friend on the progress she has made. We are getting there, but I shall be relieved when we get to March 2019. For clarity's sake, may I ask whether, if no deal is struck on the border between Northern Ireland and Ireland come March 2019 and the issue is still on the table, I am right in assuming that when we leave the EU, Northern Ireland will still be influenced by EU regulations? I think that is what she said—or have I got that completely wrong?

The Prime Minister: No, the agreement that has been reached—the terms are set out in the joint progress report—is against the background of securing the agreement on the future relationship between the United Kingdom and the European Union. Of course, we do want to

ensure that there is no hard border between Northern Ireland and Ireland, and we will be looking to ensure that in all circumstances.

Heidi Alexander (Lewisham East) (Lab): When the Prime Minister and her colleagues were patting themselves on the back last week for surviving the first round of negotiations, Irish freight handler John Dunne told ITV News it was “a fudge”. He said:

“You’re either in the customs union or you’re outside of it. It’s like you can’t be a little bit pregnant, so either there is customs clearance required or there isn’t”.

He is right, is he not?

The Prime Minister: The hon. Lady will know that there are various aspects of the customs union, so actually it is not quite as simple as that. We have set out already—we did this in the summer—arrangements that we believe could be in place, which we will now be able to discuss in detail with the EU27 as we move into phase 2 of these negotiations. They would enable us to retain tariff-free and frictionless access across borders, while at the same time ensuring that we are not a member of the customs union and the single market.

Mike Wood (Dudley South) (Con): While we recognise that Britain will respect any liabilities that are properly owed, will the Prime Minister reassure my constituents that the United Kingdom will not be making payments that are not paid by countries remaining in the European Union, so that there can be no question of punishment payments?

The Prime Minister: I am absolutely clear that we are not talking about punishment payments. I have said on a number of occasions that we will honour our commitments. We have come to an agreement about the scope of commitments and how those should be valued, but as I said earlier, this is in the context of agreeing the future partnership.

Emma Little Pngelly (Belfast South) (DUP): I thank the Prime Minister for her strong statement of support for Northern Ireland as an integral part of the United Kingdom. Businesses in Northern Ireland do not want a hard border, and we in the DUP are fully committed to working closely with the Prime Minister to find solutions and a good outcome in relation to that. However, will the Prime Minister confirm and commit that, in finding solutions, not only will Northern Ireland businesses have full and unfettered access to the UK market, but UK businesses will have full and unfettered access to Northern Ireland markets?

The Prime Minister: Yes, I am very happy to confirm that. What we are talking about is ensuring that the internal market of the United Kingdom is maintained, so that that flow for businesses both in Great Britain and in Northern Ireland can continue.

Huw Merriman (Bexhill and Battle) (Con): I join colleagues in congratulating the Prime Minister on largely excluding the influence of the European Court of Justice; others said that could not be done. With respect to the eight-year period during which courts can refer to the ECJ, will that run from the date when the UK leaves the EU, the end of the implementation period or the date from which EU citizens apply to enforce their rights, which could of course be a later date?

The Prime Minister: I apologise, I have not found the specific reference in the report, but it will be at the point at which the citizens’ rights are implemented. The expectation is that it will be on the date when we leave the European Union.

Vernon Coaker (Gedling) (Lab): The agreement between the UK and the EU contains many welcome and significant references to the Good Friday agreement. Does the Prime Minister agree that if the Good Friday agreement were included in the European Union (Withdrawal) Bill, that would help build confidence in the whole process?

The Prime Minister: I would hope that there is confidence in the process from our being so clear in the joint progress report, which has been published by us and the European Commission, about the importance of respecting the Belfast agreement. As a Government, we have said that consistently throughout the negotiations. There is no difference in our position: we are very clear that we will uphold the Belfast agreement.

Alberto Costa (South Leicestershire) (Con): One year ago, I said in the Chamber to my right hon. Friend that it would be inconceivable for me to vote to take away the rights of my parents or other EU nationals. Incidentally, I understand that my parents are watching proceedings closely today. I thank the Prime Minister for honouring her commitment to me, which she gave earlier this year, in return for which I gave her my full loyalty. I look forward to the agreement in principle becoming a proper legal agreement in due course.

The Prime Minister: I thank my hon. Friend for the attention that he has given to EU citizens’ rights throughout this period, and for the discussions that he and I have been able to have on the matter. I am pleased that the agreement has been reached, as reported in the joint progress report. I also congratulate my hon. Friend, who has recently been honoured by the Italian Government. Many congratulations.

Mr Speaker: Well done!

Thangam Debbonaire (Bristol West) (Lab): The Prime Minister must have had a different ballot paper from the one we had in Bristol West last year. There was no mention on mine of the single market or the customs union, nor was there any mention of Euratom, to which item 89 of the report refers. Will the Prime Minister please tell us which other organisations she believes she has a mandate to sweep off the table as we go through the negotiating period?

The Prime Minister: What was in the decision that people took in the referendum—what they were asked to decide—was whether to stay in the European Union. *[Interruption.]* The hon. Lady shakes her head and says that it did not mention the single market or the customs union. It was made very clear during the debate what leaving the European Union meant, and the British people voted for it.

Mims Davies (Eastleigh) (Con): Thank you, Prime Minister. It is no mean feat to balance remainers and leavers inside and outside the House, and to balance the

[Mims Davies]

rights of British citizens abroad—we think about that a lot, and my constituents have raised it with me—with those of the 3 million EU citizens here, many of whom work in our public services, as well as balancing people who live in the past and have not accepted the result. Does the Prime Minister agree that the agreement bodes well for the second phase and that all our constituents, and UK plc, should look positively to the future?

The Prime Minister: Yes, I absolutely agree. We have shown that we can achieve what we want to achieve for the United Kingdom. That bodes well for the next phase of the negotiations. I am optimistic about that next phase and I hope others will be, too.

Dr Rupa Huq (Ealing Central and Acton) (Lab): In the light of the nearly £40 billion that we will now be spending to leave the EU, when does the Prime Minister anticipate our regaining our triple A credit rating?

The Prime Minister: Of course, the credit ratings are determined by external bodies, but one thing is certain: if the hon. Lady wants to ensure that we have good credit ratings in the future, we do not want a Labour Government and a run on the pound.

Wendy Morton (Aldridge-Brownhills) (Con): The Prime Minister is to be commended for her perseverance and her commitment to delivering the result of the referendum for us all. We acknowledge that this is a vital step forward, so will she confirm that she remains absolutely committed to delivering the best deal for the whole of the UK?

The Prime Minister: I can absolutely confirm that. That is exactly what we are working to, and I am optimistic that it is exactly what we are going to achieve.

Tony Lloyd (Rochdale) (Lab): The Prime Minister will understand that there is real scepticism about squaring all the various circles needed to deliver the frictionless border and the ambition she has set forward for our national interests—a proper agreement with the EU on the whole of Ireland. Will she give a guarantee to the House that there can be no veto, from those on her Back Benches or in the DUP looking for the maximum regulatory freedom, if that will put at risk a proper agreement on the island of Ireland?

The Prime Minister: We have set out in the report that we intend to ensure that there is no hard border. We are guaranteeing that we will do what is necessary to ensure there is no hard border between Northern Ireland and Ireland. I imagine that there is not a single person in the House who thinks that a hard border should be returned between Northern Ireland and Ireland. We are also clear that we need to retain the constitutional and economic integrity of the whole of the United Kingdom. I believe that it is possible to do that. We have already set some ideas out earlier this year on customs, and we are now able to move on—post Thursday and Friday, if the Council confirms that sufficient progress has been made—to discuss that in detail.

Jeremy Lefroy (Stafford) (Con): May I thank the Prime Minister for her tremendous work and for the letter that she has written to citizens today, which is incredibly helpful? When does she think we will get a clear picture of what the transitional or implementation period will look like? Mr Barnier has mentioned that it will possibly be by March.

The Prime Minister: As I said earlier, assuming that the EU Council confirms on Thursday and Friday that we can move on to phase 2 of the negotiations, I expect that work on the transitional or implementation period will start immediately. There are some details to be sorted out, but the general agreement is that it will be agreed as early as possible in the new year. As my hon. Friend says, Michel Barnier has indicated that it could be during the first quarter.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): I put it to the Prime Minister that if, for instance, the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith) and the right hon. and learned Member for Rushcliffe (Mr Clarke) are in full agreement, then either one—or probably both—must be mistaken about what has really been agreed. With respect, the Prime Minister cannot have full autonomy and full alignment at the same time. Cross-border trade in services will require some sort of long-term regulatory co-operation to be in place. When, for instance, will we find out whether solvency II still applies, whether the prospectus directive is still in operation, and whether we are still in the single euro payments area? Those are all genuine questions for consumers and businesses, but we still have no idea about the answers.

The Prime Minister: The nature of those arrangements for future trade in goods and services will be negotiated in phase 2 of the discussions. If my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) and my right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith) are in agreement, I think it suggests that the Government have done a good job.

Rebecca Pow (Taunton Deane) (Con): I welcome the give and take that has been shown in these negotiations, especially the sense that we will not crash out without a deal, which gives a sense of optimism even to wannabe remainers. While Taunton Deane is a wonderful place to live, I have had several people come into my constituency office who also have homes in the EU. They are very concerned about whether their rights will be protected, and whether they will have to make a choice to stay there or come back here. Can the Prime Minister make it clear that even for them, we are making good progress?

The Prime Minister: One of the things we wanted to ensure was that we were not just coming to an agreement on the rights of EU citizens in the United Kingdom, but that it would be reciprocal for UK citizens in the EU27. That is exactly what we have achieved through these negotiations, and I am grateful to the negotiating team for the detailed effort that they have put in to ensure that UK citizens can have that confidence for the future.

Kevin Brennan (Cardiff West) (Lab): The Prime Minister did not answer the second part of the question from the hon. Member for Wellingborough (Mr Bone), who has just resumed his place, about the exit date of 29 March 2019. He asked specifically if she was still committed to it being in the withdrawal Bill. Is she telling us today that under no circumstances will she countenance withdrawing the amendment the Government have tabled to put that date in the Bill?

The Prime Minister: We put that amendment down because we believe it is important to confirm, and so that people have the confidence of knowing, the date we will leave the European Union, which is 29 March 2019.

Nigel Mills (Amber Valley) (Con): I welcome the progress made last week. Will the Prime Minister confirm that an ongoing role for the ECJ for eight years does not mean that EU nationals in the UK will have greater rights than UK nationals?

The Prime Minister: The basis on which we have agreed various arrangements relating to the rights that will apply to EU citizens here and to UK citizens in the EU27 is the principle that they can maintain the life choices they have already made. We want somebody who has moved here with a set of expectations to be able to carry on living as they have done and with the same expectations for the future.

Alan Brown (Kilmarnock and Loudoun) (SNP): If EU citizens' rights were the Government's No. 1 priority, it is frankly shocking that they have taken 18 months to get an agreement. The Prime Minister undercut that agreement by twice saying in her statement that "nothing is agreed until everything is agreed". That insinuates that they still might be bargaining chips. So that I can give my constituents some sort of reassurance, will she tell me when the voluntary application process outlined in the technical note will be up and running?

The Prime Minister: We triggered article 50 in March this year, and we have been engaged in detailed negotiations. The hon. Gentleman refers to the phrase

"nothing is agreed until everything is agreed",

which is in the joint progress report. It is language used by the European Union in relation to the negotiations going forward. One issue for EU citizens here has been the ease of the process of applying for settled status. The Home Office is developing that process and will bring it forward. It is very clear that it will be a very easy and light-touch process, so that nobody need have fears about the arrangements they will have to go through.

Henry Smith (Crawley) (Con): As we move on to the trade negotiations with the EU27, may I seek assurances that aviation will be one of the priority areas? It is important to many of my constituents—indeed, to the whole country as an island trading nation.

The Prime Minister: I am very happy to give my hon. Friend that assurance. We are very clear about the importance of the aviation sector and maintaining the free flow of flights to the United Kingdom. It is a priority.

Nic Dakin (Scunthorpe) (Lab): How will we control immigration in future when migrants from the EU can move freely across the Irish border into the United Kingdom?

The Prime Minister: We will be setting out the immigration rules that will apply. The Home Office is working on these issues. The question of movement of people between the United Kingdom and Ireland is not suddenly new because we are leaving the European Union—the common travel area has been in place since 1923.

Tom Pursglove (Corby) (Con): Will my right hon. Friend confirm that once we leave the European Union we will no longer send billions of pounds a year to Brussels, a Brexit dividend that could instead be spent on our schools, hospitals and housing? Does she share my surprise that those on the Opposition Benches do not welcome the opportunity for more public spending on our public services? The Leader of the Opposition had nothing to say about it.

The Prime Minister: I absolutely confirm to my hon. Friend that once we have left the European Union we will not be paying huge sums of money every year to the European Union. That money will be available to us to spend on our priorities here. Perhaps the silence of the Leader of the Opposition on this issue, rather than welcoming that money potentially going into public services, is because the Labour party's position is to be willing to pay any price to the European Union regardless of how big the bill is.

Kate Green (Stretford and Urmston) (Lab): A number of businesses in my constituency manufacture goods that they then ship direct to end customers in the Republic of Ireland. Will those businesses continue to benefit from a special deal or full alignment in the same way as businesses that manufacture in Northern Ireland?

The Prime Minister: As I have said, the full alignment position in paragraph 49 is the final backstop. We expect to get a good agreement on the relationship between the United Kingdom and the European Union that will ensure not just north-south trade but east-west trade. It is not just about businesses here in the UK—the trade between Great Britain and the island of Ireland is more important to Ireland in financial terms than the trade from north to south. It is important that we do not have a hard border and that we maintain east-west trade.

Carol Monaghan (Glasgow North West) (SNP): One issue that certainly was not debated during the run-up to the EU referendum was membership of Euratom. Will the Prime Minister now inform people working in nuclear medicine—such as my sister, and many of my constituents—where they will obtain radioactive sources to treat and diagnose cancer when we are outside Euratom?

The Prime Minister: The hon. Lady will know that membership of Euratom is linked to membership of the European Union. That is the legal position, and that is why, as we triggered coming out of the European Union, we triggered coming out of Euratom. However, the Department for Business, Energy and Industrial Strategy

[The Prime Minister]

is putting in place arrangements that will ensure that we have the same capabilities and can operate in the same way as we do today. We recognise the importance of the issue; it will just be handled in a different way in future.

Liz McInnes (Heywood and Middleton) (Lab): Will the Prime Minister provide some clarity about the progress of negotiations on the other border that we share with the EU, the border between Gibraltar and Spain?

The Prime Minister: We are continuing to work with the Government of Gibraltar. They are part of our considerations as we proceed with these matters. That issue will be part of the wider negotiation on the trade relationship between the European Union and the United Kingdom in the future, and we will continue to work on it with the Government of Gibraltar.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): I thank the Prime Minister for her statement—it was certainly optimistic.

Last week the Irish Government showed the UK Government what effective negotiation looks like. Given that there was zero mention of any devolved Government in her 10-minute statement, may I ask the Prime Minister why the Irish Government have more influence on the UK's position than the democratically elected Scottish Government?

The Prime Minister: We have regular dialogue with the Scottish Government about the negotiations and the future arrangements that we want between the United Kingdom and the European Union. Those arrangements will take into account the concerns and interests of the whole United Kingdom, and will constitute a deal that will be good for the whole United Kingdom.

Matt Western (Warwick and Leamington) (Lab): The agreement, as written on Friday, states that commitments relating to Ireland will be

“upheld in all circumstances, irrespective of the nature of any future agreement between the European Union and the United Kingdom.”

Can the Prime Minister confirm that that is absolute?

The Prime Minister: We are very clear about the fact that we will not see a hard border between Northern Ireland and Ireland. That is what we have put in place, and that is what we will be working to ensure that we deliver.

Mr Speaker: I am most grateful to the Prime Minister. She was at the crease for an hour and 45 minutes, which was a very substantial commitment, although I am not sure that Geoffrey Boycott would view it in those terms. He would probably think that it was a pretty short space of time for him to get his first few runs on the board.

Oman, UAE and Iran

5.23 pm

The Secretary of State for Foreign and Commonwealth Affairs (Boris Johnson): With your permission, Mr Speaker, and following my undertaking to the House, I will make a statement about my visit to the middle east, from where I returned this morning.

This is a crucial time in the region. On the one hand we have a moment of hope, with scores of countries having come together to break the grip of Daesh on Iraq and Syria. Britain's armed forces have played a proud role in a military campaign that has freed millions, and Iraq's Government declared on Saturday that all their territory had been liberated. During her successful visit to Iraq last month, my right hon. Friend the Prime Minister thanked the British servicemen and women who have helped to bring about the territorial defeat of Daesh. In Jordan, she reaffirmed Britain's absolute commitment to the peace and stability of one of our closest allies in the region. However, the setbacks inflicted upon Daesh have coincided with a dangerous escalation of the war in Yemen, where one of the worst humanitarian crises in the world is now unfolding.

This morning I returned from my first bilateral visit as Foreign Secretary to Oman, the UAE and Iran. My aim was to take forward Britain's response, diplomatic and economic, to the crisis in Yemen. The Government strongly believe that the only way to bring this tragic conflict to an end is through a political solution. His Majesty Sultan Qaboos of Oman, whom I met in Muscat last Friday, entirely shared this analysis. The sultan and I discussed in detail the tragedy in Yemen, with which Oman shares a 180-mile border. We also agreed on the importance of settling the dispute between Qatar and its neighbours, and I was pleased to see that the summit of the Gulf Co-operation Council went ahead in Kuwait last week.

From Muscat I travelled to Tehran, where I met Iran's senior leadership including President Rouhani, Vice-President Salehi and the Foreign Minister, Javad Zarif. I was frank about the subjects where our countries have differences of interest and approach, but our talks were constructive none the less.

The latest chapter of Britain's relations with Iran opened with the achievement of the nuclear deal, the joint comprehensive plan of action, in July 2015. In every meeting, I stressed that the UK attaches the utmost importance to preserving this agreement. For the JCPOA to survive, Iran must continue to restrict its nuclear programme in accordance with the deal, and the International Atomic Energy Agency has verified Iran's compliance so far, and other parties must keep their side of the bargain by helping the Iranian people to enjoy the economic benefits of re-engagement with the world.

The House knows of Iran's disruptive role in conflicts across the region, including in Syria and Yemen. Our discussions on these subjects were frank and constructive, although neither I nor my Iranian counterparts would claim that we reached agreement on all issues. If we are to resolve the conflict in Yemen, Houthi rebels must stop firing missiles at Saudi Arabia. The House will recall that King Khalid International airport in Riyadh—Saudi Arabia's equivalent of Heathrow—was the target

of a ballistic missile launched from Yemen on 4 November. I pressed my Iranian counterparts to use their influence to ensure that these indiscriminate and dangerous attacks come to an end.

On bilateral issues, my first priority was the plight of the dual nationals behind bars. I urged their release on humanitarian grounds, where there is cause to do so. These are complex cases involving individuals considered by Iran to be their own citizens, and I do not wish to raise false hopes, but my meetings in Tehran were worthwhile, and while I do not believe it would be in the interests of the individuals concerned or their loved ones to provide a running commentary, the House can be assured that the Government will leave no stone unturned in our efforts to secure their release.

I also raised with Mr Zarif the official harassment of journalists working for BBC Persian and their families inside Iran. I brought up Iran's wider human rights record, including how the regime executes more of its own citizens per capita than almost any other country. But where it is possible to be positive in our relations with Iran—for instance, by encouraging scientific, educational and cultural exchanges—we should be ready to be so.

I then travelled to Abu Dhabi for talks yesterday with the leaders of the UAE, focusing on the war in Yemen, joined by the Saudi Foreign Minister, Adel al-Jubeir, and colleagues from the United States. We agreed on the importance of restoring full humanitarian and commercial access to the port of Hodeidah, which handles over 80% of Yemen's food imports. We also agreed on the need to revive the political process, bearing in mind that the killing of the former President, Ali Abdullah Saleh, by the Houthis may cause the conflict to become even more fragmented, and we discussed how best to address the missile threat from Yemen, welcoming the United Nations investigation into the origin of the weapons launched.

Our concern for the unspeakable suffering in Yemen should not blind us to the reality that resolving a conflict of this scale and complexity will take time and persistence, and success is far from guaranteed. But it is only by engagement with all the regional powers, including Iran, and only by mobilising Britain's unique array of friendships in the middle east, that we stand any chance of making headway. I am determined to press ahead with the task, mindful of the human tragedy in Yemen, and I shall be meeting my Gulf and American colleagues again early in the new year. I commend this statement to the House.

5.30 pm

Emily Thornberry (Islington South and Finsbury) (Lab): I thank the Foreign Secretary for giving me advance sight of his statement. I also thank him for the obvious efforts that he has put in over recent days on these issues, which are of such great concern to this House and beyond.

Let us start, as we must, with the case of Nazanin Zaghari-Ratcliffe. I have no wish to go over old ground concerning the Foreign Secretary's remarks to the Foreign Affairs Committee. It is right that he has finally apologised for those remarks and admitted that he was wrong. It is also right that he has finally met Richard Ratcliffe, and that he has spent the weekend in the region attempting to atone for his mistake and get Nazanin released.

We welcome the tentative progress that the Foreign Secretary has made in that regard. As Richard Ratcliffe himself put it,

"it doesn't change the fundamentals but it makes the change in the fundamentals more likely."

I appreciate that the Foreign Secretary cannot give a running commentary, but I should like to ask him two specific questions on this issue. First, did he seek meetings during his visit with representatives of the revolutionary courts, the Interior Ministry or the Ministry of Justice? In other words, did he seek to meet those who, in Richard Ratcliffe's words, have the power to "change the fundamentals" in Nazanin's case? Indeed, did he seek a meeting with Nazanin herself while he was there? Secondly, in the Foreign Secretary's meetings with President Rouhani and others, did he make it perfectly clear to them personally that his comments to the Foreign Affairs Committee, which were widely publicised in the Iranian state media, had been mistaken?

Turning to the Iran nuclear deal, we welcome the fact that the Foreign Secretary raised this issue, and he spoke for all of us in reassuring Iran that whatever other bilateral differences we may face, Britain will continue to honour our part in the nuclear deal as long as Iran continues to do the same. But of course, that is not where the real problem lies. As with so much else, the real problem lies in the White House. Can the Foreign Secretary tell us what the plan is now? What is the plan in relation to persuading President Trump to see sense and stop his senseless assault on the Iran deal? What is the plan to get President Trump back on board? Or is this yet another area in which the Government are forced to concede that they have no influence to wield?

Turning to Yemen, we welcome the fact that, as well as visiting Tehran, the Foreign Secretary visited Abu Dhabi and Oman and raised the issue of Yemen there as well. While we welcome the talks, we are bound yet again to ask the question: what is the plan now? What is the plan to get the blockades fully lifted and enable full access for humanitarian relief? What is the plan to secure a ceasefire agreement and make progress towards long-term political solutions? And where is the plan for a new United Nations Security Council resolution, 14 months since the UK first circulated its draft?

Last week, the UN Security Council cancelled its scheduled open meeting on Yemen, and instead held one in private. Britain's representative, Jonathan Allen, said that a closed doors session was needed so that

"Council members could have a frank conversation".

We appreciate that the best progress is often made behind closed doors, but the people of Yemen have been waiting for two years for any kind of progress and for any sort of hope of an end to the war and to their suffering. Instead, things just get worse and worse. Does the Foreign Secretary accept that people are tired of hearing that progress is being made behind the scenes, when things are getting ever worse on the ground? In the wake of his talks this weekend, in the wake of his meetings with the Quint, and in the wake of last week's closed Security Council session, will he now spell out what the plan is for peace?

I am sure that many other regional security issues were discussed on the Foreign Secretary's trip, from the tensions with Saudi Arabia to President Trump's declaration on Jerusalem, but may I ask specifically what conclusions

[Emily Thornberry]

he reached from his discussions on the prospects for a political solution to end the fighting in Syria? Is Iran ready to accept, as an outcome of the Astana process, that it will withdraw its forces from Syria, and will Hezbollah and the Shi'a militias do likewise, provided that President Assad is left in place, that all coalition forces are withdrawn, and that Syria is given international assistance with its reconstruction? If that is the case, will the UK Government accept that deal, despite the Foreign Secretary's repeated assertion that President Assad has no place in the future government of Syria? If they will not accept that deal, will the Foreign Secretary tell us when it comes to the future of Syria, as on everything else that we have discussed today, what is his plan now?

Boris Johnson: I am grateful to the right hon. Lady for the spirit in which she poses her questions. I can tell her that in Tehran I met Vice-President Salehi, the head of the Supreme National Security Council Ali Shamkhani, the Speaker of the Majlis Ali Larijani and Foreign Minister Javad Zarif and had long discussions with President Rouhani. In each of those conversations, I repeated the case for release on humanitarian grounds, where that is appropriate, of the difficult consular cases that we have in Iran, and that message was certainly received and understood. However, as I said to the House, it is too early to be confident about the outcome.

The right hon. Lady asked about the plan in Yemen, and she will understand that the plan certainly was until last Saturday that Ali Abdullah Saleh would be divided from the Houthis, which seemed to be the best avenue for progress. Indeed, Ali Abdullah Saleh was divided from the Houthis, but he then paid the ultimate price for his decision to go over to the coalition. We are left with a difficult and tense situation, and what we need to do now, the plan on which everybody is agreed, is to get Hodeidah open, first to humanitarian relief, to which the Saudis have agreed, but also to commercial traffic, too.

I heard the right hon. Lady's question about the use of the UN Security Council. Resolution 2216 is still operative, but as penholders in the UN we keep the option of a new Security Council resolution under continuous review. It is vital that all parties understand, as I think they genuinely do in Riyadh, in Abu Dhabi and across the region, that there is no military solution to the disaster in Yemen. There is no way that any side can win this war. What we need now is a new constitution and a new political process, and that is the plan that the UK is in the lead in promoting. As I said to the right hon. Lady, we had meetings of the Quad last week, again last night in Abu Dhabi, and we will have a further meeting in early January.

As for the UK's role in Syria, the right hon. Lady asked about the Astana process and whether it would be acceptable. Our view is that if there is to be a lasting peace in Syria that commands the support of all the people of that country, it is vital that we get the talks back to Geneva. I believe that that is the Labour party's position. Indeed, I believe it was also the Labour party's position that there could be no long-term future for Syria with President Assad. If that position has changed, I would be interested to hear about that. However, our view is that it is obviously a matter for the people of

Syria, and we will be promoting a plan whereby they, including the 11 million or 12 million who have fled the country, will be given the chance to vote in free, fair, UN-observed elections to give that country a stable future.

Tom Tugendhat (Tonbridge and Malling) (Con): I must pay tribute to my right hon. Friend for the amount of effort that he has put in in the region—not only in the UAE and Oman, which are of course great friends of ours, but in Iran, where the situation is of course very difficult. He listed many of the people he met and kindly told us what he asked of them, so will he perhaps enlighten us as to what they asked of him?

Boris Johnson: I can summarise it by saying that what they really want is the kind of diplomatic energy and leadership that, as I was trying to explain to the right hon. Member for Islington South and Finsbury (Emily Thornberry), the UK is supplying particularly in Yemen, where an appalling, catastrophic conflict has been going on for three years. The conflict is a scar on the conscience of humanity and, as she rightly said, we are penholders at the UN. We have a duty to Yemen, and we are in the lead on trying to bring the sides together to advance a political solution. As I told the House earlier, one of my reasons for going to both Oman and Iran is that we cannot ignore the role of those countries in advancing the cause of peace in Yemen.

Stephen Gethins (North East Fife) (SNP): First, I add my thanks to the Foreign Secretary for going to Iran. I am glad he made clear our continued commitment to the nuclear deal, in divergence from President Trump.

Forgive me if I missed this in the Foreign Secretary's response to the shadow Foreign Secretary, but did the Foreign Secretary make it crystal clear that his remarks to the Select Committee on Foreign Affairs did not quite reflect why Mrs Zaghari-Ratcliffe was in Iran? Did he make that clear to the Iranians when he met them?

On Yemen, the Foreign Secretary is right to highlight the devastating consequences of the war. Can he tell us a little more about the lifting of the blockade on the port of Hodeidah? A few more details on that would be helpful for the House. Did he make it clear to everyone he met that any tactic of "starvation or surrender" is abhorrent? Finally, did he commit to any increase in aid to Yemen at the end of the blockade?

Boris Johnson: The Iranians have always been clear, and indeed they were clear with me again, that none of my remarks in any context has had any bearing on any judicial proceedings in relation to any UK consular case.

As for the suggestion that starvation is being used as an instrument of warfare, that is indeed what I said in terms. What I said to our friends in the region is that, unless we sort this out, we run the risk that the judgment of history will deem that starvation has been used as an instrument for the prosecution of a war. That is not something that anybody wants to see, least of all the coalition forces, which have a legitimate task in hand. They are defending their own countries, and there is a UN resolution and a coalition supporting what they are doing.

In answer to the hon. Gentleman's question about how much the UK Government are giving, I can tell him it is currently running at £155 million, and the sum is under continual review.

Sir Nicholas Soames (Mid Sussex) (Con): May I congratulate the Foreign Secretary on his trip? I agree with him that it is absolutely essential that we maintain energetic engagement with all the regional powers, particularly Iran, and use our very considerable diplomatic expertise and influence to resolve what he rightly says are problems that cannot be solved by war and must be solved by diplomacy. Finally, will he pay a warm tribute to the British armed forces that, collectively, have played the most remarkable and yet unsung role in the defeat of Daesh?

Boris Johnson: I warmly thank my right hon. Friend for his tribute to our armed forces. I have heard it echoed many times in my travels overseas, nowhere more than in the middle east, where they understand that we are the second biggest contributor to the war against Daesh in terms of the aerial bombardment, which has now been successful. Although that is not the end of the conflict with Daesh—it is not the end of the struggle—we should pay tribute to what our armed forces have achieved so far.

Several hon. Members *rose*—

Mr Speaker: It is a pleasure to welcome back to his place the right hon. Member for Leicester East (Keith Vaz).

Keith Vaz (Leicester East) (Lab): Thank you, Mr Speaker. I welcome the Foreign Secretary's visit and his discussions on Yemen. Death continues to hang over Yemen—death from the humanitarian crisis; death from the escalating bombings; and death from the fighting that has now broken out between supporters of former President Saleh and the Houthis. In the 14 days between now and Christmas, another 1,802 Yemeni children will die from preventable causes unless we take action. Is the Foreign Secretary now saying to me that Iran is welcome to sit at the conference table in order to progress peace talks? In my discussions in Riyadh recently with the Saudi Foreign Minister and the President of Yemen, they were very clear that they did not see a role for Iran. Will the Foreign Secretary also confirm that when the President of Yemen comes to Britain next week the Prime Minister will see him, contrary to the advice given by the British ambassador to Yemen, who said that the Prime Minister has no time to see the President?

Boris Johnson: I pay tribute to the right hon. Gentleman's vast learning on the subject of Yemen, and he is entirely right to say that there is a critical situation in Sana'a, where the Houthis are, in effect, trying to wipe out the supporters of Saleh—the General People's Congress—or bring them over entirely to their side. One thing we must achieve is preserving a plurality of political voices in Yemen if we possibly can, which is one reason why we want to move forward with the talks I have described. To prevent further starvation and suffering, it is essential to get supplies flowing through Hodeidah, but to do that we must help to reassure the Saudis and others that that port is not being used to smuggle weaponry and to support those who are attacking civilians. That is one of the jobs in which the Government are now engaged. As for the forthcoming visit by the President of Yemen,

I will undertake, on behalf of the right hon. Gentleman, to discuss with the Prime Minister her timetable, and will revert to him as soon as is convenient.

James Duddridge (Rochford and Southend East) (Con): Does my right hon. Friend agree that maintaining an ever-closer relationship with Saudi Arabia is very important in developing stability in the region?

Boris Johnson: I would agree with that, and I thank my hon. Friend for that point. As I have said many times to the House, we should note the progress that Saudi Arabia is making; the "Vision 2030" that Crown Prince Mohammed bin Salman has announced and is pursuing is full of hope for that country. What a transformation it would be for the region if the custodian of the holy shrines of Mecca and Medina could make the kind of progress that he envisages—it could be transformational. No one could remotely say that is going to be easy, or that the project has no enemies, because it sure as heck has enemies, but it deserves support, and it will get the support and encouragement of this Government. We hope that the Crown Prince will be able to visit this country next year.

Ann Clwyd (Cynon Valley) (Lab): There are two immediate things this country should do. First, it should stop selling arms to Saudi Arabia, as that has simply fuelled what is going on in Yemen. Secondly, it should pay to Iran the money we owe it in debt—perhaps the Foreign Secretary has agreed to do that. I hope we can thus see the release of the dual nationals—Mrs Zaghari-Ratcliffe and others who are held in Iran and should be released. Will the Foreign Secretary share with us whether he attempted to see Mrs Zaghari-Ratcliffe? Did he ask to see those people? Was he refused? What exactly was the situation?

Boris Johnson: I pay tribute to the right hon. Lady, who has been a great campaigner on humanitarian issues throughout the middle east. I must say, though, that I disagree with her on this issue, as she knows. We in the UK have the strictest possible rules and laws on the administration of our arms exports to ensure that they are used only in compliance with international humanitarian law. Were the UK to abstract itself from that scene, there would be plenty of other countries that would be only too happy to fill the void and we would lose our ability to engage and influence in the way I have described.

On the right hon. Lady's point about debts, we acknowledge the debts that we have and it is a matter of public Government policy to try to settle them. As she knows, there are legal and technical obstacles to be overcome. I should stress that those issues have nothing to do with the difficult consular cases we face. As for the contacts I had with the family members of any of those involved in our consular cases, it would probably be better if I respected their privacy.

Bill Grant (Ayr, Carrick and Cumnock) (Con): In the light of my right hon. Friend's recent visits abroad, will he confirm to the House that the welfare and wellbeing of Britons abroad remains of paramount importance to his Department?

Boris Johnson: I am grateful to my hon. Friend for that question, because although he may not know it, every year the Foreign and Commonwealth Office deals

[*Boris Johnson*]

with around 20,000 consular cases, of which the ones mentioned today are only some of the most difficult. I was very pleased to see the release of the Chennai six the other day. Their relatives were not necessarily happy with the help they thought they had received from the FCO, and I noticed plenty of criticism in the media about the handling of that case, but I have to tell the House that I know that there were 50 conversations between Ministers of this Government and the Indian Government, including at least two conversations that the Prime Minister herself had, to seek the release of the Chennai six. When we look overall at the efforts made by our consular service, I really think that people should be proud of what the FCO is doing.

Sir Edward Davey (Kingston and Surbiton) (LD): The Foreign Secretary is right to say how shocking the war in Yemen is: the humanitarian catastrophe there is on a biblical scale. Will he tell the House what discussions he had with Sultan Qaboos bin Said about how to end the conflict in Yemen? What role does he see Oman playing in bringing about peace?

Boris Johnson: It was a privilege to talk at great length to His Majesty the Sultan Qaboos. Indeed, our conversations went on until, I think, 2.30 in the morning. There is no question but that Oman, with its long history, its wisdom and its understanding of the region, can play a very important role in bringing together the sides in Yemen. As the right hon. Gentleman knows, the relationship between the United Kingdom and Oman is possibly one of the most extraordinary that this country has with any country in the world outside Europe.

Edward Argar (Charnwood) (Con): I very much welcome the Foreign Secretary's visit and, as vice-chairman of the all-party group on Oman, I particularly welcome his visit to Muscat. Following on from what he just said about his visit and his audience with His Majesty Sultan Qaboos, will the Foreign Secretary reaffirm the importance of the UK's deep, broad and long-standing relationship with the Sultanate of Oman, which is based on mutual trust and respect, and will he reaffirm our continued commitment to that special relationship?

Boris Johnson: Yes. I am grateful to my hon. Friend. I am sure he knows that Oman is one of the few countries in the world where British men and women—officers—serve in uniform in another country. I must check whether women serve in Oman—I would not want to swear to that, now that I come to think of it—but we certainly have British serving personnel in British uniform in Oman. The Sultan himself has proposed that there should be a reciprocal arrangement, and we are only too happy to look into that.

Mr Kevan Jones (North Durham) (Lab): The Foreign Secretary is correct that the only way forward and out of the tragedy for Yemen is a political solution, but a big stumbling block in the way of that is the supply of weaponry by Iran to not just the Houthis but other groups in Yemen. Will he explain what reaction he got in raising that issue when he was in Iran?

Boris Johnson: That is a good question. I am absolutely certain that I raised that issue with every single one of my interlocutors. I made it absolutely clear that our country was horrified that weapons supplied by Iran

should be directed at civilian targets in Saudi Arabia. I must say that my suggestions were greeted not with acceptance but denial—it was not a point that was accepted—and I was obliged to return several times to the fray. I came away fortified in my belief that the Iranian presence in Yemen has increased, not diminished, as a result of the conflict there. That is all the more reason to bring that conflict to an end, which will mean engagement with Iran.

Jeremy Lefroy (Stafford) (Con): I thank the Foreign Secretary for his real engagement with these issues, particularly Yemen. I encourage him to strain every sinew over the next days and weeks, irrespective of holiday periods, to ensure that the potential catastrophe is averted. He will do a huge amount for the cause of the suffering people of Yemen if he and his colleagues can pay attention daily to that tragedy.

Boris Johnson: I can tell my hon. Friend that this is now not just the top priority for the Foreign Office, but something on which we are working together with our friends in the Ministry of Defence and the Department for International Development; my right hon. Friend the Member for North East Bedfordshire (Alistair Burt) is a doubled-hatted Minister, serving both DFID and the Foreign Office, where he has charge of the crisis in Yemen. My hon. Friend the Member for Stafford (Jeremy Lefroy) will see increased British engagement on this issue throughout Whitehall.

Several hon. Members rose—

Mr Speaker: Order. May I just underline, admittedly for only the first time today, but for the umpteenth time in recent weeks, that Members who arrived in the Chamber after the statement began should not stand and expect to be called? That is a discourtesy to the House of Commons, so it must not happen.

Nick Thomas-Symonds (Torfaen) (Lab): Nazanin Zaghari-Ratcliffe's sister-in-law lives in my constituency, and local people have presented me with a petition for her release. May I press the Foreign Secretary directly? Did he request to see her personally, so that he could judge of her mental and physical wellbeing?

Boris Johnson: I must remind the hon. Gentleman that the Iranian Government do not recognise the dual national system that we have, and therefore do not give consular access. As for other members of the Zaghari-Ratcliffe family, it would be better if I said that I think their privacy should be respected.

Mims Davies (Eastleigh) (Con): I thank the Foreign Secretary for his update. When he spoke about the case of Ms Zaghari-Ratcliffe, was he able to remind those he spoke to that a very small, fragile child is involved in this as well? My constituents write to me about that, asking me to remind the Foreign Secretary of it.

Boris Johnson: I am grateful to both my hon. Friend and her constituents. That is, I hope, one of the considerations that will be uppermost in the minds of those in Iran who are pondering the case.

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): When I was a Member of the Scottish Parliament, a group of visiting Iranian MPs suggested the establishment

of a formal academic link between the University of Qom in Iran and either the University of Edinburgh or my alma mater, St Andrews. I was advised very strongly not to dream of making that suggestion to the Foreign Office, but today things are different. Would the Foreign Secretary be willing to look into that type of academic arrangement and, indeed, consider taking the idea forward?

Boris Johnson: In my meeting with Vice-President Salehi, as in all such meetings, there were some pretty feisty exchanges. As I said in an earlier answer, there were areas in which there was, frankly, absolutely no agreement, but on the promotion of cultural or academic exchanges, there is scope for progress. I would like to see such progress, so if the hon. Gentleman would be kind enough to send his project to us, we will certainly take a look at it.

Tulip Siddiq (Hampstead and Kilburn) (Lab): I thank the Foreign Secretary for giving us an update about his visit to Iran. I am pleased to hear that he raised the plight of dual nationals and called for their release on humanitarian grounds, but what response did he get from the President of Iran, and other authorities, when he pressed for the release of my constituent, Nazanin Zaghari-Ratcliffe? Does he have any indication of what the authorities think about the recent prison health assessments made of Nazanin and her fitness to remain in prison in Iran?

Boris Johnson: Again, I thank the hon. Lady for her persistent campaigning on this issue. It would probably be best if I said that, yes, of course I raised the humanitarian concerns in a number of consular cases, and that those concerns were taken on board, but it would be wrong to give a running commentary or report about exactly what the Iranian side said in each case.

Jim Shannon (Strangford) (DUP): I thank the Foreign Secretary both for his statement and for his hard work. One hundred and ninety-three Christians were imprisoned or arrested in Iran in 2016. Has he been able to engage with officials on Christian persecution in Iran, and has he secured any result on that?

Boris Johnson: The hon. Gentleman is entirely right. That is something that is regularly raised both by my right hon. Friend the Minister for the Middle East, and by our ambassador, Nick Hopton, in Tehran. The treatment of Christians and Baha'is is a matter of deep concern for this Government, and it is something that we will continue to raise.

Martin Whitfield (East Lothian) (Lab): I welcome the statement. Does the Secretary of State feel that journalists in the middle east and their families can sleep safer following his visit?

Boris Johnson: The treatment of journalists worldwide is a subject of grave concern. As I mentioned earlier, I have anxieties about the freezing of the assets of BBC Persian. As long as a society does not have free journalism and a free media, it will not only never be free, but never be truly prosperous or happy.

Alison Thewliss (Glasgow Central) (SNP): The conflict in Yemen has been characterised by serious breaches of international humanitarian law on all sides; there have

been 318 incidents of concern relating to the Saudi-led coalition. Can the Foreign Secretary tell the House what discussions he had on his visit about breaches of international humanitarian law, and about the imminent threat to the life of civilians and aid workers trapped in the escalating conflict on the Yemeni Red sea coast?

Boris Johnson: We have repeatedly stated the importance of getting humanitarian aid into the country, and of allowing humanitarian aid workers to get on with their jobs. As for the observance of international humanitarian law, I said in an earlier answer that we already have the most scrupulous procedures in place of any country in the world.

Afzal Khan (Manchester, Gorton) (Lab): I also thank the Foreign Secretary for his statement to the House. We have seen protests in this country and throughout the Muslim world against the statement that President Donald Trump made. What discussions has the Foreign Secretary had with these countries on taking forward the process between Israel and Palestine?

Boris Johnson: Both the Prime Minister and I have made it clear that we do not agree with what President Trump said about Jerusalem. We do not agree with his decision to recognise Jerusalem as the capital of Israel, and we do not agree with his decision to move the US embassy to Jerusalem. What the Prime Minister said was welcomed in the region. I found a wide measure of knowledge and appreciation of the UK's position. We want to encourage our American friends to come forward with the long-awaited plans, which have been gestating, for the middle east peace process. That is the symmetry that the world wants to see from the Trump Administration. In the context of this recognition of Jerusalem, now is the time to bring forth those plans and to do something symmetrical to advance the middle east peace process.

Alex Sobel (Leeds North West) (Lab/Co-op): Although we welcome the progress that the Foreign Secretary reported this weekend, may I ask him whether he pressed the Iranian authorities to allow Richard Ratcliffe into Iran, so that if Nazanin cannot be home for Christmas, he at least will be able to visit her and see the state that she is in?

Boris Johnson: Tempting though it is to go into the details of our discussions on each of these consular cases, given the sensitivity and difficulty of our conversations, it would be better if we just said that we continue to ask for the cases to be treated in the humanitarian way that they deserve, and for those people to be released as soon as possible.

Mr Jim Cunningham (Coventry South) (Lab): Following on from an earlier question that the Foreign Secretary answered directly, did he personally raise with the Iranian authorities the plight of Christians and other minority religions?

Boris Johnson: To the best of my recollection, the matter did not come up directly in my conversations, but the subject is raised continuously both by my right hon. Friend the Minister for the Middle East and by Nick Hopton in Tehran.

Point of Order

6.6 pm

Dame Margaret Hodge (Barking) (Lab): On a point of order, Mr Speaker. I wish to apologise sincerely to the House for inadvertently acting in breach of our code of conduct when I used parliamentary resources during my independent review of the garden bridge. The Parliamentary Commissioner for Standards and the Committee on Standards have both concluded that I was not motivated by financial gain. I acted in good faith and in the public interest, but I fully accept the judgments of the commissioner and the Committee. I have repaid the sum of £2.97, which represents the cost of House of Commons stationery, to the House of Commons Administration.

Mr Speaker: I am extremely grateful to the right hon. Lady for what she has said, and I think that the House will appreciate it. That is the end of the matter.

Finance (No. 2) Bill

Second Reading

Mr Speaker: I must inform the House that I have selected the amendment in the name of the Leader of the Opposition.

6.7 pm

The Financial Secretary to the Treasury (Mel Stride): I beg to move, That the Bill be now read a Second time.

The Chancellor recently set out a bold and forward-looking autumn Budget. It reflected and responded to current circumstances, and it will build a Britain that is fit for the future. The UK economy has shown great resilience. Our GDP growth has remained solid, continuing for more than 19 quarters. Employment has risen by 3 million since 2010 and is close to a record high, while unemployment is at its lowest rate since 1975. Those employment trends are not being felt only in the south-east. Indeed, since 2010, 75% of the fall in unemployment has occurred elsewhere, and the biggest falls in the unemployment rate took place in Yorkshire and Humber, and in Wales.

The deficit has been reduced by three quarters from 9.9% of GDP in 2009-10—that figure was a shocking indictment of the last Labour Government—to 2.3% of GDP in 2016-17. In the coming years, borrowing is set to fall even further, reaching 1.1% of GDP in 2022-23, which will be the lowest level since 2001-02. However, at 86.5% of GDP, public debt is still too high and productivity growth remains subdued. This Budget therefore balanced short-term action with long-term investment, while rightly sticking to the principles of social responsibility that will continue to improve the health of our public finances, with our debt due to start falling from next year.

Gareth Thomas (Harrow West) (Lab/Co-op): Given the recent terrorist attacks in this country and the fact that senior officers say that more funding is needed for community policing to help to tackle the risk of more terrorist attacks, will the Financial Secretary tell the House why there was no additional funding for policing in the Budget?

Mel Stride: As the hon. Gentleman will know, we made sufficient provision for policing prior to the Budget. We recognise the challenges that the police face, but I gently say to him that to secure our vital public services, including the police, the most important thing is that we have a responsible approach to bringing down the deficit and getting the public finances under control. Having looked at the proposals put forward by his party, I have my doubts that that would be the case were he in government.

It is sensible that all this is underpinned by the tax policies contained in the Finance Bill. The Bill is a mere 184 pages—under a third of the length of the previous Bill. Its length is partly the consequence of the Government's move to a single annual fiscal event. In this transitional year, with less time than normal between Budgets, there is less legislation in process, which should prove some welcome respite for me, as I do not think that there are many Financial Secretaries who have presented two Finance Bills to the House within their first six months in post. The Bill's size also reflects the Government's

serious commitment not to overburden people or to overcomplicate the tax system. It is a crucial plank in the Government's legislative programme that will help young people to buy their first homes, improve UK productivity, and further the Government's already excellent track record of cracking down on avoidance and evasion.

The Government support the aspiration of home ownership and are particularly committed to helping young people on to the property ladder. The Government's package on housing that was set out at the Budget will boost housing supply and address the problem of affordability. In this critical endeavour, the tax system should not act as a barrier. First-time buyers are usually more cash-constrained than other purchasers, so to help these people—typically younger people—to get on to the property ladder, the Bill permanently scraps stamp duty for first-time buyers purchasing properties worth up to £300,000. Buyers will save nearly £1,700 on an average first-time buyer property, and those buying a house worth £300,000 to £500,000 will pay the existing 5% marginal rate of stamp duty only on the portion above £300,000. In doing so, they will make a saving of £5,000. This means that 80% of first-time buyers will not pay stamp duty at all, while 95% of all first-time buyers who pay stamp duty will benefit from the changes. Over the next five years, the relief will help more than 1 million first-time buyers to get on to the property ladder.

The joy of home ownership will be greatly diminished if, at the same time, we do not protect and preserve the environment in which we all live. Therefore, as a response to the Government's national air quality plan that was published in July, the Bill establishes measures to improve air quality through the taxation of highly pollutant diesel cars. Diesel vehicles—even new ones—are a significant source of emissions. A test of the 50 best-selling diesel cars in 2016 found that on average they emitted over six times more nitrogen oxides in real-world driving than is permissible under current emissions standards.

Charlie Elphicke (Dover) (Ind): The Financial Secretary is making a powerful argument. It is important to protect funding for the environment, schools, hospitals and, as the hon. Member for Harrow West (Gareth Thomas) pointed out, the police. Will my right hon. Friend tell the House how much money was raised from the banking sector last year compared with in the last year of the Labour Government?

Mel Stride: As my hon. Friend will know, we brought in a variety of measures in 2015 that changed the basis of taxation for banks. Over the period of the coming forecast, we will be receiving some £4.5 billion in additional income from banks by way of taxation as a consequence of those changes.

From April 2018, new diesel cars will go up one vehicle excise duty band in their first-year rate, and the existing company car tax diesel supplement will increase by one percentage point. However, drivers of petrol and ultra low emissions vehicles—cars, vans and heavy goods vehicles—will not be affected, and nor will those who have already bought a diesel car. As the Chancellor said at the Budget, white van man and white van woman can rest easy.

Dame Margaret Hodge (Barking) (Lab): White van man and white van woman will rest easier if the Government successfully bring in all moneys due. Will the Minister explain why he has limited the scope of the Finance Bill

in such a way that amendments cannot be tabled to ensure that we have a date by which measures such as country-by-country reporting, which is crucial to bringing in tax that is otherwise avoided, should be introduced?

Mel Stride: I think that the right hon. Lady is referring to an amendment of the law resolution. The previous Finance Bill was introduced under exactly the same Ways and Means procedure. There is nothing in the resolutions that prohibits full, open and proper discussion and scrutiny of the Bill. It will go through all its usual stages, including two full days in Committee of the whole House, and eight sittings—if it takes that amount of time—upstairs in Committee, before coming back to the Chamber for Third Reading.

Since the financial crisis, UK productivity growth has slowed. It now stands at just 0.1%. The Government know that restoring strong productivity growth is the only sustainable way to increase wages and improve living standards in the long term. Consequently, a quarter of a trillion pounds of public and private investment has been funnelled into major infrastructure projects since 2010, including the biggest rail modernisation programme since Victorian times, the Mersey Gateway bridge and, more recently, Crossrail. Many others are detailed in the Infrastructure and Projects Authority's national infrastructure pipeline. The Government have also cut taxes to support business investment and improved access to finance through the British Business Bank. However, we can and will go further.

To boost productivity and create sustainable economic growth, the Government are making further provisions to support the UK's dynamic, risk-taking businesses. The UK continues to be a world-leading place to start a business, with 650,000 start-ups in 2016 alone. However, some of the UK's most innovative new businesses with the greatest potential are struggling to scale up due to lack of finance. Specifically, 10 of the UK's largest 100 listed firms were created after 1975, compared with 19 in the United States of America. In order properly to understand these barriers to finance, the Treasury commissioned the patient capital review, led by Sir Damon Buffini. Supported by Sir Damon's industry panel, the review concluded that knowledge-intensive companies, which are particularly research and development-intensive, often require considerable up-front capital to fund growth. It may be many years before their products can be brought to market and, despite their growth potential, such companies often face acute funding gaps.

In response to the review's findings, the Government are acting. We are setting out a £20 billion action plan, combining investment with tax incentives. As part of the plan, the Bill will make more investment available to high-risk, innovative businesses. It does so by doubling the annual limits for how much investment knowledge-intensive companies can receive through the enterprise investment scheme and venture capital trusts schemes to £10 million, and doubling the limit on how much investors can invest through the EIS to £2 million, providing that anything above £1 million is invested in knowledge-intensive companies. In 2016-17, 62% of investment by EIS funds was aimed at capital preservation, rather than higher-risk, higher-potential, long-term growth companies. The Bill therefore reforms the schemes, redirecting low-risk investment into growing entrepreneurial companies, while changing venture capital trust rules to

[*Mel Stride*]

encourage higher-growth investments. In all, we expect these changes to result in over £7 billion of new and redirected investment in growing companies over the next 10 years.

Additional efforts to boost productivity also focus on increasing funding for research and development. At the 2016 autumn statement, £4.7 billion was allocated to R and D, and this Budget extended the national productivity investment fund to £31 billion and increased R and D investment by a further £2.3 billion. This means that the Government will be investing an additional £7 billion in R and D over the next four years—the largest increase in four decades.

We have already announced initial plans for this investment, including £170 million to help the construction industry to build cheaper and better homes; £210 million to develop new technologies that enable the early diagnosis of chronic diseases; a commitment to supporting the development of immersive technologies and artificial intelligence; and more than £300 million to develop and attract the skills and talent necessary to deliver our scientific ambitions. These efforts are complemented by our decision to increase the rate of R and D expenditure credit from 11% to 12%, as set out in the Bill.

The Bill will ensure that the tax system is fair, balanced and sustainable. To that end, it freezes the indexation allowance that currently allows companies but not individuals to reduce their taxable gains in line with inflation. It allows Scottish police and fire services to recover future VAT payments, which would otherwise be lost following the Scottish Government's decision to restructure those services. I should pay tribute to my Scottish colleagues on the Government side of the House who lobbied so effectively in that respect.

The Bill narrows the scope of the bank levy so that, from 2021, all banks—UK and foreign-headquartered—will be taxed only on their UK operations.

John Howell (Henley) (Con): Is not the important point about the bank levy that we are trying to get a fair contribution paid by the banks, matched against the risk they pose to the whole UK economy?

Mel Stride: My hon. Friend is entirely right, which is why we have generally moved away from a levy on the capital assets of banks as regulation has improved, and towards a tax on the profitability of banks as that profitability has recovered following the events of 2008, which happened on the watch of the last Government. This re-scope forms part of the broader package of reforms announced between 2015 and 2016 that included an 8% surcharge on bank profits over £25 million. The package will help to sustain tax revenues from the banking sector in the long term.

Charlie Elphicke: To follow on from my previous intervention, will my right hon. Friend confirm that the amount of tax paid by banks under this Government is nearly 60% higher than under the previous Labour Government?

Mel Stride: My hon. Friend is entirely right. A number of measures have driven the improved tax take from banks. Along with the 8% surcharge, there is the fact that we have restricted banks' ability to carry forward

losses to offset against profitability. We also exempted banks' ability to offset charges in respect of mis-selling and payment protection insurance activities, which has also helped to improve the tax take.

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): The mention of banks gets me going because all the Financial Secretary's good words sit ill with the fact that the Royal Bank of Scotland is going through a huge series of closures, particularly in my constituency. We bailed the bank out, so there is great unhappiness—indeed, anger—that it is acting in such a way all over Scotland.

Mel Stride: The hon. Gentleman raises an important issue, but these will be matters for the Royal Bank of Scotland. The most important aspect when one considers the Royal Bank of Scotland is clearly that it is brought back to being a fighting-fit organisation, employing as many people as possible as a business, contributing to the Exchequer, and creating value going forward.

Steve McCabe (Birmingham, Selly Oak) (Lab): I am interested to hear the Minister's confidence about the money he will be taking through the bank levy. How does the money the hon. Member for Dover (Charlie Elphicke) says has been raised so far compare with the amount the taxpayer has already paid to bail out the banks, and how much of that money have we had back?

Mel Stride: It is interesting that the hon. Gentleman mentions the amount that was required to bail out the banks, given that it was the then Labour Government who caused the problem that required the bail-outs in the first place. There is a long and detailed history of exactly what happened: we had lax regulation, and the Bank of England was not in a position to regulate the institutions concerned. The hon. Gentleman might like to look up the answer to his question himself and then inform other members of the Labour party of what he discovers.

Vicky Ford (Chelmsford) (Con): Does my right hon. Friend agree that since the bank levy was introduced, the risk of bank failure has decreased dramatically due to new capital requirements on banks, and the considerably reduced risk that British taxpayers will have to fund cross-border bail-outs, given that we have international agreements on such matters?

Mel Stride: Yes, my hon. Friend is entirely right. We have made huge progress in making sure that the banks are fit and able to withstand whatever external shocks there might be. The Bank of England has been heavily engaged in that, as have the Government, and we are in a much more secure position—certainly than we were when we inherited the economy we saw when we first came to office in 2010.

Kirsty Blackman (Aberdeen North) (SNP): The Minister is being very generous in allowing interventions. I was concerned by the response he gave to the hon. Member for Caithness, Sutherland and Easter Ross (Jamie Stone). Given the Government's stake in RBS, does he not feel that they should take some responsibility and use their influence to convince RBS not to go ahead with these closures? There have been over 90 since the start of the year, and this cannot continue.

Mel Stride: I am gratified by the hon. Lady's confidence in Ministers making commercial judgments in respect of our banks and businesses, but it is far better to allow those businesses to take sensible commercial decisions, even though those sometimes have consequences that, in an ideal world, we would not wish to see. I go back to the point I made to the hon. Member for Caithness, Sutherland and Easter Ross (Jamie Stone): we need RBS to improve its strength, grow, employ more people and, ultimately, pay more tax to support our vital public services.

Gareth Thomas: I am grateful to the Minister for giving way to me a second time. May I just remind him of the Competition and Markets Authority investigation into banking, which noted the lack of competition in banking and highlighted the lack of innovation and the fact that the big five banks control 85% of the retail banking market and make excess profits? Might keeping the bank levy at its current rate not be compensation to the consumer and the taxpayer for those excess profits?

Mel Stride: At the heart of the hon. Gentleman's point rests the notion, which I agree with, that we expect the banks to pay their fair share and recognise that they received bail-outs some years ago, and tax policy towards the banks has been geared towards making sure that they make a fair and proportionate contribution to our tax take.

The hon. Gentleman mentioned the importance of competition in the banking sector, and I wholeheartedly agree with him on that, which is one reason why we are keen to ensure that as many banks as possible are headquartered in our jurisdiction rather than in others. That goes to the heart of the changes in the Bill to ensure that banks domiciled here are not penalised by being charged on capital assets held overseas—a situation that does not pertain to overseas banks that operate in our jurisdiction.

We have included an 8% surcharge on banks' profits over £25 million. The package will help to sustain tax revenues from the banking sector in the long term, and it is forecast to raise an additional £4.6 billion over the current scorecard period.

The Bill continues the Government's already vigorous efforts to crack down on tax avoidance, tax evasion and non-compliance. Since 2010, the Government have introduced over 100 avoidance and evasion measures, securing and protecting over £160 billion of additional tax revenue. This has helped reduce the UK's tax gap to a record low of 6%, which is one of the lowest in the world.

Grahame Morris (Easington) (Lab): The Financial Secretary says that it is a record low tax gap, but it does not take account of the vast treasure trove unearthed by the Bureau of Investigative Journalism in the Paradise papers or of other vast sums of wealth, on which we have no idea how much tax is actually due. So the figure he gave is not really correct, is it?

Mel Stride: I am afraid I have to dissent from that view. The simple fact is that the International Monetary Fund has identified the tax gap measure as one of the most robust measures of its kind in the world. At 6%, our gap is among the lowest in the world, and it is the

lowest we have had in our history since we have been measuring the tax gap. If we had the same tax gap today as we had under the previous Labour Government, we would be out of pocket to the tune of £12.5 billion a year—enough to fund every policeman and policewoman in England and Wales.

Stella Creasy (Walthamstow) (Lab/Co-op): On the subject of tax avoidance, the Minister will know of my support for the Government's willingness to close the tax loophole on the sales of commercial property by overseas companies. As my hon. Friend the Member for Easington (Grahame Morris) said, the Paradise papers show some of the ways in which tax is being avoided, including through holding companies in Luxembourg. When I asked the Minister about that before, he did not seem to know about the Luxembourg treaty and how it could affect this policy. What are his plans to address the problems created by the Luxembourg treaty, which could see us losing out on £5.5 billion a year of the tax collected through his changes?

Mel Stride: As the hon. Lady will know, a number of the measures coming out of the OECD's base erosion and profit shifting project, which we have been in the vanguard of—including common reporting standards and access by our tax authorities to a variety of information in real time in overseas tax jurisdictions—are essential to bearing down on exactly the issues that she mentions. There are further measures in the Bill to deal with those who place their moneys in trusts, typically those coming under our non-dom reforms. By abolishing permanent non-dom status, which Labour failed to do in its 13 years in office, we have made sure that when individuals have assets that are protected while in trusts, those moneys fall due to tax in our country as soon as they are brought out of those trusts, even if people cycle them through third parties and other approaches. That means that we are securing more than £12 billion a year more for our public services than would have been the case had the tax gap remained at its peak of nearly 8%, which it reached under Labour.

The autumn Budget continued that work with a package of measures forecast to raise £4.8 billion by 2022-23, some of which are included in the Bill. It is important to note that the provisions in the Bill form part of a broader anti-avoidance and evasion agenda dating back to 2010. Since then, the Government have worked tirelessly and carefully to introduce an ambitious raft of anti-avoidance and evasion legislation. That commitment is borne out again in this Finance Bill, which implements several measures, including provisions cracking down on online VAT evasion to make online marketplaces more responsible for the unpaid VAT of their sellers; closing loopholes in the anti-avoidance legislation on offshore trusts, as I mentioned; tackling disguised remuneration schemes used by close companies; preventing companies from claiming unfair tax relief on their intellectual property; ensuring that companies are not able to claim relief for losses on the disposal of shares that do not reflect losses incurred by the wider group; closing a loophole in the double taxation relief rules for companies; and tackling waste crime by extending landfill tax to illegal waste sites. Those measures will help to raise vital revenue and ensure that individuals and corporations all pay their fair share.

Kirsty Blackman: I was not particularly pleased with the answer that the Minister gave to the right hon. Member for Barking (Dame Margaret Hodge) as to why the Government have not tabled an amendment of the law resolution, which would allow the Opposition to put forward more measures in relation to tax avoidance and evasion, for example. Why did they not put forward an amendment of the law resolution?

Mel Stride: We did not have an amendment of the law resolution on the previous Finance Bill, so we are carrying on with the situation that pertained to that Bill. As I explained, what matters is that we have an opportunity fully to scrutinise in this House the various measures provided and amendments that may be tabled in relation to those measures. There is nothing preventing that. As I have outlined, the Bill will go through its various stages, allowing for very thorough scrutiny.

Together, the measures that I mentioned continue the Government's sustained crusade against tax avoidance, evasion and non-compliance—an endeavour that we will pursue with undiminished vigour right through the course of this Parliament. Let no one ever doubt, for even the briefest moment, this Government's commitment to hard-pressed families, and to championing business and the wealth creators of the future. On the matter of taxation as set out in the Bill, let no one misunderstand us: we will continue to keep taxes competitive and fair, but we will also continue our vigorous and ceaseless drive to bear down on avoidance and evasion so that all pay their due. We will ensure that all pay a just and fair share for the support of our vital public services: for doctors, paramedics and nurses; for our police, our teachers, our fire services, and our brave armed forces who make our country so great. I commend the Bill to the House.

6.35 pm

Peter Dowd (Bootle) (Lab): It is a shame that the Chief Secretary to the Treasury is not in her place at the Dispatch Box. Notwithstanding the fact that the Financial Secretary is fantastic at doing his job, we should have the Chief Secretary here today. In my opinion, it is disrespectful to the House that she is not here. I think she is most probably looking for Shergar, frankly.

I wish to use my remarks to convey a message from the British public to this increasingly divided and out-of-touch Tory Government. It is a message that comes from all corners of the UK—from my home town of Bootle, from the city region of Liverpool, from Manchester, Leeds and Newcastle. It is a message from Edinburgh, from Cardiff, and from Kent; from Birmingham, from Oxford, and from Nottingham: from every region. It is a message from people who live in rural communities and urban centres alike. It is a message from public sector workers, private sector workers and those on zero-hours contracts; from the young and the old, as well as all those in between, all of whom have been let down by this Government. *[Interruption.]* They have been let down by them—private sector workers and public sector workers believe that, and that is why they are turning to Labour. *[Interruption.]* Conservative Members can laugh until the cows come home, but that is the reality.

It is a crystal clear message to the Tories: enough is enough. People across the country are fed up with this Government's inaction and economic incompetence—and incompetence is the word. With this shambolic Government,

every day—every single day—feels like groundhog day. Day after day, we are told that there are fresh cuts to Departments and that our overstretched public services face even more austerity, while we receive the same empty pledges—we have heard more of them today from the Minister—that at some point in the ever-distant future, the deficit will be eliminated.

Kelly Tolhurst (Rochester and Strood) (Con): The hon. Gentleman speaks about incompetence from the Government. Does he not recognise, when he is speaking about people travelling towards Labour, that perhaps the Opposition's incompetence is in making promises that they cannot deliver on?

Peter Dowd: Let us have a general election and we will deliver on those promises.

On Brexit, there is no abating the deep divisions between warring Cabinet Ministers. Within a few hours of the ink drying on the joint statement between the Prime Minister and the European Commission and the agreement to move on to trade talks, we had the Environment Secretary contradicting the Prime Minister and briefing the press that unhappy leave voters can tear up any Brexit deal that is negotiated, while on the Sunday talk shows the Brexit Secretary undermined the Prime Minister further by downgrading the agreement reached to merely a “statement of intent”. Given that there is much talk of a divorce bill, perhaps I can take the matrimonial analogy a little further. Do people make proposals of marriage or simply statements of intent? Did the Brexit Secretary propose to his wife or make a statement of intent?

Charlie Elphicke: The hon. Gentleman's talk of bills reminds me that the Labour party has made a massive number of pledges and wants to go on a borrowing binge, but 22 times it has failed to explain how it will fund those pledges. It has gone from “You don't need a number” to “You can't put a figure on it at the moment” to “It's not difficult.” May I ask the question for the 23rd time and invite him to tell the House how Labour would pay for its plans?

Peter Dowd: With the greatest respect, I am not the hon. Gentleman's research assistant. I refer him to Labour's proposals in “Funding Britain's Future”. I know that he can read, so I suggest that he should go and have a look at that document.

The Brexiteers in the Cabinet continue to undermine any attempts to progress the talks and compromise with our European partners. We had a bizarre scenario today—everyone telling the Prime Minister how wonderful she was. Last week she was a basket case, as far as I could tell, but this week she is a wonderful woman. The Brexiteers are happy to continue to create economic uncertainty to the detriment of businesses and workers alike.

Dan Carden (Liverpool, Walton) (Lab): Was my hon. Friend surprised, as I was, that the Financial Secretary did not mention wages once? He did not mention that real wages will not return to pre-crash levels for almost a decade. Do this Government care about people's wages?

Peter Dowd: The answer to the last question is no, they do not. The Budget proved yet again that the Government are completely unable and unwilling to recognise the challenges that the country faces. The Chancellor and the Prime Minister are instead more concerned about sorting out the Democratic Unionist party and the fringes of the Tory party.

Leo Docherty (Aldershot) (Con): The hon. Gentleman is presuming to tell us about the opinion of the electorate, but I appeal to him to bear in mind my constituents' opinion during the rest of his remarks. They fear the unleashing of Marxist mayhem by the shadow Chancellor. Can the hon. Gentleman confirm that in 2013, the shadow Chancellor said that

"I'm straight, I'm honest with people: I'm a Marxist"?

Peter Dowd: The hon. Gentleman can ask as many questions as he likes—[*Interruption.*] And the hon. Member for Croydon South (Chris Philp) can say "Yes or no?" But the Conservative party is in a state of chaos, it is as simple as that. After seven years, the verdict on Tory austerity is clear for all to see. Economic growth stands at its lowest point since the Conservatives came to power, and it has been revised down by the Office for Budget Responsibility for every year of the forecast. The UK has the slowest growth in the G7, and the Institute for Fiscal Studies has warned of two decades of lost earnings growth. That relates to what my hon. Friend the Member for Liverpool, Walton (Dan Carden) said.

Steve McCabe: I agree with my hon. Friend that the predictions suggest that the economy is not in good shape. Was it not extremely sad and disappointing that we did not hear from the Financial Secretary a word of acknowledgement of the pressures that are being inflicted on public services, such as children's services? They have been damaged not only by cuts but by Government errors. The Minister did not say a word to suggest that the Government would make reasonable adjustments, even in cases in which they have acknowledged that errors have been made. Birmingham, for example, has lost £100 million as a result of mistakes that the Government now acknowledge, and that is money that could be spent on children's services and social care.

Peter Dowd: My hon. Friend is prescient, and I will come to the point that he makes in a minute. Let us continue with a few more statistics, because it is worth our while to look at them. The Minister referred to productivity rates, and UK productivity rates have fallen far behind those of the French, the Americans and the Germans. The OBR's decision to revise down UK productivity rates for every year of the forecast is seismic, and it reflects years of inaction from a Government who have refused to invest in our infrastructure and skills or in the UK workforce.

Rachel Maclean (Redditch) (Con): The hon. Gentleman is coming out with some excellent statistics, but I hope that he will not forget to mention the jobs miracle that has occurred under this Government. Unemployment is at a 43-year low, which means more people earning money rather than being unemployed under a Labour Government.

Peter Dowd: The Chancellor did not know what the unemployment figure was the other day. Let us put it like this: no matter how many people are in work, the bottom line is that it is not right that they should have low and stagnant wages, poor terms and conditions, zero-hours contracts or insecure work. The Government should be dealing not just with the employment rate, but with terms, conditions and wages.

Grahame Morris: Does my hon. Friend agree that the WASPI women, who had expected to retire at age 60 and who are being compelled to work for another six years, are also furious and feel terribly let down by the Government?

Peter Dowd: My hon. Friend makes an excellent point. The Government have reached the stage where they blame anyone they can. The gaffe-prone Chancellor has blamed disabled people for bringing down the productivity rate. He is so out of touch that such comments are water off a duck's back to him.

As the Minister said, this is the third Finance Bill of the year. All three of them have failed to address the challenge that our economy faces.

Helen Whately (Faversham and Mid Kent) (Con): The hon. Gentleman referred to low wages, but he knows that the Finance Bill contains measures to raise the national minimum wage, so we are addressing that. He seems to be reluctant to answer people's questions, so I want to bring him back to some that he was asked a few moments ago. My hon. Friend the Member for Aldershot (Leo Docherty) asked him a simple question about the shadow Chancellor of the Exchequer, and the hon. Member for Dover (Charlie Elphicke) asked him a clear question about the cost of Labour's proposals. The answer is not written down anywhere, so may I ask—this is the 24th time—about the amount and cost of borrowing that would result from Labour's tax proposals?

Peter Dowd: The hon. Member for Aldershot (Leo Docherty) might not like the answer that I gave to his question, but I have referred him to the documentation. If the hon. Lady is incapable of going to the internet and looking up the facts and figures, it is not for me to do that for her. The bottom line is that there is nothing in the Bill for public sector workers, who head into the new year with their wages continuing to fall and the cap sticking.

Alex Burghart (Brentwood and Ongar) (Con): Will the hon. Gentleman give way?

Peter Dowd: No; I am going to make some progress. Public sector wages are now at their lowest level as against private sector pay for 20 years. Nor is there anything to address the botched roll-out of universal credit, which will cause real suffering to families this Christmas. Similarly, the Bill contains no measures to redress the disproportionate effect of austerity on women, and particularly on black and minority ethnic women. Instead, the Bill proposes a stamp duty cut that will, according to OBR analysis, increase house prices; and it fails to introduce measures to encourage the building of affordable homes to address the housing crisis.

[Peter Dowd]

The Bill includes plans to continue with the Government's 2015 bank levy cut. It goes further, as the Minister seemed proudly to proclaim, by exempting all foreign banks from the levy and ensuring that from 2021, all banks will only have to pay the levy based on their UK balance sheets.

Vicky Ford: Looking back in history, the Conservative-led Government introduced the bank levy in 2011, but Labour voted against it. In 2015, we introduced the 8% surcharge so that banks would pay more. Again, the Conservatives voted for that, but Labour voted against it. Why is the hon. Gentleman now rewriting history?

Peter Dowd: It is not a question of rewriting history. We do not support Bills that continue austerity year in, year out. The Government got rid of the bankers' bonus tax, which brought in significantly more money than the bank levy. My hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe) referred to the bank levy earlier. I happen to have some figures here, which I will share with him if the Minister does not want to answer his question. Taxpayers bought £76 billion of shares in the Royal Bank of Scotland and Lloyds and contributed £250 billion in guarantees, another £280 billion in insurance and a further £100 billion in annual implied subsidy, according to the Bank of England, so we are asking for the bankers to pay a little bit more, after the billions of pounds that we spent on helping to bail them out.

While we are on the subject of regulation, let me say that in August 2007 the right hon. Member for Wokingham (John Redwood) produced a report on "Freeing Britain to Compete", which was ratified by the Conservative party in opposition. In paragraph 6.1, he said in effect that we should not be regulating the banks so much and that the Labour Government were regulating them too much. He went on to say that the Labour Government claimed that if they did not regulate the banks so much, the banks would "steal" all "our money". Many people believe that is right, especially when they look at the figures and the facts on the bail-out of the banks.

Vicky Ford: Will the hon. Gentleman give way?

Leo Docherty: Will the hon. Gentleman give way?

Peter Dowd: I will give way to the hon. Gentleman, but then I must make some progress.

Leo Docherty: I know Labour Members are not necessarily very good at numbers, but for the benefit of people watching, will the hon. Gentleman say very clearly how much his proposed policies will cost, including the renationalisation of our major industries? Will he give us a figure, and where does he expect the money to come from?

Peter Dowd: I am not quite sure whether the hon. Gentleman is actually listening to anything I say. I am not going to repeat what I have said. If we continue to have spurious interventions like that one, it prompts the question: what is the point? [Interruption.] It is the third or fourth such intervention.

The bottom line is simple: the bank levy will take £4.7 billion less in tax revenue, and this at a time when the crucial services on which many children and families rely are at risk of collapse.

Several hon. Members rose—

Peter Dowd: I will not give way.

In addition to the funding crisis in the NHS, social care and the police, which my hon. Friend the shadow Policing Minister has highlighted so effectively, there is a developing and significant funding crisis in children's services, which face a £2 billion funding gap by 2020. Last year, 72,000 children were taken into care, while the number of serious child protection cases has doubled in the past seven years, with 500 new cases initiated each day. There are stresses on other parts of children's services, including, among others, child and adolescent mental health services, school transport, and education, health and care plans. All are inadequately funded, with the buck passed to professionals who are already hard pressed to manage and deliver services.

Kevin Hollinrake (Thirsk and Malton) (Con): Will the hon. Gentleman give way?

Stephen Lloyd (Eastbourne) (LD): Will the hon. Gentleman give way?

Peter Dowd: I will come back to each hon. Gentleman in a moment.

All of this is directly linked to the Government's cuts to local authority budgets, which has meant a 40% reduction in resources for early intervention to support children and families. Central Government funding has also been cut by 55% over the past seven years, representing a cost of about £1.7 billion. The message from the Conservatives is quite clear: if you are a banker, you can expect a handout, but if you are a child at risk, do not expect a hand-up—you are on your own.

Despite the recent revelations in the Paradise papers, there are few serious avoidance measures. The UK accounts for 17% of the global market for offshore services, and the UK is at the heart of a network of offshore tax havens that aid and abet tax avoidance across the globe; yet the Government continue to ignore the Labour party's calls for a public register of the information already provided by overseas territories or to take any meaningful action to tackle tax avoidance. Similarly, there is nothing in the Bill to address the huge resource crisis that HMRC is facing and the effect of that crisis on its ability to tackle tax avoidance and bring tax dodgers to justice.

Stephen Lloyd: I want to enhance exactly what the hon. Gentleman is saying. Does he agree it was absolutely appalling that the Chancellor of the Exchequer and the Government completely ignored the 5,000 headteachers who said their schools are desperate for more money? The Tories have ignored them.

Peter Dowd: The hon. Gentleman is right. The only people to whom the Government seem to pay attention are the DUP and right-wing Tories.

The bottom line is that, since 2010, HMRC's staffing levels have been reduced by 17%. The Bill creates even more powers for revenue and customs officers, with even more work, but very little if any resource to go with it.

Gareth Thomas: I know that my hon. Friend is a proud Liverpoolian, but on his point about children's services, may I tell him—Londoners will agree—that over two thirds of London councils are reporting a

huge increase in demand for very expensive placements? I hope he agrees that it would be good to hear from the Exchequer Secretary, when he winds up the debate, how the Government will help local authorities—particularly those in London, but also others across the country—to deal with that huge increase in the pressure on children's services.

Peter Dowd: I say to my hon. Friend that—to use an old phrase—he should not hold his breath.

The Government need to wake up and face the cold, hard reality that the Exchequer is losing billions every year and letting multinationals, which do not pay their fair share, off the hook because HMRC simply does not have the resources.

Kevin Hollinrake: The hon. Gentleman is very clear and honest in his plans about wanting to spend a lot more money—half a trillion pounds in manifesto commitments—but at the same time the manifesto said that Labour would reduce the national debt. How is that possible?

Peter Dowd: I have the greatest respect for the hon. Gentleman, but I refer him to the answer I gave earlier. He should have a look at and dig into the documents, which are very easy to find.

The bottom line is that, wherever they are in the country, businesses that play by the rules are disadvantaged, so it is unfair not just to individual taxpayers but to business taxpayers. Meanwhile, back in Westminster, the Government continue to have absolute contempt for parliamentary oversight.

Mel Stride *rose*—

Peter Dowd: I will give way to the Minister, who may tell me that the Government do not have such a view.

Mel Stride: The hon. Gentleman is being very generous in accepting interventions. From what I can understand, every time the shadow Chief Secretary is asked a question about what Labour promises and pledges will cost, he reverts to saying that people can go and look it up: they can dig into the documents and get on the internet. Equally, he is saying that the public are shifting his way. Is his message to the electorate to get on the internet and to look at his policies in order to understand them?

Gareth Thomas: Speech!

Madam Deputy Speaker (Mrs Eleanor Laing): Order.

Gareth Thomas: I beg your pardon, Madam Deputy Speaker.

Madam Deputy Speaker: I am very pleased that the hon. Gentleman—from a sedentary position, which he is not allowed to do—has apologised. If the Minister was making an intervention that was too long, I would stop him so doing. I have allowed the hon. Gentleman and several other Members to make fairly long interventions because I thought we were having a meaningful debate, but we will not have shouting from a sedentary position. I will allow the Minister to finish his intervention.

Mel Stride: I had largely made my point, but if I am to have a second bite at the cherry, let me just add a final point. Is the shadow Chief Secretary's message to the great British electorate that when it comes to costing his own party's plans, they should get on the internet and start googling to find out what those costs are?

Peter Dowd: My message to the great British public, who have showed their support for Labour on this, is to get out and vote Labour. That is the message. The other point is that the Minister's hon. Friends have been waving an iPad around. I suggest they get on their parliamentary iPads and do their work.

Ruth George (High Peak) (Lab): Does my hon. Friend agree that it is a bit ironic to be asked to take lessons in finances from a Government who have doubled the debt and doubled austerity at the same—*[Interruption.]*

Peter Dowd: My hon. Friend is right. Of course, as ever with the Tories, when we tell them the truth, we get shouted down, which is exactly what has just happened to her.

By refusing to base the Finance Bill on an amendment of the law resolution, the Minister has deliberately restricted the scope of amendments to this Bill, and the ability of the Opposition to scrutinise it properly and improve it. I know the Financial Secretary was president of the Oxford union and his debating skills were honed in its atmosphere, but I am sure he would never have dreamed of putting the same restrictions on the debates he chaired as his colleagues are putting on debates in this Chamber of the mother of Parliaments. What is good enough for the Oxford union should be good enough for this place. “No gagging” is the call from the Opposition; the Government instead want a muffled and restricted debate. That is why this measly Bill contains few policy and tax changes, and will have no positive or constructive impact on the majority of ordinary people's lives.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. The hon. Gentleman is not giving way.

Peter Dowd: Thank you, Madam Deputy Speaker.

Mind you, anything to avoid even more embarrassment for an enfeebled Prime Minister. Our stretched public services and crumbling infrastructure desperately need investment. We need bold, imaginative and innovative answers to tackle our slowing economic growth and falling productivity and to give workers the pay rise they deserve.

As my hon. Friend the Member for High Peak (Ruth George) said, since 2010 the Government have added more than £720 billion to the national debt, yet they have failed at every opportunity to invest. Instead, they have borrowed record amounts just to cover day-to-day spending. Labour Members are clear: it is high time the Government borrowed to invest in infrastructure, jobs and skills that will grow our economy sustainably. That is not controversial, no matter how much Conservative Members fulminate about it. *[Interruption.]* Well, they can simply ask the Secretary of State for Communities

[Peter Dowd]

and Local Government, who wants to borrow £50 billion to solve the housing crisis. Where will that money come from?

If we asked any business owner, they would tell us that they borrow to grow their business and, in so doing, they reap the rewards. They do not borrow to pay the day-to-day bills, as the Government have done, year after year. They borrow to invest—an alien concept to the Government. If this clapped-out Government are unwilling to invest in our people and our nation, its talent and its entrepreneurial spirit, I assure the Minister that the next Labour Government will.

We will invest in infrastructure across every region and nation to create high-wage, high-productivity jobs and start a large-scale house building programme, backed up with controls on rent. We will tackle debt, introducing further controls on high-interest, short-term lending, and we will scrap tuition fees.

While we are at it, we will lift for the whole of the public sector the public sector pay cap that has so damaged the morale of our staff in vital services. We will fix universal credit and put the compassion that the Government have sucked out back into our social security system. We will introduce a £10-an-hour real living wage that people can live off, not get by on. In doing all that, we will ensure that people in every region and nation, in every community and age group, have a Government that listen, act and ensure well-paid jobs, roofs over their heads and an economy that works for the many, not the few.

7.3 pm

Kit Malthouse (North West Hampshire) (Con): It is a great honour to be the first Back Benchers to be called; it has never happened to be me before. It must be Christmas.

“So the last shall be first, and the first last”.

Thank you, Madam Deputy Speaker.

I welcome the Bill, and particularly the fact that it will be the last Finance Bill for some time—hopefully for at least a year. In my business life—I draw attention to my entry in the Register of Members’ Financial Interests—the shifting sands of British tax policy, with two Budgets a year, as became the norm after Gordon Brown’s chancellorship, caused an enormous amount of uncertainty for British business. It propelled a lot of short-term thinking and hampered the ability to plan for the long term. Having fewer Finance Bills is an enormous boon and benefit, particularly to the business community.

Contrary to what my fellow Scouser, the hon. Member for Bootle (Peter Dowd), maintained, the Finance Bill contains a veritable smorgasbord of large and small measures, which will touch many people’s lives. For example, the staircase tax rectification is very welcome to small businesses, particularly the removal of the retrospective claims that the judgment in the Supreme Court brought down on those who happened to have a staircase between two rooms. That is a brilliant move, for which many Conservative Members campaigned.

Smaller but equally beneficial to those affected is the exemption from tax of the armed forces accommodation allowance. That will make a difference, as will the

extension of the seafarers’ earnings deduction to the Royal Fleet Auxiliary Service. Those two measures will reward two groups of people who deserve it.

However, in my hopefully brief remarks, I want to concentrate on two matters. First, the Government’s response to the patient capital review is welcome. The Minister referred to the increase in the research and development tax credit from 11% to 12%, which is enormously welcome, especially alongside the Government’s stupendous support for British science. The Conservative Government have recognised that our future economic success will rest largely on our ability to invent and sell things to the rest of the world. The Government’s standing shoulder to shoulder with Britain’s scientists and inventors is therefore critical. I am sure that the enormous amounts of money that are being devoted to primary research in this country, with, for example, the Francis Crick Institute opening a couple of weeks ago, will pay dividends in the future. It is exactly the sort of investment that the country needs.

However, all that Government expenditure will pale into insignificance or be much less effective unless we can energise private capital to sit alongside it. The Government have therefore attempted in the Bill, through amendments to the enterprise investment scheme, the seed enterprise investment scheme and the venture capital trust regime, to promote the idea that we should all invest much more in business.

Some measures are particularly welcome, such as the increase in the lifetime allowance for investment in business, and the increase in the amount that an individual can invest in one year. Those people who are wealthy enough—there are not that many—to put £2 million a year into business should do so. It is their duty, having done well out of the British economy, to reinvest that money in risk-taking businesses to create wealth and jobs for everybody else.

I strike a slight note of caution about one or two of the Government’s measures. The notion of a knowledge-intensive company test effectively introduces an extra layer of regulation into the system that may deter people from investing more money. Although the Government rightly seek to stamp out capital preservation schemes that take advantage of tax-efficient structures, I hope that Ministers will watch carefully over the next few months to ensure that the capital going into British industry through those routes does not start to drift away.

I have given several speeches in the House making the case that the tax relief incentives are not necessarily strong enough to bridge the risk-reward divide. Through EIS, UK individuals are investing about £1.8 billion a year. That figure has been pretty constant over the past few years. Similarly, SEIS rose on its introduction but has been pretty static at a few hundred million pounds a year. Against a country with a GDP of \$2.6 trillion, those numbers are frankly paltry. In the past 200 or 300 years, we have been incredibly good at starting and building large, innovative and dynamic businesses, but we have spent the past 20 or 30 years selling a lot of them, and we have not really generated any more. We have had one or two huge British successes—Vodafone, Virgin, Arm—that have come from nowhere, but we have not yet invented a Google, a Facebook or a large conglomerate. We need to do that, which requires private capital to play its part.

Stephen Kerr (Stirling) (Con): Does my hon. Friend think that the banks' lack of willingness to lend to small and medium-sized businesses—there are several in my constituency that suffer from chronic lack of availability of capital from banks—is killing the nursery of burgeoning businesses that we need in this country?

Kit Malthouse: Small-ticket debt definitely has its place in starting businesses, but they need—the Government are trying to propel this into the economy—patient capital: money that will be invested and sit as a shareholder in the company for some years. In truth, while it is wonderful to build a company like Instagram—I think it was built in 14 months, went from zero to a valuation of more than \$1 billion and then was sold—such things happen rarely. Most businesses are built over a much longer period, often over many generations. That is why, certainly in my youth, all those businesses had family names—Marks and Spencer, Reckitt Benckiser. They were family businesses that had come together over two, three, four or five generations to take on the world. We need to create an atmosphere in which people do exactly that—invest for the long term.

I hope that Ministers will monitor the scheme carefully and, if we are not getting the kind of capital flowing through that we need, we can tweak it. If we see an overall reduction, as we may, as capital that was previously going into protection schemes now does not immediately transfer to risky schemes, we might need to look at this on an emergency basis.

My second, related point is on the general availability of shares and assets. The Government are doing a lot in the Bill to help the housing market and have rightly identified that home ownership has fallen relatively significantly over the last few years. They should be commended for the action that they are taking, certainly with regard to young people, but housing is not the only asset class available. The solution to the housing market will be a long-term one. We are trying to build as many houses as we possibly can—we need 250,000 to 300,000 houses a year to bridge the demand and supply problem—but that will take some time to do. It is possible, however, to get assets into the hands of people, particularly young people, much sooner than that, through employee share ownership plans.

I have said before in the House that it is my view that as well as creating a pool of dynamic private capital, we must democratise capital. That means spreading the ownership of British business as far and wide as we can. I urge the Government, as part of the patient capital review, to look at how they can improve the employee share ownership options for companies, to make it easier and even favourable through the tax system for employees to be gifted shares in their businesses. We know that employees who own part of their business are much more productive, and companies that have employees as shareholders are much more stable and tend to be much more successful in the longer term. It creates a much better environment and relationship between management and the employed. Just ask the postal worker wandering up the front path to deliver Christmas cards what the price is of their shares; I bet that they can tell you, with a big, broad grin. British Steel recently rewarded its workers for the company's turnaround by giving away 5% or 10% of the equity in the business to them. The way forward is for everybody, young and old, to participate in the balance sheet of UK plc.

Kirsty Blackman: I agree that employee share ownership schemes are a good thing, and I would like to see an increase in them, but does the hon. Gentleman agree that the issue that people have is not that they do not know about or cannot access employee ownership schemes, but that they do not have the money to save, given that 50% of households have less than £100 of savings? Is not that the biggest problem?

Kit Malthouse: The hon. Lady refers to schemes that require the employees to pay for the shares. In my view, businesses should be allowed to gift shares to their employees, and that should not necessarily form part of their remuneration package. At the moment, there are a series of ways for companies to give shares to their employees, but none is particularly tax efficient or confers particular advantages to a company. I would like a company that had a certain percentage of its shares in employees' hands to pay a lower corporation tax rate than one that failed to involve its employees in the balance sheet. That would address the general idea that the Prime Minister has talked about—that employees should be more involved in the way that businesses, especially large businesses, are run. If shareholders at the annual general meeting every year are also employees, so much to the good. Dynamising and democratising capital has to be the way forward.

Vicky Ford: My hon. Friend has made excellent points about share ownership, but I want to bring him back to property ownership. Does he agree that reducing stamp duty for first-time buyers will make it so much easier for people to get on the property ladder—it is worth more than £3,000 for the average first-time buyer in my constituency?

Kit Malthouse: There is no doubt that stamp duty, as a frictional cost, causes all sorts of problems and distortions in the property market, and one may be at the lower end, particularly when dealing with an asset class that is highly geared—where taxation effectively has to be paid out of equity or deposit. That is operating throughout the property system. We are seeing a slowdown in the number of transactions, largely because of the frictional cost of exchange. That mechanism operates in any capital market. I may be out on a limb, and I am not the Chancellor of the Exchequer, trying to collect money to pay for everything else, but a general loosening of the stamp duty regime, and therefore more transactions in the property market, is more likely to mean that more people can access it at all levels.

Kevin Hollinrake: Employee shared ownership is something that I did with my business—I draw attention to my entry on the register—but my hon. Friend is right: there are no incentives to do that, other than trying to build loyalty in the workforce. We were advised against it by our tax advisers on the grounds of complexity and cost. We went ahead with it anyway, but putting incentives in place would increase the number of companies that consider taking that important route.

Kit Malthouse: My hon. Friend makes a strong point. How can it be that an enlightened farmer is deterred by the tax system from spreading to his employees the wealth that his company creates? Something is fundamentally wrong if that deterrent is created.

[Kit Malthouse]

I know that the Minister can see the truth of my argument and will want to address it in a future Finance Bill. I am sure, given his performance thus far, that his tenure in the job will be a long one—so much to the good, for us and for the economy.

I have one small note of caution about clauses 46 and 47. They would give Her Majesty's Revenue and Customs the power to enter premises and break into vehicles or vessels without a warrant. I stand to be corrected, but as I read them, they would grant more powers to the taxman than the police have to pursue crime. That makes me a little nervous.

Over the last few years, we have seen a general trend towards a new style of legislation and law on the powers of the Revenue. We have seen legislation that allows the taxman to help themselves to money in someone's bank account without judicial oversight. We have seen the extension of retrospection, and we have seen a reversal of the burden of proof—not “You're innocent until proven guilty”, but “We think that you need to prove that you are innocent”, in certain circumstances. While I understand that the powers are merely an extension of the old excise men's powers to deal with smugglers in ports and airports—Daphne du Maurier fans who have read “Jamaica Inn” will know of the problems in the 18th and 19th century—I question whether such powers are appropriate today. I hope that Ministers will think carefully about whether it might be more appropriate for a warrant to be obtained to access someone's premises, in the same way that the police do when they have suspicions.

I understand that the imperative for the Government is to deal with criminality that is often clever and smart. Sometimes such powers are contemplated because we cannot think of any other way, but unless we maintain the rule of law, especially on taxation, and unless we have a sensible, level playing field, the relationship between business, individuals and the Revenue becomes much more antagonistic. That would be an unfortunate development.

All in all, the Bill is solid and welcome. Those who are perhaps a bit more radical might like the Government to go a bit further in the next two or three years, in particular on the idea of dynamic capital and spreading share ownership, but the Minister is to be congratulated on his conduct. I look forward to Report.

7.20 pm

Kirsty Blackman (Aberdeen North) (SNP): I am really pleased to have the opportunity to stand here on behalf of the Scottish National party for the Second Reading debate of this year's third Finance Bill.

First, I would like to tackle the issue of the amendment of the law motion, which I have already raised with the Financial Secretary. I am particularly concerned that the Government are doing their best to use the rules of the House to dodge proper scrutiny and transparency. It is not the normal state of play to have no amendment of the law motion after a substantive Budget. I get that it is not easy for Ministers to try to hold a minority Government together when their Members are simultaneously pointing in about 300 different directions. Even so, they should be keen to come before the House, stand up for what they believe in, and allow proper scrutiny.

I would like to take the opportunity again to highlight deficiencies in the Budget process. The “Better Budgets” report, published by the Chartered Institute of Taxation, the IFS and the Institute for Government, pointed out several ways in which scrutiny could be improved. One suggestion is for the Finance Public Bill Committee to take evidence in public. I am firmly of the opinion that such a change would improve scrutiny and increase Committee members' understanding of a Budget's measures. This will be my third Finance Bill Committee, so I feel that I can now speak with some expertise on the subject. I urge the Minister to consider this request once more, given that the previous two Finance Bill Committees I served on sat for only six sittings each. We have extra time in the legislative timetable before us, and two hearings on the first day, for example, would not stretch that. That has been the Government's main objection, so I push the Minister to consider the proposal again.

Let me turn to economic impact assessments on particular tax measures. The Minister will be pleased to know that my point is not about Brexit, but the fact that the Government failed to carry out impact assessments on Brexit is not particularly surprising given that the tax measures that come forward in Budgets do not have economic impact assessments attached to them either. Whenever Ministers are asked about reviewing tax reliefs, we are told that they are regularly kept under review and that reviews consistently happen. Last year, however, I asked parliamentary questions on this matter, and the answers I received on the Government's scrutiny of the tax reliefs that they had put in place were not very satisfactory. The Government were not particularly clear about whether the tax reliefs had achieved their aims. They were also not able to tell me how much money they had cost or gained for the Exchequer. If the Government are going to put forward tax reliefs—I agree that they should in certain circumstances, as they can be a good thing to encourage investment—they need to explain to the House whether they have worked. What is the point of having an absolutely massive tax code with a huge number of tax reliefs if we do not know whether they are incentivising people to do good things?

Stephen Kerr: Will the hon. Lady share with the House the economic and revenue impact of the SNP Scottish Government's land and buildings transaction tax?

Kirsty Blackman: The hon. Gentleman has spoken to me before about the land and buildings transaction tax. I refer him to my earlier answer: 93% of people who have paid the tax in Scotland on properties over £40,000 paid either less than they would have done in England, or no tax at all.

Stephen Kerr: Will the hon. Lady give way?

Kirsty Blackman: I will not let the hon. Gentleman intervene again. He is becoming one of my more regular commentators. I appreciate his interest, but I am going to make some progress.

On scrutiny and the amendment of the law motion, the SNP and the Labour party have been clear that the Government have not gone far enough on tax avoidance, so we would like the opportunity to table amendments. I am sure the Minister does not imagine that he and his

team have a monopoly on good ideas. An amendment of the law resolution would have allowed the Opposition to put forward what the Government might consider to be good ideas to reduce the amount of tax avoidance. That would be a better situation for everybody. There are 650 Members of the House, many of whom have a lot of expertise and do not sit on the Government Benches. An amendment of the law resolution would allow better amendments to come forward to make better law.

The Budget and the Bill can be criticised for what they do not include, as well as for what they do. First, there is still no acceptance of the economic impact of Brexit and there are no taxation measures to fix that. In the 12 months to June, real household disposable income shrank by 1.1%. That is the longest period of falling living standards in six years. The increase in the price of food means that families are £7.74 a week worse off, and that is before we leave the European Union, the single market and the customs union. Coupled with what the IFS says about there now being two decades of wage stagnation instead of one, and the threat of 80,000 jobs being lost in Scotland, things are looking pretty bleak. The Minister and various Members have already spoken about the public sector pay cap. That does no good for increasing incomes. I would like the Government to change their mind on the public sector pay cap and to fund changes to it.

I have already called for the Chancellor to bring forward an emergency Budget and I have no hesitation in doing so again. Given that the UK and the EU have now come up with a deal on the payment of billions of pounds by the UK to the EU, the Chancellor needs to tell us how that will be paid for. We have already had two Budgets this year, but I would have no aversion to seeing another one to take that payment into account and explain where the money will come from.

We cannot continue to have the Chancellor pulling rabbits out of hats on Budget day. I believe firmly that there must be more openness and transparency, and better scrutiny. I would welcome it if the Opposition parties could move meaningful amendments on the Floor of this House, if nothing else to show how much better we could do things. Every time that the shadow Minister took an intervention from Conservative Members, they asked how his party would pay for things. If he had the opportunity to move meaningful amendments, he would be able to set out tax measures that he and his party thought appropriate. That would avoid the accusation about the magic money tree. The Government have chosen their route so that they can avoid scrutiny, but they then criticise the Opposition for not carrying out proper scrutiny. That is not a good way to run things.

I welcome the UK Government's change to VAT liabilities for the Scottish police and fire services. My colleagues and I have raised this matter inside and outside the House over 140 times. It is particularly convenient that the Chancellor should suddenly U-turn and fix this inconsistency for Scotland's services at exactly the same time as he should need to do so for combined authorities, police and crime commissioners and the London fire commissioner. If he now agrees that these liabilities should not apply, surely they should not have applied in the first place. Our police and fire services would very much like the £140 million in VAT that they have paid so far to be returned. I eagerly await

Scottish Tory Members, using all the power they apparently have, joining us to convince the Chancellor to pay back that £140 million. If they do not do so, they will have to explain why to police and fire services in Scotland.

Stephen Kerr: Will the hon. Lady give way?

Kirsty Blackman: I will not.

On transferable tax history, I am pleased that the UK Government have committed to changing the tax regime for late-life oil and gas assets. The Minister nods, because he has heard me go on about this on a number of occasions. I welcome the change. I ask him to work with stakeholder groups on a deal for the oil and gas sector. Given the changes to the oil price, there is still a feeling of pessimism around Aberdeen on some days. I would like the UK Government to commit to supporting the Oil and Gas Authority's "Vision 2035" for the sector, which I think has cross-party support. This is incredibly important. It is critical to the future of the north-east of Scotland in particular, but also that of the United Kingdom as a whole, for the oil and gas sector to be supported and for our supply chain to be anchored in the UK so that it can continue to pay taxes even when North sea oil has run out. "Vision 2035" is key, and it is part of the sector deal that Oil & Gas UK and other stakeholder groups are seeking. I hope very much that the Minister will sit at the table with those groups and ensure that what they need for the future—what they need to ensure that they continue to pay tax—is realised in a sector deal.

As we have heard, the Bill makes changes to allow first-time buyers to get on to the housing ladder. I have already made clear my concerns about the changes to land and buildings taxation that are proposed, which echo concerns that have been raised by the Office for Budget Responsibility, as well as a number of experts. To improve access to the housing market, the UK Government should follow Scotland's lead and commit themselves to more social housing.

I spent eight years as a local authority councillor. By far the biggest part of my casework was presented by people who came through the door and said that they were unable to obtain a secure tenancy in a social house in the knowledge that the landlord would not chuck them out in a year provided that they continued to pay rent. The fact that that problem still exists, in Scotland and throughout England, is due to Margaret Thatcher's right to buy. Unlike us in Scotland, the UK Government have not made any reductions in the scheme, and council housing stock has been decimated as a result. We in Scotland are trying to right the damage that has been done. We are focusing on social housing and will continue to do so, and I urge the UK Government to do the same.

Alison Thewliss (Glasgow Central) (SNP): My hon. Friend is making a very good point about the right to buy. Apparently about 40% of the houses that were sold off as a result of the scheme are now in the private rented sector, and a greater cost is being incurred in the form of housing benefits, so the policy does not even make economic sense.

Kirsty Blackman: I agree with my hon. Friend. Having observed the real-life impact on people who came through my door, who were having to squash themselves into

[Kirsty Blackman]

two-bedroom council houses with their parents, brothers, sisters and children, I am certain that we need to build up our council housing stock, and that is what we continue to do in Scotland.

The last substantive issue that I want to raise is the unfairness that faces the WASPI women. The UK Government continue to fail those women. They could have made changes in this Budget and the Bill, but they failed to do so. We will not rest until fairness is won for the WASPI women.

There are so many problems with the Bill. It does not fix the many unfairnesses that the UK have created. Wages continue not to rise, and people and families are feeling poorer as a result of continued austerity and economic mismanagement. This Government are not strong and stable, and they are not helping those who are “just about managing”.

7.32 pm

Bill Grant (Ayr, Carrick and Cumnock) (Con): I think it only right for me to support a comparatively brief Finance Bill in a comparatively brief speech.

The Bill translates into action the autumn Budget's excellent provisions for promoting innovation. As a member of the Select Committee on Science and Technology, I was looking for ways in which the Government would seek to promote technological innovation in the Budget, and I was not disappointed. Research and development expenditure credit has been increased slightly—by 1%, to 12%—boosting corporation tax relief for companies that engage in R and D. Encouraging more private sector investment in R and D in that way is a welcome step forward.

The Bill also doubles the annual limit for individuals investing in companies through the enterprise investment scheme from £1 million to £2 million, as long as any amount above the old £1 million threshold is invested in knowledge-intensive companies. That is another great measure to promote innovation, and we can say the same for the doubling to £10 million per annum of the amount that knowledge-intensive companies can source through the enterprise investment scheme and the venture capital trust scheme.

The Government have set the ambitious target of increasing overall R and D funding to 2.4% of GDP within a decade, and they are on course for an eventual 3% figure. That is an unprecedented investment in the future of the United Kingdom, and it represents the forward thinking that we will need if we are to make the most of the technological revolutions that are to come. These provisions are vital to ensuring that the private sector, which is an essential partner, plays its role in achieving our goals.

Alongside the other commitments made in the Budget—the extra £4.7 billion in R and D funding over the next four years is very welcome, for example—there are provisions in the Bill that constitute a great step forward for innovation. The United Kingdom is no stranger to innovation in many respects, but let me select just one. In 1928 the world's first true antibiotic, penicillin, was discovered by Sir Alexander Fleming, a Scottish physician, biologist and Nobel prize winner, who was born in Darvel, Ayrshire, in 1881. Penicillin has been described

as the most important advance ever made in the history of medicine. We await with interest the next generation of innovation.

However, the Bill does more. Having served as a firefighter for 31 years, I am particularly pleased that the Government will mend the muddle of the Scottish Government, namely their poor judgment in surrendering the VAT exemptions for the Scottish fire service and Police Scotland. The Bill creates a special exemption for Scotland's police and fire services, which lost their exemption despite the SNP in Holyrood receiving the best advice from many sources. My friend the hon. Member for Glasgow Central (Alison Thewliss) shakes her head, but the simple fact is that the SNP Government will never accept advice from the police force, the fire service, the Convention of Scottish Local Authorities and eminent people in Scotland, because of their arrogance and their relentless desire to pursue their centralisation agenda.

Mike Amesbury (Weaver Vale) (Lab): The Bill does nothing to address the shortfall in firefighters, who are essential to my constituency in Cheshire. Since 2010, the number of full-time equivalents has been cut by 160.

Bill Grant: I note what the hon. Gentleman says, but how that local authority spends its money on funding the fire service is a matter for the authority itself.

There are innovations in respect of smoke detectors and sprinkler assessments. The Scottish fire service is going through a similar process. It is undergoing a review, with the possibility of the closure of fire stations. We are moving on with a fresh look, and I hope that fire stations will not close, but there is that risk. Having served for 31 years, I know more than most Members in the Chamber about the work that firefighters do. I hope that we can move forward, and that the pay restraints of recent years will be eased.

With the approach of the new year, I hope that we can all raise a glass, in Scotland and elsewhere in the UK, to support the freezing of the duty on spirits such as whisky and gin, and that we will have a joyous and safe new year and enjoy spirits that are mainly produced in Scotland.

The Bill is good for growth, good for technology and innovation, and good for Scotland and the rest of the United Kingdom. I am delighted to lend it my support.

7.38 pm

Gareth Thomas (Harrow West) (Lab/Co-op): It was interesting to listen to the hon. Member for Ayr, Carrick and Cumnock (Bill Grant), not least because of his reference to that great Scot and great Brit Sir Alexander Fleming. If I remember rightly, he did his pioneering work on penicillin at what is now St Mary's hospital in London. I raise that point to gently chide the hon. Gentleman about the funding crisis in the national health service, particularly in London, which has led Lord Kerslake, following a distinguished career in public service, to resign from his position chairing a key NHS trust.

I commend my hon. Friend the Member for Bootle (Peter Dowd) for his speech, but I want to make two different, broad points about the productivity challenge facing our country, and to propose some additional solutions that I hope the House will consider incorporating

in the Bill. I also want to make a brief point about credit unions and, finally, press for further measures in the Bill to fund more investment in public services, not least policing.

The OBR's devastating indictment of seven years of underinvestment and austerity and the prospect of many more such years to come was the real headline of the Budget. Productivity gains across all parts of the UK would mean higher wages and higher living standards, so if the OBR is right and productivity is to remain stagnant, the personal finances of too many people in our country will remain grim for the foreseeable future. We are already more than 15% less productive than the rest of the G7, Greece is the only developed country where real pay has fallen further, and the UK has now slumped to fifth in the G7 table for productivity.

To be fair, the Government at least acknowledge that there is a problem, but their solutions largely ignore, first, how to motivate employees, who are fundamental to productivity improvement, and, secondly, the growing concentration of power in key markets in the hands of a small number of very big companies, which stifles the innovation that is fundamental to productivity improvement.

Let me give some context for those two broad points. The average UK worker has not had a real-terms pay rise since 2006. Zero-hours contracts and bogus, Uber-style self-employment are creating an economy in which work is transient and precarious. Too often there are simply not incentives for a business to invest in its staff, and if there is no guarantee of work tomorrow there is not enough incentive, or indeed time, for staff to go the extra mile for the business they are with.

Rachel Maclean: The hon. Gentleman is talking about zero-hours contracts. Does he therefore welcome the work we have done in the Select Committee on Business, Energy and Industrial Strategy, chaired by his colleague the hon. Member for Leeds West (Rachel Reeves), looking at the Taylor review and making sure that, where there are zero-hours contracts, they are fair and are a mechanism of choice for a worker rather than being forced on them?

Gareth Thomas: I would always commend the work of a Committee chaired by my hon. Friend the Member for Leeds West (Rachel Reeves), and if the hon. Lady agrees with my hon. Friend, I welcome that. I commend the Government for setting up the Taylor review in the first place, but we clearly need radical measures to tackle the problem that it identified.

The context to my second broad point is that in all but a handful of cases, the major players in markets—particularly markets where there are fewer businesses operating—are plcs, owned by shareholders in the UK and abroad. Too often regulators treat this business form as the default, whereas in other European countries markets have a mix of plcs, publicly owned businesses, co-operatives, mutuals and social sector firms.

How might the Government use this Finance Bill to rectify those two broad problems? First, I hope that Ministers will find the courage to recognise that if productivity is to improve, workers and staff will have to drive that change. Basic measures such as a significantly higher living wage are essential, as is creating disincentives for businesses to opt for Uber-style employment practices.

At the moment, there is too often too little incentive for the employee to go the extra mile, as they are unlikely to benefit directly from the extra profits that innovation and higher productivity might deliver.

This Finance Bill could have been the moment for that to change, and indeed even at this late stage I hope it will be, so let me offer the Minister the example of France, where businesses with 50 employees or more have to set aside 5% of their profits as a reward for their staff. If those who are helping to generate profits know they are going to share in them—if they know it is not just the chief executive and the rest of the executive team who are going to benefit—their motivation and commitment to helping the business prosper might just be a little stronger.

I was interested in the comments of the hon. Member for North West Hampshire (Kit Malthouse)—who, sadly, is no longer in his place—because I share his view that businesses in which employees have a say and a stake tend to be more productive; they tend to be better at incentivising their staff and channelling workers' ideas and talents. Indeed, a 2007 Treasury review found that employee ownership can boost productivity by as much as 2.5% over the long run. So, as the hon. Gentleman asked, why are there no further tax incentives to encourage genuine employee share ownership?

The Government should revisit the idea of compulsory employee representatives on company boards, mirroring the success of Germany and Sweden, where employees have sat on boards for decades. Given that the idea was in the Prime Minister's personal manifesto when she ran for leader of the Conservative party and that a significant number of Conservative MPs backed that manifesto, and given that we on the Opposition Benches support employee representation on boards, I suggest that there is a majority in the House willing to vote for such a measure if only the Government could find the courage to act. Why not, at the very least, have more favourable tax treatment for firms that are employee-owned? The hon. Gentleman also touched on that point extremely well.

Ministers must also overhaul the regulation of markets and recognise that key markets have become too uncompetitive and, in a number of cases, oligopolistic. This Bill could have begun the process of changing that. Let me give two examples. Banking and energy have both had highly critical regulator investigations, noting the lack of innovation and the excess profits in crucial consumer markets. Where is the commitment to create diverse and vibrant markets in those areas, with the plc model no longer favoured over other business forms such as building societies, mutuals and co-operatives? I suspect that regulators know that there simply is not the political will on the Treasury Bench to confront the Institute of Directors' insistence that big plc businesses know best.

The Social Market Foundation is not necessarily a think-tank that we on these Benches would reach for first when it publishes a report, but it has recently produced an interesting interim report on the lack of competition in key markets. The Innogy/SSE merger is just the latest example in the energy sector of the trend towards even more uncompetitive markets. If it goes ahead, it will lead to two big firms dominating the energy market. It should be blocked by the competition authorities, and it would be good to see Ministers encouraging that to

[Gareth Thomas]

happen. We also need a new generation of energy co-operatives, mutuals and municipal businesses encouraged to put consumers in the driving seat in the energy market, holding real economic power in that market, and keeping the profit from the generation of energy in local communities.

In many industries there are, in theory, ombudsman services, able to support consumers to seek redress from large businesses offering poor customer service. In practice, such ombudsman services often have limited powers and limited ability to enforce any redress they suggest. What is needed now is a proper champion for consumers, with the teeth to hold businesses to account. A consumer ombudsman with class-action powers and the information-gathering ability to match has always been opposed by big business groups in this country, but it is needed to help the consumer stand up to powerful big businesses when their concerns are ignored.

I draw the Committee's attention to the case of the consumers taking action against Bovis Homes for shoddy building work, which has recently attracted some media attention; they are having to crowdfund the funding for court action. If there was a strong consumer ombudsman, those people who have moved into Bovis homes that are badly in need of further work would not be having to raise their own funds; instead, they could have turned to that ombudsman to take their case forward.

The truth is that markets need robust competition, and big plc businesses need strong challenges from other types of business. When 85% of all current accounts are held in just five big banks, of course it is no surprise that the regulator should find that there is not enough innovation in the retail banking sector. I therefore gently ask Ministers why they are committed to a long-term future for RBS as just another private sector bank. Why not turn it into a mutual, or a new building society, to challenge what would then be just four privately owned plc-style businesses?

Why are we not learning from the USA and Germany in encouraging more regional, mutually owned savings and investment banks that are focused on driving long-term investment—perhaps the patient capital that the hon. Member for North West Hampshire referred to—rather than on short-term dividends for shareholders, which are then used to justify ever-higher levels of executive pay? With sub-prime lending on the rise, and with the UK having the largest and fastest-growing consumer credit market in Europe—mostly, sadly, in high-cost options—it is difficult to understand why Ministers and regulators alike do so little to champion responsible finance operators such as community banks and credit unions.

On the point about credit unions, I welcome the limited moves in the Budget to help credit unions to expand, but I wonder why Ministers are not considering a wider package of reforms of the objectives and powers of credit unions, to allow for more innovation in services and in particular to enable them to provide a full retail banking offer, including in areas such as insurance and secured car lending. Why is there not more help for credit unions to market their low-cost credit offer to ordinary working people? If the Treasury were minded to take such action, that would bring UK credit union legislation into line with best practice in America, Canada

and Australia. As the balance within the financial markets shifts farther and farther away from unsecured personal loans and cash savings, credit unions need the freedom to be able to rework their offer, and, as I understand it, legislation would be necessary to enable that to happen. I therefore encourage the Minister and his colleagues to consider that question sympathetically.

Lastly, I want to raise the issue of funding for public services. Sadly, there was no mention in the Budget of extra resources for policing. In my London borough, we have seen a reduction of 170 police officers since 2010. The recent terrorist incidents, which the whole House is familiar with, and the concerns of senior police officers that more resources need to be put into community policing—to ensure, among other things, that intelligence can be obtained about future attacks—should surely have prompted the Treasury to make additional funding available for policing.

Stephen Lloyd: Does the hon. Gentleman share my disappointment that the armed services were not even mentioned in the Budget, either generally or in relation to the pay and salary of their staff?

Gareth Thomas: The hon. Gentleman makes his point well, and I agree with him. He also made a point earlier that many Members have raised before, when he expressed disappointment at the paltry level of additional funding for schools. Similarly, we have heard about the scale of cuts to local authorities such as Harrow, which has lost some £83 million over the past four years. The council is facing huge difficulties in meeting the demand for increased children's services, for housing people who are homeless and for meeting the growing social care challenge in our borough. Even at this late stage, I encourage Conservative Members to press Ministers for more investment in public services. Brutally, this was a grim Budget, and the Bill holds out no hope for anything better.

Several hon. Members rose—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Before we proceed, let me enlighten those Members who might not be aware that, because this is a Finance Bill, the debate may continue “until any hour”, as they will see on the Order Paper. There is no limit on today's debate. Approximately 18 people have indicated to me that they wish to speak, and if they each take about 15 minutes, they will be able to calculate for themselves that we will be here until around midnight. Now, it might be their intention to cause that to happen, and it is not for me to say whether that is a good or a bad idea—I am always in favour of debates—but I merely point this out so that Members can behave honourably and with due consideration to other Members, and work out for themselves for just how long they ought to keep the Floor. This puts a lot of pressure on Mr Alister Jack.

7.55 pm

Mr Alister Jack (Dumfries and Galloway) (Con): Thank you, Madam Deputy Speaker. I will shorten my words accordingly.

I would like to congratulate the Chancellor of the Exchequer on proving that he can do a lot of good with what is, at 184 pages, a relatively—I stress the word “relatively”—short Finance Bill. While the Bill is short on sheer word count, it is certainly not short on provisions

that will help to make both Scotland and the United Kingdom fairer and more prosperous places to live. For example, as my hon. Friend the Member for Ayr, Carrick and Cumnock (Bill Grant) has said, the Bill gives effect to the announcement in the Budget that the UK Government will clear up the Scottish National party's mess and create a special exemption from VAT for Police Scotland and the Scottish Fire and Rescue Service. That special exemption has had to be made because of the stubbornness and incompetence of the Scottish Government, who pressed ahead with the centralisation of Scotland's police and fire services even though they knew that the way in which they were conducting that centralisation would cost those services their VAT exemption.

Alison Thewliss: Is the hon. Gentleman aware of the extensive correspondence on the Scottish Government's website that provides evidence of the Scottish Government's efforts to persuade colleagues down the road here that the exemption was valid? If the exemption in the Budget for combined authorities in England and Wales is valid now, surely Scotland's fire and rescue services are due their £140 million back.

Mr Jack: This House made it clear at the time that if the Scottish Government went ahead with the centralisation, they would not be able to reclaim the VAT. It is no good the SNP having a grievance and looking back to claim that £140 million when Budgets are clearly forward-looking and we have to be responsible for the public finances. However, we have now sorted that problem out.

Stephen Kerr: Does my hon. Friend agree that this was all designed in order to create a grievance—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I do not like to interrupt the hon. Gentleman, and I let him do this earlier, but if he faces away from the Chair, no one can hear him. I certainly cannot hear him. He has to speak to the Chair, and not to the Member upon whom he is intervening. But I am sorry—I interrupted him, so I will allow him to finish his intervention.

Stephen Kerr: Thank you, Madam Deputy Speaker. I had in fact finished my intervention, in which I asked my hon. Friend whether he felt that this was a designed grievance-manufacturing moment for the SNP.

Mr Jack: Clearly I agree. I would like my hon. Friend the Member for Stirling (Stephen Kerr) not to make too many more interventions, however. He is very keen on them, but we have to crack on.

That centralising dogma cost those services £140 million. The hon. Member for Kilmarnock and Loudoun (Alan Brown) referred to that money as having been stolen, but I can assure him that it was not stolen by anybody. It was, however, wasted by his party and his fellow nationalists in the Scottish Government, who cost the police and the fire services the option to reclaim that VAT. As I have said, the Conservatives have acted to clear up the Scottish Government's mess. That is one of many cases in the Budget that prove that 13 Scottish Conservative MPs can deliver much more for the Scottish people in six months than 56 nationalist MPs could deliver in two whole years.

The Scots are used to the SNP putting confrontation and grievance ahead of public services, as my hon. Friend the Member for Stirling has just said, and we in Scotland are sick and tired of it. If the SNP would like to turn over a new leaf this evening and take a more collaborative approach, I suggest they join us in voting for the Bill. It would be the height of pettiness for the nationalists to vote against a Bill that rectifies their own mistake and ensures that Scotland's police and fire services finally get the funding that they deserve.

On a wider note, the Bill brings into effect many of the positive measures that were announced in last month's excellent Budget, such as the additional measures to tackle aggressive tax avoidance. When someone does not pay their fair share of tax, the rest of us have to pay instead through higher taxes, less funding for public services or higher borrowing. I am therefore pleased that this Government have such a strong record on reducing tax evasion and aggressive tax avoidance. The UK tax gap is now just 6%—down from 6.7% in the final year of the last Labour Government—and the measures that this Government have put in place to reduce the gap have saved £12.5 billion in the past year alone, meaning billions of pounds of extra funding for public services, billions of pounds in lower taxes, and billions of pounds in less borrowing.

The Budget is good for Scotland and specifically for Dumfries and Galloway with the Borderlands growth deal. In fact, it is a good Budget for the entire United Kingdom, with provisions that lay the groundwork for future growth and a fairer country. I will therefore be proud to vote for this Bill, which is an integral and positive step in putting the Budget into effect.

8.1 pm

Stella Creasy (Walthamstow) (Lab/Co-op): It is a pleasure to follow the hon. Member for Dumfries and Galloway (Mr Jack), because I am going to enjoy setting out for him why I believe he is mistaken in considering this Finance Bill to be the best that we can do for this country. I hope he was here to hear the remarks of my Front-Bench colleague, my hon. Friend the Member for Bootle (Peter Dowd), who set out some strong ideas about alternative ways to manage the public finances, and the remarks of my hon. Friend the Member for Harrow West (Gareth Thomas), a fellow member of the Co-operative party, who set out how the Co-operative's approach to public finances is different.

I was struck by what the hon. Member for Dumfries and Galloway and several other Government Members said about their pride in how light and narrow the Bill is. Look at the country's economic challenges; it sums up the Government perfectly that they should boast about how little they have to offer to tackle those challenges. They admit that this country has a productivity challenge—a long-overdue admission—but they have so little to offer to address it. They seem pleased to tell us that they are peaking their borrowing, rather than meeting the commitments made in 2010, when we all sat here and listened to the previous Chancellor tell us that austerity was the only way forward. Well, what a myth that has turned out to be. The Government are presiding over stagnating wages, meaning that my constituents will be lucky to see a pay rise within the next 10 years. Decades of austerity mean that we are a nation up to our eyeballs in personal debt—not by accident, but through

[Stella Creasy]

this Government's choices. We have not even begun to talk about the black hole of Brexit that is sucking both time and money from our Exchequer.

A light Finance Bill is not something to be proud of; it is indicative of a Government who are not serving the British public. The Government try to tell us that they are doing something about the massive housing crisis, but it is clear that their stamp duty proposals will simply push up house prices and do little for our constituents who have no savings and cannot get a deposit together to even begin to consider buying a property and paying stamp duty. The Bill will do nothing about the crisis in our private rented sector that is the cause of so much personal debt. People in our communities are now putting their mortgage or their rent on their credit cards in a desperate attempt to keep a roof above their head this Christmas.

People have the spectre of universal credit hovering over them, sucking out their time and energy as they try to make ends meet, because there is just too much month at the end of their money. We have not even begun to talk about the impact of the cuts on our public sector. My hon. Friend the Member for Harrow West ably pointed out the lack of police on our streets; we will lose 3,000 in London alone due to this Budget. Teachers are having to buy resources for their pupils. People need us to manage the public finances properly, which is what this Bill would do if it was meatier contribution to Britain's future, but it is not.

I know what Government Members will say to Opposition Members: "Where would you find the money?". I want to answer that question, say what this Bill could have done for the British public, and set out why the Government need to move from policy-based evidence making to evidence-based policy making by using impact assessments. These assessments are not necessarily popular, as we have seen from the Brexit Secretary, but they are absolutely the way forward when it comes to understanding what could be done for this country.

Let me turn first to one of the places where we could be saving money as a society. I know that Members on both sides of the House are worried about the private finance initiative, and all of us have seen its impact on the public finances. Governments of all colours have used private finance contracts; indeed, they continue to be used through private finance 2 schemes. We know that £1 billion of the money that should be going into our NHS will be leached out in profits by private finance companies. That money could have built hospitals several times over, and could certainly deal with the crisis in NHS recruitment and the lack of resources in healthcare. I have called on the Government to learn the lessons of the Paradise papers and introduce a moratorium on public sector contracts going to such companies until we are clear about where their tax liabilities lie. However, I am disappointed that, yet again, Ministers have missed that opportunity.

As Ministers have pointed out, we will only get one such Bill a year in future through which to tackle how these companies operate. A small number of companies are leeching so much money out of our public services through the high costs of private finance contracts, and their high rates of returns and interest rates. Government Members can look at them as hire purchase agreements

for the public sector. The Bill could have been the opportunity to set a clear red line for those companies, and to tell them that, instead of continuing to rip off our schools and our hospitals, we want them to come to the table to renegotiate contracts. The Bill could have been the opportunity to set up that moratorium, or to use the banking levy as a model for a windfall tax on such companies—a tax that could claim back the excessive profits that they are clearly making from the public sector. This is money that could have properly funded our police or gone towards ensuring that we pay our public sector workers properly, but we will all end up paying for that omission from this Bill. With the PF2 contracts coming online, it is clear that the Government have not learned the lessons about the cost of public sector borrowing that would have informed the Bill.

This Bill is being considered in the context of the Government having agreed to close the tax loophole whereby overseas-based companies sold UK commercial property without having to pay capital gains tax—what we called the magic money tree—but it has sadly become apparent since the Budget that the Government have not got to grips with the loophole. They think that they are going to raise only half a billion pounds, but it is clear, given the sums involved in commercial property sales in the UK, that we could be looking at £5 billion or £6 billion.

With this Bill, the Government could have learned the lessons of the Paradise papers, particularly as regards the loophole for companies that register properties in Luxembourg, because the Luxembourg treaties will allow those companies to avoid capital gains tax. I have repeatedly raised that with Ministers, because we know that our public sector desperately needs the £5.5 billion extra a year that properly closing the tax loophole could represent, yet Ministers seem not to care. They tell me that the Government's policy is that

"all double taxation treaties should permit gains on the direct and indirect disposal of UK immovable property to be taxed in the UK."

However, from their consultation document, I can see that they recognise that there is a loophole within their loophole. Paragraph 4.36 admits that Her Majesty's Revenue and Customs understands that there is a problem if the properties are registered in Luxembourg. The Bill could have been the opportunity to address that and to state, "When we say we are going to close a tax loophole, we close it properly." We know that £5.5 billion could make such a difference—but it will not. That is indicative of a Government who do not seem to do their homework.

That brings me on to why impact assessments matter so much, and why so many Members from Labour and other parties have been speaking about their importance, particularly when it comes to gender. One of the Minister's colleagues actually suggested to me that the debate about gender impact assessments was a bit like the debate around foxhunting. Perhaps he confused fair game with the fairer sex; I am not quite sure. As a colloquialism, we have been calling this the lady data campaign, because it is about what happens when we start to identify the impact of policies on particular people.

There will be some, particularly on social media, who will roll their eyes at yet another one of those feminists getting up to bang on about women and all the special treatment they want. Let me be very clear: the point about lady data is a cold, hard economic argument. Bridging the UK gender pay gap has the potential to create an

extra £150 billion a year in GDP by 2025, which is a 5% to 8% increase in GDP for all our regions. This should be a no-brainer for all concerned, but to be able to do that, we need better to understand where inequality lies in our society, and where individual policies help or hinder us in tackling it.

Luke Graham (Ochil and South Perthshire) (Con): I support any measure to try to close the gap in gender equality of income. Does the hon. Lady welcome the moves made by this Government to introduce gender pay gap reporting, and to make it a legal obligation for all companies with more than 250 employees by April 2018?

Stella Creasy: I am so glad a new Member has raised one of the legacies of having an amazing feminist MP like my right hon. and learned Friend the Member for Camberwell and Peckham (Ms Harman) in Government, fighting for gender pay gap reporting in the Equality Act 2010. I am glad to see the hon. Member for Ochil and South Perthshire (Luke Graham) nodding, because it is wonderful to see the feminist soul of so many Government Members coming through. I hope we can tempt them to support these measures.

The reality is that if the Government do not measure something, they cannot be held to account on what they are doing about it. That is the challenge we have. Good data keeps Governments honest and on track. For the avoidance of doubt, I am not suggesting that inequality in British society is about one single issue, or indeed about one single group. It is about understanding where inequality lies and where individual and collective policies will make a difference. That is why it matters. We do not live in an equal society, so particular policy measures, such as those that this Finance Bill introduces, will have a differential impact.

We might have the Equal Pay Act 1970 and the Equality Act, but equal pay is stagnating in Britain. Indeed, the figures for the past couple of years suggest that the gap is widening, not narrowing—crucially, among not just older women, but younger women. Among black and ethnic minority women, the gap is 26% for Pakistani and Bangladeshi women, and 24% for black African women. Women are twice as likely as men to receive the lowest pay. Only 36% of older women receive the full state pension. Therefore any finance measure that affects the tax and benefits situation in our country will have a differential impact.

Thankfully, organisations such as the Women's Budget Group, the Fawcett Society, the Equality and Human Rights Commission, the Institute for Fiscal Studies and the Runnymede Trust have done what this Government have failed to do and started to identify the impact, so that we can understand just what the consequences are. Their research does not make happy reading for anybody who recognises that equality is one of the biggest economic motors we could have, and one of the best ways we could address the productivity gap in our society. Their figures show that this Government's Budget will mean that women lose 10 times as much as they gain, with black and ethnic minority women losing 12 times as much.

What does that mean in practice? Forty-three per cent. of people do not earn enough to reach the tax threshold as it is—66% of them are women, and 41% of them have dependent children. When the Government raise the higher rate threshold, 73% of the beneficiaries are men. When we change corporation tax, we have to

recognise that we do it in an environment in which shareholders, business owners and managers are disproportionately men. Men benefit more.

This is not about being a victim. This is not about pleading for special treatment. This is about understanding what measures the Government are introducing and how they are making it harder for us to unlock the potential of 51% of our society. It is about having a better economy and a better society, because there is a link between diversity and prosperity.

I am tired of people who eye-roll at this, and of Government Members who see this as being like foxhunting. Frankly, even if they do not get the strong economic or social case for this, they are legally required to do it. The public sector equality duty was introduced in 2011, and it means that the Government have to not just manage these things but do something about them. That includes being able to track the difference they are making, yet this Government have still failed to do any equality impact assessment, let alone a cumulative one. The only equality impact assessments that are published are in the tax information and impact notes, which have a sentence or two buried away in line 324b saying that most of the Government's policies have little impact at all, or denying any impact. There has certainly been no impact assessment on things like alcohol excise duty rates or fuel duty giveaways—two policies that, again, have a differential impact on men and women.

We have not even begun to talk about the public sector pay cap, and Members on both sides of the House recognise that, when two thirds of our public sector workforce are women, a failure to pay the public sector properly clearly pushes more women into poverty. We can argue about the underlying inequalities that might cause the environment in which these policies operate, and we can argue about the policies' impact, but we cannot let this Government get away either with saying that they cannot do these calculations when others such as the IFS have, or with arguing that any inequality caused by policies in a Finance Bill will be offset by spending in another Bill. It simply does not make sense. If they cannot measure it, how can they decide it is being offset by something else? That is why it is time that we had this data. [*Interruption.*]

I understand that the Government Whip, the hon. Member for Beverley and Holderness (Graham Stuart), would like me to sit down. I am sorry to disappoint him, but 51% of this population are being held back by a Government who do not even know what damage they are doing, and 100% of us deserve better. The way we do that is by holding this Government to account on the public sector equality duty, which says that the Government have a legal duty before making any decisions. It is not enough to consider the impact on equality afterwards. The duty is ongoing, and it is about not just a buried report once in a while, but consistent impact assessments. The duty also says it cannot be delegated—that Ministers cannot leave it to somebody else to figure out what damage they are doing. It also says that, when a problem has been identified, the Government have to act, and that a lack of resources—having just set out where the Government can get some resources, I do not accept there is a lack of them—is not an excuse.

These are examples of how this Budget and this Finance Bill are failing this country. We are in denial of some of the major challenges we face on productivity.

[Stella Creasy]

This is about having the information so that we can understand how we can make better choices, and about how we have a Government who seem unconcerned that they are breaching the public sector equality duty. That is indicative of a wider problem facing the British public. They have a Government who, right now, have run out of ideas, who are lacking in leadership and who are struggling under the weight of Brexit, but we all know who is going to pay. It is the men and women in our communities who are struggling with debt—the men and women in households who are being disproportionately hit by Government policy.

Inequality is expensive for us all. All of Britain is held back when talent is held back because it is living in poverty. I hope I have shown that there is money to be found and data to be collected if there is a political will. The Brexit Secretary says that he does not have to be very clever to do his job, but I believe the British public do need competency. If they cannot get it from the Government Benches, they can certainly find it on the Labour Benches.

8.18 pm

Jack Brereton (Stoke-on-Trent South) (Con): This is an important Bill for the long-term future of our country. It builds on hard-won progress, develops on the transition to Brexit, and sets out necessary measures to ensure that the UK economy is fit for a successful and sustainable global future. I welcome the emphasis the Chancellor gave in his Budget to the importance of improved skills, cutting-edge technology, world-class infrastructure, and the domestic fairness of a sustainable cost of living for the British people.

At a time when we are focused on the historic change that will come from Brexit, it is critical to stick to the Government's commitment to financial and fiscal stability so that we can build a Britain and a Stoke-on-Trent fit for the future. I particularly welcome continuing efforts to make the tax system fairer and simpler. The latest raft of anti-avoidance measures ensures that legitimate reliefs are not abused.

It is important that the tax system can encourage behaviours that are beneficial to the economy, thereby supporting businesses to create more jobs and allowing our workers to prosper. For my constituency, it is essential that we continue to support our communities enabling them to flourish, and a critical part of that is ensuring families can take home more of the money they earn.

I am pleased that the Government are doing more to ensure we see not only more jobs, but better pay and improved skills. Continuing to increase the national living wage and the personal tax-free allowance will mean that my constituents will take home more in their pay packets.

Alison Thewliss: The national living wage that the hon. Gentleman speaks of is not actually set at the national living wage rate. Does he agree that there needs to be a real national living wage that is available to everybody, including those under the age of 25?

Jack Brereton: If the hon. Lady looks at this, she will see that the national living wage is continuing to increase. I know what she is referring to, but we are continuing to increase the national living wage, which will mean people

taking home more money in their pay packets. We are reducing taxes on people's earnings and helping constituents right across the country.

For areas such as Stoke-on-Trent that have a strong manufacturing tradition, opportunities have arisen for a sustained revival of our industry. Goods exports have been rising faster than service exports. "Despite Brexit", as some attempt to say, the latest purchasing managers' index for manufacturing activity hit an encouraging 51-month high. The revival is in no small part thanks to the path of national financial stability that the Bill continues, working in tandem with our modern industrial strategy. In addition to that work within the UK, we can look forward to the Government championing new trade agreements beyond our shores, both with our close friends in the EU and with overlooked partners in the wider world, allowing manufacturers in my constituency to trade more of their fantastic products abroad.

Only last week I was delighted to welcome the Secretary of State for International Trade to my constituency to see with his own eyes the reality of, and the further potential for, Stoke-on-Trent's manufacturing export revival. He told me that in the past year there have been 58,000 tech start-ups across the UK, which is more than in any other country, and that our uniquely attractive intellectual property regime is key to this success. I want to ensure that Stoke-on-Trent shares in this growth, that our industries feel encouraged by IP protection, and that tech jobs are increasingly accessible to my local residents. By getting our skills base right, including the skills that many businesses need to become exporters for the first time, we will enable our businesses to trade more of the fantastic goods we produce. Having a workforce that is more skilled and productive means that our people and communities can become more prosperous.

Stoke-on-Trent's part of the deal is to keep making the best products in the world, particularly in ceramics, which is the lifeblood of Stoke-on-Trent. The Government's role as the driver of global Britain must be to open world markets to our local manufacturing excellence while, of course, guarding against unfair dumping by rogue competitors. In short, we need to grow our skills base while ensuring a level playing field in global markets.

Despite the sheer hard work of my constituents to improve productivity locally—it is, indeed, up—gross value added in Stoke-on-Trent is comparatively low compared with that of the rest of the country. It can be tempting to say that this is all a function of trends of economic geography, yet we have shown in recent years that we can indeed increase our local rates of productivity. We clearly have a great deal of potential that is yet to be realised, and key to achieving that will be to work with an enabling Government in developing a sector deal for ceramics. We need to invest in new infrastructure to enable businesses to innovate, prosper and create the skilled jobs that people need. This means local partners coming together to diversify and advance skills, working towards our global ambition for a dedicated ceramics research park. This will turn an old quarry into a world centre of excellence: a place rooted in the authentic heritage of the potteries where innovation in science, technology and design come together to drive economic growth. As I stressed to the International Trade Secretary, in Stoke-on-Trent we make not just world-class ceramic

art and decorative goods, but advanced components for the high-tech automotive, aerospace, defence, digital, renewable energy and medical industries.

Far from being an industry of the past, ceramics is at the very forefront of the digital, high-tech future that the Government have rightly chosen to champion and that the Chancellor absolutely dedicated himself to in his Budget. Just as there is an internationally important life sciences cluster just to the north of Stoke-on-Trent, so there can be an advanced design and manufacturing cluster in Stoke-on-Trent itself. The UK ceramics industry is hugely ambitious. It seeks to secure significantly increased year-on-year growth and to increase our international market share. A sector deal could double the GVA and exports of the industry within the next decade. I am delighted that my hon. Friend the Minister for Climate Change and Industry wrote to me recently to confirm that the Government are actively considering the proposals from the sector, and that she welcomes the sector

“being so positive about the future opportunities”.

We are indeed positive about the future opportunities, no matter how much the Labour party seeks to talk Britain down.

One area where more needs to be done is in improving the rail services in Stoke-on-Trent, as there has been a lack of attention to this over many decades. I welcome, however, the commitment made by the Secretary of State for Transport that Stoke-on-Trent will be served by HS2. Enhanced rail connectivity could transform the future prosperity of the city and help to deliver new housing and jobs growth. I also welcome action to expand the rail network's capacity, and to open, or reopen, many new local stations. There is also clear potential for increasing the frequency of services through my constituency, and for new or rebuilt stations at Fenton, Meir and Barlaston, and for World of Wedgwood and the bet365 stadium, for Stoke City football club. All those are in my constituency. With a heritage action zone now announced for Longton in my constituency, an enhancement of rail services there could propel the town as a visitor destination. There will be similar projects across the country, and it is to the Government's credit that they have enabled so many of them to come forward as part of the localism agenda.

The Government have worked hard to increase our international competitiveness and to rebalance the economy domestically. We are also working hard to enable smaller businesses to grow and compete with global players. Local workers on the ground in Stoke-on-Trent should be the focus for a global Britain. We are talking about those who voted overwhelmingly for not just Brexit, but an improved quality of life. Improving the skills base, alongside boosting wages through lower taxes and an increased national living wage, will enable local workers to access the opportunities of global Britain. I am glad the Government recognise that embracing our global future means delivering for my constituents. That is what Brexit must mean, and it is in this context that this Bill moves the Government's agenda of reform forward. I will be proud to support it in the Lobby tonight.

8.27 pm

Judith Cummins (Bradford South) (Lab): It is a pleasure to follow the hon. Member for Stoke-on-Trent South (Jack Brereton). This Finance Bill has short-changed my constituents, the city of Bradford and the people of

the north in ways too numerous to list in the short time I have available today. But there was one instance where the north was not just short-changed but plain snubbed: it was starved of the vital investment needed to unleash the potential of its people and its businesses. In this Finance Bill, Ministers did nothing to redress the imbalance in favour of London in spending on transport, whereby it gets seven times more per head than the north. That is illogical, given the Government's much publicised commitment to rebalancing this country's two-speed economy.

Modern and efficient transport infrastructure is a catalyst for growth, and improved regional transport connectivity is the key to unlocking prosperity in my home city of Bradford. It is essential to the fostering of wider prosperity throughout west Yorkshire and the whole of the north of England. It is fundamental to addressing the regional differentials in the economy. With clause 33 and schedule 9, the Financial Secretary has found the money to cut the bank levy, but he cannot find the funds for trans-Pennine electrification to fulfil the Conservative manifesto promise made ahead of the 2015 general election.

Kevin Hollinrake: Does the hon. Lady welcome the huge investment in northern powerhouse rail and the latest proposals for the route to go through the centre of Bradford?

Judith Cummins: I thank the hon. Gentleman for raising that point; unsurprisingly, I am going to mention that later in my speech.

Just yesterday, I read with great interest that the ambitious plan for full trans-Pennine electrification is to be scaled back, with the scrapping of the line connecting Manchester to Sheffield and Leeds via the HS2 network. The north is being starved of the investment it needs to prosper. The north wants, needs and deserves full and fair funding, and transport infrastructure fit for the 21st century.

In stark contrast, in his Budget the Chancellor committed the Government to multi-billion pound public investment in transport improvements across the Oxford, Milton Keynes and Cambridge arc. I have no quibble with investment in transport infrastructure in London and the south-east—connectivity in that region is important, too—but it should not and must not be at the expense of rebalancing the country's economy. It should not and must not be to the disadvantage of the business community in Bradford, west Yorkshire and throughout the north. Regional business in the north deserves the Government's attention and support just as much as the London-based business community. Indeed, the Government talk about fixing the country's productivity problem, and the key to that is addressing regional differences. The Government have missed an opportunity to tackle that in the Bill.

Clause 19 will increase the rate of the research and development expenditure credit from 11% to 12%. I am sure that business innovators in the north will welcome that, but the one constant that I hear from business is the need for better transport infrastructure. As well as R and D, physical connectivity is crucial for industry. As a region, the north's economic output by gross value added was £304 billion in 2014, which would make it the 10th largest economy in the EU if it were a country. As a region, though, it trails substantially behind the

[*Judith Cummins*]

south-east in economic output per capita. That has to change if our nation as a whole is to prosper and our productivity is to increase.

Bradford and the north of England are in desperate need of transformational investment in their creaking railway infrastructure. Spending in the area has multiple benefits, with just two examples being the easing of congestion and the reduction of air pollution. On that last point, the Minister had an opportunity to address air pollution from vehicles by investing to make public transport better. Instead, clause 44 makes changes to vehicle excise duty and clause 9 makes changes to benefits in kind for diesel cars. Both measures seek to address vehicle emissions. Few in the House, if any, would disagree that reducing air pollution is both necessary and desirable, but I fancy that more carrot and less stick would have been welcomed by my constituents.

Tackling congestion and air pollution through a modal shift, moving more journeys from private cars to public transport, is an option, but not one currently available to my constituents. The creaking rail infrastructure that my constituents have to contend with currently makes the motor car not just a more attractive option but in many cases the only option. The Minister could have shown real determination to change that, with a commitment to investment in modern and efficient public transport systems. As I have said, the much delayed, now much diluted, partial trans-Pennine electrification would be a key first step in addressing the north's transport woes, but it would be just that: a first step. What is really needed is a game-changer, but on that the Bill is silent.

My home city of Bradford is a leading voice in northern powerhouse rail. In recent months, in a bid to maximise the value of the project to Bradford's economy, Bradford Council launched Next Stop Bradford in partnership with the city's business community. Next Stop Bradford is a cross-party campaign calling for an NPR stop in Bradford. Initial research suggests that a Bradford station would bring an annual boost of £53 million pounds to the local economy, and at least £1.3 billion pounds for the region as a whole. If the media reports from over the weekend are accurate and Bradford is now included on the NPR route, that is welcome news for the Bradford economy and for my constituents.

Bradford is a growing city, with one of the youngest populations in the country. It has huge potential. As I have said in the House before, Bradford is Britain's fifth largest local authority, with a population of 530,000 residents, and it is the biggest city in the country without a through stop connecting it directly to the intercity rail network. An NPR stop in Bradford would be a huge step change in our regional connectivity. Faster services and higher capacity would draw the region closer together, and it would connect people to jobs and businesses to new opportunities across the region and the country. The currently disconnected economies of the great cities of the north would be united. The economic opportunities would be enormous, as would the boost to this country's productivity. This is a priority for my constituents, but a priority that is not in the Finance Bill.

During the recent Budget we learned that, as a country, we face an era of economic stagnation unseen in modern times. Wages in my home city are flat, real incomes are falling and the cost of living is rising, all of which is not

helped by a 3.4% hike in rail fares from January. Crucially, productivity improvements have stalled. That point is massively important in the context of my remarks today, because arguably the single most potent driver for improving productivity is sustained investment in transport infrastructure. I ask that the Minister and this Government commit to NPR with a Bradford stop, and the resulting transformation that that will deliver.

This Finance Bill concentrates on many of the wrong priorities as far as my constituents are concerned and, importantly, does not seek to redress the economic imbalance between the north and the south.

8.35 pm

Luke Graham (Ochil and South Perthshire) (Con): I rise to speak in support of both the content and the intent of this Finance Bill. As I said in a previous debate, a Budget is not simply a piece of accounting but a statement of intent by the Government for the coming year. As a new Member, it was an honour to lobby and to argue on behalf of my constituents and to be able to see, on 22 November, that the Government had delivered for all of our constituencies in Scotland. I thank my right hon. Friend the Financial Secretary for that.

I wish to take a moment to reiterate the key areas in which the UK Government have delivered for those of us who represent Scottish constituencies: a duty freeze for the Scotch whisky industry; a tax break for the oil and gas industry through the transferable tax history scheme; and a funding commitment to a number of city deals across Scotland, including for my constituency of Ochil and South Perthshire with the Tay cities deal and the Stirling and Clackmannanshire city deal.

Finally, and perhaps most significantly, the Chancellor removed the VAT payments for the Scottish police and fire services, which are worth an estimated £35 million to £40 million a year. That in particular should not be underestimated. The Scottish police and fire services were liable to pay VAT in the first place only due to the centralisation of the services by the Scottish National party Administration in Edinburgh. Since that centralisation, the cost to Scotland and its key services has been £140 million.

Alison Thewliss: Will the hon. Gentleman give way?

Luke Graham: Not just now. I wish to make more progress.

That decision was made in the face of warnings. It was an entirely political decision, fuelled by the SNP's central belt bias and obsessive power-grabbing in Edinburgh. It therefore fell to the Scottish Conservative group to fight for Scotland and to the Conservative Chancellor to rectify those extremely damaging errors inflicted on Scotland by the SNP.

Having been shown who is truly "stronger for Scotland", the SNP has made it its mission to undermine the hard-won successes for Scotland and to dismiss the efforts of the Conservative group here in Westminster and the Conservative Government, who have helped to deliver so much for Scotland. We all know why it has done so: it does not fit in with its narrative of grievance for the Conservatives not only to act in the best interests of their constituents and to have them at heart, but to deliver on those interests.

Ahead of Thursday's Scottish Budget, we can all safely expect the SNP Administration in Edinburgh to carry on with their shameless Westminster finger-pointing, blaming Westminster for giving them the exemption on VAT; chastising Westminster for giving them the "wrong" money; and demanding even more from the Scottish people in the form of tax increases imposed by Holyrood.

Those are all significant broad-brush statements, but I wish to go into some detail about what the measures in the Budget mean for our constituencies in Scotland. For those who are not familiar with the hugely beneficial impact of the Barnett formula in Scotland, let me explain that Scotland benefits to the tune of £1,750 per head by remaining a part of the United Kingdom. It is also worth reminding Members that, in practice, that represents a higher rate of spending per head than England and Wales. Before we get into a dispute about figures, let me tell the House that those statistics are from the SNP's own Government expenditure and Revenue Scotland figures. In addition, we very much welcome the £600 million more that will be spent on rail, which is an increase on the last spending period.

Stephen Kerr: Does my hon. Friend agree that those are indeed the dividends of the Union?

Luke Graham: I could not agree more, and I will go further into those dividends shortly.

The Government have delivered an additional £2 billion to Scotland in the Budget, which should be a reason to rejoice. However, they are being criticised by SNP Members. *[Interruption.]* The House can hear them trying to talk me down now, which is not a surprise, because no matter how high the price or how good the deal, the SNP is not satisfied. It reminds me of the Roald Dahl story, "Charlie and the Chocolate Factory". We have the political manifestation of Veruca Salt sat just across from us; SNP Members go from room to room, shouting what they want and demanding more and more, yet they are never satisfied. Conservative Members have heard the interests of our constituents and we have delivered for them.

Alison Thewliss: Does the hon. Gentleman not accept that the Government are actually creating far more families like Charlie Bucket's, with old people huddling together in bed because they cannot afford to live?

Luke Graham: I could not disagree more. More money is going directly to frontline services, and we are lowering taxes for the working families who are most in need, so the hon. Lady will see that Charlie and Grandpa are on the Government side tonight, not the SNP side.

As we look ahead to the Scottish Budget on Thursday, colleagues in this House and in Holyrood will be waiting with bated breath to learn precisely how the SNP plans to pass the additional money to local authorities for the roll-out of broadband and other key areas of investment that it has thus far undermined. To see how contradictory some of the SNP's behaviour is, it is worth looking at how the party misuses the powers it has, refusing to pass some of the increases in the block grant to education and health funding—matters that are explicitly devolved. As we heard in the Budget, the block grant has increased to more than £31.1 billion, which is a real-terms increase over the spending review period and up from £27 billion

in 2011-12. What does that mean for our constituents? Well, we have a breakdown of how devolved spending is carried out in public services, thanks to Jim Gallagher. Under the SNP, NHS Scotland is underfunded and understaffed. Health spending in Scotland has increased more slowly than in England over the past 10 years, growing by 34% compared with 50%. Per head, that translates to spending growth of 39% in England but only 28% in Scotland.

SNP Members may complain about Tory austerity, but their argument does not stack up. Her Majesty's Treasury figures show that total health spending increased by 9% in England between 2011-12 and 2015-16, but only by 3.4% in Scotland over the same period. After 20 years of devolution and 10 years of an SNP Administration, people living in Scotland still have the lowest life expectancy in the United Kingdom. That is a damning indictment of the financial choices the SNP has taken in Holyrood with funding from this place. I could go on, but I am conscious of time.

Chris Stephens (Glasgow South West) (SNP): Please do.

Luke Graham: Well, education is another area that I could touch on. Reading scores and mathematics and science results are down in Scotland since 2006. England and Northern Ireland now outperform Scotland in every category.

Kirsty Blackman: Will the hon. Gentleman give way?

Luke Graham: I will not, because I am conscious of time.

Under the SNP, more money goes in but fewer services are delivered. With a record like that, it is disappointing for Conservative Members that SNP Members stand in this Chamber and criticise what this Budget has delivered for Scotland. There is £2 billion extra for Scotland.

Kirsty Blackman: No, there is not.

Luke Graham: Yes, there is, and there is a real-terms increase, as the hon. Lady knows. There has been a whisky duty freeze, and police and fire service VAT has been returned to Scotland. Those are good things. I hope that colleagues in all parties in Holyrood can use this funding productively and work constructively so that the two levels of Scottish government can work together and deliver for their constituents.

8.43 pm

Liz McInnes (Heywood and Middleton) (Lab): I am grateful for the opportunity to contribute to this debate.

As my hon. Friend the Member for Bootle (Peter Dowd) said, this Finance Bill is testament to an out-of-touch Government with no idea of the reality of people's lives and no plan to improve them. In the time that I have, I want to make particular reference to the lack of any apparent willingness on the Government's part to invest in the west to east Crossrail for the north that we in the so-called northern powerhouse so desperately need and want.

In the Budget, the Chancellor made no mention of investment to improve the trans-Pennine rail route other than an announcement about improved wi-fi. As the

[Liz McInnes]

Mayor of Greater Manchester, Andy Burnham, said, at least we will be able to text and tweet our families and friends to let them know that we will be late. It is not just northern voices saying this: Derek Robbins, senior lecturer in transport and tourism at Bournemouth University, said:

“I would...describe the lack of progress towards a modernised and reliable transPennine rail route as more than disappointing, given that it is an essential investment for future economic growth in the north.”

Labour is planning to borrow to invest, unlike this Government who borrow to cover day-to-day spending. Investment that gives higher returns than the cost of financing the extra debt makes sense. The £10 billion cost of Crossrail for the north would unlock £85 billion of additional economic growth. However, I do not believe that this Government have the imagination or the will to make the northern powerhouse anything more than just a slogan. When I asked the Secretary of State for Transport what conversations he had had with the northern powerhouse Minister about Crossrail for the north, his response was to talk about the electrification of the line from Manchester to Liverpool. That lack of response led me to believe that the answer to my question was probably none. Maybe the Secretary of State has the same problem I have encountered when trying to set up meetings with the aforementioned Minister for the northern powerhouse. I am still waiting for a response to a request for a meeting that was sent in October.

Yesterday, we witnessed an historic moment for Manchester's rail network, with the opening of the Ordsall Chord—an £85 million scheme linking the main central Manchester stations of Victoria, Oxford Road and Piccadilly. However, our enthusiasm for this achievement was tempered somewhat by our concern over Government investment in rail in the north. For Manchester to really benefit from the Ordsall Chord, we need investment in Piccadilly and Oxford Road stations. For High Speed 2 to bring any benefit to the people of Greater Manchester, we need expansion of Piccadilly station, and that expansion must also take in and plan for HS3—Crossrail for the north. Yet the Government have indicated that Piccadilly might get only a digital upgrade, rather than the extra platforms that are needed. This decision has been met with despair from rail action groups, which have pointed out the very real need for physical capacity for more trains to go through the station, and that digital signalling is just not enough.

As I said immediately following the Budget statement, that statement was notable more for what it did not say than for what it did say. There was nothing for our police and fire services, nothing for social care, nothing for children's services and no adequate equality impact assessment. For the last seven years, we have had nothing from this Government but missed opportunities and missed targets. The five-year austerity plan did not work; now it is the 15-year austerity plan. The Government keep missing their targets, but they keep returning to them—just with a longer timeline every single time.

This Government's obsession with deficit reduction is at the expense of investment for our future, and it is people in the north who are losing out the most. In terms of transport spending, London has received over

five times more public spending in the last five years than the north-west—hardly a country that works for everyone.

8.48 pm

Helen Whately (Faversham and Mid Kent) (Con): It is a pleasure to follow the hon. Member for Heywood and Middleton (Liz McInnes), although I could not help but notice that her speech was almost entirely about spending, with almost nothing about raising money for that spending. The Finance Bill is about raising revenue.

Liz McInnes: If the £10 billion was spent on Crossrail for the north, it would bring revenues of £85 billion. I have talked about spending and raising money.

Helen Whately: I appreciate the hon. Lady's point, but I still think that she very much spoke about spending and not about the content of this Finance Bill.

Our job in this House is to make difficult decisions not just on what we spend money on but on how we raise that money—who we tax and what we tax, when we are reluctant to tax people and would much rather they had the money in their pockets to spend themselves. Our aim is to make things better for our constituents, young or old and those in between. It is not our job to make promises that cannot be kept, to write cheques that we cannot cash, and just to say things that sound nice, like massive amounts of spending, but might turn out to have nasty consequences like high unemployment. Labour Members may tell us differently, but spending that we cannot afford is not the moral high ground—it is the moral low ground.

This Finance Bill builds on the tough decisions of the Governments led by Conservative Prime Ministers over the past seven years who have reduced the deficit by 75%, while as of next year debt will fall as a share of GDP. Let us not throw that all away, as Labour Members would, with uncoded proposals and unquantified borrowing. As we heard earlier, they could not answer our questions on how much their borrowing would cost.

Alex Chalk (Cheltenham) (Con): Twenty-three times.

Helen Whately: I think it was at least 25 times that Labour Members were asked, and still no answer other than “See if you can look it up for yourself.” Why it could not be said at the Dispatch Box, I do not know, but I fear that they are inevitably planning to pile up debt for future generations.

I welcome three things in particular. First, there is the Government's commitment to help people on low wages. The continued increase in the personal allowance is taking people out of tax and enabling them to keep more of what they earn to spend as they need to. Alongside that, the minimum wage is rising, but at a rate that is manageable for businesses so that they do not have to lay people off in order to pay it. Policies in the Budget to increase the supply of houses should bring down rents, which, we acknowledge, have been going up far too fast. In this Bill, there is a stamp duty cut for first-time buyers to bring buying a home within reach of more families—a particular challenge for my constituency in the south-east. As Shepherd Neame brewery is the largest employer in my constituency, I should mention the very welcome freeze on beer duty, which will be good for it and good for beer drinkers across the country.

Secondly, I welcome the actions on tax avoidance and evasion to make sure that we collect more, if not all, of the tax owed. That builds on the Government's track record in this area, as the Financial Secretary to the Treasury pointed out. Particularly in the context of my constituency, I welcome plans to cut down on online VAT evasion, with the advantages that gives to online businesses in paying VAT, because I want us to achieve a more level playing field between online businesses and those with premises such as our high street shops. Regarding the policy on landfill tax, in my area we have an ongoing problem with rogue land fillers who start off in line with the law and seem to end up not in line with it.

Thirdly, I welcome the incredibly important commitment to addressing our productivity challenge. This has been acknowledged by this Government many times—it is not suddenly news. In fact, the measures in the Budget and the Finance Bill are the product of a huge amount of work looking at how we can improve productivity—a long-running problem in this country. It is vital that we raise productivity because that means that people get more money for every hour that they work. That is the key to improving living standards and funding the public services that we want, particularly with NHS costs going up as people need and want more care. There are many factors underlying our productivity challenge. Skills are a challenge for us. There is an issue with companies investing in workers, and workers investing in themselves. It is, to some extent, a cultural challenge. One venture capital investor told me that the key difference that he notices between British and American start-ups is that it is common to see in the business plan of American start-ups investment in training for themselves as the founders of the business. He rarely sees that in British start-up companies. That is, to some extent, a cultural challenge; we do not see investing in ourselves and our skills as part of life.

We know that we lag behind other countries in the use of technology and investment in automation. One specific example is our robot density. In Japan, there are 305 robots per 10,000 employees. In Germany the figure is 301 and in the Netherlands it is 120, but in the UK it is just 71. That is just one example of where we lag behind in investment in technology and automation. We have to drive up investment in those areas, as the Finance Bill does. Such investment cannot just come from Government spending more; we have to stimulate private investment in those areas, as my hon. Friend the Member for North West Hampshire (Kit Malthouse) said eloquently. We have to mobilise private capital through incentives such as the EIS, which really works. I welcome the increases in that area, which will help to ensure that more businesses start and grow in this country, to provide the jobs and the higher wages that our constituents want.

There are no easy answers; what matters is getting the right answers. We need to help people on the lowest wages to keep more of what they earn, get a fair contribution from high earners and global businesses, build a more productive economy and invest in skills and technology. We want people to have higher wages in the jobs of the future so that they can live as they aspire to.

8.56 pm

Grahame Morris (Easington) (Lab): I am pleased to be able to speak in this important debate, and to follow the hon. Member for Faversham and Mid Kent (Helen Whately). I am speaking in support of Labour's reasoned

amendment, setting out our opposition to the Finance Bill. That includes our opposition to the £4.7 billion reduction in the banking levy while children's services are cut, the lack of adequate equality impact assessments, the lack of provision for lifting the public sector pay cap, and the lack of provision for addressing the funding crisis in social care and our NHS. I also oppose what I see as a lack of concrete action to tackle tax avoidance and evasion properly.

There are a number of areas that I will not be able to cover, but I did not want to make a contribution without mentioning the Women Against State Pension Inequality. We in the Opposition want justice for the WASPI women. I am sorry that the Under-Secretary of State for Work and Pensions, the hon. Member for Hexham (Guy Opperman), is no longer in his place, because there will be an opportunity for the Government to do something about the matter on Thursday, after the Backbench Business Committee debate.

I am concerned that the Budget does not do enough for disabled people. I am concerned about stagnant pay and the failure to provide resources to lift the pay cap. I am concerned about the failure to provide resources for local government and the funding of our police and fire services. On housing, the hon. Member for Faversham and Mid Kent said that Labour were not proposing any concrete, tangible solutions. I have been around for a few years, and I can look back at what works. Legitimate concerns have been expressed about the stamp duty proposals, which are feared to be the wrong solution. My understanding is that 40% of council houses that were sold under the right to buy are now in private ownership and, on average, rents in the private sector are twice those for council houses in the social housing sector. That costs this nation £10 billion—not as a one-off, but each and every year.

Surely a sensible person would say that in those circumstances, we should be building many more social houses. The Government's target is, I believe, about 200,000 or 250,000 houses a year—[*Interruption.*] It is 300,000; I am grateful for that sedentary intervention. The last time we got anywhere near that was in 1973. As I am sure Members will recall, that is the year that Sunderland won the FA cup. Ian Porterfield scored the goal, and Jimmy Montgomery made a marvellous double save from Trevor Cherry and Peter Lorimer. In 1973, 100,000 council houses were built. That is the scale and magnitude of the challenge we face, and the Government should take that into account.

Like several of my hon. Friends, I want to concentrate, in the short time I have, on making the case for more investment in integrated transport networks, particularly in the north-east—we have heard about the north-west; I want to put the case for the north-east. The Budget is the time when the Government make political choices, and they should be held to account. I acknowledge that the Government have announced an investment in the Metro on Tyneside, which is certainly important, but the Metro is 40 years old, and the investment is to replace the rolling stock.

I represent the constituency of Easington, and I would love to see the Metro extended to the hinterland of Tyne and Wear, providing opportunities for expansion to towns such as Seaham and Peterlee in my constituency. That would naturally promote economic growth in the

[Grahame Morris]

north, help to join up communities, and allow access to jobs in places such as Sunderland, Gateshead and Newcastle.

I know that Ministers like to have an evidence base, and I draw their attention to an excellent Library publication, “Transport Spending by Region”, published just last month. It gives transport spending totals overall, with the margin of discrepancy, with population factored in, between investment in the north-east and London. Overall, there is 10 times more investment in London and four times more in the south-east than in the north-east, while for railways there is 20 times more investment in London and five times more in the south-east. They say there is a big investment in the Metro system, but we have to recognise that, in the five years from 2011 to 2016, there has been a massive lack of investment. We have had terrible under-investment during that period.

Kevin Hollinrake: The hon. Gentleman makes a very good point about the disparity in investment, but he might be interested to know that the moneys from central Government are very similar across the country. What lies behind those figures is the ability of London to leverage in private sector and local authority investment, because those local authorities also get a much better deal.

Grahame Morris: I thank the hon. Gentleman for his intervention; I am sure that what he says is true. I have had conversations about the nature of the very large-scale transport infrastructure investments that are, in effect, self-funding, and I think we should apply those principles. I was a great fan of the documentaries about opening up the west with the railways, in which Michael Portillo argued that investment was not put into the existing cities on the east coast, but into the west, to open it up and bring in jobs and investment. There is an enormous case for doing that.

I want to speak briefly about the A19, which is vital to the economic health and wellbeing of my constituency. However, it is a dangerous road, and at this time of year it is a nightmare for people travelling on it. I want the Government to future-proof our regional transport infrastructure. There are multiple housing developments in my constituency, which will create tens of thousands of more vehicles and journeys in my area. We want to encourage new businesses to locate on the A19 corridor, but the road is already too dangerous and not fit for purpose.

If Ministers do not believe me—I do not have a Library paper to support this—I urge them to google the A19, and they will find a whole list of terrible headlines. One, about an “11-CAR pileup on the A19”, is from the *Daily Mail*. They may be more inclined to believe that newspaper than the *Sunderland Echo*, which has reported this afternoon that the A19 has reopened after a six-vehicle crash near Seaham in my constituency brought traffic to a standstill. They will find a whole list of accidents and crashes.

The Government need to future-proof our transport infrastructure, and the Budget is an opportunity to do that. There is the possibility of investment north of Nissan, linked to the automotive hub, and in my constituency, preparatory work has begun on a 55-acre industrial park, the Jade Park development, adjacent to the A19.

I welcome the fact that that will bring new, bespoke manufacturing jobs and a variety of others, but the failure of the A19 will make it more difficult to attract future businesses. If we are to accommodate new developments, I urge the Government to use the Budget to take action.

The A19 is one of the principal economic drivers in my constituency. It is vital for manufacturing, export-focused businesses such as Caterpillar, NSK and, until it closes the week before Christmas, Walkers crisps. The lack of investment, maintenance and upgrading of that vital economic highway is holding back business in my constituency. I have raised the issue several times: I have tabled questions and even an early-day motion, but we need the Government to recognise the problem. They need foresight; they need to realise the value of investment, try to future-proof our economy, and support our regional development.

9.6 pm

Kevin Hollinrake (Thirsk and Malton) (Con): It is a pleasure to follow the hon. Member for Easington (Grahame Morris). We share an economic interest in the A19, so I agree with many of his points.

I draw hon. Members’ attention to my entry in the Register of Members’ Financial Interests on my business background, and I am also vice-chair of the all-party parliamentary group on fair business banking. I want to focus on the latter in the short time that the Whips have allocated to me this evening.

Productivity was an important element in the Budget, and it is the key to improving living standards. However, as the Budget also states, competition is the key to driving productivity. The Budget addresses that in many different areas, particularly through access to finance. It deals with those who cannot currently access finance.

However, there are two sectors of the business community: those who cannot and those who will not access finance. The £20 billion investment in patient capital, the doubling of EIS relief—I have benefited and suffered from my investments in EIS; I declare an interest there, too—and challenger banks are all positive moves in the right direction when it comes to opening up finance to small and medium-sized enterprises.

There are also difficulties in terms of people who will not borrow. Some people do not want to borrow because they want to run a certain type of business, perhaps a lifestyle business. In the UK, we are good at start-ups. We are at the top of the league table in Europe for the number of start-up businesses. However, we are well down the league table—13th out of 18—in scale-ups. There is a problem in moving from start-up to scale-up, and some people will not borrow because they are worried about experiences—sometimes their own—of borrowing from banks.

We have seen an example of that in the Royal Bank of Scotland and Global Restructuring Group scandal, in which viable businesses were totally inappropriately taken away. Not all businesses that went through that scheme were viable, but around 16% were, according to Promontory, which undertook the independent report into the GRG scandal, yet the businesses were taken away. This is about not just financial, but human cost. Somebody’s life’s work in starting and building a business has been totally inappropriately taken away from them. The human cost is huge; sometimes it is the ultimate cost.

Ruth George: Does the hon. Gentleman agree that it is terrible that more than half of small businesses fail in the first five years, largely due to lack of capital investment, as he says? Does he agree that it is time for more radical ideas, as the hon. Member for North West Hampshire (Kit Malthouse) said, and that Labour's proposal for a business investment bank would help those companies?

Kevin Hollinrake: Businesses fail for many reasons. Business is an extremely risky undertaking—I have been in business most of my life—which is why we should pay tribute to all people who take the step forward to create wealth and jobs. I accept that we need to find more different and innovative ways to get finance to business start-ups and scale-ups.

Business banking is unregulated. If a bank acts inappropriately, it is usually far too wealthy for an individual or business to sue. To rectify that problem, we need an independent redress scheme for businesses. I have a constituent who was mis-sold an interest rate hedging product that resulted in him paying £18,000 a month in interest payments from a relatively small business. It was put into receivership. The bank eventually compensated him for the mis-selling of the product, but did not compensate him for the business he lost. That cannot be right. The Government propose expanding the financial ombudsman scheme to deal with the problem, but that will not be enough.

We need an extension of the tribunal system, similar to the employment tribunals, so that small businesses can seek redress without going to the huge cost of suing a bank in the courts. Financial services tribunals already exist, but for the wholesale markets. We need to expand that system to bring in SMEs, so that judges preside over cases, instead of us having a cosy internal system involving ex-bankers who now work in a different part of the sector. Such a system would be low cost and funded by the banks. It would increase confidence in the banking system and, crucially, result in banks lending more money, because people would have confidence in the system. I hope the Minister will look at the financial services tribunals. I am meeting the Economic Secretary in January to discuss this in more detail, but I believe it is one of the missing pieces of the jigsaw when it comes to improving productivity. I welcome the many measures in the Budget and will support the Bill this evening.

9.12 pm

Ruth George (High Peak) (Lab): The Chancellor's Budget speech set out the serious state of our economy, including on the key issue of productivity, as Members on both sides have agreed. Our productivity is now 29% lower than Germany's. It grew by only 0.2% in 2016 and not at all in 2017. It is serious when the OBR is saying that there are few signs of recovery and that the recent weakness will prove more enduring. Surely this is the time when the Government need a big plan to improve our productivity.

We already have the lowest GDP growth of any OECD country except for Portugal and Greece. Household incomes have fallen 6% compared with inflation, and we are now predicted to have another decade of falling incomes. It is no wonder that household debt is rising and 8.3 million people are now in problem debt. Added to the lack of productivity, we now have the lowest Government investment of any OECD country except

for Portugal and Greece. That leads to increased Government borrowing for which we see nothing in return. Last year £52 billion more was borrowed, and it is £60 billion more this year. The OBR's prediction of lower productivity growth will add another £26 billion to borrowing. That is the cost of the Government's policy of austerity that is hurting but not working.

Our national debt is now nearly £2 trillion, which is nearly 90% of GDP and higher than that in both Germany and France, although it was lower in 2010. In spite of biting austerity, we see lower growth, lower productivity and lower Government investment. It is no wonder our productivity is so low when we now have the longest commuting times in Europe and the most expensive privatised public transport. Some 3.7 million workers spend more than two hours a day travelling to work. The average travel time of almost an hour is the highest in Europe. That adds to our people's misery and our lack of productivity, but still we see no investment for a Crossrail of the north. East midlands rail electrification has been cut. Even the small improvement of dualling the track on sidings in my constituency to speed up journey times between Manchester and Sheffield—fully funded by Network Rail—has been stuck with the Department for Transport for four years. We await a decision on half a kilometre of track to make small improvements to our productivity, and our freight and transport times.

The Bill does nothing to help public services that are crying out for proper support. It does nothing for our public servants who are suffering under an unfair pay cap. It does nothing for the people suffering £1,000 of cuts to tax credits since 2010, with another £4.6 billion due to be cut under universal credit, or the 1 million more children due to be in poverty by 2020. The Bill does nothing to reverse those trends, nothing to support public services and nothing for hard-working people. Yes, we have seen 3 million extra jobs, but we have also seen zero-hours contracts, short-hours contracts and 3.7 million working people in poverty. That does not help our economy.

The Bill is a wasted opportunity. It continues to reduce corporation tax—it is now down to 19%, which is less than the rate of income tax—and creates a false impetus for creative accounting. The reduction in corporation tax for the largest companies does not go to the workers, despite what the Government promised when they kept cutting it. From my time negotiating with the shopworkers' union, the Union of Shop, Distributive and Allied Workers, I know that the reductions in company accounts for corporation tax are far greater than the amount that goes in extra pay for workers. Instead of the handouts to large companies with over £1.5 million a year of profit that we have seen over the past seven years, Members on both sides of the House agree that it is smaller companies that need investment. I refer to Labour's proposals for a business investment bank to borrow to invest in the companies that drive our productivity and growth. Instead, only four in 10 small companies survive for five years. They have been hit by the rise in VAT and business rates, cuts to regional development funds, and the lack of investment in our infrastructure.

The Government introduced austerity in 2010 and immediately strangled Britain's economy, which was starting to grow again. Since then, they have borrowed nearly £1 trillion more, cutting and cutting. As my hon. Friend the Member for Bootle (Peter Dowd) said, a nation's

[*Ruth George*]

economy is like a business: it needs investment to grow. Any respectable businessperson will tell you, “You can’t cut your way out of a recession.” The Government would do well to learn that lesson.

We needed a big plan for Britain. The Bill is like shuffling the deckchairs while our economy continues to sink. Those of us on the Opposition Benches have plenty of ideas, but it is typical of this Government’s attitude that they will not allow the Bill to be amended, they will not let the whole House vote on those ideas and they will not let Britain’s economy grow.

9.18 pm

Dr Caroline Johnson (Sleaford and North Hykeham) (Con): I rise to welcome the Bill. It continues the Government’s prudent financial management that has delivered growth, reduced the deficit, and reduced unemployment to its lowest level not just in my lifetime, but since before I was born. This prudent management has allowed us to invest in our public services such as the national health service. There is perhaps no public service so dear to the heart of the British people than the NHS. As a consultant paediatrician, I have worked in the NHS for the past 15 to 20 years. I have seen the very important work done by its staff on a daily basis.

The Government’s investment of £2.8 billion to 2019-20, and another £10 billion in capital investment to upgrade buildings and facilities, is extremely welcome, but that money is not just about numbers. It will save lives, improve people’s care and help us to achieve many of the targets that have been set, such as reducing stillbirths and equilibrating mental and physical healthcare. It will allow us to buy the most up-to-date diagnostic equipment, such as 3T scanners for magnetic resonance imaging, and the very newest and best medical drugs. It will ensure that the locally designed plans of sustainability and transformation partnerships have the investment that they need.

We all know that in winter the NHS is under more pressure than it is during the summer, especially given the change in the demographic of our country as people become relatively older. I therefore welcome the £350 million in the Budget that will give an extra boost to the health service—not next year, but now—by giving doctors, nurses and allied health professionals access to the resources that they need to save lives this winter. It is important to ensure that the money is well spent, and I have every confidence that our Secretary of State will ensure that it is. It needs to be spent in areas where it will directly improve patient care.

Rachel Maclean: My hon. Friend is making good comments about investment in the NHS. Will she join me in welcoming additional funds to support mental health services in schools, which will benefit young people by helping them to secure the best start in life and to deal with the challenges in their lives?

Dr Johnson: I certainly will. As a children’s doctor, I have seen a dramatic increase in the number of young people who are admitted to hospital because they have taken an overdose or self-harmed. When I was a very junior doctor, a senior house officer, a young person would be admitted on a Friday—it was usually on a

Friday—who had been in such severe mental distress that he or she had taken an overdose or self-harmed in some other way. Now it is normal to see children—sometimes several—admitted to the ward every day with similar symptoms. This investment cannot come soon enough to ensure that every one of those young people is given the best possible care. As my hon. Friend said, we must ensure that it is translated into care that makes people feel better.

We must bear in mind that care is not just provided by frontline staff. People often say that we need to get rid of managers and administration, but we should not forget that secretarial support for clinicians is particularly important. None of us wants letters to be sent by secretaries weeks after they were dictated, which is something that I have experienced during my clinical career.

We need to measure outcomes. It is important for us to know how many patients we have treated, how effective their treatments were, and how long people are waiting so that we know how best to direct the funds that we have to the areas that will make the greatest difference to our constituents. We also need to avoid spending large amounts on recording and measuring so that we can spend it on treating and diagnosing.

With the advent of GP at Hand, digital taxation and online access to the Driver and Vehicle Licensing Agency, more and more of our life has entered the online world, so I welcome the Government’s investment in technology of £500 million to ensure that our economy is fit for the future. They have invested in artificial intelligence and 5G, for instance.

Alex Burghart: Given my hon. Friend’s experience of the NHS, I should be interested to hear how that £500 million investment in future technologies could benefit the health service in the future.

Dr Johnson: I shall give an example from my constituency. United Lincolnshire Hospitals NHS Trust is considering setting up a body to look at how best to deliver rural care, examining ideas such as using Skype to have consultations with people who might otherwise have to travel a long distance. There are also the possibilities of using telemedicine to monitor patients’ blood pressure, for example, while they are in the community. In such ways, we can ensure that we deliver the best possible care using very modern technology.

Kevin Hollinrake: Does my hon. Friend agree that all these opportunities to reduce the cost of providing health services in rural areas mean we also need to invest in superfast broadband and digital networks to make sure that people can actually receive this kind of new innovative care?

Dr Johnson: My hon. Friend brings me to my next point. These investments are welcome, but we also need to invest for those people who are currently receiving poor service. Church Lane in Kirkby-la-Thorpe in my constituency has among the lowest broadband speeds in the entire country. In some parts of this country, downloading a film takes longer than flying from London to Sydney. There are children in that area who are unable to do their homework, while shopping is impossible and dealing with tax online is difficult. The Government have invested strongly in this, and now over 90% of

people have access to superfast broadband, but I urge them to take any steps they possibly can as soon as possible to ensure that those few remaining homes that cannot yet do so can receive superfast broadband and are connected to this vital utility which, as my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) said, will be vital for the provision of healthcare.

People in rural communities face long travelling distances when they go from their home to school or work. That is why I welcome the Chancellor's freezing of the fuel duty for the eighth consecutive year. This is the longest such freeze for 40 years.

Robert Courts (Witney) (Con): My hon. Friend is making many excellent points. Does she agree that there is a link between the point she has just made about broadband and what she is saying about long travelling distances? The quicker the broadband speed, the shorter the distance anyone will have to go to work, because instead of having to go to an office, they might just have to go from their kitchen to their living room.

Dr Johnson: It is indeed true that slow broadband speeds can be a challenge for people running businesses in rural areas.

The freezing of fuel duty means that the average car driver in the UK is £850 better off since 2010, which is not an insignificant amount, while the average van driver is £2,100 better off. Therefore, through this measure, the Government are supporting hard-working families and small businesses, particularly in rural areas.

Ian Paisley (North Antrim) (DUP): The economy of our kingdom largely turns on the wheels of white van man. The initiative the hon. Lady speaks in support of is critical to ensuring that our economy moves forward. I would welcome further reductions in that tax.

Dr Johnson: I thank the hon. Gentleman for his intervention.

Finally, I welcome the £668,000 the Government have given through LIBOR grant to the International Bomber Command Centre in my constituency. Bomber Command No. 166 Squadron suffered the highest losses of any allied forces unit during world war two, with an attrition rate of 44%. The centre will open next year, the year of RAF100, which is a good time for it to open in terms of remembrance. It will serve as a point for the recognition and remembrance of the sacrifice of people from 62 nations around the globe, 57,861 of whom lost their lives saving the future for us and our children and grandchildren.

The International Bomber Command Centre will record for the future the memories of those who served in Bomber Command. They include people such as 92-year-old William Leslie Anderson, my constituent and relative through marriage. He served as a flight engineer in No. 166 Squadron. A flight engineer works not only on the planes on the ground to ensure that they are fit for take-off, but with the pilot throughout the flight and then again preparing the aeroplane once it is back on the ground. People such as Mr Anderson worked hard to secure our future, and it is important that we think about the future of those who will go ahead. That is why I reject completely the Labour party's plans to spend, spend, spend. It is our children,

our children's children, and our children's children's children who would pay the debt interest on such ever-increasing spending plans.

We have asked Labour Members so many times today—perhaps 25 or 26 times—how much their plans would cost, but still we have had no answer—[*Interruption.*] I appreciate that we have had an answer. We have been told that we can look it up on the internet, but I would like to know which page and document to look at, please, because I have not been able to find it.

Stephen Kerr: My hon. Friend will be aware that the Opposition's position is that it will cost what it will cost. Sounds horrific, doesn't it?

Dr Johnson: It certainly does sound horrific. Spending money might sound lovely now, but we would be spending the money of our children, and it is they who would suffer for it.

Alex Burghart: We were asked earlier to look things up on the internet, so I looked up something about universal credit. It turns out that £2 billion has been set aside for universal credit but, according to the shadow Secretary of State for Work and Pensions, the £1.5 billion set aside by the Chancellor in the Budget represents only £1 in £10 that needs to be put in, therefore creating a £13.5 billion black hole. Does my hon. Friend agree that that is unacceptable?

Dr Johnson: I do, and that is why I will be supporting the Finance Bill today. It is good for my constituents and it will ensure that we have an economy that is fit for the future.

9.32 pm

Rachel Maclean (Redditch) (Con): Thank you, Mr Speaker, for calling me to speak in support of this critically important Finance Bill. I listened with a great deal of interest to the hon. Member for Bootle (Peter Dowd), as I do at every opportunity. I am sure that we will have many more such opportunities in our careers. He came up with a long list of things that he was dissatisfied with in the Government's approach to this country's finances. Unfortunately, he missed out certain things that he really ought to have mentioned, and I would like to take this opportunity to list the things in the Bill that he ought to have praised and welcomed.

The first is the jobs miracle. Unemployment is at a 43-year low. Unlike my hon. Friend the Member for Sleaford and North Hykeham (Dr Johnson), I had actually been born 43 years ago, but I definitely do not remember the figures. Everyone up and down the country—including my constituents in Redditch—is currently benefiting from record high levels of employment, enabling them to work and bring home money for their families. They have a pay packet at the end of the week, and they have secure long-term jobs and the prospect of fulfilling their potential in life. I welcome that, and it is a shame that the hon. Member for Bootle does not.

Alan Brown (Kilmarnock and Loudoun) (SNP): Does this jobs miracle include apprenticeships for 65-year-old WASPI women?

Rachel Maclean: I am delighted that the hon. Gentleman has raised that point, which we discussed in another debate recently. I made it clear at the time that an apprenticeship is not right for every woman, but it may be right for some. This Government have set their face against ageism. If someone wants to work and they are 60, 61, 62, 65 or even 70, they can still contribute. Some Members on the Government Benches are older, and they are still contributing and doing an excellent job. We should stand against discrimination, because ageism and sexism together are a toxic combination. Indeed, if my constituents see fit to re-elect me, I hope to be in the House when I am 65, 66, 67 and maybe even 70 or 75.

Alan Brown: I thank the hon. Lady for giving way one more time. I went to see my local WASPI group on Saturday morning, and I ask her to go and speak to WASPI women in her constituency to see whether they think it is sexist or discriminatory to promote apprenticeships to them. I can assure her that they are not happy at the suggestion.

Rachel Maclean: I thank the hon. Gentleman for that intervention. I assure him that I have spoken to WASPI women in my constituency, and I have spoken to many other women of that age or older who have welcomed my comments.

The next thing that the hon. Member for Bootle omitted from his long list is that 31 million people have seen a tax cut during this Government's time in office, meaning that people take home more of what they earn—more hard-earned money in their pocket at the end of the week.

Let us talk about the jobs that have been created.

Kevin Hollinrake: Is my hon. Friend aware that no Labour Government have left office with unemployment lower than when they entered office?

Rachel Maclean: I am delighted that my hon. Friend has reminded me of that excellent point. He is absolutely right. This Government understand how jobs are created. That is a serious point, because jobs are created when businesses grow and risk their hard-earned savings—*[Interruption.]* The hon. Member for Brent Central (Dawn Butler) is talking to me from a sedentary position. Does she want to intervene?

Dawn Butler (Brent Central) (Lab): Besides my being offended by the use of the term “miracle”, which does not describe anything that the hon. Lady has described, I want to say that many businesses are not investing due to Brexit. Are zero-hours contracts included in her “miracle”?

Rachel Maclean: I thank the hon. Lady for that intervention, in which she makes two broad points. This Bill is not about Brexit, so she will forgive me if I leave it to my esteemed colleagues to discuss that, but we recognise that it will have an impact. Does she realise that it is what the country voted for? My constituents voted for Brexit, and the Prime Minister and the Government are getting on and delivering it. The Government actually have a plan for Brexit, but the Opposition Front Benchers seem to have changed their plans several times in the past day—maybe even in the past hour—and I do not think that their constituents really understand what their plan is.

I will now move on to discuss zero-hours contracts.

Eddie Hughes (Walsall North) (Con): If the figures that I have read are correct, only 2.8% of people in employment in the UK are on zero-hours contracts, which is a very small percentage. The opportunity to take up flexible working of that nature is important to some people.

Rachel Maclean: I thank my hon. Friend for his characteristically direct and pertinent intervention. In my previous career I was a member of the Chartered Institute of Personnel and Development, the industry expert on the world of work. The CIPD has carried out many studies on zero-hours contracts, and it recognises that the vast majority of people on such contracts have taken them by choice.

Stephen Kerr: Is my hon. Friend aware that, in their report on employment practices in the modern economy, Matthew Taylor and his distinguished group of independent thinkers came out firmly against the Labour party's policy of outlawing zero-hours contracts?

Rachel Maclean: My hon. Friend is absolutely correct. Matthew Taylor has clearly stated that banning zero-hours contracts is completely the wrong thing to do. The Conservative party wants everybody to have good work in a decent job with secure working conditions, which is why we commissioned Matthew Taylor to carry out his report. As my hon. Friend, a fellow member of the Business, Energy and Industrial Strategy Committee, says, this is an incredibly important issue. The Taylor report is a detailed piece of work that looks at the rights of employees, the self-employed and workers to make sure that everybody's rights are protected, because no business should be afraid of treating people well and giving people a decent job. That is what this Government are doing.

Alex Burghart: My hon. Friend is being extraordinarily generous with her time. Like her, I enjoyed the speech of the hon. Member for Bootle (Peter Dowd), although I did not agree with all of it. He says that there is nothing in the Bill for low-paid workers. Perhaps my hon. Friend would like to remind him that there is a tax cut for 31 million workers, from which low-paid workers will benefit.

Rachel Maclean: My hon. Friend is absolutely right. He reminds us that, in fact, there are a lot of measures in the Bill that will help low-paid workers in our country. He mentions the tax cut and how people are being taken out of tax, but what he did not say is that the increase in the personal allowance next year will mean that, in 2018-19, a typical taxpayer will pay at least £1,075 less tax than in 2010-11.

I should explain to Labour Members that taking someone out of tax is the same as giving them a pay rise, because they get to keep more of their money. *[Interruption.]* The hon. Member for Bootle is laughing—perhaps he would like to intervene.

Bill Grant: Will my hon. Friend give way?

Rachel Maclean: I give way to my hon. Friend instead.

Bill Grant: I remind my hon. Friend that Scotland is the highest-taxed part of the United Kingdom. Scottish National party Members will keep me right, but they are minded to alter the tax band and take more money

from the pockets of those who are working hard. Does she agree that that is not the best way forward for the economy of Scotland?

Rachel Maclean: My hon. Friend is completely right. He reminds us of why we see so many Conservative Members representing Scotland, and I am proud to sit with them. Even though I have a Scottish surname, I am not from Scotland, but I love that part of our country. I am delighted that the Scottish people have Conservative representatives fighting for low tax.

Peter Dowd: I like the logic of the hon. Lady's analogy about giving people a tax cut and giving them a pay rise. Does she therefore agree with me that, by her logic, giving the bankers a cut in their levy is the biggest pay rise in this Budget?

Rachel Maclean: I am glad the hon. Gentleman made his intervention, because I would like to set the record straight. The Labour party talks a lot about banks. Shall we remind ourselves that it was the Labour party and Ed Balls—its former shadow Chancellor—who created the light-touch regime that led to the crashing of our entire economy? Millions of people were thrown out of their jobs; they lost their jobs and were in poverty because of the decisions of the former Chancellor of the Exchequer.

Mr George Howarth (Knowsley) (Lab): Will the hon. Lady remind the House which party criticised the last Labour Government for having too onerous a regulatory regime in the banking system?

Rachel Maclean: I thank the right hon. Gentleman for his intervention. I was not in the House at that time, but I am certain one of my Front-Bench colleagues will pick up on that point in the wind-up. What I do know is that we are imposing more measures on the banks. We are bringing in more measures in this Finance Bill, which is collecting more money from the banks. We are clamping down on that regime—that lax regulation—that led to the banking crash, which put thousands of people out of their jobs, crashed the economy and led to a lot of the problems that we see today in our country. I find it astonishing that Labour Members talk so much about the banks and what they would do. They say that they are the party for the many and not for the few, but it is actually the Conservative party that has done more for the many, getting them into work, getting jobs for people and creating an environment in which businesses can flourish.

Let us just look at the facts—let us just look at the businesses that have started up under this Government. These are businesses backed by entrepreneurs—wealth creators—who are creating jobs for people to feed their families. We asked the hon. Member for Bootle many times to explain how he was going to pay for his policies. My hon. Friend the Member for Sleaford and North Hykeham said that we had asked 26 times—it might be 27, 28 or 29, I am not sure—but he cannot do this. That is why people in Redditch, and people up and down the country, are terrified of the idea of a Government led by—

Dr Caroline Johnson: Does my hon. Friend think Labour Members are not answering this question about how much their spending plans would cost because they do not know or because they do not want the public to know what the answer is?

Rachel Maclean: My hon. Friend is completely right and I fear that it may be a combination of the two issues. We know that Labour Members have been questioned on this point many times by journalists and usually their answer is, “Well, that’s not for us to say.” I do not know why it is not for them to say. Do Members not think the ordinary voter has a right to know what Labour would cut to pay for its policies? We have just heard from the hon. Member for Bootle that he is going to scrap tuition fees and renationalise all the industries, and yet he still says that all he is doing is—

Peter Dowd: I referred earlier to “Freeing Britain to Compete”, and I have the reference here on my iPad. It said that we claimed

“that this regulation is all necessary. They seem to believe that without it banks could steal our money, bakers would put nails in our bread...and builders would construct houses that fell down when the wind blew.”

Does the hon. Lady agree that they might not have blown down but they burned down because of deregulation?

Rachel Maclean: I thank the hon. Gentleman for his intervention. I fear that the combination of the Labour Front-Bench team would be a lot, lot worse for our banks and for our country. Let us just look at the record, because he has mentioned that a few times. Under this Government banks are paying 58% more tax than under Labour. In 2016-17, the banking sector paid £27.3 billion in corporation tax, which represents an increase of £2.9 billion. That is going to pay for an awful lot of hospitals and schools, for the police service, and for roads and sanitation in our constituencies. It is certainly going to pay for a lot more of those things in Redditch.

I remind the hon. Member for Bootle that the average amount paid by the banks every year under the Conservative party is 13% higher than it was under Labour. HMRC data shows that the average annual amount of tax paid by the banking sector between 2010-11 and 2016-17 was £23.2 billion.

In conclusion, this Government and Conservative Members represent the true party for the many working people up and down this country.

9.50 pm

Robert Courts (Witney) (Con): It is an honour to follow my hon. Friend the Member for Redditch (Rachel Maclean), whose impassioned speech took in so many detailed points with respect to the Opposition Front-Bench team. It was a forensic dissection of their economic policy from which they will struggle to recover for months and years.

This is a Budget and Finance Bill that the people of Witney and West Oxfordshire will warmly welcome. It is strategic and finely focused on the challenges that the country faces. Moreover, it operates within a constrained and careful financial climate. The Government understand the requirement for sensible fiscal policy. They understand that it is not possible simply to promise endless spending without any idea of how it will be paid for. They do not think it is simply a matter of appealing to certain groups by promising them whatever it is suggested might be wished for at the time. The Government take a sensible, practical attitude—one of financial probity and, one might even say, prudence, a concept that was once respected and beloved by the Labour party. For all those reasons,

[*Robert Courts*]

I welcome the Bill, which forensically and strategically identifies the challenges the country faces and puts in place methods and means by which to combat them.

I start my brief remarks by looking at the positives achieved by the Government and their predecessors since 2010. It is worth repeating this because it is an extraordinary record, and I hope very much that the Minister will repeat some of it, if he thinks these achievements are worthy of repeating. We have an extraordinary financial and economic record. The Government have achieved an economy that has grown by 15.8% since 2010. The deficit has been cut by two thirds and debt is scheduled to start to fall next year.

Alex Chalk: Does my hon. Friend, like me, welcome the fact that at the same time as the economy has been growing the tax system has been made more progressive so that the top 1% now pay 27% of the entire tax revenue—

Stephen Kerr Twenty-eight per cent.

Alex Chalk: I am corrected: they pay 28%, which is a higher proportion than ever before.

Robert Courts: My hon. Friend makes an extremely good point that we have not heard often enough. We should absolutely keep making the point that although we hear talk of a progressive tax system from the Opposition, we see action from the Government. The 1% of highest earners now pay 28% of tax. That proportion is higher than it ever was under Labour. That is a record to be proud of. It is real progressive, practical politics from the Conservative Government.

Stephen Kerr: My hon. Friend quite rightly talks about the progressive nature of the tax regime that has been very carefully fostered by this Conservative Government. Is he aware that, for the Scottish Budget this Thursday, the Liberal Democrats in Scotland are proposing to increase income tax on people who earn £18,000 a year? Can he tell me what he thinks about the progressive nature of such a suggestion from the Liberal Democrats in Scotland?

Robert Courts: That is a horrifying suggestion. I am not surprised that that is the attitude of the Liberal Democrats in Scotland, because it is one that we see in many parts of this House—from those who do not understand that when we raise taxation on the lowest paid, it means that those people have less money in their pockets, which reduces their ability to make the decisions that they need to make with regard to themselves, their family and their life chances. When we take money away from people, we remove their freedom of action, their freedom of manoeuvre and the investment choices that they may make for their children. It is a totally unprogressive attitude.

Ian Paisley: Does the hon. Gentleman agree that the change by this Government in the manner, timing and way in which VAT is paid by small companies up and down the country has been significant and progressive, and has been welcomed by hundreds and thousands of businessmen and women?

Robert Courts: The hon. Gentleman makes a very, very good point. As chairman of the all-party group for small and micro business, that is something that is very

close to my heart and the hearts of those for whom I endeavour to speak in Parliament. That matter has been a concern. I know that the hon. Gentleman has campaigned on it, as have I and many others. The simplification of the VAT regime and the ability to pay online will streamline the tax process for small businesses. I am grateful to the Government for the action that they have taken in ensuring that that burden is not too onerous.

Geoffrey Clifton-Brown (The Cotswolds) (Con): I thank my hon. Friend and neighbour for giving way. Is he aware that since 2010 we have raised £160 billion from tackling tax evasion, yet the shadow Chancellor says that he will raise even more from tackling tax evasion. Does that not show that he is living in fantasy land?

Robert Courts: My hon. Friend is absolutely right. This is a Government who are cracking down on and taking serious, practical and effective measures against tax evasion. What we hear from the Opposition are measures that will drive businesses and investment abroad. They will not invest in the businesses that we need to help grow the economy and grow jobs. What we see from the Government is effective management of the economy, and what we see from the Opposition is, as my hon. Friend quite rightly said, fantasy. The irony is that their measures will destroy jobs, destroy the economy, destroy productivity and destroy the tax revenues on which our public services depend. The policies from the Opposition will mean less, not more, for the public services.

Rachel Maclean: As my hon. Friend is explaining so clearly, when we lower taxes on small businesses, we raise more money—in fact £20 billion more, which is a significant investment.

Robert Courts: My hon. Friend is absolutely right. It is quite important that we have sensible measures in place to ensure that more money is raised for our public services.

Ian Paisley *rose*—

Robert Courts: I will not give way, as I wish to make some progress in the short time that I have available to me.

I have highlighted the positive attributes and achievements of this Government. There is a range of Budget measures that I am particularly pleased to see, including: the establishment of the National Productivity Investment Fund; the increase in the national living wage; and the rise in the personal allowance, all of which are progressive policies designed to help the lowest paid. I am particularly pleased to see the new house building measures. Homes are what we need to ensure that people in this country have somewhere to live, somewhere that is of high quality, and somewhere that they can afford. I am pleased to see the stamp duty measures, and measures in relation to skills and research and development.

Recently, I was lucky enough to visit Johnstone Safety Products in my constituency in Minster Lovell. It is based in an old mill in the heart of the Cotswolds country, a beautiful, bucolic area. When a visitor arrives at this old mill, what they will see is a thriving factory. When they go around, they see robots churning out up to 40% of the safety products for above neck height. When we see how the world's market depends on that business in my Witney constituency, we realise quite how important it

is to rely on research and development and the robots, which are bringing manufacturing jobs back to this country. They are not taking jobs away from this country because those jobs would not exist without that technology. In the heart of rural west Oxfordshire is a thriving economy based on manufacturing. That is just one of the great many things that the Budget has brought to my constituency and, indeed, to the whole country.

I welcome the air quality measures in the Budget. If I may, I will concentrate on Oxfordshire for just one or two moments more. I very much welcome the £150 million of infrastructure money—£30 million of capital funding a year for five years—that has been promised, and the £60 million for affordable homes. We have heard from my hon. Friend the Member for Sleaford and North Hykeham (Dr Johnson) that LIBOR funding is going to her constituency. West Oxfordshire has also been the beneficiary of LIBOR funding. I am glad, Mr Speaker, that you have resumed the Chair because you will remember me recently mentioning ZANE: Zimbabwe a National Emergency, and Tom Benyon. Well, that charity has received £1.3 million in LIBOR funding, which is going towards 583 Commonwealth servicemen looked after by ZANE. In addition, RAF Brize Norton has been given £250,000 for renovations.

There are so many things in the Budget, and I could go on; I wish I could. [HON. MEMBERS: “Hooray!”] I am delighted that the entire House is so keen to hear me continue to speak, but I will now draw my remarks to a conclusion.

10.1 pm

Stephen Kerr (Stirling) (Con): I rise to make a few remarks in support of the Bill, which addresses fundamental issues on which the Government are doing the right things. The public finances are not in a state where we can take them for granted. Although much progress has been made on the deficit, there is still much to be done and there is certainly no room for complacency.

I turn briefly to the subject that I mentioned in an intervention a little earlier: the need to keep taxes low. By doing so, we allow people to spend more of their hard-earned money as they wish. That is something that the Scottish Government should learn as they put the final touches to their Budget on Thursday. If they raise taxes, they hurt people's ability to make decisions for themselves, and we all know that people are capable of making decisions for themselves. The Scottish Chambers of Commerce as recently as last Thursday told the First Minister to her face that the last thing that Scotland's businesses and economy need is a reputation for being the highest taxed part of the United Kingdom. She will ignore the voice of Scotland's businesses at her peril and at the peril of Scotland's economic future.

10.2 pm

Anneliese Dodds (Oxford East) (Lab/Co-op): I have to leave later this evening to get back to my constituency so that I can have a tooth removed tomorrow morning. I am expecting that to be immensely painful, and in the last few moments I might have had a foretaste of what I will experience tomorrow.

The debate has made clearer than ever the tunnel vision of this Government, who are carrying on regardless, ignoring call after call to change economic course.

Just as with the Budget, this Bill is not fit for purpose and not fit for the future. It falls woefully short of preparing the country for the challenges it faces: from the chaotic no-deal Brexit that this Government still will not rule out to the longest squeeze on wages since Napoleonic times; from record rates of child poverty to our slowdown in productivity, which is unique among comparator countries; and from what was, in the first half of this year, the third slowest GDP growth in the whole OECD to the huge regional disparities in investment that were set out with crystal clarity by my hon. Friends the Members for Bradford South (Judith Cummins), for Heywood and Middleton (Liz McInnes), for Easington (Grahame Morris) and for High Peak (Ruth George).

Mr Speaker, thank you very much for selecting our amendment, which I am formally moving because the official Opposition cannot accept the Bill as it stands. First, it does not provide measures to comprehensively lift the public sector pay cap. We will have to wait until next summer to ascertain even whether the conditional rises suggested by the Government will be put into place. Nor does it take action to boost the incomes of low and middle earners. As was powerfully argued by my hon. Friends the Members for Harrow West (Gareth Thomas) and for Walthamstow (Stella Creasy), such incomes have stagnated in recent years.

The change in the Bill to stamp duty will, according to the OBR, only increase house prices in the absence of action to decisively increase supply—[*Interruption.*] I am sorry, but that is the assessment of the OBR. I have read its assessment: the measure will fail to deal with our housing crisis in the absence of measures to increase supply—the kind of measures described so eloquently by my hon. Friend the Member for Easington. In that regard, I would add to the points made by my hon. Friend the Member for Harrow West, in that there is no action to promote alternative business forms. There is no action in the Bill to deal with the inequitable situation where some housing co-ops are facing higher rates of stamp duty than private housing providers.

The Bill also fails to reverse the Government's 2015 cut to the bank levy, as so many of my hon. Friends have said. The Government are denying themselves £4.7 billion of tax revenues from banks over five years. As many have mentioned, the Bill also further reduces the scope of the bank levy. As we all know, that follows the Government's decision to deny themselves yet more revenue by reducing the rates of corporation tax and income tax for the very best-off. Contrary to the Minister's claims, the bank levy and the surcharge receipts are projected to fall under the Government's plans from £4.6 billion in 2016 to £3.2 billion in 2022-23. Even I can calculate that that is a 30% fall from both those measures combined, so less money is coming from the banking sector, not more.

As my hon. Friend the Member for Bootle (Peter Dowd) set out, these tax cuts occur while experts are warning that children's services are strained to breaking point after seven years of budget cuts. For example, we have seen the halving of funding for early intervention, despite the number of child protection plans doubling.

We have heard concerning details about local pressures on services, particularly from my hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe). That hardly

[Anneliese Dodds]

amounts to the Government following the principles of social responsibility, which the Financial Secretary said animated the Government.

This is at a time when the meagre measures in the Bill show, as my hon. Friend the Member for Walthamstow eloquently argued, that the Government have not learned the lessons of the Paradise papers. She mentioned a number of examples and I will throw in one of my own. In the previous Finance Bill, the Government restricted the tax deductibility of interest payments to intra-group companies, albeit taking the most permissive option offered by the OECD rather than tightening up significantly. That measure at least followed the OECD's call for profit shifting to be counteracted. In clause 21 of this Bill, in contrast, we see not an attempt to counteract profit shifting, but instead just a new approach to assessing its value—incoherence!

That is compounded by the Government's determination to push ahead with the restructuring of HMRC, which is leading to the loss of so many experienced staff at the very time when we desperately need them to protect Government revenues and to run our customs procedures. Staff numbers at HMRC and the Valuation Office Agency have plummeted by 17% between 2010 and the present day, and we heard just last week that the VOA will be cut even further. Its headcount will go down by a quarter at the same time as there are 200,000 outstanding appeals and valuations will be occurring more frequently.

In contrast to the Government's giveaways to profitable corporations and the best-off taxpayers, the brunt of their cuts have, of course, fallen on those least able to afford them. Sadly, despite requests from a variety of people on both sides of the House for an equality impact assessment of the Finance Bill, which have been amplified by the Treasury and the Women and Equalities Committees, we still do not have one. Just last week, when the Chancellor was asked in the Treasury Committee about the existence of an equality impact assessment by my hon. Friend the Member for Wirral South (Alison McGovern), he had to ask a civil servant—and I use his phrase—"Do we have it?" The answer that came back, after some circumlocution, I took as, "No." That response was frankly astonishing. It comes at the same time as a recent report by the Runnymede Trust and the Women's Budget Group shows that as a result of tax and benefit changes and lost services since 2010, by 2020 it is the poorest families who will lose the most, with an average drop in living standards of about 17%. Lone parents, nine out of 10 of them lone mothers, and black and Asian households within the lowest income quintile will experience an average drop in their living standards of about a fifth.

Sadly, it seems as though the Government are unaware of these failings, since they have not introduced this Bill under an amendment of the law resolution. This flawed decision, as the hon. Member for Aberdeen North (Kirsty Blackman) indicated, limits Members' ability to table amendments and thereby improve the Bill. As with the increased use of secondary legislation under the European Union (Withdrawal) Bill and the previous Finance Bill, we are again seeing reduced scrutiny and less ability for the House to debate very significant matters that our constituents rightly expect us to be able to influence in their names. This approach to a Finance Bill

was perhaps acceptable just after a general election, as with the previous Finance Bill, but it is not acceptable as a matter of course, as was underlined by my right hon. Friend the Member for Barking (Dame Margaret Hodge).

In 2016, the Government agreed to exempt solar panels from an increase in domestic VAT after pressure within Parliament, yet there is no scope within the current arrangements for us to take similar action this year to counteract the Bill's many failings. While I am on the topic of green measures, although the Minister and other Conservative Members made much of the Bill's commitment to levy landfill tax on illegal waste dumps, I fear that without appropriate staff in the Environment Agency, we will not see where those dumps are, as many of us have discovered from our constituency casework. This is yet another measure seen just on paper and not in practice.

Despite all this—despite these failures—we are determined as an official Opposition to take every opportunity within the constrained environment we face to try to amend this Bill. It is what our constituents deserve and it is what parliamentary scrutiny deserves. I only wish we could do so in the manner that is merited through a proper debate and with the ability to table proper amendments.

Mr Speaker: Order. Before I call the Minister, I think that the hon. Lady was moving the amendment, was she not? [Interruption.] It would have been helpful for her specifically to say "and I so move." [Interruption.] In that case, it was not audible, and it is not her fault that there was too much noise, but I am grateful for the confirmation that the amendment has been moved.

Amendment proposed: To leave out from "That" to the end of the Question and add:

"this House declines to give a Second Reading to the Finance (No. 2) Bill because it contains no measures to address the fact that the UK has the slowest economic growth in the G7 while the IFS warns of two decades of lost earnings growth, it fails to reverse the Government's 2015 Bank Levy cut resulting in £4.7bn less in tax revenue from banks over five years and contains measures to further limit the scope of the Bank Levy resulting in a further fall in revenue, whilst at the same time crucial services that many children and families across the country desperately rely on are at risk due to seven years of budget cuts, it proposes a stamp duty cut that, according to the analysis of the OBR, will increase house prices, instead of helping to address the housing crisis through measures to build more affordable homes, it proposes policies without the benefit of an adequate Equalities Impact Assessment, it arises from a Budget which made no provision for lifting the public sector pay cap or addressing the funding crisis in social care and the NHS, it includes no measures properly to tackle tax avoidance and evasion and it is not based on an amendment of the law resolution, thus restricting the scope of amendments and reducing the House's ability to properly scrutinise and improve the Bill."—(Anneliese Dodds.)

Question proposed, That the amendment be made.

10.12 pm

The Exchequer Secretary to the Treasury (Andrew Jones): We have had a very comprehensive debate, as is fitting for a Finance Bill. I thank all Members who have contributed.

Some Members mentioned the public sector pay cap. They might not have noticed that it was lifted on 12 September in a statement made by the Chief Secretary

to the Treasury. That was confirmed in the Budget on 22 November. Lots of Labour Members commented on the bank levy, failing to recognise that our changes will be raising taxation from the banking sector, and failing to remember that Labour voted against introducing the bank levy in 2011 and against introducing the bank surcharge in 2015.

Many Members have spoken at some length about transport schemes. They will be delighted to know that, excluding in the exceptional years following the financial crisis, public investment as a proportion of GDP will have reached its highest level in decades during this spending period. This includes a 50% increase in transport investment that is funding the biggest road programme in a generation. That will be welcomed by those who are interested in the A19, such as the hon. Member for Easington (Grahame Morris) and my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake). We are also seeing the biggest rail transformation in modern times, which will please many Members.

We heard some comments about tax evasion. It might be worth reminding the House that this Government have taken more action to clamp down on tax evasion than any other Government. The 100 measures we have introduced since 2010 have raised more than £160 billion. The Government's pledge is that we will continue to act in that way. If Members want the clamping down on tax evasion to continue, they should support the Bill, because it includes measures to take that forward.

One key area that my constituents have raised with me is housing. They have highlighted the fact that in my constituency, the ratio of the average house price to the average salary has reached 14:1. Across England and Wales, the ratio has reached 8:1, which means that it has doubled in just two decades. I had a meeting this morning with the new Conservative Mayor of Cambridgeshire and Peterborough, who highlighted that in his area the ratio is more than 20:1.

The autumn Budget set out our plan to deliver the pledge we have made to the next generation, namely that the dream of home ownership will become a reality in this country once again. A comprehensive set of reforms will not just boost housing supply, but help those who are looking to buy now with the up-front costs that can often get in the way. The stamp duty measure in the Bill will make sure that the tax system does not act as a barrier to first-time buyers who are seeking to get on to the housing ladder.

Let me finish by saying that the Bill is central to the Government's vision for a brighter future for Britain. It will help to deliver that vision by helping more people to purchase their own home, promoting further economic growth, and delivering a fair, balanced and sustainable tax system. Those are significant steps towards making us fit for the future. We are building on our progress and past successes. The economy is 15.8% bigger than it was in 2010. Unemployment is at its lowest level since 1975 and income inequality is at its lowest level since 1986. We have cut the deficit by more than two thirds and, based on our plans, the OBR expects debt to fall from next year. People have talked about unemployment, which has fallen significantly. Employment has increased by more than 3 million since 2010. Opposition Front Benchers often talk about employment in London, and perhaps they should be aware that employment in London has grown by nearly 900,000 during this period. This Bill

builds on successes, and I commend it to the House. *[Interruption.]* I have run out of time, I am afraid. *[Interruption.]*

Mr Speaker: Order. I think the Minister has concluded his oration.

Question put, That the amendment be made.

The House divided: Ayes 271, Noes 312.

Division No. 61]

[10.17 pm

AYES

Abbott, rh Ms Diane	Day, Martyn
Abrahams, Debbie	De Cordova, Marsha
Alexander, Heidi	De Piero, Gloria
Ali, Rushanara	Dent Coad, Emma
Allin-Khan, Dr Rosena	Dhesi, Mr Tanmanjeet Singh
Amesbury, Mike	Docherty-Hughes, Martin
Antoniazzi, Tonia	Dodds, Anneliese
Ashworth, Jonathan	Doughty, Stephen
Bailey, Mr Adrian	Dowd, Peter
Bardell, Hannah	Drew, Dr David
Barron, rh Sir Kevin	Duffield, Rosie
Beckett, rh Margaret	Eagle, Ms Angela
Benn, rh Hilary	Eagle, Maria
Betts, Mr Clive	Efford, Clive
Blackford, rh Ian	Elliott, Julie
Blackman, Kirsty	Ellman, Mrs Louise
Blackman-Woods, Dr Roberta	Elmore, Chris
Blomfield, Paul	Esterson, Bill
Brabin, Tracy	Evans, Chris
Bradshaw, rh Mr Ben	Farrelly, Paul
Brake, rh Tom	Farron, Tim
Brennan, Kevin	Field, rh Frank
Brock, Deidre	Fitzpatrick, Jim
Brown, Alan	Fletcher, Colleen
Brown, Lyn	Flint, rh Caroline
Brown, rh Mr Nicholas	Flynn, Paul
Bryant, Chris	Fovargue, Yvonne
Buck, Ms Karen	Foxcroft, Vicky
Burden, Richard	Frith, James
Butler, Dawn	Furniss, Gill
Byrne, rh Liam	Gaffney, Hugh
Cable, rh Sir Vince	Gapes, Mike
Cadbury, Ruth	George, Ruth
Cameron, Dr Lisa	Gethins, Stephen
Campbell, rh Mr Alan	Gibson, Patricia
Carden, Dan	Gill, Preet Kaur
Carmichael, rh Mr Alistair	Glendon, Mary
Chapman, Douglas	Godsiff, Mr Roger
Chapman, Jenny	Goodman, Helen
Charalambous, Bambos	Grady, Patrick
Cherry, Joanna	Grant, Peter
Coaker, Vernon	Green, Kate
Coffey, Ann	Greenwood, Lilian
Cooper, Julie	Greenwood, Margaret
Cooper, Rosie	Griffith, Nia
Cooper, rh Yvette	Grogan, John
Corbyn, rh Jeremy	Gwynne, Andrew
Cowan, Ronnie	Haigh, Louise
Coyle, Neil	Hamilton, Fabian
Crausby, Sir David	Hanson, rh David
Creagh, Mary	Hardy, Emma
Creasy, Stella	Harman, rh Ms Harriet
Cruddas, Jon	Harris, Carolyn
Cummins, Judith	Hayes, Helen
Cunningham, Alex	Hayman, Sue
Cunningham, Mr Jim	Healey, rh John
Davey, rh Sir Edward	Hendrick, Mr Mark
David, Wayne	Hendry, Drew
Davies, Geraint	Hepburn, Mr Stephen

Hill, Mike
Hobhouse, Wera
Hodge, rh Dame Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hollern, Kate
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Huq, Dr Rupa
Hussain, Imran
Jardine, Christine
Jarvis, Dan
Johnson, Diana
Jones, Gerald
Jones, Graham P.
Jones, Helen
Jones, Mr Kevan
Jones, Sarah
Jones, Susan Elan
Kane, Mike
Kendall, Liz
Khan, Afzal
Killen, Ged
Kinnock, Stephen
Kyle, Peter
Laird, Lesley
Lake, Ben
Lamb, rh Norman
Lammy, rh Mr David
Lavery, Ian
Law, Chris
Lee, Ms Karen
Leslie, Mr Chris
Lewell-Buck, Mrs Emma
Lewis, Clive
Linden, David
Lloyd, Stephen
Lloyd, Tony
Long Bailey, Rebecca
Lucas, Caroline
Lucas, Ian C.
Lynch, Holly
Madders, Justin
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Gordon
Martin, Sandy
Maskell, Rachael
Matheson, Christian
McCabe, Steve
McCarthy, Kerry
McDonagh, Siobhain
McDonald, Andy
McDonald, Stuart C.
McDonnell, rh John
McFadden, rh Mr Pat
McGovern, Alison
McInnes, Liz
McKinnell, Catherine
McMahon, Jim
McMorris, Anna
Mearns, Ian
Miliband, rh Edward
Monaghan, Carol
Moran, Layla
Morden, Jessica
Morgan, Stephen
Morris, Grahame
Murray, Ian

Nandy, Lisa
Newlands, Gavin
Norris, Alex
O'Hara, Brendan
Onasanya, Fiona
Onn, Melanie
Onwurah, Chi
Osamor, Kate
Peacock, Stephanie
Pennycook, Matthew
Phillips, Jess
Phillipson, Bridget
Pidcock, Laura
Platt, Jo
Pollard, Luke
Pound, Stephen
Powell, Lucy
Qureshi, Yasmin
Rashid, Faisal
Rayner, Angela
Reed, Mr Steve
Rees, Christina
Reeves, Ellie
Reeves, Rachel
Reynolds, Jonathan
Rimmer, Ms Marie
Rodda, Matt
Rowley, Danielle
Ruane, Chris
Russell-Moyle, Lloyd
Ryan, rh Joan
Saville Roberts, Liz
Shah, Naz
Sheerman, Mr Barry
Sheppard, Tommy
Sherriff, Paula
Shuker, Mr Gavin
Siddiq, Tulip
Skinner, Mr Dennis
Slaughter, Andy
Smeeth, Ruth
Smith, Cat
Smith, Eleanor
Smith, Jeff
Smith, Laura
Smith, Nick
Smith, Owen
Smyth, Karin
Snell, Gareth
Sobel, Alex
Spellar, rh John
Starmer, rh Keir
Stephens, Chris
Stevens, Jo
Stone, Jamie
Streeting, Wes
Sweeney, Mr Paul
Swinson, Jo
Tami, Mark
Thewliss, Alison
Thomas, Gareth
Thomas-Symonds, Nick
Thornberry, rh Emily
Timms, rh Stephen
Trickett, Jon
Twigg, Derek
Twigg, Stephen
Twist, Liz
Umunna, Chuka
Vaz, Valerie
Walker, Thelma
Watson, Tom

West, Catherine
Whitehead, Dr Alan
Whitfield, Martin
Williams, Hywel
Williams, Dr Paul
Williamson, Chris

Afolami, Bim
Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Badenoch, Mrs Kemi
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Bebb, Guto
Bellingham, Sir Henry
Beresford, Sir Paul
Berry, Jake
Blackman, Bob
Blunt, Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bowie, Andrew
Bradley, Ben
Bradley, rh Karen
Brady, Mr Graham
Brereton, Jack
Bridgen, Andrew
Brine, Steve
Brokenshire, rh James
Bruce, Fiona
Buckland, Robert
Burghart, Alex
Burns, Conor
Burt, rh Alistair
Cairns, rh Alun
Cartledge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, Colin
Clark, rh Greg
Clarke, rh Mr Kenneth
Clarke, Mr Simon
Cleverly, James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Costa, Alberto
Courts, Robert
Cox, Mr Geoffrey
Crabb, rh Stephen
Crouch, Tracey
Davies, Chris
Davies, David T. C.
Davies, Glyn
Davies, Mims
Davies, Philip

Wilson, Phil
Yasin, Mohammad
Zeichner, Daniel

Tellers for the Ayes:
Nic Dakin and
Thangam Debonnaire

NOES

Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Docherty, Leo
Dodds, rh Nigel
Donaldson, rh Sir Jeffrey M.
Donelan, Michelle
Dorries, Ms Nadine
Double, Steve
Dowden, Oliver
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duguid, David
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellwood, rh Mr Tobias
Elphicke, Charlie
Evennett, rh David
Fabricant, Michael
Fallon, rh Sir Michael
Fernandes, Suella
Field, rh Mark
Ford, Vicky
Foster, Kevin
Francois, rh Mr Mark
Frazer, Lucy
Freeman, George
Freer, Mike
Fysh, Mr Marcus
Garnier, Mark
Gauke, rh Mr David
Ghani, Ms Nusrat
Gibb, rh Nick
Gillan, rh Mrs Cheryl
Girvan, Paul
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Luke
Graham, Richard
Grant, Bill
Grant, Mrs Helen
Gray, James
Grayling, rh Chris
Green, Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gyimah, Mr Sam
Hair, Kirstene
Halfon, rh Robert
Hall, Luke
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, rh Matt
Hands, rh Greg
Harper, rh Mr Mark
Harrington, Richard
Harris, Rebecca

Harrison, Trudy
 Hart, Simon
 Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Adam
 Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jack, Mr Alister
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Keegan, Gillian
 Kennedy, Seema
 Kerr, Stephen
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lamont, John
 Lancaster, Mark
 Latham, Mrs Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Letwin, rh Sir Oliver
 Lewer, Andrew
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddington, rh Mr David
 Little Pengelly, Emma
 Lopez, Julia
 Lopresti, Jack
 Lord, Mr Jonathan
 Loughton, Tim
 Mackinlay, Craig
 Maclean, Rachel
 Main, Mrs Anne
 Mak, Alan
 Malthouse, Kit
 Mann, Scott
 Masterton, Paul
 May, rh Mrs Theresa
 Maynard, Paul
 McLoughlin, rh Sir Patrick
 McPartland, Stephen
 McVey, rh Ms Esther
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw

Metcalf, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Moore, Damien
 Mordaunt, rh Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mundell, rh David
 Murray, Mrs Sheryl
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Philp, Chris
 Pincher, Christopher
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Ross, Douglas
 Rowley, Lee
 Rudd, rh Amber
 Sandbach, Antoinette
 Scully, Paul
 Seely, Mr Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, rh Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain

Stewart, Rory
 Streeter, Mr Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Sir Hugo
 Syms, Sir Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin

Villiers, rh Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt
 Watling, Giles
 Whately, Helen
 Wheeler, Mrs Heather
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williamson, rh Gavin
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
David Rutley and
Nigel Adams

Question accordingly negated.

Question put forthwith (Standing Order No. 62(2)),
 That the Bill be now read a Second time.

The House divided: Ayes 313, Noes 269.

Division No. 62]

[10.31 pm

AYES

Afolami, Bim
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Badenoch, Mrs Kemi
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Bebb, Guto
 Bellingham, Sir Henry
 Beresford, Sir Paul
 Berry, Jake
 Blackman, Bob
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Bottomley, Sir Peter
 Bowie, Andrew
 Bradley, Ben
 Bradley, rh Karen
 Brady, Mr Graham
 Brereton, Jack
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burghart, Alex
 Burns, Conor
 Burt, rh Alistair
 Cairns, rh Alun
 Cartlidge, James

Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, Colin
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Clarke, Mr Simon
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Costa, Alberto
 Courts, Robert
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Mims
 Davies, Philip
 Davis, rh Mr David
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Docherty, Leo
 Dodds, rh Nigel
 Donaldson, rh Sir Jeffrey M.
 Donelan, Michelle
 Dorries, Ms Nadine
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Duddridge, James
 Duguid, David
 Duncan Smith, rh Mr Iain

Dunne, Mr Philip
 Ellis, Michael
 Ellwood, rh Mr Tobias
 Elphicke, Charlie
 Evennett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Fernandes, Suella
 Field, rh Mark
 Ford, Vicky
 Foster, Kevin
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fysh, Mr Marcus
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Ms Nusrat
 Gibb, rh Nick
 Gillan, rh Mrs Cheryl
 Girvan, Paul
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Luke
 Graham, Richard
 Grant, Bill
 Grant, Mrs Helen
 Gray, James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gyimah, Mr Sam
 Hair, Kirstene
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Harrison, Trudy
 Hart, Simon
 Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Adam
 Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jack, Mr Alister
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil

Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Keegan, Gillian
 Kennedy, Seema
 Kerr, Stephen
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lamont, John
 Lancaster, Mark
 Latham, Mrs Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Letwin, rh Sir Oliver
 Lewer, Andrew
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Lidington, rh Mr David
 Little Pengelly, Emma
 Lopez, Julia
 Lopresti, Jack
 Lord, Mr Jonathan
 Loughton, Tim
 Mackinlay, Craig
 Maclean, Rachel
 Main, Mrs Anne
 Mak, Alan
 Malthouse, Kit
 Mann, Scott
 Masterton, Paul
 May, rh Mrs Theresa
 Maynard, Paul
 McLoughlin, rh Sir Patrick
 McPartland, Stephen
 McVey, rh Ms Esther
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Moore, Damien
 Mordaunt, rh Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mundell, rh David
 Murray, Mrs Sheryl
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Paisley, Ian

Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Philp, Chris
 Pincher, Christopher
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Ross, Douglas
 Rowley, Lee
 Rudd, rh Amber
 Sandbach, Antoinette
 Scully, Paul
 Seely, Mr Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, rh Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob

Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Sir Hugo
 Syms, Sir Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt
 Watling, Giles
 Whately, Helen
 Wheeler, Mrs Heather
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williamson, rh Gavin
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
David Rutley and
Nigel Adams

NOES

Abbott, rh Ms Diane
 Abrahams, Debbie
 Alexander, Heidi
 Ali, Rushanara
 Allin-Khan, Dr Rosena
 Amesbury, Mike
 Antoniazzi, Tonia
 Ashworth, Jonathan
 Bailey, Mr Adrian
 Bardell, Hannah
 Beckett, rh Margaret
 Benn, rh Hilary
 Betts, Mr Clive
 Blackford, rh Ian
 Blackman, Kirsty
 Blackman-Woods, Dr Roberta
 Blomfield, Paul
 Brabin, Tracy
 Bradshaw, rh Mr Ben
 Brake, rh Tom
 Brennan, Kevin
 Brock, Deidre

Brown, Alan
 Brown, Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen
 Burden, Richard
 Butler, Dawn
 Byrne, rh Liam
 Cable, rh Sir Vince
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Carden, Dan
 Carmichael, rh Mr Alistair
 Chapman, Douglas
 Chapman, Jenny
 Charalambous, Bambos
 Cherry, Joanna
 Coaker, Vernon
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette

Corbyn, rh Jeremy
 Cowan, Ronnie
 Coyle, Neil
 Crausby, Sir David
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Davey, rh Sir Edward
 David, Wayne
 Davies, Geraint
 Day, Martyn
 De Cordova, Marsha
 De Piero, Gloria
 Dent Coad, Emma
 Dhesi, Mr Tanmanjeet Singh
 Docherty-Hughes, Martin
 Dodds, Anneliese
 Doughty, Stephen
 Dowd, Peter
 Drew, Dr David
 Duffield, Rosie
 Eagle, Ms Angela
 Eagle, Maria
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Farron, Tim
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Frith, James
 Furniss, Gill
 Gaffney, Hugh
 Gapes, Mike
 George, Ruth
 Gethins, Stephen
 Gibson, Patricia
 Gill, Preet Kaur
 Glindon, Mary
 Godsiff, Mr Roger
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Grogan, John
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh David
 Hardy, Emma
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Hayman, Sue
 Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen

Hill, Mike
 Hobhouse, Wera
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Howarth, rh Mr George
 Huq, Dr Rupa
 Hussain, Imran
 Jardine, Christine
 Jarvis, Dan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham P.
 Jones, Helen
 Jones, Mr Kevan
 Jones, Sarah
 Jones, Susan Elan
 Kane, Mike
 Kendall, Liz
 Khan, Afzal
 Killen, Ged
 Kinnock, Stephen
 Kyle, Peter
 Laird, Lesley
 Lake, Ben
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Lee, Ms Karen
 Leslie, Mr Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Linden, David
 Lloyd, Stephen
 Lloyd, Tony
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marsden, Gordon
 Martin, Sandy
 Maskell, Rachael
 Matheson, Christian
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stuart C.
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahon, Jim
 McMorris, Anna
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Moran, Layla
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian

Nandy, Lisa
 Newlands, Gavin
 Norris, Alex
 O'Hara, Brendan
 Onasanya, Fiona
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Peacock, Stephanie
 Pennycook, Matthew
 Phillips, Jess
 Phillipson, Bridget
 Pidcock, Laura
 Platt, Jo
 Pollard, Luke
 Pound, Stephen
 Powell, Lucy
 Qureshi, Yasmin
 Rashid, Faisal
 Rayner, Angela
 Reed, Mr Steve
 Rees, Christina
 Reeves, Ellie
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Rodda, Matt
 Rowley, Danielle
 Ruane, Chris
 Russell-Moyle, Lloyd
 Ryan, rh Joan
 Saville Roberts, Liz
 Shah, Naz
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Siddiq, Tulip
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, Cat
 Smith, Eleanor

Smith, Jeff
 Smith, Laura
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Snell, Gareth
 Sobel, Alex
 Spellar, rh John
 Starmer, rh Keir
 Stephens, Chris
 Stevens, Jo
 Stone, Jamie
 Streeting, Wes
 Sweeney, Mr Paul
 Swinson, Jo
 Tami, Mark
 Thewliss, Alison
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Twigg, Derek
 Twigg, Stephen
 Twist, Liz
 Umunna, Chuka
 Vaz, Valerie
 Walker, Thelma
 Watson, Tom
 West, Catherine
 Whitehead, Dr Alan
 Whitfield, Martin
 Williams, Hywel
 Williams, Dr Paul
 Williamson, Chris
 Wilson, Phil
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Noes:
Thangam Debbonaire and
Nic Dakin

Question accordingly agreed to.

Bill read a Second time.

FINANCE (NO. 2) BILL (PROGRAMME)

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

That the following provisions shall apply to the Finance (No. 2) Bill:

Committal

(1) The following shall be committed to a Committee of the whole House—

- (a) Clause 8 (exemption for armed forces' accommodation allowances);
- (b) Clause 33 and Schedule 9 (the bank levy);
- (c) Clauses 40 and 41 and Schedule 11 (stamp duty land tax);
- (d) New Clauses or new Schedules relating to—
 - (i) The income tax treatment of armed forces' accommodation allowances,
 - (ii) The bank levy,
 - (iii) Stamp duty land tax,
 - (iv) The effect of the Bill on equality, or
 - (v) The effect of the Bill on tax avoidance or evasion.

(2) The remainder of the Bill shall be committed to a Public Bill Committee.

Proceedings in Committee of the whole House

(3) Proceedings in Committee of the whole House shall be completed in two days.

(4) Those proceedings shall be taken on each of those days in the order shown in the first column of the following Table.

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

(6) Standing Order No. 83B (programming committees) shall not apply to proceedings in Committee of the whole House.

TABLE

<i>Proceedings</i>	<i>Time for conclusion of proceedings</i>
First day	
Clause 33, Schedule 9, new Clauses and new Schedules relating to the bank levy	3 hours from commencement of proceedings on the Bill on the first day
Clause 40, Schedule 11, Clause 41, Clause 8, new Clauses and Schedules relating to stamp duty land tax, new Clauses and Schedules relating to the income tax treatment of armed forces' accommodation allowances	6 hours from commencement of proceedings on the Bill on the first day
Second day	
New Clauses and new Schedules relating to the effect of the Bill on equality	3 hours from commencement of proceedings on the Bill on the second day
New Clauses and new Schedules relating to the effect of the Bill on tax avoidance or evasion	6 hours from commencement of proceedings on the Bill on the second day

Proceedings in Public Bill Committee etc

(7) Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 18 January 2018.

(8) The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

(9) When the provisions of the Bill considered, respectively, by the Committee of the whole House and by the Public Bill Committee have been reported to the House, the Bill shall be proceeded with as if it had been reported as a whole to the House from the Public Bill Committee.

Proceedings on Consideration and up to and including Third Reading

(10) Proceedings on Consideration and proceedings in legislative grand committee shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which proceedings on Consideration are commenced.

(11) Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

(12) Standing Order No. 83B (programming committees) shall not apply to proceedings on Consideration and up to and including Third Reading.—(*Rebecca Harris.*)

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

Mr Speaker: With the leave of the House, I propose to take motions 3 to 16 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

FINANCIAL SERVICES AND MARKETS

That the draft Risk Transformation (Tax) Regulations 2017, which were laid before this House on 12 October, be approved.

MEDICINES

That the draft Pharmacy (Preparation and Dispensing Errors—Registered Pharmacies) Order 2018, which was laid before this House on 13 November, be approved.

PROCEEDS OF CRIME

That the draft Proceeds of Crime Act 2002 (Search, Seizure and Detention of Property: Code of Practice) Order 2018, which was laid before this House on 23 October, be approved.

That the draft Proceeds of Crime Act 2002 (Recovery of Listed Assets: Code of Practice) (England and Wales and Scotland) Regulations 2018, which were laid before this House on 23 October, be approved.

That the draft Criminal Finances Act 2017 (Consequential Amendment) Regulations 2018, which were laid before this House on 23 October, be approved.

That the draft Proceeds of Crime Act 2002 (Cash Searches: Code of Practice) Order 2018, which was laid before this House on 23 October, be approved.

CONSTITUTIONAL LAW

That the draft Scotland Act 1998 (Insolvency Functions) Order 2017, which was laid before this House on 14 September, be approved.

PROCEEDS OF CRIME

That the draft Proceeds of Crime Act 2002 (Investigations: Code of Practice) Order 2018, which was laid before this House on 23 October, be approved.

That the draft Proceeds of Crime Act 2002 (Investigative Powers of Prosecutors: Code of Practice) Order 2018, which was laid before this House on 23 October, be approved.

PREVENTION AND SUPPRESSION OF TERRORISM

That the draft Terrorism Act 2000 (Code of Practice for Authorised Officers) Order 2018, which was laid before this House on 23 October, be approved.

CONSTITUTIONAL LAW

That the draft Criminal Justice (Scotland) Act 2016 (Consequential Provisions) Order 2017, which was laid before this House on 13 September, be approved.

BANKS AND BANKING

That the draft Scottish Banknote (Designation of Authorised Bank) Regulations 2017, which were laid before this House on 12 September, be approved.

ELECTRONIC COMMUNICATIONS

That the draft Electronic Communications Code (Jurisdiction) Regulations 2017, which were laid before this House on 19 October, be approved.

That the draft Communications Act 2003 and the Digital Economy Act 2017 (Consequential Amendments to Primary Legislation) Regulations 2017, which were laid before this House on 19 October, be approved.—(*Rebecca Harris.*)

Question agreed to.

COMMUNITIES AND LOCAL GOVERNMENT

Ordered,

That Jo Platt be a member of the Communities and Local Government Committee.—(*Bill Wiggin, on behalf of the Selection Committee.*)

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Ordered,

That Jo Platt be discharged from the Environment, Food and Rural Affairs Committee and Kerry McCarthy be added.—(*Bill Wiggin, on behalf of the Selection Committee.*)

Shooting of Abdulkarim Boudiaf

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

10.46 pm

Mr David Lammy (Tottenham) (Lab): I wish to use this Adjournment debate to raise the case of Abdulkarim Boudiaf, a constituent of mine who tragically lost his life in Tottenham on 14 March 2009. As Members of Parliament, we are first and foremost representatives of our constituents: we are sent here to speak for them, to represent them, to serve them, and to fight for their interests. This is a responsibility that I have always taken with the utmost seriousness, so tonight I stand here as the Member of Parliament for Tottenham, but also as the representative of the Boudiaf family, who are yet to find closure and are yet to get justice for their son who was taken from them in the most brutal of circumstances.

Eight long years have passed since Karim's untimely death, yet the family's grief remains as raw as on the day he died. Their search for justice goes on, and their son's murderers are yet to be brought to justice for this heinous crime. Many listening may reflect on a high-profile case from a different constituency and think that the case of my constituent is eerily similar to that of Stephen Lawrence. Two of the original murder suspects, Gary Dobson and David Norris, were convicted and are serving minimum life terms. The remaining three prime suspects in the murder of Stephen Lawrence on 22 April 1993 are still free from conviction and punishment, however. I hope tonight that I will be able not only to shed some light on the circumstances of the case, but to highlight wider concerns about the implications of the double jeopardy rule in pursuing public prosecutions.

Karim, as he is known to his family, was a talented and outgoing young man with aspirations of attending the University of Northampton to read law. I was once a young man from Tottenham with aspirations to go to university to read law, so it breaks my heart that the opportunity was snatched away from Karim when he was callously murdered outside the Elmhurst pub on Broadwater Road in my constituency on Saturday 14 March 2009.

At the time of the tragic incident, Karim was enjoying an evening out with friends. Aged just 18 years, he was shot in cold blood at point-blank range and sustained fatal injuries to the abdomen and neck shortly after 10 o'clock in the evening. Emergency services were called to the scene and paramedics fought desperately to save his life, yet, sadly, in vain; he was pronounced dead at the scene.

Karim left behind a mother, a father and two siblings. As each day passes, the family struggle to come to terms with what happened and with the horrific circumstances in which Karim lost his life. No motive was identified, nor was the murder weapon ever found. It has been extremely difficult for the Boudiaf family to accept, first, that their son is gone; secondly, that the murder case remains unsolved; and, thirdly, that the perpetrators of this senseless crime walk free among us today.

Jim Shannon (Strangford) (DUP): I should like to congratulate the right hon. Gentleman for bringing this matter forward with such dedication. Does he agree that the reward offered for information in 2016 should

[Jim Shannon]

be reviewed, and that a renewed publicity campaign should be launched to seek justice for the family of this young man, who was planning to study law and was a much loved member of his family and of the community?

Mr Lammy: The hon. Gentleman is absolutely right. It is important that, when we offer incentives to the public to come forward, the sum involved is appropriate and the right amount to draw attention to the crime and to bring people out of the woodwork. The threshold in these sorts of cases is so high.

The perpetrators of this crime are walking free—free from conviction for this serious offence, free from justice, free from having to face up to their crimes and free to live under the pretence of being just another ordinary citizen in society. Karim's family are not free. They cannot find any peace. They cannot find closure. They cannot live their lives with this injustice hanging over them.

Karim was out with a crowd of friends in the vicinity of a busy pub on a Saturday night. There were numerous witnesses who saw what happened to him, and some of them gave evidence, but their testimony was undermined during the investigation into his death. The Metropolitan police and the Crown Prosecution Service brought charges against two men, Asher Vance and Jack Johnson. However, the defendants were acquitted during a trial heard at the Old Bailey in 2009, much to the family's disgust. The family's grief was further compounded when they heard that any further prosecutions involving the only defendants charged with the murder of Karim could take place only if new and compelling evidence was brought to light in accordance with double jeopardy legislation.

Since the prosecutions failed, I have been raising questions about the relationship between double jeopardy and prosecution appeals. Was the original investigation robust and watertight? Were any stones left unturned? Why did the prosecution fail? Why was the murder weapon never found? Why was a motive never established? Is there anything that the police and Crown Prosecution Service could have done differently?

During the trial, Karim's mother shared her anguish with the public through the recital of poetry. It is heartbreaking to have to say that the family felt that their ethnic background and Muslim faith was held against them, and that they felt marginalised throughout the process. I am no stranger to the issues of how race and ethnicity interact with our criminal justice system, having published a review into this subject area for the Prime Minister in September. The Boudiafs are a proud, loving family of Algerian descent, who have close ties to the Algerian community in my constituency and across London. It is a cause of real concern that any family would feel that their race, ethnicity and religion could influence and play a factor in whether the person responsible for a murder is brought to justice. Unfortunately, this is very much the situation that the Boudiaf family are faced with. Karim's mother in particular has always felt that her Algerian background resulted in conscious and unconscious bias in the course of police investigations, which in turn contributed to a failure to secure a conviction at trial.

Social divisions, racial inequality and the disproportionate representation of individuals from black, Asian and minority ethnic backgrounds as the victims of crime are

issues we have seen highlighted time and again in criminal cases. Notably, all these issues were deeply rooted in one of the most high-profile cases in criminal history in the UK: the murder of Stephen Lawrence in 1993, and the subsequent miscarriage of justice that saw his case overlooked for 19 years.

Changes to the application of the rule of double jeopardy followed shortly after recommendations in the Macpherson report, published in 1999. Amendments to sections 75 to 97 in part 10 of the Criminal Justice Act 2003 permit retrials where new and compelling evidence is brought against the acquitted. Those changes mean that acquittals can be quashed, and that qualifying and serious cases can be retried in the interests of, and in pursuit of, justice. However, it took 19 long years before significant failings were recognised. It was 19 years before substantial changes were made to the application of the double jeopardy rule. Ultimately, it took 19 years too long before only two successful convictions were secured under revisions to the doctrine of double jeopardy. How long will the Boudiaf family have to wait before justice is duly served and they can find some semblance of peace?

Following my interventions, the police launched a fresh appeal in 2015 for more information about the murder. To the family, the police efforts felt cursory. I understand that it is still an open case, but no active investigation is being undertaken at this point. For there to be an active investigation, the Homicide and Serious Crime Command would need to review the case. I am calling for a review and an active investigation as we approach the 10th anniversary of Karim's death.

Against a backdrop of austerity and spending cuts since 2010, I am also concerned that police services lack the resources they need to actively investigate open cases—even in a brutal murder case such as this. The Met is already having to find £1 billion of cuts, which has led to the loss of 2,800 staff and the closure of police stations across the capital in recent years.

Naz Shah (Bradford West) (Lab): The Macpherson report will be 20 years old next year, and does my right hon. Friend share my concern that we still do not have the diversity in the workforce, particularly in the police, that we need so that communities are represented?

Mr Lammy: My hon. Friend is quite right that part of this story is about ensuring that Britain's ethnic diversity is replicated across the criminal justice system at all levels. There has been some small progress in the Met police but, as my review found, we need to see diversity among the judiciary and our prison officers if we are to ensure that ethnic minority communities have faith and trust in our criminal justice system.

I am grateful to the Solicitor General for being here today to listen to and understand the feelings of the family. I am also grateful for his offer of a meeting with the family, senior representatives from the Crown Prosecution Service and the police, and I will take up that offer following this debate.

Karim was somebody's son, brother and friend. As the family's MP, I am not only calling for justice but representing them and ensuring that their voices, which have been silenced throughout the intervening years since the trial, are finally heard today in our Parliament. Karim's family have not received adequate support

from the state. They inform me that they continue to feel undermined and ignored to this day. Instead, they rely on the kindness of individuals in the Muslim community, in which they feel understood and supported.

This year marks the eighth year since Karim's death, and his family's determination to get justice for their son remains unwavering. Over the years, the family have repeatedly posed the same questions relating to the police's failure to build a strong case to prosecute, the failure of the prosecution in court and the shortcomings of reporting methods and communication between the state and the bereaved family following the trial. The family, who are still reeling from the death, have said that they were not aware of any right to review the decision made by the CPS not to bring any further charges against the main defendant in the form of a retrial. The family were not made aware of the victim's right to review and believed that any appeals would cost them financially. If they had been told, they would have submitted an appeal within the time limit, which is between five working days and three months following the CPS decision.

Clearly, this is an exceptional and alarming case. I would like reassurances from the Solicitor General today that if the family were to proceed with a review request, their submission would be treated and assessed under exceptional circumstances. What is more, the family are no clearer on who actually discharged the firearm that killed Karim, why witness intimidation was not taken more seriously, why special measures were not put in place to protect witnesses in the case, and whether there was forensic evidence that would have provided new leads and evidence for the investigation. The same questions that they posed almost a decade ago remain unanswered. In an all too familiar and tragic tale when it comes to victims of violent crime from black, Asian and minority ethnic backgrounds, the lack of communication and information about Karim's case have caused the family to lose confidence and trust in our criminal justice system. Since Karim's death, I have supported the family and witnessed at first hand the agony and trauma that they face and battle with on a daily basis. It pains me every time I meet the family to see the looks of despair and the glimmer of hope that has been dashed. Many who know the family believe that there is sufficient and compelling evidence that could lead to a conviction. They feel that, regrettably, the scope of the police investigation was limited. The thought of having no right of appeal and no retrial is unthinkable for them.

Although of course I appreciate the principle of double jeopardy, I am concerned that the rule is fundamentally flawed. It is for that reason that I call on the Government to look again at the rule. It is time for the Government to review how it operates in practice and whether it is working as it was designed, or whether in fact it is actually preventing miscarriages from being overturned, resulting in guilty individuals avoiding justice.

The Government must also consider how circumstances such as witness intimidation and shortcomings on the part of the police and the Crown Prosecution Service can be taken into account so that justice is served. It is, of course, right and proper that the law must safeguard against miscarriages of justice. Currently, to obtain a prosecution appeal against an acquittal, we have a strict and narrow application of the double jeopardy rule that uses a high evidential threshold to test for qualifying offences.

I believe the current legislation is inflexible and does not reflect modern conditions and scientific advances. The original trial must be fit for purpose, watertight and leave no stone unturned if the double jeopardy rule is to work properly and if we are to avoid miscarriages of justice like we see in this case. Recent evidence suggests that the scope for retrials of acquitted individuals under the legislation is too narrow.

The criminal law review published in 2014 confirmed that only 13 applications for retrial were made to the Court of Appeal under the provisions of the double jeopardy rule. Of those 13 applications, nine resulted in retrials. The defendants in seven of those cases were retried and convicted, with two defendants convicted on a guilty plea. Just one case led to acquittal. That evidence highlights clearly how restrictive the double jeopardy rule is.

In the case of Abdulkarim Boudiaf, there is still a long way to go until we can reasonably conclude that justice has been done. Those responsible for his murder are protected by this rule, so it logically follows that the tragic circumstances of this case call into question the fairness of the double jeopardy rule. The law must serve the interests of the victim, of the victim's family, of the public and, most of all, of justice. In 2019 it will be 10 years since Karim was murdered. The case remains open.

11.2 pm

The Solicitor General (Robert Buckland): I commend the right hon. Member for Tottenham (Mr Lammy) for movingly and persuasively putting his case on behalf of his constituents and for securing this Adjournment debate. I join him in expressing my regret and sadness that the family have not yet found justice for their son.

The right hon. Gentleman has already said that we have agreed to meet separately with the Boudiaf family, the police and the Crown Prosecution Service to discuss this case in detail and, yes, to try to start rebuilding the faith that the family have clearly lost in the criminal justice system.

I am grateful to the right hon. Gentleman for providing detail on the investigation and trial. I hope to add some further context from the prosecution's point of view. During the criminal trial, the prosecution presented substantial evidence, including three significant witnesses and closed-circuit television coverage that confirmed that the main defendant left the public house at the same time as the victim. However, one defendant was acquitted on the direction of the trial judge, and the other two defendants, including the one accused of murder, were acquitted by the jury.

Since the acquittal, as we have heard, the police have launched two media appeals for evidence in an attempt to try to find a breakthrough. Sadly, they have not been successful so far. I note the points raised by the right hon. Gentleman and by other hon. Members about the question of whether a renewed appeal for evidence should be made. I am sure that will be one of the specific questions about this tragic case that we will be able to discuss in person with the right hon. Gentleman, the family, the Crown Prosecution Service and the police. Those questions are probably most appropriately dealt with in that forum. However, I hear what the right hon. Gentleman says with the greatest clarity, and I can assure him that the matter will be given the most anxious and serious consideration. Questions that he raises about the absence

[*The Solicitor General*]

of the murder weapon and the evidence of motive—all these matters—must be seriously considered, and I give him that assurance.

What I can do productively in this debate is try to address the wider points that the right hon. Gentleman raised about support for the families of victims and about the double jeopardy legislation itself. I am of course deeply saddened to hear that the Boudiaf family feel so let down by the criminal justice system. I hope we can go some way to helping them to feel that they are being heard and understood when we meet them soon, but I understand that that cannot just be solved with a single meeting. To support families such as the Boudiafs, who suffer the trauma of the loss of a loved one and the acquittal of the alleged perpetrator, the CPS, the police and the charity Justice After Acquittal published a joint protocol in January. Under these national standards of support, bereaved families are offered a series of meetings with the CPS and the relevant police force. These standards also entitle families to a joint meeting with the CPS and the police following completion of full reviews of their case. The meetings are intended to provide an opportunity for the family to learn, in as much detail as possible, what might have led to the acquittal and what their options might be. Those standards did not exist at the time of this tragedy, but I very much hope they will go some way in helping us to improve communication, not just with families such as the Boudiafs but with every family that suffers such a trauma and such a tragedy.

The right hon. Gentleman rightly cites his recent review, and I am glad to have this opportunity to commend him for the work he has done to bring it about. The Government are currently preparing their response, and the CPS will respond as part of that. I welcome his findings in the review of the overall proportionality of CPS decision making, though we know there is still much to do. The CPS is considering his recommendations very carefully indeed. His review also notes that the CPS has proved itself willing to be open to external scrutiny, which gives different communities and groups an opportunity to hold CPS officials to account and to be heard. This serves as a strong framework to deal with situations where communication has broken down between a community and the CPS, as he suggests with respect to the Algerian community in Tottenham and indeed across London.

The right hon. Gentleman also raised concerns about the double jeopardy legislation. I hope I can reassure him of the importance of this legislation and provide some detail on the way the CPS applies it, though he will understand that wider policy considerations on this topic will be for my ministerial colleagues in the Ministry of Justice to address. The double jeopardy rule that a person should not be tried twice for the same offence represents an important principle—a principle of providing finality in criminal proceedings that protects an accused person from a further trial and helps to ensure the efficient investigation of offences. One can see from a cursory view of that principle how important it is in a system where the rule of law must apply.

There are two principles arising from the common law which underpin the double jeopardy rule. The first is known by the terms “autrefois acquit” and “autrefois convict” Those principles provide a bar to the trial,

in respect of the same offence, of a person who has previously been either acquitted or convicted of that offence. In addition, the courts may consider it an abuse of process for additional charges to be brought, following an acquittal or conviction, for different offences that arose from the same behaviour or facts. The law on double jeopardy was reformed in 2003 after recommendations of the Law Commission and those set out in Lord Justice Auld’s review of the criminal courts, which was published in 2001. Under the Criminal Justice Act 2003, the Court of Appeal may, for certain specified offences, quash an acquittal and order a retrial, if the Court is satisfied of three particular alternatives.

The first is that there is compelling new evidence of guilt, to which the right hon. Gentleman did indeed allude. The second is that it is in the interests of justice for there to be a retrial—for example, it must be considered whether a fair trial would be unlikely because of adverse publicity about the accused or whether the police or prosecution has acted with due diligence and expedition with regard to the new evidence, and the length of time since the alleged offence must be considered. Finally, the Court must be satisfied that a retrial does not breach double jeopardy laws in EU law—that is, that the person has not been prosecuted and had a penalty imposed for the same acts in a contracting state. I said that the three were alternatives, but in fact they are cumulative reasons for the Court to be satisfied, so I correct myself on the record.

Parliament decided that there should also be other safeguards, including that the Director of Public Prosecutions must authorise a reinvestigation of an acquitted person. Indeed, the CPS published guidance on the retrial of serious offences that sets out in full the procedure and principles for instigating a reinvestigation of an acquitted person and an application to the Court of Appeal to quash that person’s acquittal. In essence, before the police can launch a full reinvestigation of acquitted individuals, they must provide the CPS with new and compelling evidence, which the police have not yet been able to obtain in this case. Examples of such new evidence might include DNA or fingerprint tests, or new witnesses to the offence coming forward.

Under section 78 of the 2003 Act, new evidence is “new” if it was not adduced at the original trial of the acquitted person. That would in fact include evidence that was available at the first trial but was not used. That is an important qualification that should be borne in mind. New and compelling evidence of guilt is required as a judge and jury would have already acquitted the person on the basis of the existing evidence before the court.

If evidence of a flawed investigation amounted to new compelling evidence of guilt and it was in the interests of justice to proceed with a retrial for a specified offence, that could be a basis on which to refer the matter to the Court of Appeal to ask for a retrial. Reliance on such evidence would raise questions about whether it would be in the interests of justice to order a retrial. If the failure to use the evidence was because of a lack of diligence or expedition by the prosecutor, that is a factor relevant to the application of the test set out in section 79(2)(c)—namely, whether it is in the interests of justice. There is currently no evidence that that is the situation in this particular case.

I praise the right hon. Member for Tottenham again for the seriousness with which he takes his duties to his constituents and for all the work he has done on the review that bears his name, which I am sure will lead to an improvement in the way the criminal justice system serves ethnic minorities in our country. My office will be in touch with his office very shortly to arrange a

meeting with the Boudiaf family, the CPS and the police to try to start to rebuild that essential trust that has sadly but clearly broken down in this case.

Question put and agreed to.

11.13 pm

House adjourned.

Westminster Hall

Monday 11 December 2017

[SIR DAVID AMESS *in the Chair*]

Brexit Deal: Referendum

4.30 pm

Susan Elan Jones (Clwyd South) (Lab): I beg to move,

That this House has considered e-petitions 200004, 187570, 193282 and 200311 relating to a referendum on the deal for the UK's exit from the European Union.

It is a great pleasure to serve under your chairmanship, Sir David, and a real privilege to lead this important debate on behalf of the Petitions Committee. This place is not short of a debate or two on Brexit—in fact, the Prime Minister is making a statement as we speak—but this debate is rather different from all the others because it is based on petitions signed by a very large number of people from across the length and breadth of our country. I thank the proposers of all the petitions and all the signatories. Looking around at the Members here today, I think we are going to hear a wide diversity of opinions.

We are here to debate themes expressed in four petitions. Like the rest of the country, they are not all of one mind on Brexit and they do not express a single standpoint. The petition that has by far the largest number of signatures—136,789 when I last looked—calls for a referendum on the final Brexit deal:

“We, the undersigned, call upon HM Government to give the people of this country the final say on the Brexit deal negotiated by the UK and EU. This would be done through a referendum that would take place prior to the April 2019 exit date.

The referendum would allow for three options:

- (1) To revoke Article 50, thereby keeping Britain in the EU
- (2) To reject the UK-EU deal and leave the EU
- (3) To accept the UK-EU deal and leave the EU

If no agreement has been negotiated by the UK and EU before the date of the referendum, then the third option could be removed. If all three options remain, it may be necessary for the vote to take place using a Single Transferable Vote to ensure no option is disadvantaged. Regardless of whether individuals voted to remain or leave the EU in the June 2016 EU referendum, everyone should have a chance to decide their future based on the final agreement negotiated between the UK and EU.”

Tom Brake (Carshalton and Wallington) (LD): Does the hon. Lady think that, by signing the petition, people have in fact been expressing the will of the people?

Susan Elan Jones: They are certainly expressing their own views by signing the petition. I always think it is healthy for such petitions to be tabled. These are part of a very important debate.

The first petition is not dissimilar to another petition that calls for the final Brexit deal to be put to a referendum, with revoking article 50 as an option. On the other side of the coin, there is a petition that calls for the rejection of all demands from the EU for penalty charges for Brexit. Finally, the fourth petition calls for no referendum

on the final deal between the UK and the European Union. The petitioners do not mince their words one bit:

“The attempts to propose yet another referendum and pose a set of questions to the British public on the final deal is a distasteful proposal, considering we were already given a free and fair referendum last year, to now agree to another referendum would be an appalling waste of taxpayers’ money and send out the wrong message to the British public that the vote last year was meaningless.

The referendum should not be re-run just to placate individuals unable to accept a democratic decision”.

There we have it. Therein lies our problem. Brexit is a subject about which we all think different things, and our country is deeply polarised.

Back in the day—it seems such a long time ago—when Prime Minister Cameron was listening to his focus groups, it all seemed so simple: offer a referendum on EU membership, unite the Tory party with a pledge, and ensure that enough UK Independence party voters come on side to beat Labour in the marginal seats in the 2015 general election. That bit seemed to work for him, but the next bit of the plot did not go quite so well. Try as team Cameron and other remainers might, they did not get a remain vote.

There have been many interpretations of the 2016 referendum campaign and result. It is certainly difficult to find a new one, but I have not been shy of trying. For all I have read and heard about this subject, I do not think that any other commentator has used one of Aesop’s fables to press their case. Allow me to try to remedy that omission. I think the little tale of the goat kid and the wolf explains perfectly what is happening—I should inform you that it is only a very short tale, Sir David.

“A Kid, returning without protection from the pasture, was pursued by a Wolf. He turned round, and said to the Wolf: ‘I know, friend Wolf, that I must be your prey; but before I die, I would ask of you one favor, that you will play me a tune, to which I may dance.’ The Wolf complied, and while he was piping, and the Kid was dancing, the hounds, hearing the sound, came up and gave chase to the Wolf. The Wolf, turning to the Kid, said: ‘It is just what I deserve; for I, who am only a butcher, should not have turned piper to please you.’”

The official moral of the tale is that everyone should keep their own colours. My adapted version of the moral is this: if one believes that Brexit is a lot of old cobblers, do not introduce an initial referendum on the subject. However, I hasten to add, I am speaking for myself and no one else. With the referendum genie firmly out of the bottle, we need to ask whether there is a case for one before the April 2019 exit date.

According to Survation, in an opinion poll for *The Mail on Sunday*, 49.5% of voters now want a referendum on the final deal, compared with 34.2% who definitely do not and 16.3% who say they do not know. Intriguingly, according to the same poll, 34% of the 2016 leave voters want such a referendum. That should not be such a great surprise. It is a view that Ross Clark expresses with great lucidity in *The Spectator* magazine:

“If we going to be forced to fund EU projects and not have full freedom to set our own regulations and cut our own trade deals with the rest of the world I can’t see the point of leaving at all. If we are not prepared to transform ourselves into a Singapore, recasting Britain as an unashamed honeypot for business and enterprise then Brexit will have been a waste of time and money.

[Susan Elan Jones]

If we are going to remain a European-model social democratic country then we might as well remain in a club of other European social democracies”.

Now, I disagree profoundly with Mr Clark’s political views and with what he wants for our country, but his logic relating to a referendum on the final deal makes perfect sense. He also makes a compelling argument for holding a multi-option referendum, with electors expressing a first and second-preference vote.

Daniel Zeichner (Cambridge) (Lab): My hon. Friend is making a wonderful speech. Has she had the opportunity to look at some of the work that the Constitution Unit has done through citizens’ juries, and similar work by Catherine Barnard at the University of Cambridge? People who voted to leave, when asked what they actually want, move in quite a sophisticated way, which demonstrates that the real question is not whether we are leaving, but what we want to go to next. On that issue, it is entirely legitimate to give the decision back to the British people. Why should anyone object to that?

Susan Elan Jones: I confess that I have not actually read that, but I should be delighted to do so, because it sounds a very thoughtful and extensive piece of research. I am grateful to my hon. Friend for raising it.

One of the strongest arguments for holding a referendum lies in the gap between the promises that were made on what Brexit would be and what has in fact happened in the meantime. Allow me to quote the Foreign Secretary—I like quoting him, ever since he wrote in a newspaper article three days after the general election that my seat had been won by the Conservatives. At that point I started to question the accuracy of some of his statements. Initially he told us that he would vote to stay in the single market. In the aftermath of the referendum, he wrote in *The Daily Telegraph* that

“there will continue to be free trade, and access to the single market”,

adding for good measure that there was no “great rush” for Britain to extricate itself from the EU.

This past weekend the Foreign Secretary took to the great literary medium of Twitter to say that, after meeting the Prime Minister, he

“found her totally determined that ‘full alignment’ means compatibility with taking back control of our money, laws and borders.”

What on earth is that supposed to mean? But it is interesting. Even more interesting, of course, was the glorious red bus that travelled the length and breadth of the land proudly proclaiming that a vote to leave would mean £350 million extra per week for the NHS. To my mind, the bus was the evidence equivalent of the chap going around with a sign saying that Elvis is still alive. Unfortunately, however, the ramifications are rather greater.

Here are a few other considerations. Were we ever told that in the 2017 Budget we would see the Chancellor set aside £3 billion over the next two years to pay for the administrative costs of preparing for Brexit—more than the £2.8 billion granted for the NHS in the same Budget? What of the downgrading in growth forecasts and the fall in our credit ratings? What of the very real concerns about jobs, as well as consumer, environmental and labour standards? What of the real issues of respect for

the devolved Administrations and for our parliamentary institutions? What of probable Russian meddling in the referendum process itself? What of the elusive impact assessments, which apparently have vanished into thin air?

At the end of June the Secretary of State for Exiting the European Union said that analyses were being done of 50 to 60 sectors. By 25 October we were being told that not only did they exist but they were “in excruciating detail”. Last week, however, when asked by the Chair of the Exiting the European Union Committee, my right hon. Friend the Member for Leeds Central (Hilary Benn), whether the Government had undertaken any impact assessments, the Secretary of State’s answer was no. This is not Harry Potter and the Ministry of Magic; it is supposed to be the serious business of the Government preparing for the biggest change our country has seen since the second world war. What in heaven’s name are we supposed to make of the obvious governmental chaos in this area?

What of a final divorce settlement, which will cost somewhere between £36 billion and £39 billion according to official sources, but up to £100 billion according to a former Brexit Minister? That represents “total capitulation”, according to one fulminating *Daily Telegraph* columnist—there is nothing like *The Daily Telegraph* when it fulminates, is there? Then there are the serious economic and constitutional issues relating to the Irish border and full regulatory alignment. What of the recent study by the Bank of England, which stated that a “disorderly” Brexit could cause

“a wide range of UK macroeconomic risks”,

such as a massive fall in the value of the pound?

Julian Knight (Solihull) (Con): The hon. Lady is making a typically engaging speech. The petitions are obviously well-intentioned and sincere, but they ignore the realpolitik of negotiation. In my recent trip to Germany with the Digital, Culture, Media and Sport Committee, we found that there was real enthusiasm for pulling any levers whatsoever to try to stop Brexit. Surely talk of a second referendum just adds succour to those who wish in effect to bring about a punishment Brexit so that there is no Brexit at all.

Susan Elan Jones: I am not sure that the Tory writing in *The Spectator* would agree with the hon. Gentleman. If I read the article correctly, the writer was trying to save the Government and to stop the Conservatives knocking the spots off each other, so I am not sure that what the hon. Gentleman said is true. I will move on to some of the points he makes later.

Paul Flynn (Newport West) (Lab): During the first referendum I said that the choice was between Operation Fear and Operation Lies. I believe that we need to have a second referendum. In the same way, Wales voted first against devolution and then for devolution. The public will have a clear idea of what the nightmare of Brexit will mean in a few months’ time. Do they not need to have their second vote, as second thoughts are always superior to first thoughts?

Susan Elan Jones: As ever, my hon. Friend makes his point well.

Let me return to that recent risk study by the Bank of England. In its stress test for British banks, the Bank modelled a 4.7% fall in output, a 27% devaluation of the pound against the dollar, and a devaluation of a third in house prices. Indeed, what if—to quote the Brexit Secretary—some of our key decision makers have just “slightly misspoke”? One minute the first part of a deal seems to have been done, and the next we are told that nothing is agreed until everything is agreed. Then, in the midst of it all, it seems that the Secretary of State for Environment, Food and Rural Affairs has had a moment of epiphany—we all like those moments. Recognising that there may be trouble ahead, he reassures us:

“If the British people dislike the arrangement we have negotiated with the EU, the agreement will allow a future government to diverge.”

But would it not be much cleaner, quicker and simpler just to put the final deal to the British public?

Peter Grant (Glenrothes) (SNP): The hon. Lady is making a passionate and carefully thought out argument. Is it not also the case that after we have left the EU the Environment Secretary, or anyone else, will be unable to offer the United Kingdom the chance to come back in, because as soon as the United Kingdom is out we would fail the fundamental test of democracy? We would not be allowed back in because too many of the legislators in Parliament are not elected.

Susan Elan Jones: The hon. Gentleman makes a very interesting point.

Paul Masterton (East Renfrewshire) (Con): The hon. Lady said right at the start of her engaging speech that the referendum had left the country polarised and divided. Would a second referendum make the country more or less polarised and divided?

Susan Elan Jones: It would be a different sort of referendum because it would be based on the final deal—but I am coming to that, if I get there.

“Realpolitik” was mentioned by the hon. Gentleman who has just been to Germany, the hon. Member for Solihull (Julian Knight). I will bring that word in at this point, because there are realpolitik reasons for having a referendum on the final deal. The Government might claim to be trenchantly opposed to a referendum—I suspect that is what the Minister will say today—but might it not help dig them out of what appears to be an awful hole they are in? Would the idea not also generate real appeal at the other end of the political spectrum—and, I am sure, a cheer or two at next summer’s Glastonbury festival?

Opponents of any sort of referendum in 2019 will take a very different view of all that. They might say that referendums, “just aren’t very British”; that we are not Switzerland, California or Latin America and we do not do that sort of thing—or not very often. Opponents might ask what supporters of a second referendum really want—is it for Parliament to dissolve a result that it does not like until it gets one that it does, which is the political equivalent of a penalty shoot-out that keeps going until the preferred team wins.

There is also the argument that the Archbishop of Canterbury put forward last March, when their lordships considered the Government’s European Union (Notification

of Withdrawal) Bill on Report and Third Reading. The archbishop disagreed with those who said that the process for securing Brexit was simple. He stated:

“It would be dangerous, unwise and wrong to reduce the substance of the terms on which we exit the European Union to the result of a binary yes/no choice taken last summer, and the Government should avoid any inclination to oversimplify the outcome of the most complex peacetime negotiations probably ever to have been undertaken.”

However, he also had this to say:

“neither is the complexity of a further referendum a good way of dealing with the process at the end of negotiation. It will add to our divisions; it will deepen the bitterness...Division of our country is not a mere fact to be navigated around like a rock in a stream but something to be healed, to be challenged and to be changed.”—[*Official Report, House of Lords*, 7 March 2017; Vol. 779, c. 1213.]

I am far more sympathetic to the need for a referendum on the final deal, and the more I consider the evidence from the start of this debate, the more I move towards that position.

Dr David Drew (Stroud) (Lab/Co-op): I previously supported the referendum. It was the worst time in British politics that I have ever known, and some of us have been involved in British politics for rather a long time. Given that there is every danger that the debate could get worse rather than better, what safeguards would my hon. Friend put in place to ensure that any referendum at least tries to reach a higher level of political debate than the last one?

Susan Elan Jones: It will have been going on for rather longer. Some people I had communications from seemed to think that, because I am leading this debate, I would have a role in the final Brexit negotiations. That is a nice idea, and I shared my thoughts with them in some cases. I think that multi-option is very important, because it would bring greater clarity. When I saw the discussion on multi-option, my first thought was, “Gosh, this all sounds painfully Lib Dem”—without meaning any disrespect to anyone—but the options are complicated and we should dignify the debate and a future referendum by making it multi-option.

Tom Brake: Does the hon. Lady agree that one way of ensuring that the referendum is different from the previous one might be to appoint an independent arbiter who would look at the claims being made by the different camps? If someone came forward with the ludicrous claim that there will be £350 million a week for the NHS, the arbiter would be able to say, “That is completely out of order. You cannot repeat that phrase.”

Susan Elan Jones: I do not think that it will be me making the decision, but that seems like a very sensible point.

Although I am far more sympathetic to the need for a referendum on the final deal than the archbishop was in his speech, he made his case powerfully. I have no doubt that in this House today and on other days, many different viewpoints will be expressed on Brexit issues. I am sure that will be the case in communities the length and breadth of the United Kingdom. One thing that I am far less confident about is that there will be a healing

[Susan Elan Jones]

of the divisions anytime soon on this divisive subject. All of us, wherever we stand on the Brexit spectrum, need to be mindful of that.

Several hon. Members *rose*—

Sir David Amess (in the Chair): Order. Members who were not present at the beginning of the debate are normally not called to speak. However, I recognise that an important and relevant statement was being made in the main Chamber, so I will waive that rule. All Members present who wish to speak will be called.

4.54 pm

Martin Vickers (Cleethorpes) (Con): As always, it is a pleasure to serve under your chairmanship, Sir David. We need to establish early in this debate that the majority of people who signed petitions for a second referendum want to change the decision of the first one. Let us not beat about the bush. All the talk of multi-options, this deal and that deal is irrelevant. What they are really after is changing it. Yes, we are a sovereign Parliament and we could in theory overrule the decision, but that would be incredibly damaging to the whole democratic process. When Parliament agreed to stage a referendum, it was delegating that sovereignty to the ultimate sovereign—the British people.

The aim to reverse has been led by pro-remain Members of Parliament—that is perfectly legitimate and is their right—peers and, most notably, big business. They pay little regard to voters. In my constituency, 70% of voters were in favour of Brexit. Frankly, the criticism often made that they did not know what they were voting for is an insult to my constituents and many people up and down the country. I can assure you, Sir David, that the people of Cleethorpes, and the people of Southend I am sure, knew exactly what they wanted.

Caroline Lucas (Brighton, Pavilion) (Green): When we say that people did not know what they were voting for, that casts no aspersion on their intelligence. The fact is that the Brexit campaign deliberately did not set out what leave would look like. It was a million miles away from the Scottish referendum where, whichever side of the debate people may have been on, at least those in favour of independence set out what that would look like. The Brexit campaign never did and that is why it is right that when people have the facts, they have the chance to look at it again.

Martin Vickers: I recognise that the hon. Lady has held a fixed position on this and it is a perfectly honourable one. I strongly disagree with her. The fact is that people voted for independence; to use the hackneyed phrase, they wanted to “bring back control”. People are very dissatisfied. We have never been anything other than a semi-detached member of the European Union. It has been a running sore through the body politic for the past 50-plus years. Whichever side of the argument we were on, this country needed a referendum to establish the will of the British people. That was clearly defined in June last year.

Julian Knight: My hon. Friend is being most generous in taking so many interventions. Does he agree that when it comes to the EU and democracy, time and

again whenever there have been referendums on the EU, people have been asked to go back, change their minds and vote again? That is not going to happen in this country—in this sovereign nation.

Martin Vickers: I entirely agree. It would be a breach of trust of the British people if we went back to them and held a second referendum. We would be saying, “Sorry, you got it wrong, folks. We know better”.

Dr Drew: So why did the Conservatives take us into the Common Market in the first place?

Martin Vickers: The Conservatives took us into the Common Market—as it was then—but they did not do it with my blessing. In the 1975 referendum I voted to leave, so I have been pretty consistent. Unfortunately, the Labour Government took us into the then Common Market; it was Harold Wilson who tried to mend the wounds of the Labour party by holding the first referendum.

Dr Drew: History repeats itself.

Martin Vickers: That is a matter of interpretation. The reality is that Parliament voted overwhelmingly to trigger article 50. Whatever colleagues might say now, the fact is that the vote triggered an irreversible process and was an acknowledgment of the original referendum decision.

Tom Brake: May I correct something that the hon. Gentleman said? It is not an irreversible process. It is very clear that article 50 can be revoked. That is not in doubt.

Martin Vickers: The right hon. Gentleman might think that it is not in doubt but other opinions I have read and heard differ. Whatever the situation, Parliament would undermine the clear will of the British people if it attempted in any way to reverse that position.

Suppose the Prime Minister had stood up this afternoon and, instead of saying that there will be no second referendum, as she did at 4.21 pm, said, “Well yes, okay, let’s think about it. Maybe we’ll have a second referendum.” That would have undermined the British Government’s negotiating position. Clearly, the EU could then have said, “We’ll give them the worst possible deal and they will of course accept it.” Why would we want continued membership on worse terms than we have now? As I said, the Prime Minister has made that absolutely clear.

Another reason for not having a second referendum is that it would cause further political paralysis in this country and yet more time would be devoted to this matter. People have said to me repeatedly, “We’ve made our decision—just get on with it and let’s get over it.” The hon. Member for Clwyd South (Susan Elan Jones) spoke of multiple options. What could be worse than multiple options? Suppose 20% of people agreed with option A, 20% agreed with option B and 19% agreed with option C. That would be a recipe for complete and utter chaos.

Peter Grant: I certainly accept that, if the voting system is wrong, multi-option referendums can be worse than useless, but does the hon. Gentleman not accept that, with hindsight, it might have been handy for the

question on the ballot paper to refer to membership of the single market and the customs union? As things stand, we have no idea how many of the 17 million people who voted to leave wanted to remain in the single market and the customs union.

Martin Vickers: It was made very clear by speakers on both sides of the argument—there was a little package illustrating this on “The Andrew Marr Show” yesterday—that a decision to leave would mean us leaving the single market and the customs union.

I was in Brussels last month to take advantage of the opportunity to speak to MEPs, officials and so on to test the water. There is no doubt that there is some sadness among our European neighbours that we are leaving. There is sadness for different reasons. Those who, like us, are net contributors to the system—Germany, for example—are sad because either they will have to pay more or the EU budget will be drastically reduced. If the budget is drastically reduced, countries that are net gainers—those that joined fairly recently, such as Romania and Bulgaria, which are very happy at the moment and benefit from the largesse of the EU—would quite rightly say, “Hang on, folks. We joined this little club knowing that we were going to get these benefits. Now you’re actually taking them away.” There is clear unhappiness over there.

There is no significant support in my constituency for another referendum. Indeed, I suggest that in Cleethorpes, as in most northern towns and perhaps even in Southend, Sir David, where it has to be said there are many Labour voters—I am talking in some cases about constituencies with significant Labour majorities—the Labour party does not represent the people it purports to represent. There is obviously a state of confusion. I recall that only a few months ago, the leader of the Labour party sacked Front Benchers for voting in favour of our remaining in the single market. Now we are told that that is on the table and we ought to be leaving. There is clear confusion.

As I said, the reality is that this issue has been a running sore through the body politic for half a century or more. All parties have been split on it, which is perhaps a true representation of the British people. That said, we have taken the decision and it is now the Government’s duty to deliver on it. I am confident that that will be to the benefit of the whole country.

5.4 pm

Geraint Davies (Swansea West) (Lab/Co-op): Thank you for calling me to speak, Sir David. It is a joy to speak about this issue at the same time as the Prime Minister, and to follow the hon. Member for Cleethorpes (Martin Vickers), on the day that I published my Terms of Withdrawal from EU (Referendum) Bill, which calls for the people to have the final say on the exit deal. In the event that they rejected it, we would stay in the EU, and the status quo and the rights and privileges we currently enjoy would be maintained.

Swansea overall voted narrowly to leave the EU. I believe that my constituency voted narrowly to remain. Since then, things have changed. At the 2017 election, I said, in essence, “Back me or sack me. If I am elected, I will do everything I can to ensure that we remain part of the single market and protect the 25,000 jobs in Swansea bay that depend on exports to the EU.” My share of the vote increased from 40% to 60%. I note that

something like 186 people from Swansea West took the time and trouble to sign the petitions in favour of a final say referendum, and 16 signed the petition to say that they do not think we should have one.

The idea of an exit deal referendum came to me on the Sunday immediately after the vote on Thursday 23 June 2016. I conferred with a couple of constitutional lawyers and actually introduced the first version of my Bill a week later. But I need to make very clear my respect for people who voted to leave. They did so for a number of good, sound reasons. They voted for more money. They were told on the side of a red bus with a strange blond man standing in front of it that we would have £350 million a week more for the NHS, and they believed that. They were told in the 2015 Conservative manifesto that we would get market access. That document promised both a referendum and that we would stay part of the single market, so they felt that their jobs in exports—two thirds of exports from Wales go to the EU, compared with 43% of UK exports—were secure and that we would have market access. They were also told that we would take control and limit migration.

We have just been told that, instead of having £350 million a week for the NHS, the divorce bill being imposed on us will cost something like £1,000 for every family in the United Kingdom. It is approaching €39 billion, and its cost in pounds keeps rising as the value of the pound depreciates. We are told that we probably will not get market access. The deal has been made and we have to agree to pay that money irrespective of the trade deal, which will be made in the interests of the EU27. People see that the promises that were made were false and are not materialising, and they want a final say.

Julian Knight: Is the hon. Gentleman’s principled personal stance on the single market and the customs union shared by his party leader—yes or no?

Geraint Davies: The Labour party is a democratic party and the nuances of its position on Brexit have evolved over time, but my position has been clear and consistent throughout. Other people in the Chamber and beyond have their own views, and I respect those views. Obviously, I would change my view if the facts suggested that I should do so, but I have already anticipated the emerging facts of economic catastrophe and the loss of rights and protections, which I will come to. My position is clear: I have always felt that we should stay in the EU. However—

Julian Knight *rose*—

Geraint Davies: Let me say this before the hon. Gentleman comes back in. If the people, with the facts at their disposal, vote in principle to leave, as they did, that is fine. Having ordered a product, as it were, they now need to look at whether what they received reasonably represents what was described and what they were promised. If they still want to go ahead, I am happy that we leave. However, if the hon. Gentleman buys a mobile phone that claims to be able to take colour photos, for example, but when it arrives it only does black and white, he should have the right to either send it back or accept it. I know he likes to see the world in black and white, so he would probably accept it despite being promised colour, but a lot of people would not do so—they would reject it.

[Geraint Davies]

Let me use another analogy: if the hon. Gentleman goes into a restaurant thinking he is going to get a free steak but ends up with a chewed-up bit of bacon that costs €40, he should have the right to send it back. He, however, would choose to eat it. He would say, “I ordered food and even though I thought it would be free”—remember that it costs €40—“and it’s bacon, I’ll eat it, because that is what I said.”

Tom Brake: It is €40 billion.

Geraint Davies: I know; I am just talking about an individual case.

Julian Knight *rose*—

Geraint Davies: I will take the intervention of the bacon eater over there.

Julian Knight: I am certainly not looking forward to dinner now. There is no question whatsoever about the hon. Gentleman’s principled stand. He has said clearly, as he stated in his election leaflet, that he would stand in support of the customs union and the single market. I ask him again, however, whether he thinks that his leader also supports that. What does he think of colleagues in his own party who have said different things in different constituencies on this issue?

Geraint Davies: It is true that people have said different things at different times—things are evolving. It is not for me to comment on everything that everyone says. The hon. Gentleman will know that a couple of weeks ago his own Brexit Secretary claimed that he had enormously detailed impact assessments—so detailed, confusing and even boring that he could not reveal them. Then, the next moment, apparently he did not have any at all. Obviously there are inconsistent views on that.

I am a proud member of the European Scrutiny Committee, to which the current Chancellor gave evidence before Brexit, when he was the Foreign Secretary. I remember asking him what economic assessment had been made of swapping the generally older, retired people from Britain who live in Spain and consume its health service—among other products in Spain, which are of course very nice—in exchange for hard-working Polish people in Britain who contribute tax. We will be swapping people who take public expenditure for people who are giving tax. He said, “Well, the answer to that is that no assessment at all has been made of the economic impact of Brexit, because we don’t intend to leave.” In fact, I can reveal—I know this from secret sources—that before the EU referendum, all the top civil servants were sent an email by No. 10 saying, “Under no circumstances should you do an assessment, economic or otherwise, of the impact of Brexit, because the media would find out and think we were anticipating leaving. That would encourage people to vote that way, because they would think that the Government thought we were going to leave, and we don’t want to give that idea credibility.”

There has been a long period during which the Brexit Secretary and the Treasury could have put together an impact assessment. Of course, the Treasury made an implicit assessment in the Budget. It is remarkable for

the hon. Member for Solihull (Julian Knight) to talk about a shift in nuance in the Labour leadership—a gradual warming, if I can put it that way—towards the customs union and the single market, which I embrace, and to ask, “What about that inconsistency?” when we have a Brexit Secretary who one moment says that he has all these impact assessments, but then, when he opens the cupboard, the cupboard is bare.

Martin Vickers: The hon. Gentleman is speaking passionately. He made the interesting, supposed revelation that the Treasury did no assessment prior to the referendum. He will accept, then, that “Project Fear” was based, as we thought at the time, on absolutely nothing other than figures plucked out of the air.

Geraint Davies: What I said stands. Obviously, scenario plans were done in terms of the aggregate impact, and no forecast is perfect, but what we do know about the impact of Brexit was that, overnight, the hon. Gentleman’s salary and assets were devalued by something like 15%, because the financial markets took their own view that this was crazy. We are all worse off for it. People living in Britain have not really seen it, but gradually the impact of that devaluation is coming through in inflation, on top of low wages. People were told, and sadly it has happened: the poor have been made poorer. The leave campaigners said, “The reason you are poor is foreign people from the EU,” when in fact the average person from the EU contributes 35% more in tax than they consume in public services. The poor—and all of us—will become even poorer without them, and we have seen this awful devaluation.

The evaluations were not good enough, but there were dire predictions. Let us take as an example a Japanese car company. I know there have been lots of under the table, secret negotiations with car companies, but the reason they are here is that we are a stable democracy and economy, and provide an English-speaking platform to the biggest market in the world. Once we are not in that market, they and other investors will move. The economic impact on Britain, from an intuitive, a priori point of view, is wholly predictable.

Lee Rowley (North East Derbyshire) (Con): Will the hon. Gentleman explain what is dire, catastrophic and crazy about five consecutive quarters of economic growth?

Geraint Davies: The hon. Gentleman will know that we have got the lowest growth in the G7—it is absolutely appalling.

Tom Brake: From top to bottom.

Geraint Davies: From top to bottom, as the right hon. Gentleman says.

So now we have what can be characterised as the “Bad Friday agreement”. Our great Prime Minister was phoned up at 5 o’clock in the morning, dragged out of bed and required to fly to a meeting in Europe to be told, over breakfast, what she will receive for Brexit. She will have to pay between €35 billion and €39 billion, with no strings attached on trade. She will have to ensure that the single market and customs union operates within Northern Ireland, which is obviously a recipe for companies from Britain to move to Northern Ireland so

that they can be in both the UK and the single market. She was told that 3 million EU citizens will basically still enjoy all the rights and protections from the European Court of Justice while British citizens will not—we will be second-class citizens in our own country. She was told all that, and she said, “Oh, that sounds all right. I’ll go and talk to Parliament about that.” Sadly, we are not able to view that statement in its entirety.

We have seen the devaluation, the inflation and the lost trade, and we have had problems with market access. The people in Swansea and elsewhere who voted leave were told, “Don’t worry: we’ll have single market access,” but already we are seeing an exodus of jobs. I am not just talking about the European Banking Authority or the European Medicines Agency, but those basic strategic units of key importance are being dislocated from the British economy. Indeed, many multinational headquarters are in London so that they can be next to the City and have access to Europe. Companies are considering relocating for that reason as well.

If we exit and have to do our own thing with other countries, I fear for Britain. We would turn our back on the biggest market in the world and turn to the United States and the open arms of Donald Trump—I hope you have not eaten recently, Sir David—who has already placed tariffs on and shown aggression towards Bombardier. At his inauguration he said, “Foreign companies are taking our jobs, making our products and stealing our companies”, and that he would ensure that new trade deals would at least achieve parity or ensure a trade surplus for the United States. I am fearful of the sorts of trade deals we will get with regard to money and qualitatively speaking. They sell asbestos, chlorinated chicken and the like—that is something to look forward to from the United States.

People are suddenly realising that what was promised is not going to materialise, and that what is materialising is something awful. The Prime Minister has also agreed a two-year transition period—which is two years on death row, in my view. Companies now have two years to make an orderly transition out of Britain. They can relocate to somewhere they will not face massive tariffs or restrictions on skilled workers or product parts moving across borders so that they can make their products and sell them.

What is more, people were told that they would take back control. We have been debating the European Union (Withdrawal) Bill, which, in a nutshell, was meant to translate the rights and privileges of the EU constitution into British law, but which in fact is drafted so widely that it gives Ministers the right to change things as appropriate, so that those rights and privileges can be crossed out by future Governments. There is no guarantee for them. It is drafted so broadly that the courts are unable effectively to exercise judicial review over those rights. Finally, the enforcement agencies are not in place to deliver those rights. For example, in essence the European Court is enforcing air quality standards that we fail to meet in Britain; we would just be able to decide in future that we will not have air quality standards. Rights and privileges that we currently enjoy can be taken away by future Governments and the Government have concentrated power in Ministers, away from Parliament. Instead of taking back control, we are losing it.

Julia Lopez (Hornchurch and Upminster) (Con): Will the hon. Gentleman give way?

Geraint Davies: I will.

Sir David Amess (in the Chair): I call Julia Dockerill.

Julia Lopez: It is Lopez, actually. I changed my name when I got married.

Sir David Amess (in the Chair): I do apologise.

Julia Lopez: The hon. Gentleman talks about taking back control, but does he accept that the EU is not a static organisation but one whose key leaders recently stated a desire for much deeper political integration among member states in the years ahead? If we halted Brexit would he tell the people of Swansea that rather than taking back control he would be comfortable handing much more control to the EU, to carry out the vision of people such as President Macron, Martin Schulz and Mr Juncker?

Geraint Davies: I congratulate the hon. Lady on her marriage.

Strangely enough, just before the Brexit vote I turned to the present Foreign Secretary and said, “Boris,”—this is what I say to taxi drivers, by the way—“can you name one law in the EU that you do not like?” I thought he would know because he was leading the campaign. He scratched his head and said, “There are three directives on bananas.” This is a true story. I said, “Well, the thing is, you can buy bananas in Tesco and the Co-op. There isn’t really a problem with bananas. Can you think of something else?” He scratched his head a bit longer and said, “REACH.” He was hoping I did not know anything about the regulation for registration, evaluation, authorisation and restriction of chemicals. I said, “Do you mean the regulation that ensures that manufacturers are required to prove that a chemical is safe before it is marketed, as opposed to the American system where they can sell what they like and the United States Environmental Protection Agency must prove that it is hazardous before banning it, which is why asbestos is still legally sold in America?” I said, “Given that, don’t you think the precautionary principle that we use, through REACH, is the right one?” He said, “Oh, I think John, over there, has got to talk to me,” and walked off.

Similarly, when I spoke to the present Environment Secretary I said, “Mr Gove—Govey—can you think of an EU law that you don’t agree with? You are leading this campaign with Boris,” and he scratched his head awhile and said, “I don’t know: the clinical trials directive.” Again, he thought he could throw these things in, hoping that I did not know anything about them. I said, “The clinical trials directive requires that pharmaceutical companies and drug companies publish their tests and trials before marketing a product, as opposed to what happens in America, where they could have a number of trials and choose to just publish the positive outcomes of those trials and not the negative ones. So if someone is making thalidomide or something similar they could say, ‘Look, we have had these five trials and there is nothing wrong with it.’ So what is wrong with that, Michael?” He said, “I have got to go and talk to Freda”—or whoever it was—and went off.

The question that was asked was whether I would be comfortable with more laws passed in Europe, and the answer is yes. Do I want deeper, closer and greater

[Geraint Davies]

political union? No. Obviously the people of France and Germany, where there have been elections recently, have shown that they want maximised devolution and sovereignty within a partnership that collectively works for the good of all. That is the essence of the EU, not some sort of monolithic, bureaucratic, centralised system that generates laws that people do not like—and some of the architects of the disaster that is going on cannot even think of any such laws.

Wera Hobhouse (Bath) (LD): I apologise for being late, Sir David. I was listening to the Prime Minister's statement. Does the hon. Gentleman agree that it is tragic that discussions that bring out what the EU is like—how we trade, what our relationship is, what our consumer protections are, and the environmental protection—are happening now, 18 months after the referendum? Would not it have been much better to have them before the referendum? Given that we did not have a proper debate, is not now—or the next six months to a year—the time to have a proper referendum on the deal, because that is when we have all the information?

Geraint Davies: That is precisely the point. We all bear our own responsibility for not talking about Europe enough in the past. Everyone said, “We don't want to talk about that; it is really boring.” The Labour party has some responsibility for that. In the approach to the 2014 European election the Labour party campaign was about the cost of living crisis—to send a message to the Conservatives that it was terrible. Next to that was a leaflet from the UK Independence party saying, in various ways, “Europe's rubbish.” If you are a normal person—I appreciate you are not, Sir David. [Laughter.] You are super-normal. If people get literature saying, “Europe's rubbish,” and then something saying, “Send a message to the Conservatives about the cost of living crisis,” will they be bothered to vote?

I put out some literature saying that 25,000 jobs in Swansea bay depend on being part of the European Union, that people should vote Labour for the European Union—to keep that going—and that they should remember that their four weeks of paid holiday and the quality of the air they breathe and the water they bathe in rely on protection and guarantees from the EU, which is therefore a good idea. My vote went up in that election, comparing like with like and contiguous seats, with a big turnout and a big Labour vote. I think that was simply because we respected the fact that the election was about Europe, and we talked positively about Europe, as opposed to anything else.

The point that I am trying to make is that although the arch-fundamentalist Eurosceptic ideologues who seem to have hijacked the Conservative party, plus their UKIP bedfellows, keep going on in a monotonous, manic way about how awful Europe is, now that they are taking over, those of us who realise the benefits of Europe remain quiet. Worse still, Europe has been regarded as an embarrassing relative locked in the top cupboard of the house.

It is belatedly time, now that there has been a vote in principle to leave, because everyone was a bit worried about it—they do not know why, when asked—to talk about the issue and say, “Did you know that, if we go, it will be more difficult and expensive to go on holiday;

we will lose all these jobs and our universities will not have such collaboration; we will no longer have the weight of the EU in negotiating trade deals but will be on our own, and the people we are negotiating with will know that and exploit it, and we will therefore be subjected to a battering of our rights and privileges; and business will say that we face tariffs and therefore cannot afford four weeks of paid holiday and all the red tape and health and safety?”

Now that people realise that will happen, they are saying, “Hold on. I thought that what was happening was that there were all these foreign people over here taking our jobs and services. I didn't know they were contributing, net, to the Exchequer and helping me. I was led to believe something quite different. I didn't know I would lose my job and there would be inflation. Now that I see that what is under the headline of ‘Brexit breakfast’ is something appalling, rather than what was on the menu, I should have the right to send it back, because it does not represent what I was offered.” In a nutshell, people are telling me, “This isn't what I voted for, and I want to have the final say.”

Regarding those comments about the political parties, there has not been much political leadership toward giving people the final say on the exit package, but people are asking for it of their own volition. The news is very biased; I am not talking about the BBC here, but some of the gutter press have an almost manic obsession with saying, “We've got to get out at any cost; it doesn't matter.” They have an obsession with leaving Europe, perhaps because Europe has the collective will to bring in regulations that bring people's taxation to account and ensure that we live in a civilised world that is not becoming increasingly polarised. The people, as the recent Survation poll shows, are now saying, “Yes, we want to have a final say on the exit package. We voted in good faith, but this is not what we voted for.”

I believe that this is a one-way road, not a flip-flopping of British opinion. Every day, people are saying, “This isn't what we voted for.” They are suddenly coming to that realisation. The important thing is that nobody blames the people for voting in good faith for what they believed to be the case, because they were told that it was true, but it has emerged that it was not true. As Keynes famously said:

“When the facts change, I change my mind. What do you do?”

The answer, from a lot of Conservatives in particular, is, “Well, I just continue as if I didn't know.” We can say, “Oh no. If you keep walking down this road you will go off a precipice.” They say, “Well, I've decided to walk down it anyway.” That is where we are headed.

Caroline Lucas: The hon. Gentleman is making an eloquent speech. The poll he just mentioned, showing that more people want to stay now, also showed that young people are disproportionately among those who want to keep a close relationship with, or stay inside, the EU. Is not one of the tragedies of Brexit that we are betraying the futures of those young people? They will live with the Brexit decision much longer than any of us will, and their voices should be heard much more loudly in this debate.

Geraint Davies: That is an absolutely critical point. As the hon. Lady will know, the fact is that only one third of 18 to 34-year-olds voted in a referendum that

will have such a massive impact over their lifetimes, and indeed their children's lifetimes. Something like 80% of the over-65s voted. Of course, what follows is that, tragically, many of the people who voted to leave will have since passed away, and many of the people who were 17 at the time will now be 18. There is no doubt in my mind that, if there was another referendum, more younger people would vote. We saw that in the general election: a lot of the Labour vote, in my view, was from people who thought, "Hold on. I missed out on this Brexit thing. I've been sold down the river by all these older voters who participated, and that's my future."

One of my daughters said, "I've got a long time to live on this decision. Don't you think that my vote should be weighted by the amount of life I've got left? There might be people who voted to leave who will sadly be gone from this world in 10 years, and I've got another 70 years." I am not saying that she should have that weighting, but we should bear in mind that the future of all our young people is at a turning point. The idea that we should say, "It doesn't matter if people have changed their minds. It doesn't matter if the facts have changed. They said this then, based on a load of rubbish, so we've got to do it anyway," about such a profound change is an indictment of the whole democratic and parliamentary system.

Our parliamentary system sends the people in this room, and in the larger Chamber, here to represent the best interests of their constituents. It might be the case from time to time that, because we spend our time thinking about these things, we like to think we have some inside knowledge or information to make those decisions. To subcontract and say, "You make the decision on the basis of a pile of lies on a red bus," is disgraceful. I believe—and it is constitutionally true—that the vote was advisory. That was confirmed by the Supreme Court, which is why the Government were forced to have the article 50 vote.

The situation is changing. In fact, public awareness seems to be growing faster than awareness here, because they suddenly want a vote and the people in here do not want one. Once it hits a certain threshold—I think it will hit 60% within the next few months—we will find MPs saying, "If that is what they want, then we will have that," which I think is fair enough.

Catherine West (Hornsey and Wood Green) (Lab): My hon. Friend is making a convincing speech. The hon. Member for Hornchurch and Upminster (Julia Lopez) asked him about his constituents in Swansea. I wonder what assessment he has made of the impact on the Welsh economy, particularly given some of the grants the area might have received. Is he aware whether one of the secret papers that the Secretary of State for Exiting the European Union might have in his drawer—or wherever they are—has made any serious assessment of the impact of stopping those grants and how much our national Government will step in on that question?

Geraint Davies: I am pleased that question has been asked. The reality is that Wales has 70% of the gross value added of the UK average. In other words, wages overall are massively less. That is why my area of Swansea bay and west Wales is the poorest part of the whole EU. It therefore gets convergence funding to support it. We have had a doubling of our great Swansea University, with an extra bay campus, and so on. Those things

would not have happened had we not been in the EU. The big question is why people in Wales did not vote to stay if they get all these benefits—and they do get them.

I have a personal admission to make. The Welsh Assembly elections were held in the May before June 2016, and the whole focus of the Labour party was on trying to maximise representation in the Welsh Government. The view was therefore, "If we talk about Europe all the time, we are very divided; some Labour voters are for and some are against. Let's just talk about the Assembly and what it does on health, education and everything else." We then had a month left to talk about Europe. During that whole period, because we have proportional representation, the UK Independence party used the opportunity to spread malicious claims, such as, "Europe's terrible. Isn't it awful? We pay all this money for Europe." Of course that is a lie in Wales's case, since we are a net beneficiary, by billions of pounds. After the Assembly elections we had a month left, and people were already predisposed.

We have ended up with a farcical situation in which Wales will lose billions of pounds, and on top of that we will have the divorce bill thrust down our throats—£1,000 per family—and on top of that big infrastructure projects such as the Swansea bay tidal lagoon and electrification of the railways are being scrapped to pay for the Brexit bill. It is a great tragedy for Wales, and opinion in Wales is changing as people wake up to the reality—"Hold on; this wasn't such a good idea after all." They, like everyone in the UK, deserve a final say on the Brexit deal.

Sadly, we have had an interim agreement from the Prime Minister, but the worst is yet to come. If we have the new trade deals that people have talked about, "CETA-plus-plus" and the like, and we have buccaneer Britain on the high seas, hoping to carve up those trade deals, but with no experience of doing them in the past 40 years and no expertise, I fear for Britain.

I had better bring my remarks to a halt. People do not want this massive bill, higher prices, lost rights, an exodus of jobs and devaluation of wages and capital; they want to take back control from a team of incompetent Ministers who do not even do an impact study before going into negotiations. They want to take back control from incompetent Ministers who would carve up shoddy deals under pressure and behind closed doors. They want to have the final say so that, instead of paying more money for less, we have the option of going back to the successful partnership we previously enjoyed.

We all know this reality to be true. The great majority of MPs know in their hearts that it is not in Britain's interests to leave the EU. They know that, but they say that the people said they wanted it. They also know that the people were misled, and that the people know that they were misled. As things change, politicians will come to the unstoppable truth that the people will demand—and will have, in my view—the final say on the exit deal, and I hope very much that we will remain in the EU.

5.39 pm

Paul Masterton (East Renfrewshire) (Con): It is a pleasure to serve under your chairmanship, Sir David. I am pleased to speak in the debate—it will be for only a couple of minutes, I promise—which combines various petitions on the question of a second referendum regarding Britain's exit from the European Union.

[Paul Masterton]

My constituency recorded one of the highest remain votes in the country—about 76%—so hon. Members might think the electorate there would be champing at the bit for a second go, or at least the opportunity to have a vote on a final deal. However, only 167 voters in East Renfrewshire could be bothered to sign the e-petition on holding a referendum on the final Brexit deal, although it fared significantly better than the petition on the opposite position, on having no referendum on the final deal, which mustered a grand total of 12 signatures from my constituency. Compared with the numbers who signed one or the other of the e-petitions relating to Scottish independence, which we debated in this Chamber last month, that suggests that the question of membership of the European Union simply does not cause the same passion or strength of feeling as the question of Scotland's place in the United Kingdom. However, it might also speak to the broader feeling that, to be honest, people are scunnered with referendums. Let us be frank: referendums are dreadful, divisive ways of settling major questions. My constituents' lack of interest in this question points to an exhaustion with binary politics and constitutional wrangling. It would also explain why the only party explicitly offering a second referendum at the last general election—the Scottish Liberal Democrats—secured 2% of the vote in my constituency.

Are people dancing down the streets of Barrhead and Clarkston at the thought of Britain leaving the EU? No, but they are also not drawing the blinds and taking to their beds. They are disappointed, but they are accepting and they want us to get on with it, so it was no surprise that, when I was out and about this weekend, the overwhelming response from leavers, remainers and could-not-care-lessers to Friday's news was, "Thank God for that." It is a good, sensible, realistic and pragmatic deal to take us from phase 1 and into the matters of the future trading relationship.

I understand that many people feel really strongly that the UK should remain in the EU and wish to bring about a second referendum in the vain hope of achieving that aim. However, I am afraid that I do not support those calls. I voted remain in the EU referendum not out of any particular love for the European project but because I recognised its value to trade and business, and that, because we are so integrated with our European partners in so many fields, the process of untangling that would be extremely complex. I have not exactly been proven wrong.

However, I accept the result of the referendum, and I am committed to fighting for the best deal possible for East Renfrewshire as we leave the EU. To me, that will be a deal that is focused on and prioritises free trade and boosting strong, sustainable economic performance. I am particularly pleased, as I know my constituents are, that we now have agreement on the status of EU citizens in the UK and vice versa. As we move through to phase 2, I believe we should aim for the freest possible trade in services between the UK and EU member states, ensuring that businesses and citizens have certainty. That is particularly desirable in highly integrated sectors, such as financial services, in which many of my constituents are employed. It is vital that there is no cliff edge.

The Government have made it clear that they will seek a withdrawal agreement, and that the final agreed deal will be incorporated into a new statute. That is welcome. However, timings mean it is possible that that process will take place after we have already left the EU, as the Secretary of State for Exiting the European Union accepted. Parliament should have the same opportunity as the Parliaments of the EU27 to have a meaningful vote on the deal on the table before it is signed off. This week, we have an opportunity to ensure that that is the case.

Scrutinising every aspect of the deal extremely closely, challenging the Government on their negotiating stance where we think it is appropriate and ensuring that Parliament has the final say on the final deal is our role as parliamentarians—that is our job. It is what we were elected to do, and provided we are all actually prepared to do it, there is no reason or requirement for a second referendum. We were elected to make the big decisions on behalf of our constituents, and any Member who is incapable or unwilling to do that should not be here.

While I have sympathy with those who want to run through the whole shebang again in the hope of getting a different result, I cannot agree that it is a necessary or sensible way forward. Instead, I simply say: please, God—no more referendums.

5.44 pm

Rachael Maskell (York Central) (Lab/Co-op): I thank my hon. Friend the Member for Clwyd South (Susan Elan Jones) for the way in which she opened the debate and the tone that she set.

I obviously do not want to trawl through the trauma of the EU referendum, but we must note that 23 June 2016 was just a point in time. It was a date in the diary and it was a test of the people of our country on the facts that they had in their possession at that time; of course, we have already heard that many of those facts were, in fact, fiction. Indeed, that bus came to York and advertised that our NHS, which is in a real financial crisis at the moment, would receive £350 million a week. None of that has materialised, and our health service is being penalised.

Martin Vickers: Will the hon. Lady give way?

Rachael Maskell: I will just make a few opening remarks, if I may. The referendum asked only one question: "Do you want to leave the European Union?" It did not ask about the single market, the agencies or the customs union. In fact, I recall a time when the Prime Minister was not even clear about the status of the customs union after the referendum, so there was clearly not a comprehensive, in-depth understanding of what leaving the European Union actually meant; everybody interpreted it in a different way.

I think all of us in this room, if we are honest, have gone on a journey since the referendum. We have learned a lot more and we are gathering a lot more information about what is to come. When someone says, as the hon. Member for Cleethorpes (Martin Vickers) did, that the people voted to leave, I say, well, they did, but only by a very narrow margin—3.7%. My interpretation of the result is that the country was divided, and therefore that every time the people who voted to remain hear that this is the will of the people, their views are being

completely ignored. The reality is that it was the will of half the people who voted. We also know that only 72% of the people eligible to vote did so, and, as we have heard, with demographic changes, more people today would be able to vote, so it is not the will of the people, it is the will of some of the people, half the people, at a point in time.

To predicate the whole future of our country on that point in time, in the way the Government are, is really divisive. That is what we have seen: a really divided agenda moving forward. That is what I want to address. The most important thing now is pulling our country together. The rhetoric is being put out more and more; half of the people are hearing that their votes and their views do not matter any more, because we are going off this cliff edge come what may. We really need to respect everybody, and we need to find a way of pulling people together.

There was some hope in the statement on Friday morning, because it talked about things perhaps not changing so dramatically. We know that where there are polarised views, we have to find a mechanism to bring people together. The statement, in paragraph 49, said:

“In the absence of agreed solutions, the United Kingdom will maintain full alignment with those rules of the Internal Market and the Customs Union”.

It is clear where we are heading: after 18 months of further division and pain, we are actually heading to a bit of a convergence of views. That is really important, and it is why Labour set out right from the beginning that we believe in staying in the customs union and single market throughout the transition, and then seeing where we end up after that.

The reality is that we will of course have to be close to the European Union because we will continue to trade; we will obviously have to trade within their rules, and that is the way it will continue. This nonsense that we have to go to a completely polarised position does not work. However, we have already had 18 months in which the pain of the process has been deeply divisive, as I have mentioned, but also deeply damaging to our economy.

For me, the headline in the Budget was the £65 billion loss as the economy has contracted. We heard about the additional £3 billion being put into this process and we have heard of the £36 billion or £39 billion bill to leave the European Union. How much will all these new agencies cost to set up? How much will these trade deals cost us? The real cost is not before us, and it is absolutely essential that we have a better understanding of the impact of leaving the European Union. To keep that information covert, as opposed to sharing it, means that Parliament cannot scrutinise it. Nor can the people of this country; it is about their hard-earned money, which they pay through taxes. It is vital that they have a real understanding of where we are heading.

Dr Rupa Huq (Ealing Central and Acton) (Lab): My hon. Friend is making a persuasive speech about how the referendum was really a snapshot in time. I wonder if she has seen the demographic figures showing that by 2022, at the next scheduled election, there will be more than 3 million extra voters aged 18 to 22 who were unable to vote in the referendum. That is the danger. I do not want to be as crude as to say, “Where there’s death, there’s hope in politics,” but we know there is a

younger generation who were denied the vote. Our party thought that 16-year-olds should have had a vote. In time, they will be in the ascendant, and there is a strong case for reviewing that decision. Does she agree?

Rachael Maskell: My hon. Friend makes a really good point. The reality is that it is not only the age demographic that is changing; opinion is also changing, as we heard through the Survation poll. We expect that to continue, because the myths about Europe are being dispelled as there is more debate and discussion, and people are facing the reality and the sheer cost of what is to come.

We need to make sense of the process. If, in trying to honour the majority of people who voted in the referendum, things are not working in the way that the Government first set out in their ambition, I have no issue with them saying, “Look, we’ve tried. We’ve gone through a negotiating process, but in the best interests of our country, our economy, jobs and the protections we have fought hard and worked for over the years, we are better having a stronger relationship with Europe than walking away altogether.” We need to be pragmatic, as opposed to just following a political narrative that is wearing really thin throughout the country. Otherwise, it is a complete insult to the people who put thought into their vote on 23 June.

In my own city of York, we had a 58% remain vote, but in York Central—the constituency I represent—two thirds of people voted to remain. They did that because of the impact analysis they did. I have gone round before and after the referendum talking to our major industries, to see what the impact is. Let us look at tourism. We were told that Britain would really benefit from tourism; more people would come into the UK because the pound was weaker and therefore we would see a real boom. When I talk to the industry, they say they cannot cope with Brexit. People who previously supported Brexit are saying that it is deeply damaging. We are losing all the labour in the tourism industry, and as a result, businesses are closing. York has a big tourism footprint. We cannot get enough chefs, and we cannot get cleaners for our hotels, and it is deeply damaging on that front.

The universities are a large part of our economy, too, and they are in a desperate state because they have no certainty over future funding, which is their lifeblood. Things are getting really tough. I meet with the vice-chancellors, and they are deeply concerned about where we are going. They are forming relationships for the future, but with the uncertainty about the future, they are not clear where they will take them.

I have not heard language colleges debated. On Friday I met with the language colleges in York—it is a major industry in the city—and they say that all the trade is moving over to the Republic of Ireland, and therefore they are not able to recruit the students they need. Businesses are divesting and moving their headquarters to Ireland and the EU. Of course, that is not just happening in York. It is happening across the UK.

I have had many discussions about the dependency of our NHS on EU labour. People have choices, and they are choosing not to come. I heard on Thursday night how the hospital, after much effort, was able to recruit more than 40 Spanish nurses. Only three now remain. It is not going to be able to repeat that. We know that

[*Rachael Maskell*]

patient safety is being put at risk as a result of the numbers falling. This is a real challenge for our local economy. When I met with CBI members in the region, they said that 42% of business investments are now not in the UK, but have gone to elsewhere in the EU. That is why Labour has emphasised the importance of a jobs-first Brexit the whole way. We know that good-quality jobs are disappearing, and York has faced that challenge. As we have heard, we have lost the European Medicines Agency, and we are losing our influence and job opportunities as a result.

I want to come on to the issue of how we bring the country together. The reality is that we are still incredibly polarised and split. I have not heard anything from the Government about trying to bring the country together, as well as the people who have polarised views. Just to say, “You voted at a point in time and that’s it, we’re moving on,” is incredibly damaging, and we need to try to adjust that agenda. I did not hear anything from the hon. Member for Cleethorpes about a way forward for the 30% of people who voted remain in his constituency, and about how he would bring them back to the table.

We need a wider conversation with the people of the country. It is intense in Parliament, and it is more intense in Government, by all reports, but the people of the country voted on 23 June, and quite frankly their views have been ignored. There has not been national engagement and a capturing of people’s views as they have shifted. Polling has been done, and we are doing work in our constituencies, but there is not that inclusivity of people across the country. It is essential to look at how we can capture people’s views. Having a referendum that seeks to know the views of the people of our country and to ask much broader questions would help to formulate our future direction.

We have to recognise that we are at a unique point in our history, and we must dig deeper into what the real concerns are. I know that people voted leave for many different reasons. In the north of England, many people felt that for decades, they have been in economic recession, and people have been poor. Because Europe did not answer those questions, they thought, “Well, clearly it’s failing us,” so they voted to leave. They perhaps did not see the failure that is to come down the track, of being outside the EU.

At the time of the vote on article 50, I was serving in the shadow DEFRA team. Many people wanted to leave not the single market, but the common agricultural policy. People had different views on what they wanted to do. There was concern about the immigration issues that were being ramped up by the far right. It is absolutely right that we defeat those views, but we also have to look at a very failed immigration policy in our country. It has failed because Government took away the funding to support people who were placed in many of the poorest areas, and therefore there was a real challenge in those communities. The Government have completely failed when it comes to exploitative agency labour, which has removed jobs and opportunities from local people. All sorts of issues have to be addressed.

Because all the Government’s time is subsumed in Brexit, I have not seen them address the real concerns of people who voted to leave. We have huge inequality. We heard in the Joseph Rowntree Foundation report last

week that 13.9 million people in our country are living in poverty. We heard about the rise of older people in poverty, but also children in poverty. We also had the Social Mobility Commission report, which shows a regression in social mobility in our country. Of course, many of the people who voted to leave are trapped in poverty, without opportunities in life. We are not seeing the Government really addressing the concerns that people voted about on 23 June. That is why it is really important that we go back, to understand formally what those are. I hear this debate in the House time and time again. People are being ignored, and our democracy is failing them.

One of the last points I want to make is about the end of the process. If we had confidence that there was going to be a meaningful vote in Parliament, we would be able to represent our constituents’ views well. My biggest concern is that the vote will just be whipped through and hon. Members will vote along party lines, and ultimately the people of this country will be ignored—because of the political narrative in the House and out in the media, as opposed to their status at the end of this process, no matter what economic situation we find ourselves in—because it is about saving the skin of the Government when we get to that point, rather than finding a different way forward.

[*SIR DAVID CRAUSBY in the Chair*]

On referendums, we have all had our experiences and I am sure that we would never want to repeat them, but we need to find a way to include the people of our country in this process. I suggest a general election.

6 pm

Lee Rowley (North East Derbyshire) (Con): It is a pleasure to serve under your chairmanship, Sir David. Thank you for giving me the opportunity to contribute to the debate. We have a veritable smorgasbord of e-petitions before us, so all of us can probably choose at least one of them to support and push forward.

I have been listening to the debate since it started and I have to say that I find Brexit debates, both in this place and in the other place, relatively dispiriting. Of course, I am not seeking to cast aspersions on colleagues here, but I find the debate dispiriting. We start from the principle of trying to debate something, and I came here today thinking that we would have a wonderful theoretical debate on the value of representative versus participative or direct democracy, the utility of referendums versus parliamentary democracy, and how the inherent tension between those concepts has caused such theoretical and practical problems in the past 18 months or so. What immediately happens, however, is that we all go back into our tribes depending on whether we like or dislike Brexit. Many of the speeches that I have heard, which have been heartfelt and have clearly come from a place of real principle, have fallen back on to whether people support Brexit or do not support it.

We have to be more careful about these kinds of discussion. I have heard massive misuse of polling in just the past hour and a half. The right hon. Member for Carshalton and Wallington (Tom Brake) talked about how we should have some kind of independent arbiter to judge the correctness or otherwise of what politicians say. I think that that is a terrible idea, but if

we are going to do it, I gently say to the right hon. Gentleman that we might start by banning politicians from using one poll to prove that something is suddenly a comprehensive, complete and totally true statement. If we want to play that game, a poll carried out by Opinion says exactly the opposite. I understand that the Survation poll, which has been quoted so extensively in this place already, also gives the Labour party an eight-point lead. I know that Opposition Members are delighted about that, but I do not believe that 45% of the people in my country believe in neo-Marxism and I hope that it will not happen. I will not go down the party political route, other than to say that.

I have heard a number of different comments today and I want to take up a few of them. The hon. Member for Swansea West (Geraint Davies), who is no longer in his place, talked at one point about how, if we are honest as Members of Parliament, most of us know that ultimately Brexit is a bad idea. I think it was Elizabeth I who said, “Don’t seek windows into men’s souls.” I do not subscribe to that view. I genuinely understand why people in my constituency voted 63% to leave; I understand why I voted to leave. It was not because of a hatred of the European Union or because of the caricature of how we are that some people try to propose. It was not because of the lies that certain people have talked about in here, which I absolutely disagree with. It was actually because we happen fundamentally to believe that the future of our country can be better served in a different way from what has happened in the past 40 years. I ask those people on the opposite side of the debate just to think carefully about some of the comments that they make, because I do not believe in the depths of my soul that Brexit is a bad idea. I think it is a good idea, but I also understand the challenges that those people are putting forward. We should not enter binary discussions or make assertions.

Julia Lopez: I followed the speech by the hon. Member for Swansea West (Geraint Davies) as closely as I could, and he seemed to be saying not only that we need Parliament to protect the British people from their decision, but that we need the EU to protect the British people from our own Parliament. I wonder whether my hon. Friend has a little more faith in this place and its people.

Lee Rowley: I absolutely hope that that would be the case. It is utterly important that we ensure that there is a wide debate about the issues, but ultimately we start from the principle that a large number of people—the largest number of people ever—have made a decision and we should seek to honour that.

Wera Hobhouse: I can assure the hon. Gentleman that I believe, from the bottom of my heart, that we will be worse off if we leave the European Union. The more we talk about how we appreciate European workers and how they support our economy and local services, and the more we talk about regulatory alignment and the fact that we do not want new borders, the more we are describing what the EU actually is, so why are we leaving?

Lee Rowley: The hon. Lady has expounded my point perfectly. I do not doubt her resolve, her willingness or her absolute belief; I just happen to disagree with her.

I hope that Opposition Members—I am not suggesting that this applies to the hon. Lady—understand and recognise that we have deeply held views as well.

I also heard earlier that if we had a second referendum, it would be a different sort of referendum, as if the first one was invalid or incomprehensive or there was not sufficient discussion. Again, the conversation tended toward the emotional and the lies. Just from the emotion that I have heard expressed in this Chamber today, the conversations that have occurred and the use of terms such as catastrophe, exodus, dire, crisis, lies, death row and malicious, I do not believe that there would be anything less than the kind of emotional discussion that we had two years ago, so we should be very careful what we wish for.

I have heard conversations about multi-options. Even though I understand in principle the point made by the hon. Member for Clwyd South (Susan Elan Jones), and I know that one of the e-petitions under discussion suggests multi-options, I wonder whether, if we proposed a second referendum with multi-options, we would all be here in three or four years’ time talking about one option that got 42% of the vote and the other two options that got a smaller proportion of the vote, and then delegitimising the 42% of the vote option because it did not manage 50 plus one, which is the usual yardstick for success.

Then we get into the slightly more absurd discussions, which I know were not entirely serious on the part of some people who have commented, about vote weighting or the fact that some people are dying and therefore their vote is less valid. I just think we have to be much more careful. I agree with the hon. Member for York Central (Rachael Maskell) that we need to be much more careful about how we debate and discuss this matter, because my constituency is a constituency of honourable people who understand the challenges and have researched the issue and watched the television, but who still voted 63% leave. They and I voted to leave because we legitimately think that that decision means that our country will be better in the long term.

I want to talk briefly about the idea perpetuated by some that people did not know what they were voting for. We have to accept the principle that people vote for many different reasons. I would not like to suggest that that is not the case, but I know that the thing that was closest to what people understood was happening on the day was the leaflet the Government sent out to every household in this country. When I reread that this morning in preparation for this discussion, it was pretty clear to me what was happening. Nothing in the leaflet mentioned a second referendum. It stated:

“On Thursday, 23 June there will be a referendum”—singular. “It’s your opportunity”—there was no multitude of opportunities. “It’s a big decision”—singular. It is “One” decision, not decisions plural. The leaflet goes on to say that it is a

“once in a generation decision”—

not a twice in a generation—and:

“The government will implement what you decide.”

That leaflet came through my letterbox in north Derbyshire and the proposition was absolutely clear to me and to all of my residents in Dronfield, Cutthorpe, Eckington and Killamarsh. It is incumbent on hon. Members that we recognise and honour that. I reject totally and completely the notion that people did not

[Lee Rowley]

understand what they were voting for. They understood what they were voting for. They understood the propositions that were on the table. They understood, if I am honest, the things on both sides of the argument that went too far. I will not talk about them individually, but I was unhappy, as a leave voter, with some of the suggestions from the remain camp, which are also in the leaflet, about how there would be almost an economic collapse. We have to be very careful about how we discuss this matter, where we are going with it and what we want the outcome to be.

Susan Elan Jones: I am reluctant to intervene, having made the opening speech, but I would like to ask the hon. Gentleman one question. I am talking not about my personal view on this issue, but about the points raised by Ross Clark in *The Spectator*. His view is that what is being implemented by the Government is not what he voted for, and that was the fear, because it was not as simple as a binary choice. He is a very traditional conservative with a certain view that is very much against further association with the European Union. What would the hon. Gentleman say to people such as him?

Lee Rowley: I have not read the article the hon. Lady is referring to, but I will address the principle. What she outlines explains beautifully why the sorts of intellectual contortions that we have heard in this debate over the past hour and a half, and elsewhere, will ultimately not work. We can make an assessment about why some people voted one way and others voted another way, but there are 30 million different reasons that people voted for it. We can make an assessment about whether the voting system was correct, or whether the right people voted, and we can make an assessment about whether the debate—before, during and after the vote—was appropriate, but ultimately those are our assessments, not facts. Assumptions have been bandied around far too much over the past year; the whole discussion has been about assumptions. When we get into the amorphous mass that we have arrived at, an hour and a half into this discussion, it is not possible to get much further, so we have to boil it down to the simple point: people voted and made a decision, and ultimately we have to implement what the people decided.

6.10 pm

Paul Flynn (Newport West) (Lab): This has been an interesting debate. Today is an important day concerning Passchendaele. During a fascinating debate in the main Chamber a few months ago, a prominent Brexiteer described Passchendaele as a “wonderful battle.” My father was at Passchendaele and that was not his description. He went to Passchendaele because he wanted to kill Germans who were bayoneting Belgian babies. He took part in other battles, including the Somme and Messines Ridge, but came out of the war as someone who loved Germans, because they saved his life. They rescued him when he was bleeding to death in a foxhole.

As a child, I was taught to hate Germans. I was taught again and again that the only good German is a dead German. In the first half of the last century we built barriers between nations, but the European Community built bridges. That is one of the major achievements of my lifetime, along with the health service and the national insurance scheme in the 1940s.

Having been to a Rohingya camp three weeks ago, I have seen the ultimate divisions between nations and how propaganda can divide people of different descent. It has divided people of Bengali descent from people of Burmese descent. I have seen the ultimate horror of the anti-humanity on that border. I believe—I mean this profoundly—that in this petty squabble about Europe we have seen a feeling that we should turn away from emphasising the oneness of the human family and rejoice in our nationalistic differences. That, by any standards, is a backward step.

Why do we need a new referendum? It was quite reasonable for the Labour party—I supported this at the time—to vote for article 50. That was our genuflection to the vote and democracy, but the only reason for voting for article 50 was to see what it meant. For every person who read the Government leaflet, I bet that 1,000 saw the bus with that promise of all the money that would come back to the health service. The Foreign Secretary is still promising that. He has talked about it twice in recent weeks. Sir David Norgrove, the chairman of the UK Statistics Authority, the man who calls out such errors, has said that those claims were untrue and that the £350 million was a gross figure. The maximum would have been £250 million, if every penny we spend in Europe was devoted to the health service, but that is not going to happen. The Foreign Secretary has already spent 150% of the money we can expect back, and The Secretary of State for Environment, Food and Rural Affairs has spent 40% of it, because he has guaranteed the money for farmers. If we take it according to the way people voted on 23 June, we have already spent 190% of the money that we will get back, but it was nonsense on both sides. It was a referendum based on fiction.

In the next couple of weeks we will have a debate on the influences. I believe that the referendum was not a fair vote. It was heavily influenced by propaganda machines that are outside the control of the Electoral Commission. Changes in the use of algorithms, botnets, money from abroad and very clever artificial intelligence influenced people in an invisible way. That is the best reason why we need a new referendum.

I sit on three Select Committees, as do many other hon. Members present, and at every session we hear about the possible advantages of Brexit. They are all speculative. Most of them will not happen. They are all hopeful. They are all based on a manic optimism that is compulsory for Tory party MPs these days, but the horrors are certain.

Chlorinated chicken has been mentioned, but we would allow even worse things into our market, such as irradiated meats. Something called pink slime beef would become lawful and it is coming our way from America. We have been told by Tim Martin that if we opt out, we will save thruppence ha’penny on our meals in Wetherspoon and a ha’penny on our drinks. I think that saving four pence makes it a very expensive pint, if we are expected to down a pink slime beef burger.

We are going to turn against our principles. We need to look at every realistic part of this. As far as Wales is concerned, they said it was about bringing back control. Well, we have lost control. There is a power grab against the Welsh and Scottish Governments. They will not be able to pass laws that are beneficial, because the laws will be invested here in Westminster for a period. There is

a certain date for coming out, but there is no certain date for repatriating those laws, which were supported in Wales not by one referendum, but by three.

I believe that we are now in a position where the public have changed their mind. They have seen the full horrors of what is going to happen. We are going to lose jobs—1 million jobs, the CBI says. We are going to lose money—£100 billion, the CBI says. None of those things was in the leaflet or formed part of the debate on 23 June, 18 months ago. We have to give the people a second chance based on knowledge and on the truth of what Brexit will mean. I believe that the country would come around to saying that this will be a fall into a sinkhole of economic decline. And, on the second vote, second thoughts are always superior to first thoughts. We have a duty as Members of Parliament not to be imprisoned by a vote that was taken as a snapshot on a single day, on the basis of untruths, lies and exaggerations.

6.18 pm

Caroline Lucas (Brighton, Pavilion) (Green): It is a pleasure to serve under your chairship, Sir David. I am grateful for the opportunity to speak in support of the petition for a ratification referendum, which was signed by no fewer than 864 of my constituents. For the purposes of full disclosure, the other petition, which was against a ratification referendum, was signed by 10.

The Green party fully respects the fact that voters made a decision and delivered a message to Parliament on 23 June last year, but we have also consistently said that the referendum was, and could only be, the start of the democratic process, not the end of it. The voters could not and did not express any opinion on the terms on which the UK should leave the EU, because those terms remained completely obfuscated. The leaders of the leave campaign did not ever want to set out what leave would look like, so it was hard for people to express a view on that.

For example, did the voters instruct the Government to ensure that when the UK leaves the EU it remains in the single market and the customs union, perhaps through membership of the European economic area? No one knows—not the Prime Minister, not the Secretary of State for Exiting the European Union, and not any Members of the House. Alternatively, did the voters instruct the Government to ensure that the UK leaves the EU, the single market and the customs union? Again, no one knows. Although, we do know that voters were repeatedly and confidently assured by prominent leavers, such as Daniel Hannan MEP, that there would be

“full participation in EU markets”

after withdrawal.

Did the voters instruct the Government and Parliament to ensure that the UK leaves Euratom, the REACH agreement or the European Medicines Agency’s regulatory regime? Again, no one knows, but it seems reasonable to conclude that most voters will not have given such questions any thought, because they did not feature in the referendum campaign, despite regulatory certainty being essential to British businesses.

Did the voters approve the terms of the future relationship agreement negotiated between the UK Government and the EU27? Of course they did not, because they were not told that there would be such an

agreement, let alone what would be in it. Indeed, 17 months on, and with just 10 months left to conclude the negotiations, neither the voters nor Members of this House know whether there will be any such agreement before we drop out of the EU on 29 March 2019. However, we do know that voters were blithely assured, again by leavers such as Daniel Hannan, that the terms of the agreement would be “easily” agreed. That is very odd, because it does not look very easy right now.

Thanks to the chaotic and reckless nature of the UK Government’s negotiating strategy, and their stubborn refusal to lay out detailed proposals, we simply have no idea how the Prime Minister and her bumbling Secretary of State for Exiting the European Union plan to square their determination to leave the single market with the rather obvious fact that that implies having a hard border somewhere—either across the island of Ireland or in the middle of the Irish sea.

The Green party believes that a democracy worthy of the name must mean voters having a real say over the biggest decisions affecting their lives. Withdrawal from the EU is simply the most significant decision that Britain has taken since 1939, which is why we have consistently said that the terms of the withdrawal agreement, or departure from the EU without any such agreement, must be subject to a ratification referendum. That ratification referendum must give voters the option of approving the terms of withdrawal negotiated by the Government, or, if they do not like those terms, remaining in the EU—that has to be on the ballot paper as well. In other words, the ratification referendum—let us remember that this is the first referendum on the terms of withdrawal from the EU and the basis for our future relationship—must allow voters the democratic choice between accepting what is actually on offer or cancelling the article 50 notification and remaining a member of the EU.

I want to stress that we are not talking about a second referendum, although that term has been used many times this evening. This is not an attempt to overturn the decision that voters made on 23 June last year. The point is that the leave campaign, very deliberately, never set out what Brexit would look like, and people’s views naturally evolve as more information becomes available, so it is absolutely right that the British people who triggered this process should also sign it off, since once they know the outcome of the current negotiations they can see the terms of the deal and decide whether they like it. If they like what they see, they can go ahead and leave the EU; but if they do not, the option of remaining inside the EU must also be on the table and on the ballot paper.

Paul Masterton: Can the hon. Lady clarify whether her proposed—I will not say second referendum—new referendum would provide an option for saying, “No, we don’t like this. We want you to go back and push on these items,” or would it be a binary, all-or-nothing choice, where we either take what is on the table or cancel the whole process?

Caroline Lucas: I thank the hon. Gentleman for his intervention. Certainly, if there was enough time to ask our negotiators to go back to the table, I would have no problem with having that option. However, the real worry at the moment is this: we heard what the Secretary of State for Brexit said on the Sunday television programmes yesterday, and he is talking about having a whole year

[Caroline Lucas]

for negotiations, so the idea that we would then be able to come back and have a serious discussion, if they have not properly negotiated a transition period, is yet another thing that is in doubt. It is clear that people should have the option, if they wish, to remain in the EU. The Prime Minister has pledged that MPs will have the final say on any deal, but I simply want to widen that franchise. The British people should have the final say. That is not denying democracy; it is enhancing it.

It is also important to stress that a ratification referendum is not a silver bullet. We owe it to ourselves to acknowledge that when people voted to leave, many of them did so because of very legitimate concerns. In my view, from the people I have spoken to, not many of those concerns actually relate to the EU per se, but those people were persuaded that their very legitimate concerns about housing, jobs and the NHS were somehow linked either to our membership of the EU or to the presence of immigrants in this country. What we also need to do, at the same time as campaigning for a ratification referendum, is campaign for changes in this country, as well as changes in the EU.

I am not talking about some kind of reversion to the status quo ante—the status quo before the referendum happened. We are not pretending that it did not happen or trying to go back to 22 June last year. It did happen, people are very angry and many of the reasons for their anger are legitimate. However, the irony is that by leaving the EU, the problems that they were most concerned about—their future prospects at work, their kids' future prospects, whether they could access the NHS and whether they could get affordable housing—are all going to get 100 times worse. Believe me, we have not yet even begun to imagine the anger of those people when they realise that.

It is absolutely crucial that, alongside campaigning for the ratification referendum, we look at the way in which the deep social divides in this country have been exploited by many of the leaders of the leave campaign. They have used them as a wedge to drive home their long-standing ideological hatred of the EU, even though those problems are likely to be made worse by leaving the EU.

Lee Rowley: The hon. Lady makes a powerful point, even though I do not agree with it, and powerfully expands her position on a second referendum. May I ask her how many referendums she proposes to accept in this discussion? Will we be going to 20, 40 or 135, until we get the right answer?

Caroline Lucas: I was about to thank the hon. Gentleman for his intervention, but that was such a ludicrous and frankly dishonourable one. It is very clear that I am talking about the idea that people should be able to look at the facts, which are not present right now, and were certainly not present on 23 June last year.

I am also making some serious points about the very real grievances that the referendum result laid bare. Frankly, it is cynical and shocking how those grievances are being manipulated by the leave campaign for its own political ends. I believe that one of the things that the referendum tells us is that we need to look at the way in which people are governed in this country. That involves looking at a voting system that systematically

takes power away from people. It is such an irony that the party that is in the lead in calling for Brexit and bringing back control does not want people to have control when it comes to their own electoral system. That party does not want them to have a real say. At the last election 68% of the votes cast made no difference to the outcome, because they were piling up in constituencies where, because of first past the post, they were not necessary.

Let us look at the way the UK is governed. Let us look at issues such as more devolution to the regions and electoral reform for more widespread proportional representation. Where the case is to be made to the “left behind”—those people were left behind not in some kind of casual accident, but as a deliberate and predictable outcome of the process of neo-liberal globalisation, which systematically marginalises them—it will take a long time to turn around some of those impacts at the root of why so many people voted to leave the EU, but we have to start now by finding genuine solutions to people's worries about jobs, pay, schools and housing. Ultimately, things will only shift once trust is built and people see with their own eyes that their lives are getting better and that being inside the EU was never the cause of their problems.

In conclusion, a ratification referendum would give the British people more democracy, not less. This time around, I hope, the necessarily short referendum campaign will be conducted in a more open, honest and transparent way.

6.29 pm

Tom Brake (Carshalton and Wallington) (LD): Thank you for chairing the debate, Sir David. I will make a few comments about some of the contributions that have been made. I start by thanking the hon. Member for Clwyd South (Susan Elan Jones) for introducing the debate and for setting out the range of views in the petitions. She drew attention to the fact that it is dangerous for the Prime Minister and the Government to seek to represent the views of only one section. When I specifically asked the Prime Minister when she will stand up and speak for the 48%, her answer was, “I am representing the 52%.” Other Members have asked, “Why has this debate been quite binary?” I think it is because our Prime Minister has adopted a binary position on whom she is representing, and that is very dangerous.

I was amused when the hon. Member for Cleethorpes (Martin Vickers) referred to the fact that the European Union has been a running sore through the body politic. To be more precise, it has been a running sore through his political party, and that is why we had the referendum.

Catherine West: Perhaps the case in point is the fact that we would not be having this discussion had a certain former Prime Minister not brought it on, due to the running sore within his own movement.

Tom Brake: Indeed; the measure was clearly designed to try to bring the Conservative party together for a general election campaign. The hon. Member for Cleethorpes also asked why we would want to settle for a worse deal than the one we have. That is exactly what we will do as a result of his Government's actions.

I welcome the Bill introduced by the hon. Member for Swansea West (Geraint Davies), who is not in his place. A vote on the deal is Liberal Democrat policy. There will be an opportunity to test the House on day

eight of the European Union (Withdrawal) Bill, when amendment 120 will be voted on. On 20 December, I hope that many Members of Parliament from all parties who are in the Chamber today will support that and enable that further vote to happen.

The issue of young people and the fact that they voted heavily to remain has been rather set aside by Government Members. Although I would not support the idea of weighting for votes, disregarding those concerns and not accepting that there is a difference between the impact on young people and the impact on the older section of the population who voted to leave is a concern.

The issues that were raised about the impact on Wales are a concern, too. If farmers in Wales are expecting to get the same level of subsidy that they do now, they need to rethink things, because frankly, they will not. Farmers are certainly very worried by the prospect of no deal, so a positive thing about Friday was that the possibility of no deal has receded a bit. I met a farmer last week who potentially faced tariffs of 40% on lamb if we fall back on World Trade Organisation rules. If anyone thinks that a single hill farmer will continue to operate in Wales or Scotland with 40% tariffs on lamb, if we fall back on WTO rules, they need to think again.

The hon. Member for Swansea West said that there was no one who has experience of doing trade deals. When I asked the question, I got one name—Crawford Falconer—so at least the Government have one person. It is a pity, however, that Mr Falconer came from the Legatum Institute, which, frankly, has adopted a rather biased position on Brexit and is very much pushing a hard Brexit agenda.

The hon. Member for East Renfrewshire (Paul Masterton) referred to the value of trade. He said that he supported remain because he recognised the value to trade and business of being in the European Union and because we were so integrated. Yet he is now fully endorsing something that he knows will cause damage to trade and business. That is why I find it difficult to understand the position that Conservative remain-voting Members of Parliament are now adopting, with their wholesale endorsement of something that they know will cause damage. Yet they are willing to proceed with it; the will of the people dictated it, so we are going over the cliff edge, come what may. They know that it will cause damage but they are endorsing it.

The hon. Member for York Central (Rachael Maskell) was right to say that the referendum was at a point in time. She said that she found hope in the statement on Friday, as did I, but my little bit of hope was somewhat reduced within 24 hours, when the Secretary of State for Environment, Food and Rural Affairs said that if people do not like the deal, they can tear it up at the next general election and have another one. I am not sure what message it sends to the European Union about our negotiations with it, or indeed, to the Irish about the certainty they can have about what our Government agree, if a very senior Cabinet Member says, “Actually, if you don’t like it, we’ll give you another one. We’ll give you the real hard Brexit that I support, as Secretary of State for DEFRA”—or as the spokesman for foreign affairs. I do not have confidence that this will stick for very long. Members are waiting in the wings and keeping remarkably quiet at the moment, and I wonder how long, for instance, the hon. Member for Stone (Sir William Cash) and the right hon. Member for Wokingham (John Redwood) will do so.

I would like to comment on many other things, but I am aware that we need to move on to the Front Benchers’ contributions soon. The hon. Member for North East Derbyshire (Lee Rowley) should not be surprised that this has not been an academic debate on the benefits of referendums versus parliamentary democracy. He has strong views on this debate, as do I and many other Members of the House. We on the Opposition side have strong views because we believe that this will be the single most damaging, dangerous thing that the UK has embarked on in the past 50 years. I am afraid that we are not going to have an academic debate about the merits of referendums; we are actually going to focus on what we think will cause major damage to the United Kingdom.

If people do not believe that, I recommend that they talk to foreign diplomats, from the European Union and outside it, about what their perception of the United Kingdom is now. That is not just down to who we have as our Foreign Secretary, but because they believe that we are isolating ourselves and taking a step backwards. We are far from being the global Britain that the Government talk about. Our friends believe the opposite. That is not me saying that; it is what I hear from my contact with diplomats, who are conveying that message to our Government. They do not understand. We used to have a Government who were pragmatic and well organised in negotiations and who played a central role in the European Union; now we have a Government who are disorganised, do not know where we stand and have not even yet had significant Cabinet debates about what the future of our relationship with the European Union should look like.

Finally, I was wondering whether there was anyone who was perhaps more pessimistic about Brexit than me, but I have found in the hon. Member for Newport West (Paul Flynn) someone who feels as strongly—indeed more strongly than I do. I also support entirely the hon. Member for Brighton, Pavilion (Caroline Lucas), who I think is in the same place as me. She rightly highlighted the very legitimate concerns that the people who voted leave had during the course of that campaign. I challenge the Government to say what they have done about some of those most significant concerns.

On housing, we need 300,000 new homes. How many of those will the Government build? How many will they build when many of those construction workers who work in London do not return after Christmas because they prefer to stay in their countries in the European Union? So that is not going to happen. On the skills agenda, the number of people doing apprenticeships, which are about giving people the skills to take the jobs here so that we do not have to rely on people from the EU, has halved. The Government are simply not addressing those concerns.

On 20 December, I hope that people will support amendment 120. Other Members have referred to the Survation poll and I agree that we cannot claim that everything has changed on the basis of one poll. However, a number of polls—not just the Survation poll—point to a shift. Peter Kellner has pointed to the same thing: a shift, for instance, from working-class voters on this issue. Other Members quoted the figure of those responding to the Survation question—

“When the UK Government’s negotiations over the terms of Britain’s exit from the EU are complete, would you...support holding a referendum?”—

[Tom Brake]

which is just under 50%, whereas 34% oppose such a referendum.

When I was quoting those figures, I saw the Minister shaking his head. I am not sure whether he disagrees with Survation's methodology—perhaps he does and would like to set that out—but those are the figures that it provided, and I am sure its poll was decent and well researched. The main argument deployed against having a vote on the deal is that the will of the people was expressed on 23 June 2016, so job done; we proceed. Well, people around the world are considering with increasing concern whether there was, for instance, significant Russian interference in the US elections. Will they be happy and confident in future years simply to go along with the result, knowing that the Russians might have played a significant role in perverting the outcome of the election?

The hon. Member for Newport West referred to the debate that will take place next Wednesday, on 20 December, about Russian interference in UK politics and society. There is evidence of organised Twitter activity by the Russians, seeking to influence the outcome of the EU referendum. Why did they do that? Because it is in their interests to split up the European Union, and they know that the UK played a significant role in ensuring that sanctions were applied to Russia. There is evidence. I ask Conservative leave supporters what level of interference from abroad or lies peddled at home—I will not cover the ground about the £350 million a week for the NHS, as it has been mentioned frequently in this debate—would make them feel that maybe the result was not quite so convincing after all. It was only 52% to 48%.

I have before me a selection of leaflets—I will not go through them, because I know that we need to get to the Front-Bench speeches—containing what the leave campaign said during the EU referendum period. They say that we will get lots of money back after leaving the European Union, but they do not mention all the additional costs, including duplicating agencies and the settlement bill, which we now know is a down payment, not the final payment. We might have to pay for access to the single market and the customs union, when we know that we will have a smaller economy. Again, the Minister shook his head when the figure of £65 billion in shrinkage was mentioned; that was actually the Chancellor's figure, so I am not sure what he was disagreeing with.

We know that the NHS is spending more money on visas for nurses, because nurses are not coming from Spain, Portugal and Italy anymore. In fact, I have been told that the recruitment fairs that the NHS used to hold have stopped, and nurses are coming instead from Thailand and India. The difference is that the Government—the hospital trust—must pay £1,000 per visa to secure those nurses, whereas when they came from Spain, Portugal and Italy, it cost NHS trusts nothing at all.

I do not have time to go through all the things that were said by the leave campaign in its leaflets, none of which, I argue, has been delivered. Another Member referred to the Citizens' Assembly on Brexit, which I certainly recommend. It is an example of the will of the people being expressed through a deliberative and constructive process that takes people through

the arguments. It is the debate that we should have had before the EU referendum, but did not. The outcome, hon. Members will be interested to know, was that on migration, people wanted to

“retain free movement of labour, but with the UK Government exercising all available controls to prevent abuse”

of the system. Incidentally, the UK Government could have done that, but chose not to.

Catherine West: I will be extremely brief, because I know that there are other speeches to be made. Does the right hon. Gentleman agree that instead, we have had a bitter debate that has been xenophobic in tone, has lacked a lot of facts, and has led to an increase in hate crime since the beginning in earnest of the referendum period?

Tom Brake: Yes, and I suspect that every Member who is a remain supporter will have experienced that on stalls. People have come up to me and accused me of being a traitor. When papers talk about people being saboteurs, it clearly feeds that section of the population who might respond aggressively. It has fed that, and I regret it.

I will finish on a point about the strongest reason why Conservative Members should support the idea of a vote on the deal. First, even the most hard-line Brexiter must recognise that this is bad news for the UK—for UK jobs and UK families. It is also bad news for the Conservative party, because this is Tory Brexit. The Conservative party is delivering Brexit, and if it turns out as badly as some economic analysts predict, I expect that it will hang around the neck of the Conservative party for the next 20 or 30 years; I hope so. The Conservatives have an opportunity to engage the public and give them their say. If the public endorse and want to proceed with a deal that causes us more and more damage as each day goes by, they can say so in a referendum, but if they do not, that will give the Government the let-out that they need to stop them embarking on a course that Members of Parliament overwhelmingly knew would cause us damage, as we have heard it from some here today, and still know will cause us damage—but that they intend to proceed with anyway.

6.45 pm

Peter Grant (Glenrothes) (SNP): Thank you for calling me, Sir David. I am grateful for the chance to begin the summing up. I am not yet persuaded, but I am certainly open to persuasion. I do not agree that we can look for a second referendum just because we do not like the result of the first, any more than I like the idea that every defendant should be allowed to appeal over and over just because they did not like the verdict; it must be demonstrated that there was something wrong with the process.

In this case, there was something badly wrong with the process. Some of the flaws in the referendum legislation and process have already been highlighted, although it must be said that if some of the people raising those concerns had voted against the referendum Bill on Second or Third Reading, or voted against triggering article 50 instead of following their Whips through the Lobby, it might have been a different story, although I know that some Members who were here earlier did in fact rebel on some of those votes.

Geraint Davies: Will the hon. Gentleman give way?

Peter Grant: I am just about to refer to the hon. Gentleman, so I might be about to cover his point. He commented on the clash of dates in Wales, Scotland and Northern Ireland, which had vital national elections just a few weeks before the EU referendum. It was not realistic to expect all in those elections not to campaign on issues for which the individual Parliaments were responsible and concentrate on the EU referendum.

The franchise has been mentioned; 16 and 17-year-olds, who statistically had more to gain or lose from the referendum result, were the one group excluded. EU nationals were not allowed to vote. Who anywhere in the UK has been more affected than EU nationals? The rules that usually control funding in elections in Great Britain did not properly apply, so a £500,000 donation was able to be channelled into the leave campaign—from who knows where—via the accounts of a political party in Northern Ireland, where, for understandable reasons, there have been more moves to retain the confidentiality of those who fund political parties.

As has been said on numerous occasions, there was no process whatsoever to hold anybody to account for telling the biggest pack of lies ever told during the referendum campaign. The £350 million on the side of a bus was certainly the biggest in terms of the size of the letters, but it was not the only or the biggest lie that was told.

Martin Vickers: Will the hon. Gentleman give way?

Peter Grant: I will give way first to the hon. Member for Swansea West (Geraint Davies) and then come back to the hon. Gentleman.

Geraint Davies: The hon. Gentleman likened the situation to a court making a decision, and mentioned the process. Surely the other issue is fresh evidence, and an abundance of evidence is emerging every day that people will pay more and more jobs will be lost. Now that people are realising what the evidence is, they are changing their minds.

Peter Grant: I will come back in due course to the wider question of whether the circumstances have changed significantly or whether people simply understand the circumstances better now.

Martin Vickers: Since the referendum, we have heard repeatedly about the myth of the £350 million. “Where is the money?” is the question repeatedly asked. Does the hon. Gentleman accept that the £350 million will become available only after we leave?

Peter Grant: Well, it might become available after we leave, but I have not seen any hint of it in the Chancellor’s forward spending projections, or any indication that the NHS will suddenly become adequately funded, after not having been for a long time. The simple fact is that that was a good example of taking one isolated piece of information about the European Union and interpreting it to say whatever was wanted. In a previous Westminster Hall debate, I remember a number of hon. Members on the leave side claiming that nobody paid any attention to that big red bus anyway, which makes me wonder why they spent so much money driving it the length and breadth of these islands.

On the change of circumstances, I would always say that if it cannot be demonstrated that there has been some change of circumstances, it is difficult to argue for a rerun of any kind of process, whether an election, a referendum or anything else. In this case, it is difficult to be sure whether the facts have changed or whether people are more in possession of the facts than before. Certainly, some people have switched from vote leave to vote remain because they simply did not understand how complicated and fundamental a change this could be—the hon. Member for Brighton, Pavilion (Caroline Lucas) gave some exceptional examples of that.

With permission, Sir David, I will quote at greater length than I would normally from a document that was published shortly before the referendum, to give an indication of how people’s interpretation of the facts can sometimes change. It says:

“Voting to leave the EU would create years of uncertainty and potential economic disruption. This would reduce investment and cost jobs...it could result in 10 years or more of uncertainty as the UK unpicks our relationship with the EU and renegotiates new arrangements with the EU and over 50 other countries... Some argue that we could strike a good deal quickly with the EU because they want to keep access to our market. But...it would be much harder than that... No other country has managed to secure significant access to the Single Market, without having to: follow EU rules over which they have no real say; pay into the EU; accept EU citizens living and working in their country”.

A number of hon. Members will be familiar with that information, which comes from the document about the referendum published by the UK Government in April 2016. The hon. Member for North East Derbyshire (Lee Rowley) spoke glowingly about what a good-quality publication it was.

We might look back to those Government announcements from April 2016 and say that they got it right, but unfortunately they are now telling us that they got it wrong. They are telling us that the negotiations will be very quick and there will be no loss of investment, no loss of jobs and all the rest of it. The Government have changed their mind; they have obviously decided that there has been a significant change of circumstances. The Prime Minister has gone from a remainer to a leaver; the Foreign Secretary had written an article for a newspaper saying why we should remain, and changed his mind; and of course, the Environment Secretary went from the best friend and strongest supporter of the Foreign Secretary’s leadership campaign to somebody who chose to stand against him. Even at the highest levels of government in these islands, Cabinet Ministers can change their minds very quickly. I understand the argument that if the people change their mind at some point in the future, they should be given the opportunity to express that at the ballot box.

Generally speaking, however, I take the view that the way for a party to change a referendum result is to get elected at the ballot box with an explicit manifesto commitment to a referendum. The Liberal Democrats had that manifesto commitment at the last election, but they did not come close to winning. I do not think we can say that everybody who voted Liberal Democrat wanted another referendum. We certainly cannot say that everybody who voted for another party did not want another referendum. If somebody wants to put the public through a process such as a referendum, they have to have some kind of clear public mandate for that. Only in exceptional circumstances could Parliament

[Peter Grant]

decide on a referendum that was not in the manifesto of the Government or the Opposition. I am not saying that it could never happen, but I think it would be very unusual indeed.

Having said that, we have to accept the simple fact that we have never had a referendum on leaving the single market or the customs union. Some people might claim that we did because somebody on the vote leave side and somebody on the vote remain side said that we would have to leave the single market and the customs union if the result was to leave. I caution hon. Members to be careful before they start asking the House to accept that the losers' views are the ones that have to be put into place after the votes have been counted. I could give examples of where that logic would lead to conclusions that Conservative and Labour Members would be unhappy about.

The Government's response to the question of the single market and the customs union has been to conflate what is necessary with what they have unilaterally decided. We now have Conservative Back Benchers who believe in good faith that it is not possible to leave the European Union without leaving the single market and the customs union. Quite clearly, that is possible. It is not what the Government have decided, but they have decided that because they decided it; it was nothing to do with the referendum.

The Government have refused point blank to tell us whether they have taken legal advice on whether article 50 can be withdrawn or revoked at any time for any reason. They are simply saying that their decision is that they will not revoke it—end of story. I wonder why they are being so coy about what legal advice they have had. Not that long ago, in the lead-up to other referendums, the Government were quite happy to publish legal advice when it seemed to support the political position they wanted to adopt. There is a degree of inconsistency there: sometimes the Government will publish legal advice and sometimes they will not. As long as the Government will not publish the advice they have had on whether article 50 can be revoked, people will wonder why.

Tom Brake: Does the hon. Gentleman agree that the most likely reason that the Government want to withhold that advice is because they do not want to give people the certainty that article 50 is revocable? I think that is what the advice says.

Peter Grant: The right hon. Gentleman may well say that; I could not possibly comment. I remind him, however, that like his colleague the hon. Member for Bath (Wera Hobhouse), I am a member of the Exiting the European Union Committee and we have had a lot of interesting discussions about why the Government might or might not want to disclose stuff, to decline to say whether it has been done, and then eventually to say that they cannot disclose it because it does not exist.

I understand why the result of the June 2016 referendum came as a massive shock for a lot of people—people who voted to leave, as well as some who voted to remain. It is correct that most people, however they voted, had no idea what a massive decision they were taking. I have been accused—in the *Daily Express*, no less—of saying

that people were stupid. I do not think that they were stupid on 23 June; I think that they were badly informed—sometimes they were ill-informed and certainly they were misinformed a lot of the time.

The social implications of leaving the European Union have still not been properly discussed. I travel to other parts of Europe on parliamentary business, and I went to Northern Ireland with the Exiting the European Union Committee just a few days ago. The social impact of a possible change in the relationship between Northern Ireland and its neighbour to the south is really frightening people. I do not use that word lightly; people are frightened about what will happen to their communities and to their social and family links.

In Donegal, if someone needs radiotherapy, they go to a foreign country—they cross the border into Northern Ireland and the Government of Ireland help to pay for that hospital. On both sides of the border, people are used to the fact that they go to hospital or to school or to visit their granny in a different country. It is not just about whether people will be allowed to stay there and continue to make those journeys every day of their lives, but about the fact that a decision has been taken—not by the people of Northern Ireland, incidentally; as in Scotland, they voted to remain in the European Union—by somebody else that will fundamentally change the psychology of the relationship between Northern Ireland and the Republic of Ireland. The psychological and social impact of Brexit in Northern Ireland has not been touched on in most of our debates over here.

Comments have been made today about the size of the majority in the referendum. I am not convinced that that is a strong argument because we could wait a long time before we got any more than a 10% majority either way on the question of leaving the European Union. People have sincerely held views in opposite directions, so if we set a limit that there has to be a majority of more than so-and-so per cent., we could be going over it again and again. I do not think that would help.

If the Government want to continue to insist that Parliament simply has to vote for whatever deal they come back with at the end of this process—remembering that the only choice we have just now as far as they are concerned is to accept their deal or have no deal at all—it is important that they are a lot more inclusive about who contributes to those negotiations. They have to be prepared to listen much sooner in the process, not only to the Opposition, but to their own Back Benchers. If they had had the humility to do that during the first round of negotiations, we would have got to the stage we reached on Friday a lot sooner and with much less pain and grief.

The time may yet come when I will be prepared to say that there has to be a second referendum on EU membership. I do not rule that out; indeed, I suspect that I am coming closer to that view as each day passes. However, although I fully understand the grief that people are suffering as a result of the vote, I think that when we give people the right to take a decision, we must give them the responsibility to live by its results. I suspect that if we had a second referendum, either during this Parliament or at some other time, we would have a much more constructive and better informed debate than we did last time. I certainly know the result I would hope for if that happened, but—as always—I will accept any result that shows the will of the people.

7 pm

Paul Blomfield (Sheffield Central) (Lab): It is a pleasure to wind up for the Opposition with you in the Chair, Sir David. I join other hon. Members in paying tribute to my hon. Friend the Member for Clwyd South (Susan Elan Jones) for how she framed our discussion this afternoon, and I thank her for her informed, thoughtful and entertaining speech.

We in the Labour party campaigned strongly to remain in the European Union. We believed that to be in the best interests of our country economically and politically and the best interests of the continent that we share—and will continue to share—with the other 27 members of the European Union. However, I want to make it clear at the outset that we are not calling for a further referendum, or what might best be described as a third referendum, after the first in 1975 and the second in 2016.

Of the four petitions under our consideration, the one that includes strongest support for such a referendum is the first, which expresses an aspiration to give

“the people of this country the final say on the Brexit deal negotiated by the UK and EU...through a referendum that would take place prior to the April 2019 exit date.”

That wording highlights the difficulties with the aspiration that those who drafted and signed the petition may genuinely and understandably feel. A number of hon. Members have already highlighted the 2016 referendum's problems, one of which is that it offered a choice between a known and an unknown: we had experience, knowledge and understanding of being a member of the European Union, but leaving was an unknown. That vacuum was seized on by leave campaigners, who painted the situation in all sorts of ways to meet whatever aspirations they felt were held by those who might support them.

My hon. Friend the Member for Newport West (Paul Flynn) and others rightly highlighted issues with the leave campaign, while acknowledging that the remain campaign did not get it right either—both sides have questions to answer about how their campaigns were run. Nevertheless, the basic problem of the choice between a known and an unknown will not have changed before April 2019. The only matters that we will have negotiated over the next 10 months, because they have to be agreed by then, are our departure, the basic agreement for which was settled on Friday; the transitional arrangements, which are critical; and the broad direction of travel for our future relationship. The detail of our understanding of how we will work with the EU27 will not be settled before we depart the European Union in April 2019, so a vote within that timeframe will have many of the same problems as the 2016 vote.

Tom Brake: I understand what the hon. Gentleman says, but does he agree that a vote next October, say, would at least have the advantage of taking place against a background of a known settlement deal and a reasonable understanding of the impact on EU and UK citizens? It might still leave a big question mark over the border between Ireland and Northern Ireland, and we might still not have a detailed idea of the trade relationship, but in all probability we would have at least a heads of agreement about where the relationship is likely to go. Is that not a lot better than what we had on 23 June last year?

Paul Blomfield: Many of us have described it as a step on the road to what our future relationship might look like, but it is only the first step; the big issues remain unresolved, and will continue to be unresolved by the date that the right hon. Gentleman suggests for another referendum.

Geraint Davies: Will my hon. Friend give way?

Paul Blomfield: I will not, actually, because my hon. Friend has had plenty of opportunity to contribute to the debate.

From day one, the Opposition have argued that Parliament should have the final say on our deal before March 2019, and that that should be a meaningful and real decision, with all the choices in front of us.

Wera Hobhouse: I have asked the Government to set out their estimated timetable for negotiations and agreements, but so far we have been denied that road map for the decision making. I believe we are in danger of leaving by coincidence, as it were, and it is important that the Government at least provide a timetable of how they think the decision-making process will go ahead.

Paul Blomfield: That might be helpful, but if the Government did provide such a timetable, they would discover that they are already two months behind their first target date.

I understand the frustration of those who call for another referendum. Judging from the comments of leading leave campaigners in the days before the 2016 referendum, we would be facing the same demands from the other side if the remain camp had won by the same margin.

Catherine West: Does my hon. Friend agree that the Government's lack of preparation for the result was a dereliction of duty? If they had been more prepared the week after the referendum, that would have speeded things up; at least we would have had some sort of a road map by now. It is the feeling that the process is completely out of control that is so frustrating.

Paul Blomfield: My hon. Friend is absolutely right. The arrogance and confidence with which the Government approached the referendum campaign was probably what led to the result; it certainly meant that they were not prepared for the outcome.

I also understand the frustration that the promises made by leave campaigners were so quickly disowned after 23 June, whether that was the nonsense about £350 million a week for the NHS or the expectations about migration that were unleashed but that the Government have no intention of delivering in the way that the leave campaign led people to expect. Since Labour's view was that our membership of the European Union was too complex and far-reaching an issue to be resolved by a simple binary vote, we did not support the call for a referendum at the time of the 2015 election. At least the enthusiasm of the right hon. Member for Carshalton and Wallington (Tom Brake) for a further referendum matches his enthusiasm for the last.

We have heard some interesting contributions to the debate. The hon. Member for East Renfrewshire (Paul Masterton) made some thoughtful comments. The hon.

[Paul Blomfield]

Member for North East Derbyshire (Lee Rowley) was probably right to say that these debates slip too often into tribalism, although I thought he was edging towards it himself at the end of his contribution. One of the problems with a simple binary vote was that it left the result open to the extreme interpretation, and those on the right of the Conservative party have tried to fill the void. They quickly seized upon the result, describing the decision as the biggest mandate in UK political history, which it was not. The number of people who voted to leave in 2016 was roughly the same as the number who voted yes in 1975—and that was a 67% vote in favour of joining the European Community. However, that did not stop some of the leave campaigners who remained consistent for more than 40 years in seeking to overturn that vote.

At the same time, some of those same people have interpreted the 2016 vote as a mandate for the deepest rupture possible, which it was not. As others have pointed out, it was not a mandate for driving over a cliff edge with no deal, or without a transitional deal on much the same terms that we have now. It was not a vote for leaving all the agencies and partnerships, from Euratom to the European Medicines Agency, and it was not a vote for turning our back on the single market or for walking away from the customs union, regardless of the consequences. It was simply a vote to leave the European Union. It was a close vote—a painfully close vote—but there was a clear decision, and we should be implementing that decision in a way that tries to unite the country and not divide it.

I turn to the contribution of my hon. Friend the Member for York Central (Rachael Maskell), because she addressed a central issue. I have been involved in all sorts of campaigns over the years, but one of the worst aspects of the 2016 referendum was just how unpleasant and divisive it was. I did dozens and dozens of meetings in my constituency, trying to make the case for us to remain within the European Union, and I was delighted that my constituents voted—by about 70%—to remain. However, the very last question at the very last meeting that I attended in a local church has stayed with me ever since. Somebody said, “How are you going to put together our broken country after this referendum?”

Another referendum will not tackle that challenge, but frankly nor will the approach of the Prime Minister in allowing the extreme Brexiteers in her party, who are a minority, to set the agenda. To be fair to the Prime Minister, she went to the country in June to seek a mandate for extreme Brexit, but she did not get it. That vote of the people deserves respect, too, but she is pushing on regardless and allowing the internal management of the Conservative party to come before the national interest.

The hon. Member for Cleethorpes (Martin Vickers) talked about this issue having been a running sore. Others have pointed out that it is not a running sore through the country; it has been a running sore through the Conservative party.

Martin Vickers: May I intervene on that point?

Paul Blomfield: Yes, I would love the hon. Gentleman to do that.

Martin Vickers: I pointed out that the 1975 referendum was to deal with the running sore within the Labour party. The Labour party was split at that time, as the hon. Gentleman will know. The fact is that both parties have been divided on this issue, which is actually a reflection of the way that the country is divided on it.

Paul Blomfield: The hon. Gentleman will appreciate that the point I was making was about the situation we are facing now, whereby the running sore that has driven the Conservative party to make so many mistakes on the question of the European Union is still there in the way in which we are seeing the Conservatives manage the Brexit process. We saw the landmark speech in Florence, in which the Prime Minister sought to define the way forward for the negotiations by drawing a line and moving forward. Within 24 hours, members of her Cabinet were unpicking it and she responded by backpedalling.

We saw that again in relation to the settlement on Friday. That was a negotiated settlement, which drew the line under the first three key issues of the negotiations, so that we could move forward as a country. However, within hours members of her own Cabinet were seeking to say, “No, no, it wasn’t quite that.” Even the Secretary of State for Exiting the European Union was saying, “Well, that was just a kind of an agreement. We can always change it.” That inability to confront those within her party whose motivation in politics is driven by nothing beyond their hostility to the European Union is now damaging our country and damaging our ability to negotiate a departure from the European Union on terms that could reach out to the 48% as well as to the 52%.

What we need now, though, is not another referendum but a fundamental change of approach by the Government, to recognise what people did vote for on 23 June 2016 and what they did not vote for; to seize the opportunity not to take one side of the argument but to pull the country together. It is a challenge that I regret the Prime Minister has so far shown no sign of rising to. I hope that she might yet prove she is able to rise to that opportunity, and this debate might be a small part of that process, in a way that she has clearly been unable to so far. The interests of the country depend on that.

7.14 pm

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): First, I congratulate the Petitions Committee on arranging this debate and the hon. Member for Clwyd South (Susan Elan Jones) on presenting and sponsoring it. Like her, when I studied these petitions I noted that a wide range of views were reflected in them, but she did an excellent job of reflecting those views in her engaging introduction.

As my hon. Friend the Member for North East Derbyshire (Lee Rowley) described, a veritable smorgasbord of EU referendum-related issues has been put before us. However, the motion largely considers the case for a second referendum, or, indeed, as the hon. Member for Sheffield Central (Paul Blomfield) described it in his usual perceptive way, a third referendum on the deal for the UK’s exit from the European Union.

The Government’s position remains the same. We said at the time of the EU referendum in 2016, which I remind people that Parliament voted to hold, that we

would respect the result, and that is what we are doing. The result of the referendum on 23 June 2016 saw a clear majority of people vote to leave the European Union. This Parliament overwhelmingly confirmed that result on 8 February this year, by voting with clear and convincing majorities in both Houses for the European Union (Notification of Withdrawal) Bill. The Bill was passed by Parliament on 13 March 2017 and it received Royal Assent from Her Majesty the Queen, becoming an Act of Parliament on 16 March 2017. The UK voted to leave the EU and it is the duty of the Government to deliver on that instruction.

Caroline Lucas: The Minister says that the people voted for Brexit, but the ballot paper had no clear option regarding the single market and the customs union. Will he not accept that the Government have no mandate at all for the kind of extreme Brexit they are pursuing, whereby we would be out of the single market and out of the customs union? That was not on the ballot paper and he cannot claim that it was.

Mr Walker: I say to the hon. Lady that we have been very clear that we respect the position of the European Union but the four freedoms are inseparable, and therefore the Prime Minister was clear in her balanced Florence speech that our approach will be to come outside the single market and the customs union, and to negotiate a new relationship with the European Union, which I will come to.

The 2016 referendum was one of the biggest democratic exercises in British history. Turnout was high, at 72%, and more than 33 million people had their say. As my hon. Friend the Member for North East Derbyshire made clear, at that time the Government made the implications regarding the decision that people were taking very clear.

Like my hon. Friend the Member for East Renfrewshire (Paul Masterton), I campaigned for a different outcome, but I also spoke out repeatedly in this House, both before and during the passage of legislation for a referendum, about trusting people on this matter. As I have emphasised to the House before, and as I think the hon. Member for Sheffield Central made very clear, this was not a decision made after just a few weeks of campaigning, but one that came after a debate that had exercised this House and our country for decades. Indeed, as the hon. Gentleman said, this debate should not be seen as a debate on a second referendum so much as a debate on a third referendum, but each of those previous referendums were billed as the decision for a generation and we should respect that.

Tom Brake: Will the Minister give way?

Mr Walker: In a moment; I will make a little progress first.

Two of the petitions under discussion suggest that we hold a new referendum on the final deal, with the option of revoking article 50. I stress to the House, as many Ministers have done previously, that the Government are committed to delivering the result of the June 2016 referendum. We have been clear that this is a firm matter of policy; article 50 notification will not be withdrawn.

E-petition 200004 suggests that a second referendum should give voters three options. I think that a number of Members have touched on the risks of that. Such a

three-way referendum would almost certainly not deliver a majority for any of the scenarios and I strongly advise against any course of action that would end in considerable constitutional uncertainty. The people of the United Kingdom have already delivered a mandate with a majority, and the Government are committed to deliver on that.

Last September, when a similar petition was brought before this House for debate, it had more than 4 million signatures. Despite that, however, the motion failed to garner a single Member of this House to speak in favour of it during the debate. The hon. Member for Swansea West (Geraint Davies) subsequently said to me that he would have been at that debate to speak in favour of it, had not business kept him elsewhere; I think he more than made up for that in his long contribution today.

Tom Brake *rose*—

Geraint Davies *rose*—

Mr Walker: I will give way to the hon. Member for Swansea West, seeing as I mentioned him.

Geraint Davies: As I explained at the time—the Minister has probably forgotten—I was in Strasbourg, making a speech on how disastrous Brexit would be. If those people who voted in good faith for Brexit now find that, because of the €40 billion, they have less money, rising inflation, higher costs, lost jobs and lower prospects and therefore change their mind and say, “Look, I was wrong,” should not they have a right to a say on the Brexit deal? Why not—

Mr Walker: I should perhaps ask the hon. Gentleman to give way. He is in danger of making another speech. I do not share his pessimism. I believe we can achieve a successful outcome to the process. The premise of his question is, therefore, wrong.

The hon. Member for Glenrothes (Peter Grant) made an interesting speech. He talked about manifestos and elections. Indeed, it is worth noting that at the general election earlier this year more than 85% of people voted for parties that were committed to respecting the result of the referendum. Both the Labour and the Conservative party manifestos made such a commitment clear. The people have spoken and the Government have made it clear that we have listened. Rather than second-guess the British people’s decision to leave the European Union with a second or third referendum, the challenge now is to make a success of it, and that is how we are approaching the negotiations—anticipating success, not failure.

It is vital that we try to reach an agreement that builds a strong relationship between Britain and the EU, as neighbours, allies and partners. I respect the point that the hon. Member for York Central (Rachael Maskell) made—indeed, it is one I have made in previous debates, including the last time we had one on the referendum—but we need to bring people together through that process, and I believe that the Prime Minister’s speeches in Florence and at Lancaster House set out to do exactly that.

Tom Brake: Given that the Minister was a remain supporter, have his reasons for supporting remain, which presumably were about the economy, changed and does he now think that Brexit will be a bonanza for the UK?

[Tom Brake]

Given that we will have to pay €40 billion as a down payment for the settlement bill, does he believe that the Government will be in a position to deliver on the genuine issues that were raised by leave supporters with regard to housing, infrastructure, skills, jobs and so on?

Mr Walker: I disagree with almost every part of the right hon. Gentleman's intervention. I believe we will be in a position to deliver more housing. We have already delivered more jobs and we will, I believe, continue to do so. We can make a success of the process. Indeed, I was asked a similar question on local radio over the weekend, and was able to say that as a result of the progress made in recent weeks I am more confident than ever before about the outcome of the process.

I ask the House to consider, as my hon. Friend the Member for Cleethorpes (Martin Vickers) clearly pointed out, the message that would be sent to the electorate if we failed to respect the outcome of the referendum. It would risk public trust in this institution. As the Prime Minister said recently, this is about more than the decision to leave the EU; it is about whether the public can trust their politicians to put in place the decision they took. The British people can trust this Government to honour the referendum result and to get the best deal possible. We recognise that to do otherwise would be to undermine the decision of the British people, and that would have worrying implications for our democracy.

Wera Hobhouse *rose—*

Mr Walker: That does not mean, of course, that the process should be without scrutiny, a great deal of which has been provided by the hon. Lady, so I will give way to her.

Wera Hobhouse: The Minister has just said that he changed his mind: he campaigned to remain but he is now convinced that we can make a success of leave. Because he is an MP he can afford to change his mind, but what he is saying means that other people cannot change their minds and should not be given the opportunity to do so and have that reflected in a vote. If this is going to be such a wonderful success—I keep saying this—why not call for a confirmation of the decision? Then we could all be 100% sure, and all those remoaners and reversers will finally have to shut up because people will have confirmed that this is the best thing since sliced bread.

Mr Walker: Like a number of Members, I spent a lot of time talking to my constituents about the issues. I respect the decision they took in the referendum, and I want to see that through and deliver for them on this once-in-a-generation opportunity, which Parliament voted to give them, to decide on the matter. The Government are meeting their commitment to engage with Parliament and keep it informed, and to allow for proper scrutiny. The hon. Member for Clwyd South pointed out in her opening speech that the Prime Minister was making a statement in the main Chamber when this debate got under way. I think it is a good thing that that statement went on for two hours, with the Prime Minister directly answering the questions of Members of Parliament, and we will continue to do that in DExEU, through regular statements and Committee appearances, and by timetabling debates in Government time.

Susan Elan Jones: Will the Minister give way?

Mr Walker: I need to make a little progress. I will give way to the hon. Lady in a moment. As we have said, both House of Parliament will have the opportunity to vote on the final agreement reached with the EU as soon as possible after the deal is agreed, and it will be a vote on whether to accept the deal or move ahead without one. But we have gone further. The withdrawal agreement and implementation Bill will give Parliament further time to debate and scrutinise the final agreement we strike with the EU. Although parliamentary scrutiny is important, I remind the House that those will not be opportunities to reverse the instruction of the people of the United Kingdom. We will be leaving the EU.

Turning to negotiations, we have reached an extremely significant point.

Susan Elan Jones *rose—*

Rachael Maskell *rose—*

Mr Walker: I will give way to the hon. Member for Clwyd South, who moved the motion, but I am afraid that will probably have to be the last intervention.

Susan Elan Jones: I credit the Minister with seemingly being one of the few in government who really does not misspeak, and that is rather good. Earlier, he said that article 50 will not be withdrawn, but he did not say that it cannot be revoked. Am I correct in my hearing?

Mr Walker: The hon. Lady has, I think, correctly quoted me.

The UK and EU negotiating teams' joint report published on Friday highlights the progress already made in negotiations in three areas. The first area is a fair deal on citizens' rights, which allows for UK and EU citizens to get on with their lives broadly as now, in the country in which they live. The hon. Member for Swansea West spoke about swapping elderly Brits for young EU citizens. Quite apart from that playing to a stereotype, which I know many British people who live in EU countries and contribute to the economies of those countries resent, I say to him that it was never the intention of anyone in the process to force people to leave their homes. I am glad that an agreement has been reached to give reassurance to 4 million citizens—both EU citizens in the UK and UK citizens in the EU.

The second area is an agreement on the island of Ireland, and the situation in Northern Ireland, about which the hon. Member for Glenrothes spoke passionately. The agreement preserves the territorial integrity of the UK and the progress, peace and stability that has been brought about by the Belfast agreement. The solution will see no hard border, and no physical infrastructure at it. The third area is a financial settlement that honours the commitments we undertook as a member of the EU, as we said we would. It is a fair delivery of our obligations, in the light of the spirit of our future partnership.

On that last point, I would like to take the opportunity to respond specifically to e-petition 187570, which refers to penalty charges. Let me be clear: there is no suggestion that the UK will pay a penalty charge for leaving the EU. Both parties have now agreed a methodology for a

fair settlement of the UK's rights and obligations as a departing member, in accordance with the law and in the spirit of the UK's continuing partnership with the EU.

The joint report is, overall, an important step forward for both sides and demonstrates the interests we share in managing our exit smoothly, and in moving the negotiations on. Above all, it signals that we now have a common understanding, and it is clear that both sides want to move forward together towards a discussion of our future relationship. I commend my hon. Friend the Member for East Renfrewshire on engaging with that in his contribution and on showing the approach we can take to making a success of it.

As we approach the December European Council on Thursday, we look forward to progressing the negotiations in the mutual interest of the UK and the EU. Any commitment to a second referendum would actively undermine our negotiating position. As my hon. Friend the Member for Solihull (Julian Knight), who is no longer in his place, pointed out in an intervention, the Secretary of State for Exiting the European Union has noted:

"The consequence of putting a second referendum at the end of the negotiation is to invite every single member of the European Union who does not want us to leave to propose the worst possible deal, in the hope that we will change our mind".—[*Official Report*, 24 January 2017; Vol. 620, c. 176.]

We are not going to do that. We will seek the best deal for the UK and we intend to negotiate under the best possible conditions. To do otherwise would be irresponsible in the extreme.

Our position is clear: there will be no second referendum. Our focus should now be on making a success of Brexit and attempting to get the best deal possible, an agreement that is in the interests of the United Kingdom and the European Union and one that takes in both economic and security co-operation. It is the Government's duty to deliver for this country and reach a desirable final agreement, and we will do just that.

7.28 pm

Susan Elan Jones: We have had a comprehensive debate, but it will not be the last on the subject. I am sure that it will be raised many more times on the Floor of the House and, probably just as significantly, across our country.

Question put and agreed to.

Resolved,

That this House has considered e-petitions 200004, 187570, 193282 and 200311 relating to a referendum on the deal for the UK's exit from the European Union.

7.29 pm

Sitting adjourned.

Written Statements

Monday 11 December 2017

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

Cape Town Convention: MAC Protocol

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James): The UK has opted in to a proposal authorising the EU to open negotiations on the conclusion of a protocol to the convention on international interests in mobile equipment on matters specific to mining, agricultural and construction equipment (the MAC Protocol).

The convention on international interests in mobile equipment, or Cape Town Convention ('CTC') as it is commonly known, is an international private law treaty which aims to reduce the cost of raising finance for certain high value mobile equipment. Three protocols to the CTC have been adopted covering aircraft, rail and space assets. The UK ratified the aircraft protocol in 2015. Adoption of such protocols is viewed as boosting growth in the relevant manufacturing industries (hence the UK adoption of the aircraft protocol).

A key feature of the CTC is to reduce the cost of raising finance through the operation of special insolvency provisions aimed at giving finance and leasing companies greater certainty and control over recovering assets subject to security or leasing agreements in the event of payment default or insolvency.

The CTC project is undertaken under the auspices of UNIDROIT, the intergovernmental organisation focused on harmonisation of private international law. UNIDROIT is currently in the process of concluding a new protocol covering mining, agricultural and construction assets.

On 23 August 2017, ahead of the meeting of the second session of the Committee of Governmental Experts on 2 to 6 October 2017, the Council presented a draft Council decision to authorise the Commission to open negotiations on the conclusion of the MAC Protocol together with draft negotiating directives.

We fully recognise the importance of international efforts to reduce the cost of raising finance for equipment vital for economic growth, particularly in lower and middle income countries where financing costs can significantly inhibit investment and development. Reduced financing costs will also lead to increased demand, providing a boost to manufacturing including UK businesses in the mining, agricultural and construction sectors. The three sectors are all major exporters from the UK with certain niche manufacturers selling up to 95% of their production overseas. Between them the three industries employ over 50,000 people in the UK. They are vital elements of our industrial strategy. Preliminary economic assessment of the MAC Protocol suggests the benefits may amount to \$32 to \$48 billion annually for developing countries and \$36 to \$50 billion annually for developed countries.

After due consideration the Government have decided to opt in to the negotiating mandate as proposed by the Council.

As the negotiating mandate is currently restricted so as to preserve the EU negotiating position it is not therefore depositable within Parliament.

The Government will continue to work with the scrutiny Committees if and when they consider whether to opt in to a Council decision to sign and conclude the MAC Protocol. I will also update Parliament on the Government's opt-in decisions at these stages.

[HCWS331]

Competitiveness Council

The Minister for Universities, Science, Research and Innovation (Joseph Johnson): The Competitiveness Council took place on 30 November and 1 December in Brussels. The UK was represented by Lord Henley on the first day and by me on the second.

EU industrial strategy

Discussions focused on the recent publication of a renewed EU industrial policy strategy. Ministers agreed that European industry needed to adapt to changes in the global economy and the digital revolution. The EU should improve investment in research and development and support for SMEs, and strengthen its internal market. The UK noted that its recently-published industrial strategy identified many of the same challenges and drivers of growth, and stressed its commitment to an open, liberal market economy based around fair competition and high standards.

A number of member states cautioned against arbitrary targets for industrial output, emphasising that support to industry was one policy among others to boost Europe's competitiveness alongside a commitment to free trade and access to global value chains. Others called for greater sectoral support and called for the Commission to propose a longer-term vision for EU industrial policy towards 2030. Ministers agreed Council conclusions.

Single digital gateway

Ministers voted to adopt the proposed general approach on the single digital gateway. Member states generally expressed support for the objectives of the proposal and agreed that easier access to good quality online information and procedures was important for the internal market. There was broad agreement that the presidency had struck a good balance between ambition and flexibility. Voting in favour of the general approach, the UK noted its strong support for e-Government initiatives and underlined the importance of maintaining a focus on user needs. The Commission welcomed the agreement but noted the extension of the implementation period to five years.

Unified Patent Court

A number of member states joined the presidency and the Commission in pressing those member states yet to complete ratification of the Unified Patent Court to finalise preparations so the court can become operational in 2018. The UK re-stated its commitment to passing the final necessary domestic legislation currently before Parliament.

European defence industrial development programme (EDIDP)

The presidency noted the EDIDP would run from 2019 to 2020, providing €500 million towards the joint development of defence prototypes and increasing European industrial competitiveness. Timelines were ambitious with a general approach anticipated at the 12 December General Affairs Council. The Commission was looking for a €1.5 billion fund after 2020, covering both defence research and prototype development.

Other items

Vice President Ansip updated the Council on the implementation of the digital single market. He described the paradigm-shifting and multi-faceted impact of digitalisation on the world. He urged Ministers to help progress initiatives rapidly and ambitiously. The presidency and Commission noted the provisional agreement on geo-blocking with the European Parliament.

Hungary introduced a paper expressing concern about the impact of the tobacco track and trace implementing legislation on SMEs. Commissioner Andriukaitis emphasised its importance for public health and tackling illicit tobacco trade and underlined that its impact had been considered carefully. The final text included a number of SME derogations.

The Commission presented its recent public procurement package, stressing that more strategic use of procurement could help deliver environmental and social objectives. Savings of €200 billion per annum were possible through increased professionalism. The Commission confirmed that all elements were voluntary.

Ministers had a lunchtime discussion on the automotive industry; the UK and others stressed the fast-changing nature of the sector. Germany and the Commission provided an update on the SME Action programme. Bulgaria presented its plans for its presidency.

Day two—Space and Research

The Formal Competitiveness Council (Space and Research) took place in Brussels on 1 December. I represented the UK in the morning and Katrina Williams represented the UK in the afternoon.

Council conclusions on the mid-term evaluation of the Copernicus programme

The Council adopted conclusions on the Commission's recent mid-term evaluation of the Copernicus earth-observation space programme, which underline the importance of maintaining its free and open data policy.

EU space programmes

The Council then held a debate on the future direction of EU space programmes, in light of the recent mid-term evaluations. The UK outlined the links to the UK's industrial strategy, highlighting the importance of international collaboration and the desire for the UK to discuss future cooperation with the EU on space programmes as soon as possible.

Council conclusions on Horizon 2020

Next was a discussion on the Council conclusions on Horizon 2020. Ministers agreed the conclusions in document 15320/17. The UK set out its interest for an ambitious science and innovation agreement with the EU and stressed the need to focus on EU added value, simplification and international collaboration in framework programme 9 (FP9).

The mission-oriented approach in the ninth EU RDI framework programme

The Council then discussed the missions-orientated approach to FP9. The Commissioner (Moedas) encouraged member states to engage fully in the forthcoming consultation process. The UK highlighted the need to ensure continued focus on basic research and emphasised the need to avoid duplication of efforts undertaken at national level.

Other items

The European Commission gave an update on the European open science cloud. Hungary gave an update on the extreme light infrastructure project, which was on schedule to begin operations in 2018. Bulgaria then presented its presidency plans. Their priorities for science and innovation include the next framework programme (FP9), the future of the ITER project and the transfer of knowledge, data and research results to innovators and researchers. They will also focus on the roadmap for the governance and funding of the European open science cloud and the European supercomputer EuroHPC.

[HCWS332]

TREASURY

Help to Save Accounts

The Economic Secretary to the Treasury (Stephen Barclay):

The Government are committed to supporting people at all income levels and all stages of life to save.

Help to Save is a Government backed savings account to help working people on low incomes build up their savings. They will be able to pay in up to £50 a month and receive a 50% Government bonus on their savings.

Subject to the approval of the House, Help to Save will begin with a trial in January 2018, rolling out in stages to increasing numbers and available to all those eligible from October 2018 at the latest.

Introducing it in this controlled way will allow HM Revenue and Customs to thoroughly test and develop it at every stage so that it provides the best customer experience possible, and a quality service for savers over the lifetime of the scheme.

From January, HM Revenue and Customs will start to invite Working Tax Credits customers into the trial, gradually increasing their numbers, with the expectation that Universal Credit customers will start to be invited in from April. Eligible customers will still have the full five years to register for Help to Save from the end of the trial, and the overall cost of the programme to Government will be the same.

Today regulations will be laid in the Commons which will set out the detail of how Help to Save will operate. The draft regulations were subject to a consultation and a summary of the responses and changes made have today been published at

<https://www.gov.uk/government/consultations/draft-legislation-help-to-save-accounts>.

[HCWS330]

EDUCATION

Higher Education

The Minister for Universities, Science, Research and Innovation (Joseph Johnson): The Higher Education and Research Act 2017 (HERA) achieved Royal Assent on 27 April 2017. It set out a number of significant reforms that will improve the value for money that students receive from their investment in higher education. These include the establishment of a new regulator, the Office for Students (OfS), with a remit to drive value for money, a rigorous framework for assessing teaching and student outcomes, and provisions that make it easier for students to switch provider.

The Act also includes a power for the Government to set higher annual fee amounts for courses completed on an accelerated basis, which can be matched by higher corresponding student loan amounts. This measure will provide valuable new options to prospective students.

The way in which degrees are currently taught and studied has stayed largely unchanged for many years. The vast majority of providers offer a traditional three years of study regardless of subject, spread out across 30 weeks a year and with a long summer vacation every year. It is wrong that this is the only choice that most students have. The growing dominance of the classic three-year residential degree reflects more the convenience of the sector and financial incentives on providers than the needs of students for flexible ways of pursuing higher education. And it may be deterring some from higher education, and slowing the return of others to productive work.

Students on accelerated degree courses can secure a degree qualification in their preferred subject, studying the same content for the same number of weeks over the life of the course as the standard equivalent degree, subject to the same quality assurances. But by studying for more weeks each year, they are able to graduate within only two years, and with significantly lower student debt—good news for the student and for the taxpayer.

I believe there is significant untapped potential for accelerated courses, starting first with degrees, in higher education. They offer benefits to students of lower costs, more intensive study, and a quicker commencement or return to the workplace. Innovative providers would like to offer more of these courses but face significant financial and operational disincentives in the current system.

But for these accelerated courses to become more mainstream, we need to be upfront about why more universities are not already offering them. Many universities are concerned about changing existing models and the costs associated with doing that. This includes extra teaching hours, capacity to research, or not being able to rent out rooms over the holidays. A three-year course condensed into two is more expensive to run.

That is why I am proposing a balanced package that ensures universities are able to cover these additional costs but must charge at least 20% less in tuition for an accelerated two-year degree than they can for its three-year equivalent.

The launch of the OfS and the new fee arrangements will help incentivise greater provision. This in turn will give students a genuine choice of accelerated degrees across the full range of undergraduate courses.

In the debate in Parliament on the passage of the Bill, we committed to consult on the detail of our proposals. The consultation that I am launching today fulfils that commitment so far as accelerated degrees are concerned.

The proposals on which we are consulting are:

Arrangements enabling greater provision and take-up of accelerated degree courses will be in place in Academic Year 2019/20, subject to Parliament passing secondary legislation which sets fees and loans specific to accelerated degrees.

Accelerated degree courses subject to the new fee arrangements will be undergraduate first degree qualifications recognisably provided within a more intense period of study than other equivalent courses.

The OfS will support and encourage more providers to offer accelerated degree courses, over a more diverse range of subjects than are currently offered.

The OfS will also act as regulatory gatekeeper, determining whether degree courses meet the statutory definition of ‘accelerated courses’.

The current means-tested living cost support package (the “long course loan”) available to students whose courses last for longer than 30 weeks and three days each academic year will continue to provide maintenance for students on accelerated degrees on the same terms.

The annual tuition fee and loan upper limit for accelerated degree students at approved (fee cap) providers would be set at 20% higher than the standard level. For example, based on current fee limits, the annual accelerated limit for a TEF-rated provider would be £11,100 (vs £9,250 for the three-year equivalent). This would give students who opt for accelerated degrees a £5,500 or 20% saving in the total cost of tuition fees.

The annual tuition fee loan limit for students at approved providers (i.e. those outside the fee cap system) would be also be set at the standard level plus 20%. For example, based on current loan limits, students at TEF-rated approved providers would have an annual tuition fee loan limit of £7,398 (vs £6,165 for the three-year equivalent).

Existing quality assurance arrangements for accelerated degrees should continue to apply, including after the OfS becomes responsible for monitoring them on 1 April 2018.

This balanced package offers students significant savings on the costs of graduating, while also addressing the additional in-year costs providers incur by condensing the final standard third year of teaching into the first two years of the accelerated degree course. The 20% uplift in annual fee revenue should cover the extra costs associated with accelerated provision for most courses in most providers.

Accelerated degrees are referenced in the Industrial Strategy published last month, which notes their potential to widen choice for students. And they have enjoyed cross-party support since Shirley Williams championed them in the 1960s. In the passage of the Higher Education and Research Bill this year, MPs and peers from all sides called for Government to support them. The proposals I am announcing today will remove the barriers to accelerated degrees, and make them a real choice for many more future students.

Attachments can be viewed online at:

<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statements/Commons/2017-12-11/HCWS335>.

[HCWS335]

EXITING THE EUROPEAN UNION

General Affairs Council

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Steve Baker): Lord Callanan, Minister of State for Exiting the European Union, has made the following statement:

I will be attending the General Affairs Council in Brussels on 12 December 2017 to represent the UK's interests. Until we leave the European Union, we remain committed to fulfilling our rights and obligations as a full member.

The provisional agenda includes:

Preparation of the European Council, 14 to 15 December 2017: Draft conclusions

The Estonian presidency will present the final draft conclusions on the agenda for the December European Council.

European Council follow-up

The presidency will provide an update on the implementation of the October European Council (OEC) conclusions. The OEC agenda included: migration; digital; defence; and external relations, which involved discussions on Turkey, the Democratic People's Republic of Korea and Iran.

Legislative programming—joint declaration on interinstitutional programming

Following the exchange of views on the 2018 Commission work programme at the November General Affairs Council, the presidency will present the "joint declaration" of the European Parliament, European Commission and Council of Ministers, which sets out the priorities for 2018.

European Semester 2018—annual growth survey

The Commission launched this year's European Semester on 22 November and is due to present this year's annual growth survey.

[HCWS336]

HOME DEPARTMENT

Economic Crime and Anti-corruption

The Secretary of State for the Home Department (Amber Rudd): Economic crime and corruption do great harm to individuals, businesses, the integrity of our financial system and the UK's international reputation. We must do more on economic crime to safeguard our prosperity, and the UK's reputation as a world-leading place to do business.

The Government are making a step change in their response to the threat. A broad and deep public-private partnership is at the heart of this new approach. The Minister of State for Security will become the Minister of State for Security and Economic Crime. Further, the Government will:

Establish a new Ministerial Economic Crime Strategic Board chaired by the Home Secretary, to agree strategic priorities across Government; ensure resources are allocated to deliver those priorities; and scrutinise performance and impact against the economic crime threat.

Create a new multi-agency National Economic Crime Centre (NECC) hosted in the National Crime Agency to task and co-ordinate the law enforcement response, working in the closest possible partnership with the private sector.

Create a dedicated team to use the power in the Criminal Finances Act 2017 to forfeit criminal money held in suspended bank accounts.

Legislate to give the National Crime Agency powers to directly task the Serious Fraud Office, who will continue to operate as an independent organisation.

Publish draft legislation on the creation of a register of the beneficial ownership of overseas companies and other entities that own property in the UK or participate in Government contracts.

Reform of the Suspicious Activity Reports (SARs) regime, in partnership with the private sector, law enforcement and regulators, to reduce tick-box compliance, direct the regime to focus on the highest threats, help firms better protect themselves and improve law enforcement outcomes.

Review disclosure procedures to explore how to make prosecutorial processes more effective and efficient. The Attorney General will lead this work.

Support a Law Commission review of the Proceeds of Crime Act 2002 to identify improvements to our powers to confiscate proceeds of crime.

In addition, the Government are today publishing the UK's first cross-Government anti-corruption strategy, and the Prime Minister has appointed John Penrose MP as her Anti-Corruption Champion. A copy will be available from www.gov.uk, and placed in the House Library.

The strategy provides a framework to guide UK Government efforts against corruption both domestically and internationally for the period up to 2022. It sets six priorities to:

reduce the insider threat in high risk domestic sectors (ports and borders, prisons, policing, defence);

strengthen the integrity of the UK as a centre of global finance;

promote integrity across the public and private sectors;

reduce corruption in public procurement and grants;

improve the business environment globally; and

work with other countries to combat corruption.

There will be ministerial oversight of implementation and my Department will provide an annual written update to Parliament on progress.

To support the delivery of these commitments, responsibility for the Joint Anti-Corruption Unit will transfer from the Cabinet Office to the Home Office. This change will be effective immediately.

[HCWS329]

Scrap Metal Dealers Act 2013

The Parliamentary Under-Secretary of State for the Home Department (Victoria Atkins): My right hon. Friend the Home Secretary is today laying before the House the Home Office report on its review of the Scrap Metal dealers Act 2013 (Cm 9552).

The Scrap Metal Dealers Act 2013 was introduced in October 2013 as a response to high levels of metal theft at that time. The purpose of the Act was to reduce these thefts by strengthening regulation of the scrap metal industry. Section 18 of the Act commits the Government to review the Act within five years of commencement and to publish a report which assesses whether it has met its intended objectives and whether it is appropriate to retain or repeal it or any of its provisions.

As set out in today's Home Office report, we are satisfied that the Act has made a positive contribution to the falls in levels of metal theft that have occurred since it was commenced. We are satisfied, therefore, that the Act should be retained.

Copies of the report are available from the Vote Office and also on the Government's website at: www.gov.uk.

[HCWS333]

EU Council: UNHCR Executive Committee

The Minister for Immigration (Brandon Lewis): The Government have taken the decision not to opt in to EU Council decision on UNHCR Executive Committee conclusion on machine-readable travel documents for refugees and stateless persons.

The UNHCR conclusions urge states who have not yet done so to take necessary measures to introduce machine-readable convention travel documents for refugees and stateless persons lawfully staying in their territory at the earliest convenience. The conclusions also encourage existing national systems for civil documentation to include refugees and stateless persons and to limit fees for refugees and stateless persons. They commit member states to further strengthening international solidarity and burden-sharing to facilitate the transition to machine-readable travel documents to refugees and stateless

persons. The EU Commission published a Council decision seeking agreement to an EU position supporting these conclusions.

The UK already offers travel documents to recognised refugees and stateless persons which exceeds the recommendation to issue machine-readable travel documents. Home Office travel documents are machine-readable and also include a biometric chip that contains a digital facial image of the document holder, similar to the British passport. Furthermore, the UK already complies with the points on costs of refugee travel documents; we align with the 1951 and 1954 UN Conventions which state that signatory states should charge no more than is charged for a national passport.

The Government are committed to taking all opt-in, decisions on a case-by-case basis, putting the national interest at the heart of the decision making process. As the UK is compliant with the conclusions, the UK has decided not to opt in to this Council decision.

[HCWS334]

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