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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Monday 8 January 2018

HER MAJESTY'S GOVERNMENT

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(FORMED BY THE RT HON. THERESA MAY, MP, JUNE 2017)

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THE PARLIAMENTARY DEBATES

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 634

NINTH VOLUME OF SESSION 2017-2019

House of Commons

Monday 8 January 2018

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Fire and Rescue Services

1. **Luke Pollard** (Plymouth, Sutton and Devonport) (Lab/Co-op): What recent assessment she has made of the adequacy of funding for fire and rescue services. [903101]

The Secretary of State for the Home Department (Amber Rudd): I recognise the vital role that firefighters play in the protection of communities, as demonstrated recently during the tragic fires at the Liverpool Echo Arena car park and in Manchester. Fire and rescue services have the resources they need and will receive around £2.3 billion in 2018-19 to continue their vital work. Single-purpose authorities' non-ring-fenced reserves increased by 88% to £615 million between March 2011 and March 2017. That is equivalent to 49% of net expenditure.

Luke Pollard: The Home Secretary will be aware that there are 20% fewer firefighters in Plymouth today than there were in 2010, but the risk has not gone down. With combustible cladding still on the tower blocks in

Mount Wise and Devonport, the risk remains high. Will the Home Secretary reassure us that there will be no further reductions in the number of firefighters in Plymouth and no further reductions in firefighting funding?

Amber Rudd: The hon. Gentleman raises an interesting point. He is right that there are 20% fewer firefighters, but there are 50% fewer fire incidents that firefighters have to attend. It seems to me that that means we are still able to get the very best service from our firefighters. If the hon. Gentleman has requirements in respect of tower blocks in his community, in which he has shown a particular interest, I urge him to approach the Department for Communities and Local Government, which sometimes allows some financial flexibility to assist with additional needs.

Mr Philip Hollobone (Kettering) (Con): In Northamptonshire, we now have a joint police and fire commissioner. Does the Home Secretary agree that that is the best way to make the best use of limited resources?

Amber Rudd: Yes; my hon. Friend is absolutely right that an excellent way to use resources most efficiently is to make sure that we have those sorts of mergers. In fact, there is now an obligation under legislation passed last year to make sure that fire authorities work more closely with the police.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): The Home Secretary has already referred to the major fire that ravaged the car park at the Liverpool Echo Arena on new year's eve, when around 1,400 vehicles were destroyed. It was only because of the magnificent efforts of Merseyside firefighters that there was no loss of life. Will she take that as a warning that Government cuts, which have slashed 42 full-time appliances down to 26 now and 18 next year, are putting lives at risk? Will she undertake urgently to review funding for the Merseyside fire and rescue authority?

Amber Rudd: I would point out to the hon. Lady the scale of the reserves that I have already highlighted and ask her to work closely with her local fire authority to

ensure that it is using that money wisely. To follow up on her comments, I have the utmost respect and admiration for the firefighters who did such an excellent job in that particular incident.

Michael Fabricant (Lichfield) (Con): In Lichfield, we have a brand new fire station, but one fewer fire appliance, which seems an odd sense of priorities in the way that the fire service is run in Staffordshire. There would be a £10 million saving if only the police and the fire service were to merge their back-office functions. What can the Home Secretary do to encourage them to do just that?

Amber Rudd: That is an excellent point from my hon. Friend, and it reinforces the point that was just made by my hon. Friend the Member for Kettering (Mr Hollobone) that the best way to achieve such efficiencies is through closer working between police and fire services. I urge him to encourage his authority—if it has not done so already—to put in the business case review for us to look at.

Lucy Powell (Manchester Central) (Lab/Co-op): May I wish you a happy new year, Mr Speaker?

The Secretary of State has already mentioned the fire in the Lighthouse tower in the northern quarter in Manchester. Will she join me in praising the very quick efforts of the Manchester fire service, which meant that everybody was safely evacuated from what looked to be a very serious fire in that tower block? Will she also reassure me, and communities in Manchester and across the country, that the fire services will have not only the resources that they need, but the powers to inspect and ensure that private as well as social housing residential blocks are fire safe and that these fires do not spread?

Amber Rudd: I happily join the hon. Lady in congratulating and thanking the fire fighters for doing such an excellent job. She raises an important point: it is about not just resources but having the right powers. That is why we commissioned a report on building regulations from Dame Judith Hackitt, who reported her interim findings in December. We will be hearing from her later in the spring, in a few months' time—or even in weeks—with her final report. I hope that that will give us additional guidance about what powers are necessary to ensure that these fires do not take place in future.

Amanda Milling (Cannock Chase) (Con): Tackling waste fires represents a significant financial burden for fire and rescue services; the fire at Slitting mill has cost Staffordshire fire and rescue service in the region of £70,000 to date. Will my right hon. Friend meet me to discuss the measures that can be taken to reduce the risk of waste fires?

Amber Rudd: I also congratulate my hon. Friend's local fire authority on the good work that it has done. I am happy to volunteer the Minister for Policing and the Fire Service for an early meeting with my hon. Friend to address her concerns.

Chris Williamson (Derby North) (Lab): We constantly hear Ministers at the Dispatch Box talking about reserves in the fire and rescue service as if there is some sort of magic money tree, but is the Secretary of State aware

that most of the reserves are already earmarked for future spend? The annual budget for the fire and rescue service in England is £2.3 billion, yet it holds only £143 million in unallocated reserves. That is less than a month's operating costs. Is she seriously suggesting that capital reserves of just 6% are an adequate buffer for all emergencies? If she is, she is living in cloud cuckoo land.

Amber Rudd: I can generously deny that I am living in any cloud cuckoo land—to wipe that immediately from the hon. Gentleman's views. I just think he is being too lenient on these enormous reserves that have been accumulated. They have grown by 150%; they are now 40% of annual revenue. I know that the Labour party is not familiar with careful public finance guarding, but I urge him to take a little more scrutiny to this matter, rather than treating it like some Venezuelan dictatorship.

Frontline Police Officers

2. **Helen Hayes** (Dulwich and West Norwood) (Lab): What the change in the number of frontline police officers is estimated to be between 2018 and 2020. [903102]

5. **Ellie Reeves** (Lewisham West and Penge) (Lab): What the change in the number of frontline police officers is estimated to be between 2018 and 2020. [903105]

13. **Jo Platt** (Leigh) (Lab/Co-op): What the change in the number of frontline police officers is estimated to be between 2018 and 2020. [903113]

15. **Mr Tanmanjeet Singh Dhesi** (Slough) (Lab): What the change in the number of frontline police officers is estimated to be between 2018 and 2020. [903116]

The Minister for Policing and the Fire Service (Mr Nick Hurd): Before Christmas, the Government proposed a new police funding settlement for 2018-19 which will increase funding by up to £450 million across the police system. It is for police and crime commissioners and chief constables to determine the number of officers required for their force areas.

Helen Hayes: On new year's eve in West Norwood, 17-year-old Kyall Parnell became the 39th victim of a fatal knife attack in England and Wales in 2017. To solve the growing tragedy of knife crime, the police need to be able to work creatively in partnership with communities, the NHS, and other public sector agencies, but the loss of 20,000 officers since 2010 means that forces across the country are stretched to breaking point. Will the Minister guarantee that there will be no further drop in police numbers?

Mr Hurd: The short answer is that that is down to the Mayor and the leader of the Met. The hon. Lady is entirely right to talk about these tragic losses of life in tragic terms; lives have been cut very short. However, she is wrong to focus entirely on the question on police officers, because the last time London saw a spike in deaths from knife crime was in 2008, when there were roughly the same number of police officers as there are now.

Ellie Reeves: In December, I went out with my local Safer Neighbourhood team. Despite the tremendous work they do, two officers per ward is not enough. Added to that, my local police station in Penge recently closed. Met police numbers are set to fall below 30,000. Given the rise in violent crime in London, will the Government now commit to investing in our police and reversing the cuts?

Mr Hurd: Police numbers in London have been stable for some time, going back to 2008. Any decisions on future projections are to be taken by the Mayor and the head of the Met. If the Mayor does what we are empowering him to do, this settlement will mean an additional £43 million for the Met on top of £200 million of reserves. The force has made great strides in efficiency but, according to Her Majesty's inspectorate of constabulary, continues to require improvement. Of course, public safety in the capital matters a great deal, which is why the Met police have 1.6 times the number of officers per head than the national average.

Jo Platt: Constituents in Leigh are bearing the brunt of the Government's police cuts, with Greater Manchester police officers cut by 23% since 2010. That is nearly 2,000 fewer officers on the streets of Manchester. The Home Secretary rightly praised the officers involved in the response to last year's terror attack in the city, yet GMP face further real-terms cuts to their resources. What steps will she now take to ensure that our local police force is adequately resourced to keep the people of Leigh safe?

Mr Hurd: I am sure that the hon. Lady will welcome the fact that the number of police officers in Greater Manchester actually rose in 2016, and the fact that the police funding settlement will result in an additional £10 million going into Greater Manchester policing. She may also want to ask the Mayor why reserves for Greater Manchester have gone up by £29 million.

Mr Dhesi: In 2014-15, the provisional grant allocation for the police was just over £8 billion. However, the Home Office announced in December last year that it would be just £7.325 billion for 2018-19, despite the fact that inflation is predicted to be 7% over that period, according to the Office for Budget Responsibility. As this is a substantial real cut in police funding, would the Minister like to suggest where savings could be made on a scale that would protect police numbers?

Mr Hurd: I am sure that the hon. Gentleman will welcome the fact that, if the police and crime commissioner exercises the flexibility that we are offering, Thames Valley police will benefit from an initial £12.7 million in 2017-18. How that works out to a cut, I do not know.

Philip Davies (Shipley) (Con): I thought I had better get in quick before the Prime Minister's inevitable call to me. *[Laughter.]*

There has been a very worrying increase in crime across the Shipley constituency over recent months, and my constituents and I expect to see more police officers. The first duty of the Government is to protect the public and keep them safe, and I have to say to the Government that they are not putting enough focus on police resources. Will they please give the police the resources that they

need to keep our constituents safe? The Government are in danger of being very greatly out of touch with public opinion on this issue.

Mr Speaker: I am sure that she is keeping a job open for the hon. Gentleman; I feel more certain of it now than ever.

Mr Hurd: I had better keep my answer short then, Mr Speaker. I understand my hon. Friend's point. The police funding settlement means that there is more cash going into policing in Yorkshire. How that money is allocated is up to police and crime commissioners and to chief constables; they are directly accountable to the public they serve and to the Members of Parliament who serve those constituents, so these representations need to be made directly. What is not in doubt is that up to £450 million of new investment will be going into British policing next year as a result of the funding settlement.

Theresa Villiers (Chipping Barnet) (Con): The Mayor of London has something over half a billion pounds in reserves. Does the Minister agree that some of that should be spent on strengthening police resources in my constituency?

Mr Hurd: The Met's budget is set to grow to £2.5 billion. There are reserves of £200 million in the Met. In addition, the Mayor has his own reserves. Funding per head for officer numbers is running at over one and a half times the national average in London. It is time—I speak as a Londoner and a London MP—for the Mayor of London to give a serious answer to the question, "What are you doing?", because at the moment the answer is just writing letters to the Home Secretary, and that is not good enough.

Nigel Huddleston (Mid Worcestershire) (Con): Although the number of police officers is very important, so are their skills and the nature of the crime they are dealing with. Given that we are now 20 times more likely to be a victim of online crime than offline crime, can the Minister assure us that the police have the skills to deal with crime in the digital age?

Mr Hurd: I thank my hon. Friend for making an incredibly important point. I know that my constituents are much more vulnerable to crime on their computers at home than they are when walking down Ruislip High Street. We have to respond to the changing nature of crime in this country. The number of police officers matters a great deal, but the capabilities inside the service matter enormously. That is why this Government are investing £1.9 billion in cyber-security.

Rebecca Pow (Taunton Deane) (Con): Happy new year to you, Mr Speaker.

This is really all about getting the best service for the funds we have invested. Avon and Somerset police have seen a 180% rise in sexual offences and a 42% rise in recorded domestic abuse in the past four years. Can the Minister confirm that any new funding, either from Government—that is most welcome—or raised through an increase in the precept, can be directed to these growing areas of crime?

Mr Hurd: If the PCC uses its new powers, Avon and Somerset should receive £8 million of new investment next year, and that will need to be allocated to local priorities. The numbers that my hon. Friend states about the growth in reporting of crimes such as domestic violence are striking, and I would expect that to be reflected in local priorities.

Police and Fire Services: Collaboration

3. **Richard Drax** (South Dorset) (Con): What steps her Department is taking to encourage greater collaboration between police and fire services. [903103]

4. **Martin Vickers** (Cleethorpes) (Con): What steps her Department is taking to encourage greater collaboration between police and fire services. [903104]

The Minister for Policing and the Fire Service (Mr Nick Hurd): The Government are very keen to encourage further collaboration between the blue-light services and have taken actions through the Policing and Crime Act 2017 to empower exactly that.

Richard Drax: I wish you and your family a happy new year, Mr Speaker. I congratulate my right hon. Friend the Home Secretary on retaining her job. She is doing splendid work.

Can the Minister reassure me and my constituents that, given that collaboration is potentially leading to a sort of patchwork quilt of service across the country, he will ensure that the integrity of services will be maintained?

Mr Hurd: My hon. Friend makes an important point. I would say two things. First, joint police and fire governance will improve accountability because there will be a single point of accountability, democratically elected. Secondly, in relation to the efficiency and integrity of fire services, I hope that he will welcome a very significant reform introduced by this Government—the introduction of independent inspection of fire services.

Martin Vickers: I recently held meetings with the chief constable and the chief fire officer for the Humberside area, and welcomed the fact that they are collaborating more closely. Can the Minister reassure my constituents that in an area that contains chemical plants, oil refineries and other dangerous plant, the fire service will not take its eye off the ball in its main role?

Mr Hurd: I am well aware of the risks in my hon. Friend's constituency. As the Home Secretary said, our local fire services are adequately resourced and sit on relatively high levels of reserve, so we believe that they have the resources to do the job.

James Frith (Bury North) (Lab): Twenty-two-year-old Steven Dyson's body was found in the River Irwell in Ramsbottom on Saturday morning, six days after he went missing on new year's day. It is at the worst of times that we often see the best of people. Will the Home Secretary join me in thanking Greater Manchester police, our fire service, and the hundreds of local volunteers who spent last week looking for Steven, as well as Ramsbottom British Legion, which hosted the campaign centre, and all the local businesses that donated items to

our cause? The outpouring of support was incredible, and I hope that it goes some way to giving strength to Steven's dear mum and everyone mourning.

Mr Hurd: I am sure that the whole House would want to associate itself with the hon. Gentleman's remarks and to pass on our condolences to the young man's family. Of course I join him in paying tribute to the hard work of all the emergency services involved in that tragic circumstance.

Judith Cummins (Bradford South) (Lab): Does the Minister accept that there is already a great degree of co-operation and collaboration between our blue-light services and that any move by the Government to force further formal collaboration through mergers could be detrimental to all services?

Mr Hurd: I entirely agree with the hon. Lady that there are fantastic examples of collaboration across the country—fire and fire, police and police, and across the blue-light services—and evidence is building about the benefits, not just financial but in terms of service to the public. We are simply saying that where police and crime commissioners want to seize such an opportunity to improve accountability for local performance, we will enable them to do so, but they still have to deliver a strong business case and they still have to consult their communities.

James Gray (North Wiltshire) (Con): Like my hon. Friend the Member for South Dorset (Richard Drax), I was very uneasy about the amalgamation of the Wiltshire fire service and the Dorset fire service last year. Does my hon. Friend the Minister not agree that it makes subsequent co-operation with the ambulance service or the local authority very much more difficult? Is their amalgamation irreversible, and if so, what will he do about the other amalgamations he seeks?

Mr Hurd: I thank my hon. Friend for that question. My understanding is that that amalgamation is actually working well, and has largely been welcomed across the system. It does present challenges for further amalgamations because of boundary issues, but I would ask him to open his mind to the benefits of that merger, which appear to me to be very real.

Mental Health Assessments: Detention

6. **Preet Kaur Gill** (Birmingham, Edgbaston) (Lab/Co-op): How many people have been unlawfully detained for more than 24 hours while awaiting a mental health assessment in each of the last three years. [903106]

The Parliamentary Under-Secretary of State for the Home Department (Victoria Atkins): Provisions in the Policing and Crime Act 2017 ban the use of police cells as places of safety for under-18s, restrict their use for adults and reduce the maximum period of detention to 24 hours. Information on the length of time for which people are detained under the Mental Health Act 1983 pending an assessment is not held by the Home Office, but we are seeking to ascertain the scale and nature of this issue and we are reviewing the available information that we were provided with last month by the College of Policing.

Preet Kaur Gill: Under the Police and Criminal Evidence Act 1984, the police have just 24 hours to hold someone with a mental illness. The College of Policing shared with the BBC last December the fact that 264 people were held for longer than this, including a mentally ill child who was held for five days. Is the Home Secretary aware of this report, and what steps have been taken to remedy the situation?

Victoria Atkins: Very much so, and I thank the hon. Lady for raising this important issue. We know that there is an issue in this area, and she will be pleased to know that her constabulary—the West Midlands—in fact does very well on this. It did not use police cells at all for such detentions last year; indeed, since 2013 it has used them on only 14 occasions. Of course, however, any such occasion is one occasion too many. She will I am sure join me in being pleased that the use of police stations as places of safety nearly halved last year, but we need to do more.

Mike Wood (Dudley South) (Con): Does the Minister agree that a police cell or a police station is not a suitable place for an innocent person suffering from mental health problems, and will she support initiatives such as the mental health triage projects in the West Midlands to make sure that people with mental health problems get the medical support they need when they need it?

Victoria Atkins: Very much so. My hon. Friend will be pleased to know that health places were used as places of safety in more than 26,000 cases last year, compared with 1,029 cases of using cells, but we are determined to try to sort this out.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): On the question of detention, the Minister will have read recent reports that immigration detainees are being paid £1 an hour. Will the Minister assure the House that no children are currently being held in detention, that no pregnant women are currently being held in detention and that no one is being paid below the legal minimum wage in any of the immigration detention centres?

Victoria Atkins: As I say, we are determined to ensure that places of safety are in appropriate places—health places—and we are investing £30 million to try to ensure that happens. If there are any individual cases that the right hon. Lady would like to bring to my attention, I will of course consider and review them very carefully.

Immigration: Effect on the Economy

7. **Ross Thomson (Aberdeen South) (Con):** What recent assessment the Government have made of the effect of immigration on the economy. [903107]

The Secretary of State for the Home Department (Amber Rudd): The Government are clear that carefully controlled migration benefits the economy, our Exchequer and our communities in general.

Ross Thomson: I thank the Secretary of State for that answer. The Scottish Government, as well as Scottish National party Members of this place, have been calling

for immigration to be devolved. Does my right hon. Friend agree that any separate immigration systems would do nothing except lead to chaos, confusion and extra barriers for those looking to live and work in Scotland as well as in the rest of our United Kingdom?

Amber Rudd: My hon. Friend is absolutely right. Immigration is a reserved matter, and applying different rules of immigration to different parts of the UK would complicate the system. He might share my view that if Scotland wants to attract the brightest and the best, as the rest of the country does, it might think twice about raising its own taxes, because that might put people off.

Dr Paul Williams (Stockton South) (Lab): The NHS reports that almost 10,000 European Union doctors, nurses and support staff left the country in the year following the referendum. Is the Home Secretary aware of those levels of staff shortages, and how does she see the situation developing if there are further restrictions on migration for work purposes?

Amber Rudd: We really value the incredibly important work that EU migrants do in our health service, and there are no plans to restrict the way in which they can come and work here. They make such an important contribution. I am aware that some of them have gone back to work in countries that have had a strong economic recovery, such as Spain. There has also been a higher level of English language test to make sure that all health professionals in our service are able to communicate very clearly and effectively with patients.

Kirstene Hair (Angus) (Con): What progress has the Secretary of State made in designing a system that allows soft fruit farmers in Angus and, indeed, across the United Kingdom to access seasonal labour from overseas?

Amber Rudd: I thank my hon. Friend for her question. I know that she is very concerned to make sure that agriculture has the support it needs from overseas workers. The Migration Advisory Committee will be looking at the issue for us, and we expect it to report later in the year.

Sir Edward Davey (Kingston and Surbiton) (LD): May I congratulate the Home Secretary on having just made a positive economic case for immigration? However, how does she think that the message given by the immigration cap, Brexit, a hostile approach to immigrants and the general rhetoric of many of her Conservative colleagues help to make that case?

Amber Rudd: The right hon. Gentleman cannot take the moral high ground on immigration. We wholly recognise the value that immigrants bring when they arrive in the UK, with the brightest and the best working in our hospitals and attending our universities. We are wholly positive about immigrants. We want to do this in a way that controls our borders and delivers on the reductions to which we have committed.

Douglas Ross (Moray) (Con): Education is vital for the economy. A constituent of mine, Heather Cattanach, returned to Canada, but Home Office delays in looking at her application left a vacancy in the Moray Primary

School where she taught. I have previously raised this issue with Ministers. Will the Home Secretary now look at it urgently so that the case can, I hope, be concluded?

Amber Rudd: I thank my hon. Friend for raising an issue about which I know he has been particularly concerned. I cannot comment on this individual case, but as soon as we have a new Immigration Minister, I will volunteer him or her to speak to my hon. Friend.

Afzal Khan (Manchester, Gorton) (Lab): International students make an enormous contribution to our economy—Labour estimates the figure to be £25 billion a year. Will the Secretary of State confirm that the Government now support Labour's policy of removing international students from the net migration target?

Amber Rudd: I would like to reassure the hon. Gentleman that we value the contribution that those students make to our economy, cultures and university towns. In the past 10 years there has been a 25% increase in their number, and in recent years there has been a 9% increase in the number of them attending Russell Group universities. Those numbers remain uncapped and we continue to welcome them.

Joanna Cherry (Edinburgh South West) (SNP): Business, trade unions and universities in Scotland have all asked this Government to look at devolving immigration to Scotland. In a report just before Christmas, the Institute for Public Policy Research think-tank said that devolving immigration would assist the Scottish economy. Will the Home Secretary now look seriously at those recommendations and at the request of business, the unions, think-tanks and universities in Scotland to devolve immigration?

Amber Rudd: The hon. and learned Lady and I have discussed this issue before, privately as well as publicly. She is aware that the Migration Advisory Committee will look at different areas and regional areas in the United Kingdom, so I respectfully suggest that she come back to me to continue the conversation when it reports, but we have no plans to devolve immigration.

Joanna Cherry: I thank the Home Secretary for saying that she will at least look at the issue. Bunessan Primary School on the island of Mull has received only one application for its vacancy for a Gaelic teacher. It came from a fully qualified teacher who was Canadian but had trained in Scotland. Despite her being the only candidate for the job, the Home Office has refused her visa application twice. Does that not show that a one-size-fits-all UK immigration policy is not working for the Scottish economy and not working for rural communities?

Amber Rudd: I am surprised to hear that there are not more Gaelic speakers in Scotland who might apply for the job, rather than Canadians. Again, I suggest that the hon. and learned Lady come to see the new Immigration Minister at some stage because there may be more to the matter than what she has said in the House. It is difficult to comment on individual cases.

Mr Speaker: I hope that that Minister will know all about the situation on the island of Mull, preferably on day one.

Border Force: Boats

8. **Gillian Keegan** (Chichester) (Con): What steps she is taking to upgrade Border Force boats. [903108]

17. **Giles Watling** (Clacton) (Con): What steps she is taking to upgrade Border Force boats. [903118]

21. **Craig Mackinlay** (South Thanet) (Con): What steps she is taking to upgrade Border Force boats. [903122]

22. **Mrs Sheryll Murray** (South East Cornwall) (Con): What steps she is taking to upgrade Border Force boats. [903124]

The Minister for Security (Mr Ben Wallace): I am standing in for the Immigration Minister, but hopefully not for too long.

In addition to the recent introduction of new coastal patrol vessels, Border Force has an ongoing upgrade programme for its cutters. It recently installed new electro-optic surveillance systems on its cutters, and it is currently upgrading radars and replacing the rigid inflatable boats used by cutters to deploy boarding teams to ensure that they remain a highly effective maritime security platform.

Gillian Keegan: Does the Minister believe that the UK Border Force is adequately resourced to safeguard small harbours and landing sites, such as those in my Chichester constituency? Our harbourmaster has already been involved in apprehending people smugglers, working with coastal communities who look out for suspicious activity. Is he considering using volunteers to support patrols in areas such as Chichester harbour or Selsey Bill? Does he agree that there is no substitute for trained and qualified Border Force professionals?

Mr Wallace: By the end of the financial year, the Border Force maritime fleet will have six CPVs and three cutters in the UK, plus two cutters deployed overseas to deal with the issue upstream—one in the Aegean and one in the central Mediterranean. Border Force has invested £108 million in new technology and capability to deal with some of those challenges and will commit a further £71 million this year.

Giles Watling: While I was volunteering with the lifeboats at Walton-on-the-Naze, I learned how important local maritime knowledge is. I believe that such intelligence would be useful to Border Force when solving and preventing crime. Is Border Force engaging with other agencies, including the Royal National Lifeboat Institution, the coastguard and pilot boats, to share intelligence, tackle crime and keep our coastline safe and secure?

Mr Wallace: The key to improving our coastal security is better collection and exploitation of data. Some of that happens through full-time people, but it also happens through the many volunteers who populate the coastal paths and watch stations of our communities. That is why Border Force has set up the multi-agency general maritime intelligence bureau to bring together the existing organisations of HM Coastguard, HM Revenue and Customs, Border Force, the Ministry of Defence, and the bureaux linked directly to the National Maritime Information Centre.

Craig Mackinlay: Will the Minister tell the House what other measures the Government are undertaking to protect and secure the UK border?

Mr Wallace: Border Force, the National Crime Agency, the police and other law enforcement agencies are working with international partners to secure our borders from a range of threats, including modern slavery, human trafficking and terrorism. Over the past two years, Border Force has invested £108 million and £71 million.

Mrs Sheryll Murray: In addition to the vital work of Border Force vessels, will my right hon. Friend congratulate the Royal Navy and other agencies on ensuring that the rules are enforced in our fishing waters?

Mr Wallace: Many people forget that our border is manned not just by Border Force but by HM Revenue and Customs, the Royal Navy, which does an amazing job on fisheries protection, and volunteers, both through the Royal National Lifeboat Institute and the coastguard. Together, they form a large set of eyes to keep watch on our coastline. That is why we have developed Operation Kraken to ensure that all reported threats go to a central place where they are analysed and acted on.

Melanie Onn (Great Grimsby) (Lab): Happy new year, Mr Speaker.

The Daily Telegraph today reports that new checks will be introduced at ports to help to stop the import of dangerous high-powered laser pens. Does this mean that the ports of Immingham and Grimsby will see more Border Force staff to help with these new checks?

Mr Wallace: What the hon. Lady will see is better use of the information we have now to target our resources in the right places. Just sending Border Force officers or customs officers to turn up randomly usually has no effect at all. If we can base it on information and work well with shippers, such as Fast UK Parcel, and all sorts of organisations shipping such contraband into the country, we can make sure that the right resources are delivered to the right places.

David Hanson (Delyn) (Lab): The Minister will know that his own figures show that 27 of the 62 small ports had no visit whatsoever from a Border Force operative over 12 months last year. That will not be solved by volunteers; it needs Border Force staffing.

Mr Wallace: The right hon. Gentleman will know from his previous job that the borders are policed not just by Border Force but by counter-terrorism officers, HMRC officers, coastguard officers and fishery protection officers. On top of that, as he will also know, the voluntary network of people such as the RNLI are the eyes and ears, and when a report is made, a suspicion raised or intelligence received, the National Crime Agency and others attend the scene to deal with it.

Pete Wishart (Perth and North Perthshire) (SNP): And there is another body to be added to that list. Over Christmas we learned of the Government's plans to put in place a special volunteer force to help police our coastal communities. This Dad's Army-type operation is apparently to be responsible for helping keep us safe and protect us from terrorism. I wonder if the Minister is going to come to the Dispatch Box and say, "We're doomed", or complacently tell us, "Don't panic!"

Mr Wallace: The only people who are doomed are the Scottish National party. Unlike the hon. Gentleman, I have actually worn a uniform. He will know that uniformed services rely on a range of specials and Territorial Army support to meet the specialist requirement we need. All uniformed services should be able to take advantage of the good will people want to provide, and if we want to use specials and Territorial Army support, we will.

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): Happy new year from my party, Mr Speaker.

Given what the Minister just said about the role of the Royal Navy, is it not rather worrying when we read about all these Royal Navy warships being tied up at harbour and not at sea?

Mr Wallace: I am sure the hon. Gentleman wants to make sure that our naval ships put to sea are properly serviced and properly equipped for their latest patrol. That is why ships tie up in port—not for any other reason—and why we deploy ships when needed to match the threat. He will also know that fishery protection vessels are often up and down the north-east of Scotland, where his constituency is located.

Cyber-crime

9. **Sir David Amess** (Southend West) (Con): What steps she is taking to tackle cyber-crime. [903109]

The Minister for Security (Mr Ben Wallace): The Government take the threat of cyber-crime extremely seriously, which is why we have committed to spending £1.9 billion to support the national cyber-security strategy. This includes boosting the capabilities of the National Crime Agency's national cyber-crime unit and investing in the cyber teams within regional organised crime units to bolster our response.

Sir David Amess: The Jazz Centre UK, a UK-wide charity with its headquarters in Southend—yet another reason why Southend should be a city—recently had £10,000 hacked from its account. Will my right hon. Friend reassure us on what further safeguards can be put in place for vulnerable charities to protect them from cyber-crime?

Mr Wallace: I am grateful to my hon. Friend. If he writes to me with the details of that case, I will be happy to look into it for him. I am particularly concerned because where something is hacked, it is usually called a "cyber-enabled" crime, which often gets a reimbursement from financial institutions. In general, we have invested in the National Cyber Security Centre in order to stop that type of fraud. It is out there, busy advising many organisations, voluntary and large scale, about what they can do to make themselves safer online. It is also why we are investing in technology to try and counter it.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): Cyber-crime is one of the fastest-growing forms of crime, but after we have left the EU, the European Commission will still issue directives that relate to tackling cyber-crime; Europol will still continue to operate to apprehend criminals; and the European Court of Justice will still issue rulings. What steps is the Home Office taking to ensure the continued alignment of UK laws and regulations in this field—

Mr Speaker: I call the Minister.

Mr Wallace: We are working on a third party treaty to address just that. It is absolutely our intention to continue collaborative working in all areas of security with our international partners, whether they be in Europe or further afield, because that is the way to solve it.

Mr Speaker: I do apologise if I missed something extremely valuable. If I did, I suggest that the right hon. Member for Hackney North and Stoke Newington (Ms Abbott) place it in the Library of the House, where I imagine it will be regularly and exhaustively consulted.

Extremism

10. **Oliver Dowden** (Hertsmere) (Con): What steps she is taking to tackle extremism. [903110]

The Secretary of State for the Home Department (Amber Rudd): The Government's counter-extremism strategy, which was published in October 2015, established a comprehensive approach to the tackling of extremism through a wide range of activities aimed at countering extremist ideology. We are also launching a new commission for countering extremism, which will identify and challenge extremism and advise the Government on new policies to address it. The appointment of a lead commissioner will be announced shortly.

Oliver Dowden: Flying the flag of the political wing of the anti-Semitic terrorist organisation Hezbollah is provocative, incites extremism and is deeply offensive to our Jewish community, but the flag can still be seen flying at events such as the al-Quds day marches in London. Will the Home Secretary update the House on what steps are being taken to prevent that from happening?

Amber Rudd: I am aware of, and very sympathetic to, the issues that my hon. Friend has raised. I have discussed the matter with Assistant Commissioner Mark Rowley, and I know that the police are not ignoring it. As my hon. Friend has rightly said, only Hezbollah's military wing is currently a proscribed terrorist organisation, but its flags are the same as those of the political wings that are not proscribed. For an offence to be committed, the context and manner in which the flag is displayed must demonstrate that it is specifically in support of the proscribed military wing of the group.

John Woodcock (Barrow and Furness) (Lab/Co-op): Last month, in Turkey, I met a British national who was due to be deported back to the United Kingdom on suspicion of terrorism. The Turkish authorities gave us details of six other British nationals who have been accepted back to the UK. What is the total number of Brits who have been deported back from Turkey on suspicion of terrorism and joining Daesh, and how many of them are facing charges in the UK?

Amber Rudd: The hon. Gentleman has drawn attention to a very important aspect of our relationship with Turkey. When people who have been potentially fighting for ISIS are returning to this country, we have a managed return process so that we can prosecute. I will certainly come back to the hon. Gentleman with an update on the numbers, but I can reassure him and the House that we take every return very seriously and that, when we can, we will always prosecute.

Violence against Women and Girls

11. **Eddie Hughes** (Walsall North) (Con): What steps her Department is taking to tackle violence against women and girls. [903111]

14. **Maria Caulfield** (Lewes) (Con): What steps her Department is taking to tackle violence against women and girls. [903115]

The Secretary of State for the Home Department (Amber Rudd): In March 2016 we published the cross-Government violence against women and girls strategy, which sets out an ambitious programme of reform and is supported by increased funding of £100 million. We will also introduce a draft domestic abuse Bill to transform our approach to domestic abuse, to support victims better, and to bring perpetrators to justice.

Eddie Hughes: What action are the Government taking to support refugees for women fleeing domestic violence in Walsall and throughout the Black country, whose excellent staff do so much to protect the safety of women and children?

Amber Rudd: My hon. Friend is right: excellent work is being done in the Black country to support women and children. When I visited a Women's Aid Black country refuge, it was impressive to see the excellent work that was being done there. I can reassure my hon. Friend that Walsall Council received a share of £639,000 of funding from the Department for Communities and Local Government—it is £40 million in all—in partnership with local authorities across the Black country. In addition, Wolverhampton and Birmingham received £1.1 million between them from the Department for early intervention projects.

Maria Caulfield: Women in custody in our prisons are experiencing psychological abuse as they struggle to gain access to sanitary products, which is a potential breach of their human rights. Does my right hon. Friend agree that it is essential that women in custody have access to those products?

Amber Rudd: I thank my hon. Friend for raising that important point. I completely agree that it would be outrageous if detained women were not given access to sanitary products. I have seen the report that the Home Office commissioned. We will act immediately to ensure that where that is not on a statutory footing, it will be put on a statutory footing, so that nothing like this happens in the future.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): The Home Secretary will be aware of the deep public concern about the Parole Board's decision to release the serial sex offender and rapist John Worboys after only eight years. I am sure that she will also be shocked to learn that some of the victims have still not been contacted by either probation or victim liaison officers. I realise that the issues surrounding the Parole Board's decision are matters for the Ministry of Justice, but can she say whether she has had any contact with the police to establish whether they are able to pursue further the cases of 19 women who came forward after the conviction, and whether those cases can be prosecuted so that justice can be done and women can be kept safe?

Amber Rudd: I share the right hon. Lady's views on this matter, and I am sure she will have seen today's comments from the Secretary of State for Justice, my right hon. Friend the Member for Aylesbury (Mr Lidington), about ensuring that there is more transparency in the Parole Board. I am aware that certain victims are talking about possible judicial reviews and talking to the police, but I cannot say any more than that at this point because these matters are subject to potential legal proceedings.

Stella Creasy (Walthamstow) (Lab/Co-op): Further to the answer that the Home Secretary gave to the hon. Member from Sussex—[*Interruption.*] The hon. Member for Lewes (Maria Caulfield); I do apologise. Lewes is close to Sussex, I am sure.

I want to clarify a point with the Home Secretary. We would not find it acceptable to deny someone access to loo roll, so why do we think it is acceptable to deny someone access to tampons? She has said that she is committed to putting these matters on to a statutory footing. Does that include amending code C of the Police and Criminal Evidence Act 1984 and meeting the Independent Custody Visitors Association which has been working on this issue?

Amber Rudd: We commissioned the Independent Custody Visitors Association to produce the report. I share the hon. Lady's view, but I respectfully say that I do not need reminding about this. I completely agree that of course women should have access to sanitary products, just as anyone should have access to loo roll, and yes I will put this on to a statutory footing if it is confirmed that the current guidance is inadequate. It looks likely that that is the case, but I just need to confirm it for myself.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): Further to the Home Secretary's response to the question about the John Worboys case, can she explain why her Department is still pursuing two of John Worboys' victims, known as DSD and NBV, all the way to the Supreme Court in an apparent effort to avoid paying compensation? She will be aware that those victims are women whose cases the lower courts have already found not to have been investigated properly. How will pursuing them through the courts reassure the public that the Government are serious about keeping women and girls safe?

Amber Rudd: The Government are committed to keeping women and girls safe, and I hope that some of the points I have set out today will reassure the House that that is the case. I recognise the point that the right hon. Lady raises, but because this matter is sub judice, I cannot comment on it at the moment.

Domestic Violence

12. **Paul Scully** (Sutton and Cheam) (Con): What steps she is taking to tackle domestic violence. [903112]

The Parliamentary Under-Secretary of State for the Home Department (Victoria Atkins): This Government are committed to doing everything we can to tackle domestic abuse. We have introduced a new offence of coercive and controlling behaviour. We have introduced

measures such as domestic violence protection orders and Clare's law. We have put domestic homicide reviews on to a statutory footing and committed £100 million to supporting the victims of violence against women and girls. We look forward to introducing a draft domestic abuse Bill.

Paul Scully: I thank the Minister for her answer. Refuges provide valuable specialist services to protect women from having to return to abusive situations. What commitment are the Government making to refuge services, particularly those in Sutton and Cheam?

Victoria Atkins: My hon. Friend has spoken many times about domestic abuse issues, and particularly about the help that Sutton women's centre provides to the victims of domestic abuse in his constituency. The Government have made available £40 million of dedicated funding for specialist accommodation, and refuges and bed spaces have increased 10% since 2010. We are committed to reviewing funding for refuges and to ensuring that all victims get the support they need, when they need it. The supported housing consultation is ongoing, and we will of course explore all models within the sector.

Topical Questions

T1. [903161] **Bim Afolami** (Hitchin and Harpenden) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for the Home Department (Amber Rudd): I should like to update the House on plans for the royal wedding in May. The marriage of Prince Harry and Meghan Markle is an occasion of national celebration, and that is why I launched a public consultation yesterday seeking views on the proposal to relax licensing hours in England and Wales over the weekend of the royal wedding. Extending the licensing hours on the nights of Friday 18 and Saturday 19 May until 1 o'clock the following morning will enable licensed premises in England and Wales to sell alcohol for consumption on site to those who want to continue their celebrations beyond the normal licensing hours. Whether toasting the royal couple or celebrating a football triumph, everyone should have the opportunity to make the most of this historic weekend in May.

Bim Afolami: I thank my right hon. Friend for that answer. Following last year's police funding settlement, does she agree that now is the right time to work with and alongside police forces in Hertfordshire and across the country to keep improving and reforming the service to ensure that it is fit for the future?

Amber Rudd: I thank my hon. Friend for that question. We are able to confirm that this year up to £450 million of new money is going to support the police, while another £50 million is going towards counter-terrorism policing. However, that does not mean that we want to slow down the pace of reform in any way, so we will work with the police to ensure that there are reforms to make them more efficient and better servants to the community so that everybody has a better service overall.

Carolyn Harris (Swansea East) (Lab): Last week, Theodore Johnson, a serial killer and repeated domestic violence perpetrator, was sentenced to 26 years in prison

for his crimes. However, despite the fact that two women are murdered every week, high-risk perpetrators such as Johnson face little intervention from statutory services. With less than 1% of perpetrators of domestic violence receiving any form of intervention, will the Minister reassure us that the Government will look urgently at innovative programmes such as Drive that challenge the behaviours of high-harm perpetrators?

The Parliamentary Under-Secretary of State for the Home Department (Victoria Atkins): I thank the hon. Lady for her question and offer our condolences not only to the family of Angela Best, but to the families of Yvonne Johnson and Yvonne Bennett. The case shows how manipulative the most violent domestic abusers can be, and I join the hon. Lady in wanting to ensure that we treat perpetrators to try to stop the cycle of violence. With the hon. Member for Bristol West (Thangam Debbonaire), I had the pleasure of speaking at a recent event for Respect, which works with perpetrators, and the hon. Member for Swansea East (Carolyn Harris) is correct that we must look at perpetrators as well as, of course, at supporting victims.

Several hon. Members *rose*—

Mr Speaker: Order. If everybody asks a short, one-sentence question, and if replies are correspondingly brief, far more people will be able to contribute—it is not magic—and then we will spread the happiness across the Chamber.

T2. [903162] **Giles Watling** (Clacton) (Con): Thank you, Mr Speaker. I apologise for not wishing you a very happy new year from the sunny shores of Clacton-on-Sea.

Does my hon. Friend agree that sheer numbers of police is not the whole answer in tackling crime? In Clacton, Tendring District Council and Essex police have established a successful community safety hub with some 47 partners. Will the Minister please come to sunny Clacton to see how the scheme has been working and to look at some of the successes that we have achieved for ourselves?

The Minister for Policing and the Fire Service (Mr Nick Hurd): The answer to an invitation to visit sunny Clacton-on-Sea is, of course, yes.

T3. [903163] **Mr Jim Cunningham** (Coventry South) (Lab): Given cuts to police numbers and resources, how many police forces have notified the Home Office that they will not be pursuing certain types of crime?

Mr Hurd: I know the hon. Gentleman knows this, but the proposed funding settlement will lead not to cuts, but to increased investment of £450 million in our policing system, which will help police forces across the country to cope with the changing face of crime.

T4. [903164] **Mark Pawsey** (Rugby) (Con): Ministers have already spoken about online crime. My constituent Anne Gleed was defrauded out of a considerable sum when she was given false bank account details for the seller of a car after her emails were hacked. She reported the matter on the same day, but has been unable to

recover her funds. This is an authorised push payment scam. What are the Government able to do to reduce crimes of that nature?

The Minister for Security (Mr Ben Wallace): The Payment Systems Regulator is working with the joint fraud taskforce and the National Crime Agency to invest in new technology to improve the speed of funds repatriation.

T9. [903169] **Mike Amesbury** (Weaver Vale) (Lab): Since 2010, according to the Fire Brigades Union, Cheshire fire service has lost more than 170 firefighters, incident response times are up, the number of available appliances is down, and casualties are rising year on year. Will the Minister now accept that his Government's cuts are having a detrimental effect on local services?

Mr Hurd: Funding for fire services is basically being held flat against a backdrop of a welcome decline in fire incidents. At the same time, the single fire authority system is sitting on hundreds of millions of pounds of public money in reserves, so we still believe that fire services are adequately resourced.

T5. [903165] **Sir Edward Leigh** (Gainsborough) (Con): Will the Home Secretary confirm her commitment to the right to peaceful protest in this country? Given that there have been no successful prosecutions for harassment outside abortion agencies in recent history, will she resist the campaign to set up buffer zones? Does she accept that if peaceful protest outside abortion agencies is banned, the Government will also have to ban it, for instance, at hunts and outside animal life laboratories?

Amber Rudd: My hon. Friend and I have already met to discuss this, and it was a pleasure to meet him and various colleagues to discuss their concerns about the continuation of peaceful protests. I hope that I was able to reassure him that it is this Government's plan always to ensure that peaceful protests can continue, wherever that is. It is also this Government's commitment to make sure that women can access abortion safe from harassment and intimidation.

T10. [903170] **Tony Lloyd** (Rochdale) (Lab): One of the missing links in tackling violence against women and girls has most certainly been caused by a failure to deal with perpetrators. Although the Under-Secretary of State for the Home Department, the hon. Member for Louth and Horncastle (Victoria Atkins), responded to my hon. Friend the Member for Swansea East (Carolyn Harris) with sympathy, how precisely can we use research on what makes a difference to ensure that we empower our police forces and other agencies to deal with perpetrators?

Amber Rudd: Among the many things we can do is to carry out effective inspections, which we already have. We will be introducing a domestic abuse and violence Bill, on which we will consult. I hope we will get lots of contributions to the consultation, perhaps including from the hon. Gentleman, so that we can ensure that we stop domestic abuse and violence at an early stage and ensure that perpetrators are properly dealt with.

T6. [903166] **Craig Mackinlay** (South Thanet) (Con): Does the Minister share my concern that there were 59 known cases of drug-driving on Kent roads in 2016?

Sixteen of those cases resulted in serious injury, and three resulted in death. What action are the Government taking to address this increasing problem?

Victoria Atkins: I share my hon. Friend's concerns and thank him for raising this important issue. We have developed mobile drug-driving enforcement devices to help the police to identify suspected drug-drivers at the roadside, and they help to enforce the drug-driving offence that was introduced in 2015 to make it illegal to drive with a specified drug in the body above certain limits. The Government commissioned an evaluation of that new drug-driving legislation, and we are considering its findings and recommendations as part of future work to strengthen the law.

John Spellar (Warley) (Lab): As the Immigration Minister, the right hon. Member for Great Yarmouth (Brandon Lewis), has done a runner, what will the Home Secretary do to clear up his lamentable record? In particular, does she think six months is an acceptable benchmark for resolving immigration cases? The Department is avoiding even that low aspiration via spurious excuses about cases being "complex."

Amber Rudd: I would not characterise the former Immigration Minister in that way—he has done an excellent job—and nor do I share the right hon. Gentleman's characterisation of the Department. If he has particular concerns, I would urge him to bring them to us. The vast majority of our cases are dealt with within the time set out in statutory guidance.

T7. [903167] **Sir Oliver Heald (North East Hertfordshire) (Con):** Will the Secretary of State or the Minister for Policing meet me to discuss what more may be done to provide protection for police dogs and police horses? Ministers will be aware of concerns arising from the experience of my constituent PC Dave Wardell and his police dog, Finn.

Mr Hurd: I congratulate my right hon. and learned Friend on his ten-minute rule Bill. The Government share his view that attacks on service animals are unacceptable and should be dealt with severely under the law. As he will know, the Department for Environment, Food and Rural Affairs has published the draft Animal Welfare (Sentencing and Recognition of Sentience) Bill, which will increase the maximum penalties available for animal cruelty, including attacks on service animals. The short answer to his question is that of course I would be delighted to meet him.

John Cryer (Leyton and Wanstead) (Lab): Cuts in police services do not just mean fewer pumps, as the cuts also fall on the crews of those pumps. Some brigades, instead of sending out crews of five, are now cutting them to four. Instead of four, they are sometimes sending out crews of three or even two. Is that not dangerous and unsustainable?

Mr Hurd: The hon. Gentleman referred to police services, but I think he meant to say "fire", so I refer him to my earlier answer: funding for fire services has kept pretty flat against a background of fire incidents

falling; we feel that fire services are adequately resourced; and how resources are allocated is down to local authorities and leaders.

T8. [903168] **Paul Masterton (East Renfrewshire) (Con):** Prior to Christmas, I had the pleasure of meeting some of the Syrian refugees who now call East Renfrewshire their home. One of them, Nader Bani Almarja, is looking to be reunited with his family, who remain in Lebanon. I appreciate that the Home Office can only consider applications that come directly from the United Nations High Commissioner for Refugees, but will the Home Secretary explain how her Department works with UNHCR to facilitate the resettlement scheme so that families, once identified for resettlement, do not get stuck in an administrative logjam?

Victoria Atkins: My hon. Friend has been a constant representative for his constituents on this issue. We rely on UNHCR to identify and process the most vulnerable refugees as it is uniquely placed to determine refugee status, and to assess vulnerabilities, needs and suitability for resettlement. If UNHCR decides that resettlement is the most appropriate solution, it will then consider which resettlement scheme best suits people's needs, which may be a UK scheme.

Jack Dromey (Birmingham, Erdington) (Lab): Crime is rising sharply in the west midlands, yet police numbers are falling—2,000 have gone and yet more are to go in the next stages. How can it be right or fair that Hampshire, which has nowhere near the same problems or challenges, gets treated more favourably than the west midlands?

Mr Hurd: I do not recognise that depiction. West Midlands police is set to get an additional £9.5 million and will be able to keep increases in council tax. Let us remember that this force has increased its reserves by £26.9 million since 2011.

Mrs Maria Miller (Basingstoke) (Con): The Government have a clear strategy to tackle violence against women and girls. Does my right hon. Friend share my concern about the use of non-disclosure agreements to hide violence against women in the workplace?

Amber Rudd: I thank my right hon. Friend for that question. She is a huge champion for women, and she could perhaps assist us on that issue and contribute when we go ahead with our consultation on the new domestic violence and abuse Bill.

Bridget Phillipson (Houghton and Sunderland South) (Lab): In the past two years alone, we have lost more than 160 police officers in my area, yet we are seeing rising levels of antisocial behaviour and youth disorder. Rather than passing the buck to police and crime commissioners, why will the Home Secretary not give Northumbria police the funding that it needs to tackle this blight in our community?

Mr Hurd: It is not a question of passing the buck; we have a devolved system whereby PCCs are accountable to the public for the performance of the police. On Northumbria's police force, I am sure the hon. Lady will welcome the fact that it is due to get another £5.1 million next year.

Mrs Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): Will the Home Secretary tell the House what we are doing to support schools to identify when the dark web is accessed through apps that are free to download? This is how some of our most vulnerable children are accessing footage of ISIS beheadings and other disturbing imagery, which is fuelled by extremists who are trying to get new recruits.

Mr Wallace: My hon. Friend is right to raise these real concerns about online access, which is why the Department for Education and the Home Office work together on campaigns such as Cyber Aware to bring good computer hygiene and caution into the classroom so that children are not exploited online. It is also why the Government invest in the Prevent programme to make sure that the people doing this are brought to justice and that the online space is not the dangerous place it could be.

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): In Staffordshire, 106 councillors from Staffordshire County Council and Stoke-on-Trent City Council unanimously oppose the commissioner's proposal to take over the running of the fire service. He is progressing with that despite there being no public support. Why are the opinions of one commissioner worth more than those of 106 councillors?

Mr Hurd: The hon. Gentleman misrepresents the situation entirely, because the obligation on a police and crime commissioner is to produce a business case and demonstrate that he or she has consulted the local community. In this case, Matthew Ellis has done just that, which is why we are reviewing it.

Tom Pursglove (Corby) (Con): Despite the rhetoric that we heard earlier, does the Home Secretary agree that what the vast majority of people in this country want is an immigration system that delivers both fairness and control, and that is underpinned by common sense? Will she deliver just that?

Amber Rudd: I thank my hon. Friend for his question. He makes an excellent point and sets out exactly what

we want: fair, rational, controlled immigration that not only is good for this country, but gives the public confidence that we are protecting our borders and we are absolutely clear about the numbers that we are targeting.

Vicky Foxcroft (Lewisham, Deptford) (Lab): Why does the Government's domestic violence strategy not include fully funding refuges so that no woman fleeing domestic violence is denied access to vital support?

Amber Rudd: I reassure the hon. Lady that we are committed to ensuring that there are fully funded refuges. I point out to her that 10% more beds are available to women now than in 2010. She may know that a review is going on with DCLG to make sure that we have the best outcomes for supported housing, and I will ensure that we engage with that so that we continue to maintain high levels of availability of beds for women fleeing violence.

Anna Soubry (Broxton) (Con): In 2009, John Worboys was rightly found to be a dangerous, predatory sex offender. It is a feature of those sorts of offender that they are also clever and cunning. What assurances can the Home Secretary give us that, upon his release—if he has to be released—women will be safe?

Amber Rudd: Making women safe and ensuring that we have the legislation in place for that is a priority for me and this Government overall. The particular case that my right hon. Friend raises was under discussion part way through this Question Time. She may know that there will be a review of some of the procedures, the Parole Board element and the transparency required. The Prime Minister has already said that she wants this looked at.

Rachael Maskell (York Central) (Lab/Co-op): Control operators in North Yorkshire fire and rescue service are working under such pressure that sometimes just trainees are on duty. Will the Minister look at this issue and meet me to assess the risk to our fire and rescue service?

Mr Hurd: I am more than happy to have that meeting. My first question will be, "What are you going to do with your reserves?"

NHS Winter Crisis

3.41 pm

Jonathan Ashworth (Leicester South) (Lab/Co-op) (*Urgent Question*): To ask the Secretary of State for Health to update the House on the NHS winter crisis.

The Minister of State, Department of Health (Mr Philip Dunne): I thank the hon. Gentleman for applying to ask the urgent question as I agree that it is helpful for colleagues in the House to be updated on the current performance of the NHS during this challenging time.

We all know that winter is the most difficult time of the year for the NHS, and I start by saying a heartfelt thank you to all staff across the health and care system who work tirelessly through the winter, routinely going above and beyond the call of duty to keep our patients safe. They give up their family celebrations over the holiday period to put the needs of patients first. Those dedicated people make the NHS truly great.

Winter places additional pressure on the NHS and this year is no exception. The NHS saw 59,000 patients every day within four hours in November. That is 2,800 more every day compared with the previous year. The figures for December will be published on Thursday. We have done more this year in preparing and planning earlier than ever before. That means that the NHS is better able to respond to pressure when it arises. In the words of Professor Sir Bruce Keogh, the national medical director:

“I think it’s the one”

winter

“that we’re best prepared for. Historically we begin preparing in July/August. This year we started preparing last winter. We have, I think, a good plan.”

Let me tell the House about some of the things that have been done differently this year. We further strengthened the NHS’s ability to respond to risk, and the NHS set up the clinically-led national emergency pressures panel to advise on measures to reduce the level of clinical system risk.

We are supporting hospital flow and discharge. We allocated £1 billion for social care this year, meaning that local authorities have funded more care packages. Delayed transfers of care have been reduced, freeing up 1,100 hospital beds by the onset of winter. Additional capacity has been made possible through the extra £337 million we invested at the Budget, helping 2,705 more acute beds to open since the end of November.

We have also ensured that more people have better access to GPs. We allocated £100 million to roll out GP streaming in A&E departments and I am pleased that 91% of hospitals with A&E departments had this in place by the end of November. For the first time, people could access GPs nationally for urgent appointments from 8 am to 8 pm, seven days a week, over the holiday period. In the week to new year’s eve, the number of 111 calls dealt with by a clinician more than doubled compared with the equivalent week last year, to 39.5%, thereby reducing additional pressures on A&E.

We extended our flu vaccination programme, already the most comprehensive in Europe, even further. Vaccination remains the best line of defence against flu and this year an estimated 1,175,000 more people have been vaccinated, including the highest ever uptake among healthcare workers, which had reached 59.3% by the end of November.

We all accept that winter is challenging for health services, not just in this country but worldwide. The preparations made by the NHS are among the most comprehensive, and we are lucky to be able to depend on the extraordinary dedication of frontline staff at this highly challenging time.

Mr Speaker: Order. For a moment I thought that the Minister intended to treat this as though it were an oral statement, to judge by the length. I think it is fair and correct for those following our proceedings to point out that this is not an oral statement offered by the Government: it is a response to an urgent question applied for to, and granted by, me.

Jonathan Ashworth: It is always a delight to see the Minister, but the Secretary of State for Health should be here to defend his handling of the crisis, not pleading for a promotion in Downing Street as we speak.

I join the Minister in paying tribute to all those NHS staff working flat out. Many of them have said that this winter crisis was entirely predictable and preventable. When you starve the NHS of resources, when you cut beds by 15,000, when you cut district nurses, when walk-in centres are closed, when we have vacancies for 40,000 nurses, when you fragment the NHS at a local level and drive privatisation and when social care is savaged, is it any surprise that we have a winter crisis of this severity?

More than 75,000 patients, including many elderly and frail, were stuck in the back of ambulances for over 30 minutes in the winter cold this December and January. A&Es were so logjammed that they were forced to turn away patients 150 times. In the week before new year’s eve, 22 trusts were completely full for up to five days. The blanket cancellation of elective operations means that people will wait longer in pain, distress and discomfort. Children’s wards have been handed over to the treatment of adults. Of course, we do not know the full scale of the crisis, because NHS England refuses to publish the operational pressures escalation levels alerts revealing hospital pressures. Given Ministers’ keenness on duty of candour, why are OPEL alerts data not being collected and published nationally for England?

The Minister mentioned the winter pressures funding, but that money was announced in the Budget on 22 November. Why were trusts not informed of allocations until a month later? That is not planning for the winter: it is more like a wing and prayer. He will know that cancelling elective operations has an impact on hospital finances. What assessment has he made of the anticipated loss of revenue for trusts from cancelling electives? Will he compensate hospitals for that loss of revenue, or should we expect deficits to worsen? Can he tell us when those cancelled operations will be rescheduled?

The Prime Minister defends this crisis by saying nothing is perfect. Patients do not want perfection: they just want an NHS which is properly funded and properly staffed without the indignity of 560,000 people waiting on trolleys in the last year, in which operations are not cancelled on this scale, and in which ambulances are not backed up outside overcrowded hospitals. Patients do not just need a change of Ministers today: they need a change of Government.

Mr Dunne: I am glad that the hon. Gentleman mentioned the Secretary of State. I want to put on record my tribute to my right hon. Friend, who has served in that position for almost as long as Aneurin Bevan, who was the first Secretary of State for the NHS.

[Mr Dunne]

I am delighted to be here to respond to the hon. Gentleman, who, as usual, listed a cacophony of allegations, very few of which are directly related to the challenges that our hospitals face today—the increase in demand and pressure on our NHS as a result of a combination of the increase in population and challenges posed by demographics, as well as the weather and the presence of flu in many parts of the country, adding to the pressure on staff at this time of the year.

The hon. Gentleman asked several questions. On the funding issue, he is well aware that the £337 million announced in the Budget was allocated in December. His own local trust, which includes the Leicester Royal Infirmary, received £4.2 million. It is a great shame that he chose not to welcome that extra money for his local trust. The money announced in the Budget has been allocated, but we have kept £50 million in reserve to allocate this month if particular pressures that become apparent during the course of the month need addressing.

The hon. Gentleman asked about the impact of the cancelled operations. We do not know that operations are cancelled. There have been a few thus far; procedures and treatments are being deferred. It will not become apparent until after this period has finished how many actually do end up being cancelled, so it is not possible to calculate the financial impact on any of the trusts where deferral is taking place.

The hon. Gentleman referred to the situation as unprecedented. I gently remind him that we have a winter crisis of some kind or another every year. He will have been in Downing Street in 2009-10, when, as it happens, the then Conservative shadow Health Secretary chose not to try to take advantage of the near flu pandemic at the time because he recognised that there were operational pressures on the NHS and it was not down to him to score party political points. The hon. Gentleman has unfortunately chosen to do that. At that time, tens of thousands of elective procedures were cancelled to provide capacity to cope with the emergency at the front doors of our hospitals. So this is a routine way to deal with pressure coming through hospital front doors.

What distinguishes this year from previous years is that in the past elective procedures were cancelled within hours of operations being due to take place. Sometimes it was the day before and sometimes it was on the day. That caused patients considerable distress and gave rise to considerable problems for staff. We have set up the national emergency pressures panel to anticipate problems when we see the signals, and we can then give notice to patients that their procedures are going to be deferred. That is a much more humane and sensible way to do things and it provides much more opportunity for hospitals to cope with the pressures that are coming through the door.

Mr Kenneth Clarke (Rushcliffe) (Con): NHS acute services have never been better and are among the best in the world. As the Minister just said, every year we have this slightly ritual exchange about winter pressures, but does he accept that the problems are changing because of the increased number of elderly people in the population and the increased urgency of the need to solve the problem of how to admit them promptly to the right part of the service and then discharge them properly

and safely as soon as they are recovered? Will he advertise further to the many people who are not aware of it the availability of emergency GP services? Will he concentrate on the reform and integration of the community care system, the social care system and the primary care services and make sure that co-operation among them is steadily improved so that they can cope better in future years, because this problem is undoubtedly going to develop?

Mr Dunne: I am grateful to my right hon. and learned Friend for making those points. He brings to the House considerable experience of what it is like to be responsible for the NHS. He is absolutely right: the number of over-80s who are presenting to hospital A&Es is going up exponentially each year. Hospitals need to adapt the way that they treat such patients to try to keep them as healthy as possible so that they can live independently for as long as possible. That is why many hospitals are now introducing frail elderly units close to or at the front door of A&E departments so that they can turn around patients and avoid admissions. My right hon. and learned Friend is also right to point to the increasing integration between the NHS and social care that is necessary to encourage more people to live independently out of hospital and leave emergency departments for those people who are urgently ill.

Dr Philippa Whitford (Central Ayrshire) (SNP): I, too, pay tribute to staff across all four health services, where the normal pressures have been added to this winter by freezing weather and influenza. Scotland still leads in A&E performance across the UK, but we do not need to see four-hour data to understand the stress that NHS England is under. Thousands of patients have been held in ambulances for more than an hour outside A&E before they can even get in, which means that ambulances could not respond to other urgent calls, and that has obviously put other patients in danger. We have heard about patients being held in corridors for hours at a time, causing not just suffering and danger to patients, but enormous stress to those staff to whom we are paying tribute.

The Minister talks about the elderly population. We need to have beds for that population. England has halved its number of beds in the past 30 years, and now has only 2.4 beds per 1,000 population, compared with four in Scotland. Will he and the Secretary of State make sure that there are no further cuts in the sustainability and transformation reorganisation, and will they look at how they replace the money that has been cut from social care so that when elderly patients are ready to go home they can do so and free a bed for someone else?

Mr Dunne: As I have already said, the social care funding has gone up very significantly this year, and there is a second billion pounds to go into social care over the next two years. The hon. Lady is right to point to Scotland having a slightly better A&E performance than England, and the two countries are far better in performance terms than any other country that we regularly monitor, but she has to be a little careful when she talks about how Scotland is performing so much better. She talked about waits. It is the case that the over-12-hour trolley waits in England for November were half the rate of over-12-hour trolley waits in Scotland. We are providing information, and we are increasingly trying to be more transparent about the

impact of winter on our health service in England. I strongly encourage her to take back to her colleagues in the Scottish Government the amount of data that is being published in England and to see whether they can try to match it.

Dr Sarah Wollaston (Totnes) (Con): I join the Minister in thanking NHS staff and in commenting that there is nothing new about winter pressures in the NHS. What is different is that they are extending now into traditionally quieter months, and that the depth of those pressures is so much more profound over the current winter, because there has been a failure over successive Governments to plan sufficiently for the scale of the increased demand across both health and social care. Will the Minister think about the forthcoming Green Paper for social care and think about combining it with health, so that we can see this as a truly across-system approach? I would also like to reiterate the points made by the hon. Member for Central Ayrshire (Dr Whitford) about the role of bed-occupancy levels. Can the Minister tell us what the current bed-occupancy levels are in the NHS in England?

Mr Dunne: On the last point, I can confirm to my hon. Friend that, at Christmas eve, the bed occupancy rate was 84.2%, below the target of 85% that we set going into this particular winter period. Of course the rate fluctuates daily and I do not have the figures for the most recent days. We did at least start this holiday period in that position, which is a great tribute to the work done in preparing for winter. I wish to reiterate to her, as I did to my right hon. and learned Friend, the importance of the integration work being done through the sustainability and transformation partnership process between NHS organisations and social care providers. It is part of the solution for the longer-term arrangements that we need to put in place to try to make sure that people who are living longer live better, more healthily and in a more independent way out of hospital.

Mr Ben Bradshaw (Exeter) (Lab): Where does the postponement of tens of thousands of operations leave the promise made by the Health Secretary to the Select Committee, the last time he appeared before us, that he would begin to reverse the very bad deterioration in routine waiting times for operations that we have seen in the past seven years?

Mr Dunne: Many areas of the country are doing very well with their waiting times. There are some—this tends to be concentrated in a relatively small number of trusts—where the referral to treatment targets are not being met, and need to be met. Part of the funding settlement achieved in the Budget in November is designed to bring down waiting time targets, to get more people treated within an 18-week period. That will clearly exacerbate the problem during this immediate period in which procedures are being deferred, but we hope that it will not last long.

Sir Desmond Swayne (New Forest West) (Con): Notwithstanding the increased funding for social care, does not the principal constraint remain the inability to discharge patients?

Mr Dunne: As I said in my initial response to the question, it is very important that we improve patient flow through hospitals. One of the critical features that

enables this is ensuring that patients can be discharged when they are medically fit. We have put a huge amount of effort into this during the past nine months or so. I am pleased to say that some progress is being made, but we absolutely need to focus on this area. Again, there is huge variability between systems across the country. Some have virtually no delayed transfers of care, but the numbers of DToCs in other areas are much too high. We need to learn from the areas that are doing it right and introduce that in areas that are not.

Sir Vince Cable (Twickenham) (LD): To progress beyond the tribal arguments about funding, what is the Government's response to the 90 MPs from both sides of the House who have urged the Government to establish a cross-party consensus to agree a funding formula for integrated health and social care?

Mr Dunne: As the Secretary of State and the Prime Minister have said, we are always interested to hear ideas for improving the health service. At the moment, we have confidence in the five year forward view; that is the route that we are taking to bring the health service forwards and make it completely fit for the future. If the right hon. Gentleman has specific points that he would like to make, I am always ready to listen.

Helen Whately (Faversham and Mid Kent) (Con): It has been an extraordinarily difficult winter for hospitals serving my constituents in Kent. May I, too, thank NHS staff for the efforts that they have made to provide the best possible care? I welcome the extra money from the Government that has helped to open extra beds out of hospitals and to employ extra staff, particularly GPs and A&E staff. Will the Minister look carefully at future capital funding bids and at Kent's proposal for a medical school, so that we are better prepared for future winters and have the buildings and staff that we need?

Mr Dunne: My hon. Friend is a consistent champion of efforts to improve health facilities in her constituency. I am acutely aware of the challenge of medical training places in Canterbury, which was one of the reasons that we met last year to discuss what could be done to encourage medical students to come to Kent. I am not able to give her any specific guidance on the allocation of new medical training places because that recommendation will be coming to me over the next few months from Health Education England. We look forward to making decisions on that, and I specifically included in the criteria that rural and coastal areas should have good representation.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): The Minister will have seen the images of patients at Mid Yorkshire Hospitals NHS Trust sleeping on the floor because they could not even get a trolley, never mind a bed. We have had over 95% bed occupancy rates and a shortfall of over 200 nursing vacancies, and we will have a multimillion-pound budget shortfall by the end of this year. The Health Secretary and the Prime Minister have been repeatedly warned about this by nurses and doctors at Mid Yorkshire trust and across the country, by the public and by the NHS chief executive, yet they still decided to deny him the funding he needed at the Budget. How many more patients will have to sleep on the floor before this Government act?

Mr Dunne: I cannot comment on what the right hon. Lady says happened in her hospital regarding individual patients. I acknowledge that there has clearly been a lot of pressure on space for beds, which is in large part down to a multiplicity of factors including the high bed occupancy to cope with the high admission rate. I say gently to the right hon. Lady that her area has received £3.3 million to help to cope with winter pressures; that is not an insignificant amount. As to nursing vacancies, we absolutely recognise that we need to increase the number of nurses in this country, which is why we announced last October a 25% increase in nurses in training. That will start to take effect from next September. In addition, we have introduced the new alternative route into nursing of the nursing associate role, and we expect several thousand of those to start shortly.

Several hon. Members *rose—*

Mr Speaker: Order. It might be helpful to the House if I inform Members that I am looking to move on to the second urgent question at no later than 4.30 pm, so inevitably some people will be disappointed on this question. The longer each question and answer takes, sadly, the more people will be disappointed. I am in favour of fewer disappointments. I am sure that colleagues share that ambition with me, not just in general, but including in terms of its implications for their own question.

Mr Peter Bone (Wellingborough) (Con): Does the Minister agree that the social care system is broken and that the leader of the Liberal Democrats is right that we are not going to solve the problem unless we all work together?

Mr Dunne: I do not think my hon. Friend will be surprised if I say no, I do not agree that the system is broken. I do accept that it requires more funding, and that is why more funding was provided. It also requires local authorities to work more closely alongside the NHS to try to share these problems and find solutions together.

Liz Kendall (Leicester West) (Lab): The Minister said earlier that he did not know how many operations had been cancelled—maybe a few. Let me tell him that in one week alone 300 operations were cancelled in Leicester. I find myself unusually agreeing with the hon. Member for Wellingborough (Mr Bone)—social care is broken. Will the new Cabinet Office Minister be leading on the social care Green Paper, as the previous one did, and if not him, who?

Mr Dunne: I am glad that the hon. Lady has referred to the social care Green Paper, because that will be published this year, providing an opportunity for all Members to participate in it. It does not sit within my set of responsibilities, so I will come back to the hon. Lady on exactly who will be leading on it.

Maggie Throup (Erewash) (Con): My constituents can access Derby and Nottingham hospitals. The two trusts have been allocated an extra almost £7 million for winter preparedness. Will the Minister reassure me and my constituents that there will be a full analysis of how that extra money is spent, so that we can learn lessons to make sure that we build on good practices for next year?

Mr Dunne: I am pleased that my hon. Friend welcomes the extra money provided in her area. I can confirm that once this winter period is behind us, we will absolutely look to learn lessons on what works best in ensuring that we get patients seen to as quickly as possible.

Bambos Charalambous (Enfield, Southgate) (Lab): Is the Minister aware that on six of the seven days after Boxing day, all of north Middlesex hospitals' general and acute beds were occupied? Does he agree that this state of affairs is totally unacceptable, that more investment is needed in our emergency health services and that much better planning is required for any future winter crisis?

Mr Dunne: I confirmed to the House at the beginning of my remarks that we believe that planning is essential. We started planning for this winter at the end of last winter, and I expect that we will continue to do so for the coming winter. As for what happens in individual hospitals with the individual pressures that they have, it is down to the local NHS leaders and clinicians to determine what capacity they need, and they need to plan for that, too.

Kelly Tolhurst (Rochester and Strood) (Con): In Medway, we have seen great pressures in the system over the past few weeks. We have seen advance planning at Medway Maritime Hospital and extra funding going into the clinical commissioning group. Does my hon. Friend agree that the staff at the hospital have done an outstanding job so soon after coming out of special measures and that it is important that we should hold the CCG to account on where this money is spent?

Mr Dunne: I visited the Medway hospital when it was still in special measures and saw the pressures with the configuration of the A&E and the challenges that that posed to good patient flow. I am pleased that significant investment has already gone into Medway to try to resolve some of those physical characteristics. I absolutely agree that we should praise the staff of the hospital for the work that they have done in turning it around so well.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Three months ago at the Health Committee, Jim Mackey, the head of NHS Improvement, told us that

“we are running tighter than any of us would really want to and we have not had the impact from the social care investment...that we had hoped for; so, it will be difficult—it will be very tight—over winter.”

The Government knew that this crisis was coming, and the social care investment to which the Minister has referred this afternoon has not been enough. Why have this Government not acted?

Mr Dunne: The Government have acted. We provided £2.9 million of extra money to the hon. Lady's area to cope with winter pressures. Chris Hopson, who is the chief executive of NHS Providers, has said that this winter was better prepared for “than ever before”.

David Tredinnick (Bosworth) (Con): Will the Minister congratulate the doctors and healthcare workers of Leicestershire on their excellent work over Christmas but recognise that the problems of A&E are not just

about the supply of services, but about trying to reduce demand through triage, the involvement of the 111 service at A&Es and dealing with drunks who are abusing the old doctrine of a service free at the point of delivery?

Mr Dunne: I am very pleased to respond to my hon. Friend on a subject that is not always at the forefront of his mind. He is absolutely right to highlight the abuse of the health service by certain people—revellers—who turn up at hospitals in an unfit state to be treated. In some places, we have introduced holding areas to ensure that they do not disrupt the work of the hospital.

Norman Lamb (North Norfolk) (LD): The Minister will be aware that the tragic case of the elderly lady who lost her life while waiting four hours for an ambulance is not an isolated one: there are constant failures of care across the country every day of the week. If he recognises that this is completely intolerable, will he not respond to the 90 MPs from across this House who have demanded that the Government get a grip and work, on a cross-party basis, to come up with a long-term solution?

Mr Dunne: I am always interested in what the former Health Minister has to say on these subjects, because he speaks with considerable authority. On ambulances, it is obviously unacceptable for there to be delays of that nature and leading to that kind of outcome, and we absolutely need to ensure that all trusts, when these incidents occur, look very carefully at trying to prevent them from occurring again. We have now—in part, in response to the pressures that the ambulance service has been under—set up a national ambulance control centre to try to help co-ordinate ambulance responses where services are not meeting the targets in certain parts of the country or our requirements in individual hospitals.

Andrew Selous (South West Bedfordshire) (Con): It was back in 1994 that Germany got an integrated system of health and social care, with dedicated funding to pay for it. Will the Minister commit to moving forward, both at pace and at scale, with the sustainability and transformation partnerships, which are our answer to this problem?

Mr Dunne: That is absolutely our intention.

Tracy Brabin (Batley and Spen) (Lab/Co-op): May I press the Minister a little bit further on the photographs, which were taken by a constituent of mine, of people sleeping on the floor? These poorly people had been waiting on chairs for hours and had not been given a bed or a trolley. What I did not hear in his response was an apology. Is it not now time for the Minister to apologise to those affected?

Mr Dunne: The hon. Lady will have heard last week the apology from the Secretary of State to patients having operations postponed, and I am absolutely prepared to apologise today to patients who are not able to be treated as quickly as we would all like them to be treated. There are seats available in most hospitals, where beds are not available. I cannot comment on what happened in her individual case, but I agree with her that it is not acceptable.

Amanda Milling (Cannock Chase) (Con): I pay tribute to all the staff who work at Cannock Chase Hospital. A key advantage of this hospital is that it does not deal

with medical emergencies, so no elective operations have been cancelled. Does my hon. Friend agree that this clearly demonstrates the real value of Cannock Chase Hospital to local patients?

Mr Dunne: I absolutely agree with my hon. Friend that improving out-of-hospital capacity in our communities is vital. That includes capacity in medical centres and community hospital settings wherever they are outside the acute hospitals, which are inevitably under the most pressure at this time.

Mike Hill (Hartlepool) (Lab): Constituents of mine recently waited several hours for an ambulance, owing to the North East Ambulance Service running at a high state of alert. What are the Government doing about the crisis in the ambulance service?

Mr Dunne: This financial year we have introduced the new ambulance response programme precisely in order to try to direct category 1 calls more rapidly, with conveyance by ambulance for those people who need it most. It is in the early stages of introduction in many areas, and we have yet to be able to analyse its impact. If my hon. Friend would like to write to me about the specific case he mentions, I would be happy to look into it for him.

Rachel Maclean (Redditch) (Con): May I thank all the staff at the Alex Hospital in Redditch for doing an amazing job this winter? The hospital and the trust have been in special measures. I thank the Minister for his interest in my hospital and for the additional Government funding to address winter pressures. It is making a difference, with encouraging early signs in the elderly and frail unit in particular.

Mr Dunne: I congratulate my hon. Friend on her campaigning role in holding the Government to account for delivering on the capital injection of £29 million that we promised to the Worcestershire trust, of which the Alex is a key part. I reiterate to her that she should not rest until it has the money.

Mr Pat McFadden (Wolverhampton South East) (Lab): The cancellation of thousands of elective surgery appointments simply shows that the Tories are doing what they have always done, which is forcing people to wait longer for their operations and rationing healthcare in that way. How will the Minister deal with the backlog that will be created in future months because of all the operations that have been put off?

Mr Dunne: I have to say that I am disappointed with the right hon. Gentleman. He was a Minister in the previous Labour Government, and in each quarter for which I have the figures, which go back to 2000, between 10,000 and 20-something thousand procedures were deferred or cancelled. This problem has affected this country's health service every year, going back to the beginning of recorded data.

Robert Halfon (Harlow) (Con): My hon. Friend will be aware that Harlow's Princess Alexandra Hospital has among the highest rates of A&E use in England. That has been exacerbated by the winter crisis, which has caused significant pressures on the ambulance services,

[Robert Halfon]

resulting in a constituent having to wait 10 hours for an ambulance over Christmas. Will my hon. Friend redouble his efforts to do everything possible to have a new hospital in Harlow, to help us with the infrastructure and ensure that Harlow has a hospital that is fit for purpose for the 21st century?

Mr Dunne: My right hon. Friend is another consistent campaigner in favour of improving the infrastructure and estate of his hospital. He has invited me to visit; I have seen it and I am well aware that the hospital trust has put in an application for a significant rebuild, which will be considered in the allocation of the next phase of sustainability and transformation plan funding.

Diana Johnson (Kingston upon Hull North) (Lab): Up to 31 December, more than 400 patients had to wait an hour outside the A&E at Hull Royal Infirmary, and a further 1,000 had to wait half an hour. Has the time not come for the Minister to accept that the NHS does not have enough beds and to reverse the policy of cutting beds, which has happened under successive Governments? This Government need to take action now.

Mr Dunne: I indicated in my opening remarks that this Government have taken action. We have freed up the number of beds available through the DToC procedure, with an increase of 1,100 in the run-up to winter. We have also, as a result of the extra money we have been given, including the several million pounds given to the hon. Lady's area, provided an additional 2,700 winter beds. The procedure for future bed closures has been made very clear by NHS England: it will not happen unless acceptable alternative community provision is available in the area.

Gillian Keegan (Chichester) (Con): Western Sussex Hospitals NHS Foundation Trust, which runs St Richard's Hospital in Chichester, provided excellent care over the Christmas period, despite a 9% increase in the number of patients since last Christmas. Does my hon. Friend agree that that is a tribute to excellent leadership, brilliant staff and innovative planning with other local community services to improve processes and anticipate this annual need?

Mr Dunne: My hon. Friend highlights articulately the fact that proper co-ordination between local authorities and NHS trusts in some areas means that they can cope with the pressures better than others. I commend the example that she has given.

Dr Paul Williams (Stockton South) (Lab): I worked as a doctor on the NHS frontline last week. I saw elderly patients who would have been better off being looked after at home by community and social care, and people waiting far too long for ambulances. Cancelling non-urgent work just makes more patients suffer. What does the Minister say to the woman with Crohn's disease who is in pain and has terrible symptoms now that the bowel operation for which she has already been waiting for six months has been delayed again? The only way she will get the operation now is if things get even worse and she becomes an emergency case.

Mr Dunne: I put on the record my appreciation of the hon. Gentleman's role not only on the Health Committee but in undertaking shifts, as he mentioned. On deferred

procedures, we have given very clear instructions that time-critical operations should not be cancelled—cancer operations should not be cancelled. Ultimately, it comes down to the clinical decisions that are made at each hospital about who they should treat and who they believe can wait.

John Stevenson (Carlisle) (Con): Clearly there is pressure on the NHS, including on the Cumberland Infirmary in Carlisle. However, does the Minister agree that we must not lose sight of the positives, such as the £1.8 million investment in cancer equipment that has just gone into the hospital and the proposed £38 million investment in a proposed cancer unit, all of which are in the long-term interests of healthcare in Carlisle and Cumbria?

Mr Dunne: Cumbria is one of the parts of the country that has had persistent challenges in the delivery of healthcare. I am pleased that decisions have been taken over the past year or so, including those about investing in improving cancer facilities in Carlisle that my hon. Friend referred to, which we hope will address long-standing issues that have not been addressed under successive Governments.

Paula Sherriff (Dewsbury) (Lab): Despite the best efforts of NHS staff, patients in my area routinely waited over 12 hours just to be seen at hospital. We have heard from my hon. Friends about patients having to sleep on the floor. Will the Minister therefore take this opportunity to say that he will halt all further downgrades and closures of services in my area at Huddersfield Royal Infirmary and Dewsbury and District Hospital until a full assessment of capacity has been undertaken?

Mr Dunne: A significant amount of funding—some £3.4 million—was made available to the hon. Lady's area. Reconfiguration proposals are being driven by the STP process. It is down to local authority leaders and local NHS leaders and clinicians to determine what is the best configuration of services in their area.

John Howell (Henley) (Con): In Oxfordshire, considerable effort is being put into growing home-based health and social care systems. Does the Minister accept that that will solve the problem of delayed discharges of care by preventing them in the first place?

Mr Dunne: I agree that prevention is an important part of the long-term solution to improve healthcare outcomes for the population. I believe we are on the cusp of some significant technological advances that will allow more treatment to take place at home and more diagnostic tests to be taken without the necessity of attending acute facilities. Oxfordshire is a good leader in that.

Ms Karen Buck (Westminster North) (Lab): Of 106 emergency beds at St Mary's in Paddington, 105 were in continuous occupation over Christmas. Not long ago, a ceiling collapsed in a ward in that hospital. It is coping with a £500 million maintenance backlog—the biggest by far in the country. Will the Minister meet me to discuss how St Mary's Hospital will be assisted to cope with funding a maintenance backlog that, if things went wrong at the time of these pressures, would cause an absolute calamity?

Mr Dunne: I visited the A&E department at St Mary's for a night shift a few months ago. I was not aware of the incident of ceiling damage that the hon. Lady referred to, but I would be very happy to meet her to discuss it.

Simon Hoare (North Dorset) (Con): As my hon. Friend and his colleagues continue to wrestle with the conundrum of the merging of social care and healthcare, I urge him to keep at the front of his mind in his discussions with healthcare providers the importance of beds in community, district and cottage hospitals in providing a segue between acute settings and returning home.

Mr Dunne: My hon. Friend is a lively champion of the community hospitals in his area, which I know provide an important service, but I am afraid that I must again refer to the STP proposals and say that it is for local clinicians and health and local authority leaders to decide what is best in their area.

Mr Speaker: The hon. Member for North Dorset (Simon Hoare) should be doubly gratified to be acknowledged not merely as champion of the said hospitals but as a lively champion at that.

Simon Hoare: It is better than the alternative.

Mr Speaker: It is better than the alternative.

Lilian Greenwood (Nottingham South) (Lab): Nottingham University Hospitals NHS Trust and the East Midlands Ambulance Service have both declared the highest level of alert in recent days. Despite the heroic efforts of NHS staff, emergency patients' care, safety and dignity have been put at risk, and of course other patients have had their operations cancelled. Does this not confirm that the Government's preparations and resourcing were too little and too late?

Mr Dunne: As I have tried to explain to the House, the preparations began earlier, have involved more alternative measures than ever before and have been accompanied by considerable resource allocations right across the country, including, I think, £3.4 million to the hon. Lady's area.

Huw Merriman (Bexhill and Battle) (Con): Our fine GP surgeries around the country are facing the challenge of their neighbouring practices not being as well run, while many practitioners are choosing to retire because of our pension rules. Is it now time for the state to step in and provide practice where the private area will not cover?

Mr Dunne: Clinical commissioning groups have a responsibility to provide cover in every area, so if a practice does close, it is up to the CCG to ensure alternative provision. That responsibility is part of the NHS mandate and remains with it.

Liz McInnes (Heywood and Middleton) (Lab): Pennine Acute Hospitals NHS Trust, which serves my constituency, has advised the public to attend A&E for serious or life-threatening conditions only and the rest to visit the local pharmacist or call 111. What immediate help will the Minister give to community pharmacies and the 111 helpline to help them to cope with the increased demand?

Mr Dunne: The hon. Lady is absolutely right to point to the increased demand channelled in part through very local facilities such as pharmacies and NHS 111. The latter has seen a 21.5% increase in the volume of calls in the last month, but, despite that, has had nearly a doubling, compared with a year ago, of the number of calls dealt with by a clinician—just under 40%—which is very impressive.

Andrew Bridgen (North West Leicestershire) (Con): On my behalf and that, I hope, of the hon. Member for Leicester South (Jonathan Ashworth), may I welcome the £4.2 million of additional winter funding for the University Hospitals of Leicester NHS Trust? To remind the Labour party what an NHS crisis really is, will my hon. Friend tell the House who was in charge at the time of the Mid Staffs crisis—

Mr Speaker: Order. I have tried over a period of seven and a half years to educate the hon. Gentleman, and I am afraid that on the whole my efforts have been unavailing. I have tried to explain to him that his responsibility is to ask questions about the policy of the Government, for which it is the responsibility of the Government to answer; it is not the occasion for asking questions about the policy of the Opposition or the opposing party when in government. It is a point that is so blindingly obvious that only an extraordinarily sophisticated person could fail to grasp it.

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): Royal Stoke University Hospital in my constituency faces a double whammy during this winter crisis: an estimated net cost of £8 million even with the Government's investment of this period and the loss of income as a result of the cancellation of elective surgery where income has been put to one side. How does the Minister expect the Royal Stoke and the University Hospitals of North Midlands NHS Trust to meet that cost? Given that CCGs will now have a windfall because of cancelled operations, how will he make sure that that money is reinvested in community and acute services?

Mr Dunne: As I said earlier, it is our intent to review what has happened in relation to deferred procedures this month and over the winter, and we are monitoring that on a weekly basis. We will also keep under close review what happens with individual trusts as a result of the imbalance between income and expenditure.

Philip Davies (Shipley) (Con): The Minister is a very good man and an excellent Minister, in my opinion, but what does it say about the priorities of the Government when they are allowing so many operations to be cancelled over the next few weeks, while also pouring more and more money every year into overseas aid? I say to the Government through the Minister that people are now angry about this in the country. Billions of pounds every year are being spent on overseas aid when it is so clearly needed by vulnerable people at home in the UK. Will the Government get a grip on this? They will be massively out of touch with public opinion if they do not.

Mr Dunne: Let me gently say to my hon. Friend, who is also an important champion of the hospital in his area—we had a meeting before Christmas to talk about

[Mr Dunne]

allocating medical places—that deferred procedures have happened at the rate of tens of thousands a quarter for very many years. What we have done differently this time is give notice to patients and hospitals that they should rearrange their schedules weeks rather than hours or days in advance.

Mr Dennis Skinner (Bolsover) (Lab): During this winter crisis, has the Minister ever stopped to think what a barmy idea it was to allow the clinical commissioning groups to close, or threaten to close, a number of community hospitals in all parts of Britain, including Bolsover and several others in Derbyshire? Will he now get to that Dispatch Box and reverse that barmy decision?

Mr Dunne: As the hon. Gentleman well knows, STP plans are being developed by local NHS leaders, clinicians and local authorities, and it is they who are making recommendations in some parts of the country for changes in the configuration of services.

Several hon. Members *rose*—

Mr Speaker: Order. I am sorry, but we must now move on.

Office for Students: Appointment

4.31 pm

Dawn Butler (Brent Central) (Lab) (*Urgent Question*): To ask the Secretary of State for Education to make a statement on the appointment of Toby Young to the board of the Office for Students.

The Minister for Universities, Science, Research and Innovation (**Joseph Johnson**): The Office for Students came into being on 1 January and will be operational from April. It will put quality of teaching, student choice and value for money at the heart of what it does. It will be helped in that regard by a remarkably broad and strong board bringing together a wide range of talents and backgrounds, including vice-chancellors, graduate employers and legal and regulatory experts, as well as a student representative mandated by statute. The board also brings a diversity of views: its excellent chair, Sir Michael Barber, was a senior adviser to a former Labour Prime Minister; and several of its members have declared themselves to be past or present members of the Labour party. This is clearly not a body of Conservative stooges, but one that draws on talent wherever it can be found.

The Opposition have called this debate to discuss one of the board's 15 members, Toby Young. They would have us believe that he is not qualified or suitable to be on the board. Yes, Mr Young is not a university insider, but a board made up only of university insiders would be hard pressed to provide the scrutiny and challenge to the sector that students and taxpayers deserve. Indeed, the Higher Education and Research Act 2017 requires the Secretary of State to have regard to the desirability of the board's members having, between them, far wider experience, including experience of promoting choice for consumers and encouraging competition. Mr Young has real experience of both as the founder of the West London Free School, and now as director of the New Schools Network, helping parents around the country to set up schools of their own. That experience will be important to a new regulator that will be charged with creating a level playing field for high-quality new providers to offer degrees alongside established universities.

At the West London Free School, which Mr Young set up, 38.5% of children receive the pupil premium, and they have done better than the national average for those on the pupil premium this year and last. A parent-governor at the school described him this week as being “committed to public education, academic excellence, and greater opportunities for kids from lower incomes”.

He has won praise for supporting diversity by making the school a safe and supportive place for LGBT+ students. He is also an eloquent advocate of free speech, a value that is intrinsic to successful universities and which the OFS has undertaken to uphold. He has served with credit on the board of the US-UK Fulbright Commission, where he has been a strong supporter of the commission's work with the Sutton Trust to help disadvantaged young people to attend US universities. Indeed, the chair of the Fulbright Commission, Sir Nigel Sheinwald, described Mr Young as an effective, committed and energetic commissioner, saying that he had seen no evidence that any of Mr Young's remarks had influenced him in despatching his duties as a commissioner.

The hon. Member for Brent Central (Dawn Butler) has called today's debate to discuss tweets and remarks, some of which go back to the 1980s. These were foolish and wrong, and do not reflect the values of the Government, but I am not aware that anything Toby Young has said in the past has been found to have breached our strong discrimination laws, which are among the toughest in the world. In future, of course, he will be bound to comply with the Equality Act 2010 when performing all his functions for the Office for Students. Regardless of the legal position, it is of course right that Mr Young has apologised unreservedly to the OFS board. It is also right that he has said that he regrets the comments and given an undertaking that the kind of remarks he made in the past will not be repeated. So be in no doubt that if he or any board member were to make these kinds of inappropriate comments in the future, they would be dismissed.

As the Prime Minister said yesterday, since these comments and tweets, Mr Young has been doing "exceedingly good work" in our education system, and it is for that reason that he is well placed to make a valuable contribution to the work of the board of the Office for Students, where he will continue to do much more to support the disadvantaged than so many of his armchair critics.

Dawn Butler: It is not lost on me that I am up against one of the Johnson brothers and asking questions about one of their mates.

Mr Speaker,

"Violent, sexist and homophobic language must have no place in our society, and parliamentarians of all parties have a duty to stamp out this sort of behaviour wherever we encounter it, and condemn it in the strongest possible terms."

Those are the words of the Secretary of State for Education and Minister for Women and Equalities, the right hon. Member for Putney (Justine Greening), and it is a shame that she is not here today—I am not quite sure what job she has at the moment. I note that the Leader of the House is with us. She chairs an excellent committee in which we talk about eradicating sexual harassment, victimisation and bullying, and changing the culture in this House. I am therefore flabbergasted by this decision, and it is beyond me how the Minister can stand up and support the appointment of Toby Young. I find it hard to comprehend the appointment; I believe that it leaves the credibility of the Office for Students in tatters.

There are three areas that need to be urgently addressed today. The first is the process. What process was followed? Was the Nolan principle, as outlined in the application, applied? Was due process followed in all cases? Who was the independent assessor—I cannot find that person's name? Why did the Department for Education exaggerate Toby Young's qualifications and suitability for the role? Has the Commissioner for Public Appointments approved the appointment?

The second area is suitability. Have the Department for Education's guidelines on the seven principles of public life been upheld? Most people would laugh at that, but I will leave the Minister to respond. Toby Young's long history of misogyny and homophobia makes a mockery of such guidelines. A man who wrote about how he went to a gay club dressed as a woman in order to molest lesbians is far from appropriate. Far from apologising,

however, he has defended his actions, citing free speech. That might be free speech, but surely it also shows that he is not suitable to hold public office. Just 13 months ago, someone put a sexual harassment policy document on Toby Young's desk. He said:

"The next bit was underlined in red felt-tip pen: 'A joke considered amusing by one may be offensive to another.' I found out just how true those words were when I hired a strippergram to surprise a male colleague on his birthday on what turned out to be Take Our Daughters to Work Day."

I challenge the Minister to explain that.

The third area is merit. The Prime Minister said on the steps of No. 10 that people would be promoted on the basis of merit, not privilege. Is that still the case, or does having friends like the Johnsons override all that? There are over 800 free schools, meaning that there is a plethora of suitable people who meet the criteria to be involved in the Office for Students. Is this simply a case of jobs for the boys? The Foreign Secretary—the Minister's brother—declared that Toby Young has caustic wit, making him the ideal man for the job, but if boasting of masturbating over pictures of dying and starving children is caustic wit, I have most definitely lost my sense of humour. Why was the Prime Minister not aware of the comments before the appointment was made?

It is not too late. If there is an apology, rather than a statement of regret, will the Minister place it in the Library along with the more than 40,000 deleted tweets?

Joseph Johnson: On the point of process, Mr Young's appointment to the board of the Office for Students was made in line with the Commissioner for Public Appointments' code of practice, and Mr Young was appointed following a fair and open competition. He was selected for interview based on the advertised criteria and interviewed by the same panel that interviewed all other board candidates. Sir Michael Barber, who is the chair of the Office for Students, was one of the panel members, along with a senior civil servant and an independent panel member from the higher education sector, and that panel found Mr Young to be appointable.

As for whether the Department for Education exaggerated Mr Young's qualifications, it absolutely and categorically did not. Mr Young was a teaching fellow at Harvard and a teaching assistant at Cambridge, positions for which he received payment. The Department for Education never claimed that they were academic posts. As I have said, Mr Young is a Fulbright commissioner and co-founded the West London Free School, and that experience will be vital in encouraging new providers and ensuring that more universities are working effectively with schools.

Robert Halfon (Harlow) (Con): The Minister will know that I am a supporter of his work and of universities, but things have gone badly wrong here. I accept that Mr Young has done great work on free schools, but so have many other people. I am not talking about the things he has done on Twitter; I am more concerned about some quite dark articles in which he talks about the disabled and the working classes. Much more significantly—I have the article here—in 2015 he talked about what he calls "progressive eugenics", which is incredibly dark and dangerous stuff. I suggest that my hon. Friend look again at the appointment, because I do not think that it will give students confidence.

Joseph Johnson: I always listen closely to what my right hon. Friend, the Chair of the Education Committee, has to say, and I will look carefully at the article he has with him. Mr Young has expressed his regret and has apologised unreservedly for comments that, in some cases, were made in the 1980s. These are often very old writings and old pieces of work. I think that it is more helpful to Members if we focus on what he does rather than what he says. He has been a champion of students and of children with disabilities in mainstream education. He has a brother with learning disabilities and is a patron of the residential care home in which his brother lives, so we should not characterise him in the crude terms that Opposition Members have used. His deeds matter much more than the terms and the tweets that he has disowned.

Several hon. Members *rose*—

Mr Speaker: Order. Using language slightly loosely, the Minister referred at the outset to how the shadow Minister had called this debate. On advice, I gently remind the House that this is not supposed to be a debate or, therefore, the occasion for speeches either from the Back Benches or the Front Benches; it is a time for pithy questions and answers, to which I know we will now return with enthusiasm.

Lucy Powell (Manchester Central) (Lab/Co-op) *rose*—

Alan Brown (Kilmarnock and Loudoun) (SNP) *rose*—

Mr Speaker: I call Mr Alan Brown.

Alan Brown: Happy new year, Mr Speaker.

This appointment sums up this incompetent Government. Toby Young is a Tory crony, and the Department for Education exaggerated his qualifications. He thinks teachers have it easy. He has shown prejudice against the working class. He has written several misogynistic tweets and, as we have heard, talked about masturbating to Comic Relief images of children in Africa. When that came to light, the reaction of Tory MPs, including the Foreign Secretary, was to defend him.

Young himself does not seem to care. He has not made a full apology, and he says that most of the tweets are several years old, which also seems to be the Minister's attitude. Frankly, the Minister is putting his head in the sand. It was only two years ago that Toby Young was writing about eugenics for the working class. This House is supposed to be trying to be seen to clean up its act and Conservative Members were only too keen to call for action against the hon. Member for Sheffield, Hallam (Jared O'Mara) when his inappropriate tweets were made public, so the rank hypocrisy is absolutely stinking.

It has been suggested that Toby Young is on a yellow card, so will the Minister tell us what constitutes a red card? Will this appointment process be reviewed? What will the Government do to allay the concerns of the National Education Union, of students and of the wider general public? And when will the Government lead by example?

Joseph Johnson: I refer the hon. Gentleman to the Prime Minister's remarks yesterday on "The Andrew Marr Show." The Prime Minister was absolutely explicit that she expects no repetition of any of the remarks,

comments or utterances that have been the subject of considerable attention over the past week. Any member of the board of the Office for Students who says such things will no longer carry on in that position, and that will be the position going forward.

Mrs Maria Miller (Basingstoke) (Con): What account did the independent appointment process take of the public views of candidates, particularly when those views might be so clearly at odds with the equality principles that the Government clearly support?

Joseph Johnson: Of course, the Office for Students is there to represent all interests in our higher education system. The Higher Education and Research Act 2017 puts an obligation on the Secretary of State to have regard to a wide range of factors in making such appointments, including that board members must reflect the broad range of higher education providers, those who experience higher education—the students—and those, such as taxpayers and businesses, who either pay for higher education or are on the receiving end of its product in the flow of graduates into the workforce. The Government are, of course, attentive to reactions to appointments to the board, and we want the board to be highly effective in delivering on the core duties of the Office for Students.

Lucy Powell *rose*—

Afzal Khan (Manchester, Gorton) (Lab) *rose*—

Mr Speaker: I call Afzal Khan.

Afzal Khan: Toby labelled Islam a "deeply misogynistic religion," and he referred to the choice of some Muslim women to adopt the hijab as forced by male oppression. At a time when many more young British Muslim women are entering higher education, do the Government consider it appropriate to appoint such a person to the Office for Students? What is the likelihood that Toby Young will command the respect of Muslim women in higher education who wear the hijab?

Mr Speaker: The hon. Member for Manchester Central (Lucy Powell) looked almost inconsolable not to be called. It is true that I was looking in her direction at an earlier stage and might very well do so again, but it would be a pity to squander her at too early a stage of our proceeding. I am saving her up.

Joseph Johnson: In response to the question of the hon. Member for Manchester, Gorton (Afzal Khan), and to many other questions that might relate to individual tweets, articles or comments made by Mr Young over a long period of time, the answer is basically the same. Mr Young has acknowledged, and the Government have recognised, that much of what he said was foolish, wrong, offensive or obnoxious, and it is right that he has apologised and expressed regret for what he has said, written and done. It clearly does not reflect the values of the Office for Students or of the Government, but it is also important to recognise that, since he made many of those remarks, he has continued to make a valuable contribution to our education system, to the work of the Fulbright Commission and to the network

of free schools across the country, and it is for that reason that he has been appointed to the board of the Office for Students.

Several hon. Members rose—

Mr Speaker: I welcome the hon. Member for Morley and Outwood on her return from maternity leave, and let me say that it was a pleasure to attend her wedding.

Andrea Jenkyns (Morley and Outwood) (Con): Thank you very much, Mr Speaker. It was good to have you at the wedding.

Labour Members feign outrage at Mr Young's use of social media, but perhaps they should look at the way their own Labour activists and Momentum have treated other candidates, including during the general election. I got attacked by someone called "Corbyn Chick" for being an unmarried mother—where are the family values there? Perhaps Labour Members—*[Interruption.]* Perhaps if they listened rather than shouted—*[Interruption.]* Perhaps they should look at how their own Momentum activists and Labour party activists treat other candidates on social media. Why the hypocrisy?

Joseph Johnson: My hon. Friend makes an important point about double standards, because misogyny and misogynistic attitudes are rampant on the Labour Benches, as has been acknowledged by the hon. Member for Birmingham, Yardley (Jess Phillips), who has described a persistent pattern of

"low-level non-violent misogyny"

at the top of the Labour party. It is important that Labour Members—*[Interruption.]* That is what she said. It is important that Labour Members do not apply double standards when addressing this question. *[Interruption.]*

Mr Speaker: Order. I just say to the shadow Transport Secretary: sir, if you were a motor car, you would go from 0 to 60 in about five seconds. It is a discernible trait that I have discerned in you over a period of years and I wish to help you with this condition. Calm yourself. Just be a little calmer. There are many, many hours to go and there are many important developments to take place. Now, after due patience having been exercised, I call Lucy Powell.

Lucy Powell (Manchester Central) (Lab/Co-op): Thank you very much, Mr Speaker.

Mr Young's comments over the past few months and years speak for themselves, and the Government are making a gross misjudgment in now trying to defend them, but let us just take a moment to look at his record, as the Minister is so keen to talk to us about it. If he looked at the data dashboard for the West London Free School, he would find that progress 8 at that school is, in fact, average, and that its percentage of children on the pupil premium is below that for Hammersmith and Fulham and well below that for inner London. Perhaps that is why the school has only just got a "good" rating from Ofsted. I could give the Minister the names of many, many more people with much more experience, so is this not a case of "chumocracy", as the right hon. Member for Harlow (Robert Halfon) rightly said?

Joseph Johnson: We have armchair critics who do not do half as much good as Mr Young does for disadvantaged students in London and across the country. The hon. Lady has questioned the record of the West London Free School, but its GCSE results for 2016 put it in the top 10% of all English schools in the country.

Dr Sarah Wollaston (Totnes) (Con): I am afraid that I feel Mr Young's comments do cross a line and are indicative of an underlying character. We are talking about the kind of person who would tweet comments to a woman about masturbating over images of refugees—this does just cross a line. I feel that he should withdraw. When we apply for jobs, we all say whether or not there is anything in our past that could cause embarrassment. If that question was asked and it was answered "no", there is clearly a case for the board revisiting this and asking him to step down.

Joseph Johnson: I recognise that, as I have said, many of the tweets have been obnoxious and repellent in many ways—obviously, I have not seen all 40,000 of them—but it is also important to recognise that that tweet was probably eight or nine years old, since which time Mr Young has been on something of a developmental journey. It is possible that there is a capacity for reform, and we want to encourage Mr Young to develop the best sides of his personality—those that have led to him setting up good schools and to working with disadvantaged children in London so that they can make the most of their potential. It is for those reasons that he has been appointed to the board.

Wes Streeting (Ilford North) (Lab): There is a fault line in politics, with those who want a modern democracy with people appointed on their merit rather than their mates on one side, and I am surprised that the Minister, who is meant to be a serious person, finds himself on the other side.

I ask the Minister specifically about Mr Young's comments in the past two to three years, which the Select Committee Chairman raised, and in which Mr Young advocated what he called "progressive eugenics"—not in 2009, but in 2015. He repeated that in November 2017. The comments were removed by the Teach First website and he claimed that he had been no-platformed and censored. Does that sound like someone remorseful, who is suitable for public office? Why on earth has the Minister done this, not only to his and the Prime Minister's credibility, but to that of the Office for Students?

Joseph Johnson: Mr Young's work on behalf of disadvantaged and disabled students speaks for itself. He has championed inclusion in the educational institutions that he has set up. I cannot speak for the content of specific articles or tweets because, frankly, there are too many, and he has apologised for any offence he has caused, but I think that we should judge him by what he does—more so than we are currently doing.

David T. C. Davies (Monmouth) (Con): Will the Minister confirm that Toby Young has never used social media to tweet bomb threats against rival politicians, unlike one member of the Labour party, who is named in the newspapers today, and that some of the outrage is little more than an extension of the "no platform" policy used to drive anyone with a right of centre view out of the university sector?

Joseph Johnson: My hon. Friend makes an important point, the same one that was made a few moments ago, which is essentially that double standards are being applied here. Opposition Members should look at their use of social media—for example, the appalling slurs on Conservative candidates that are frequently levelled before a general election, and the deception targeted at students about the Labour party's intentions on student fees and tuition debt. They should consider their record on social media before criticising others.

Wera Hobhouse (Bath) (LD): Does the Minister suggest that, simply because Mr Young, under pressure, has now apologised for his dark and dangerous comments, he no longer holds the views that he has held for many years?

Joseph Johnson: Mr Young has apologised, as the hon. Lady said. He has said that he regrets the comments, which suggests that he has moved on. He has also committed to not repeating those comments and accepted the reality that if he does, he will no longer be publicly appointed to the Office for Students board.

Mr Bernard Jenkin (Harwich and North Essex) (Con): The Public Administration and Constitutional Affairs Committee oversees the public appointments process and we hold the public appointments commissioner accountable for the conduct of the code. This is a timely reminder that public appointments are to be held accountable. Is my hon. Friend satisfied that the panel had the due diligence they should have had when they made their appointment? What representations has he received from any member of the panel about the appointment since it was made?

Joseph Johnson: I thank my hon. Friend for his questions. The panel was correctly composed. As I said earlier, it consisted of a senior civil servant from the Department for Education, Sir Michael Barber himself and an independent panel member. They conducted the interview with Mr Young in the same manner as they conducted interviews with other candidates and found him appointable. In respect of due diligence, one has to look at what is reasonable and proportionate for a panel to do. Neither I nor the Department were aware of the offensive tweets before the appointment was made, but there is nothing unusual about that. Many of the remarks were made years—in some cases, decades—ago and it is not reasonable or proportionate for the Government to trawl through tens of thousands of tweets over many years when making public appointments.

Laura Smith (Crewe and Nantwich) (Lab): As a woman and as the mother of a young girl, I am appalled that the Minister and the Prime Minister deem it suitable to appoint such a man to this position. He has joked about anal rape of women. He talks about women's breasts constantly on Twitter. Will the Minister not join me in condemning this misogynistic view from someone who will be in a position of power and show all those young girls who look to the Government that it is simply not good enough?

Joseph Johnson: I agree with the sentiments the hon. Lady has expressed. Those comments and tweets are obviously obnoxious and repellent, and that is why it is right that Mr Young has apologised for them, it is right

that he has expressed regret for them and it is right that he has committed not to repeat them at the risk of being immediately dismissed from the Office for Students board.

Kevin Foster (Torbay) (Con): I have been interested to hear the Minister's answers. Can he reassure me about what evidence he took in relation to Mr Young's current appointment as a Fulbright commissioner and what reassurances he has that some of the behaviour we have discussed this afternoon will not be repeated?

Joseph Johnson: Mr Young does important work on the Fulbright Commission. He is a commissioner and has been reappointed to that role as a result of the good work he has done. That carries on. As I said earlier, Sir Nigel Sheinwald, the chair of the Fulbright Commission, has described Mr Young as an effective, committed and energetic commissioner and seen no evidence that the historic remarks—going back many years—have influenced him in discharging his duties responsibly on behalf of disadvantaged young people. He does very good work in promoting social mobility through the Fulbright Commission's work with the Sutton Trust and other organisations.

Stella Creasy (Walthamstow) (Lab/Co-op): The Minister asks us to judge Mr Young by what he does. As one of the many women who have had personal, repeated and recent experiences of his ability to lose friends and alienate people, I say to the Minister that an undergraduate student would know that it is not evidence enough of a change in behaviour for someone simply—when they have been caught out—to say sorry. Every educationist would say to the Minister that rewarding bad behaviour, as he is, sends a terrible message to our universities about the standards we accept. What more does Mr Young have to say before the Minister realises that he deserves to stay on Twitter, not in teaching?

Joseph Johnson: Since Mr Young made many of these comments and wrote these articles—which, in most cases, predate 2010—he has been appointed to the Fulbright Commission, he has been reappointed to the Fulbright Commission, he has been made director of a leading education charity and he has done important work setting up schools in west London that are delivering great outcomes for young people. That is what we should judge him by, not foolish and obnoxious tweets from the distant past.

Mr Philip Hollobone (Kettering) (Con): My constituents have no time for unpleasant and obscene remarks, no matter who makes them. Will the Minister ensure that all appointees to the board, including this one, have as one of their first priorities a close examination of the obscene levels of executive pay for some of the senior personnel in the higher and further education sectors, which many students regard as completely outrageous?

Joseph Johnson: My hon. Friend makes a good point, and it is a priority for the Office for Students to address the spiralling top-level and vice chancellor pay in our institutions. It featured in the regulatory framework consultation, which closed shortly before Christmas, and will be prominent in the regulatory framework when that is published later in the spring.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): The problem is that this man thought it was okay to publicly leer at women's bodies while they were in the workplace, including tweeting repeatedly about women, about their knockers, their breasts, their boobs, their baps—on and on. What does it say to women and young girls across the country that a Minister is defending that—including when this man attacked a woman MP in this House in that way? Instead, why does not the Minister stand with women across the world who are saying to men like this that their time is up?

Joseph Johnson: The Government have condemned the tweets. Mr Young has apologised for them. Any repetition of language of that kind will not be tolerated.

Mr Simon Clarke (Middlesbrough South and East Cleveland) (Con): I suspect I am one of the few people in the Chamber who has been to the West London Free School. I saw there for myself the outstanding work that Toby and his team have delivered, and they have done that blind to people's background and wealth, to the colour of their skin and to the creed that they practise. Does the Minister agree that that record deserves to be honoured and recognised? The comments were wrong, but those deeds need to be respected and they give Toby a credible platform for taking that office.

Joseph Johnson: My hon. Friend is right to laud Mr Young's achievements at the West London Free School, where the 38.5% of children who receive the pupil premium have done better than the national average for pupils on the pupil premium in both this most recent year and the previous one. Mr Young has created an inclusive environment. A parent governor at the school described him as

"committed to public education, academic excellence, and greater opportunities for kids from lower incomes."

Dr Rupa Huq (Ealing Central and Acton) (Lab): I am usually the first to congratulate my constituents on their achievements, but even Toby Young's Acton address cannot save him on this one. In his column in *The Spectator* on 9 December—not historical, but mere days before his appointment—he boasted "what a Big Swinging Dick I am."

The column was titled "The subtle art of showing off at work". How does that and the fact that his West London Free School has gone through five headteachers in almost as many years make him qualified for this post?

Joseph Johnson: Had Opposition Members done half as much as Mr Young has to promote outcomes for disadvantaged students, they would be in a better position to disparage his achievements. Mr Young's school has done better than the national average for its pupils on the pupil premium in both this most recent year and the last. That is something of which he can be rightly proud.

Joanna Cherry (Edinburgh South West) (SNP): The Minister is at pains to say that this appointment was Nolan-compliant. It is standard practice in modern times for employers to look carefully at the social media profile of those they appoint, particularly to public office. What due diligence was carried out? Were those who appointed Mr Young to the post aware of these

obnoxious tweets? If so, what was it about him that made him so uniquely qualified for this post over those without such an obnoxious social media profile?

Joseph Johnson: As I have said, the competition through which Toby Young was appointed was rigorous, open and fair. Like all the interviews, his was conducted by a panel consisting of the three people I have mentioned. It was an apolitical and independent-minded board of panellists who deemed Toby Young worthy of appointment.

Maria Eagle (Garston and Halewood) (Lab): The Minister really is seeking to defend the indefensible. As a former Minister for Disabled People, I am appalled at some of Mr Young's recently expressed views about the place of disabled people in our society. The Minister has said that many of Mr Young's misogynistic tweets were from many years ago, but his views about disabled people are very recent indeed. How can the Minister appoint somebody who thinks so little of the contribution of disabled people to our society to such an important position? Does he not agree that it is indefensible?

Joseph Johnson: As I have already said, Mr Young has been a champion of the inclusion of children with disabilities in mainstream education. Not only that, but outside his work with schools, he is a patron of the residential care home in which lives his brother, who has learning disabilities of his own.

Several hon. Members *rose*—

Mr Speaker: Order. I am looking to end these exchanges at quarter past 5, so Members need to be very brief.

Liz McInnes (Heywood and Middleton) (Lab): The Ministers says that he condemns Toby's Young's past comments, but the only appropriate condemnation would be to remove him from the board of the Office for Students. Does the Minister agree that a suitable replacement would be a representative from the University and College Union, so that university staff have a voice on the board?

Joseph Johnson: No, that would not be appropriate. I take the same view that the shadow Education Secretary took with respect to the comments of the hon. Member for Sheffield, Hallam (Jared O'Mara) when she said that he deserved a second chance and that she was happy to sit alongside him because the comments happened a long time ago. In her words,

"People do change their views... it is important that they recognise that and apologise and correct that behaviour."

That is what we are expecting Toby Young to do.

Steve McCabe (Birmingham, Selly Oak) (Lab): If a Minister of the Crown were guilty of making these filthy and obnoxious remarks, would the Minister expect him to resign?

Joseph Johnson: Going forward, the Nolan principles of public life will be applicable to Toby Young. He will be holding a public office, as a board member of the Office for Students. That is why it has been made very clear to him and to other board members of the Office for Students that if they make these kinds of objectionable comments and remarks they will be in breach of those principles and would not be able to continue in their positions.

Anna Soubry (Broxtove) (Con): I wonder whether the Minister can assist Members in this way: does he think that the good people of Broxtove are more interested in the obnoxious tweets of somebody who made those tweets many years ago but who nevertheless has an important position than they are in learning about the NHS crisis, which has affected almost everybody in this country?

Joseph Johnson: My right hon. Friend makes an important point. Labour's priorities are curious. We have had not a word from the leadership of the party about what is going on in Iran, for example, and it is focusing instead on its feigned outrage over Toby Young. It should really focus on the priorities facing this country, not these second order ones.

Nic Dakin (Scunthorpe) (Lab): The Minister said earlier that, in appointments to this board, there was a desire to represent the broad range of higher education providers. Why did he find space for such a controversial appointment, but no space for somebody with FE experience, when so many students are in further education?

Joseph Johnson: The board is representative of a broad range of higher education providers, as it is required to be under the terms of the Higher Education and Research Act 2017. It contains a vice-chancellor of the University of the West of England; a former vice-chancellor of BPP University; the chair of council at an arts college, the Rose Bruford College; and a senior figure from an Oxford college, who happens to be the bursar and also a director at the Oxford Centre for Higher Education Policy Studies. It is well representative of the excellent diversity of our higher education system.

Paula Sherriff (Dewsbury) (Lab): May I gently remind the Minister that abuse comes to all candidates, not just Conservative ones? I truly want to believe that this House takes allegations of sexual harassment and inappropriate behaviour in the workplace seriously, but how can I when the Minister is continuing with the appointment of this misogynist man who thinks that it is appropriate constantly to tweet about women's breasts, anal rape and masturbating over images of starving children?

Joseph Johnson: I do not see why we should take lessons from the Labour party on these matters. Let us take, for example, the case of the shadow Chancellor, the right hon. Member for Hayes and Harlington (John McDonnell), who made some extraordinarily intemperate and misogynistic comments about my right hon. Friend the Member for Tatton (Ms McVey). They were too vile to repeat, but typical of what the hon. Member for Birmingham, Yardley (Jess Phillips) described as the persistent,

"low-level, non-violent misogyny"

at the top of the Labour party.

Toby Perkins (Chesterfield) (Lab): The Minister has really diminished himself over the course of the past 45 minutes, and Toby Young is really not worth ruining his own career for. Mr Young is someone who has contempt for women, contempt for disabled people, and contempt for people from deprived communities who have the effrontery to try to get into Oxford. Will the Minister do the decent thing and disown Mr Young, and see his own reputation much enhanced for doing so?

Joseph Johnson: We are going over much the same ground as in previous questions. The tweets, remarks and comments that Mr Young has made were clearly wrong. He is absolutely right to have apologised for them. Since making many of those remarks, he has continued to do good work in our educational system: he is delivering good outcomes for disadvantaged pupils at his schools in west London; and he is working hard on the Fulbright Commission. We have every expectation that he will make a valuable contribution to the work of the Office for Students.

Kevin Brennan (Cardiff West) (Lab): I think the Minister said that Mr Young was deemed appointable by the panel without knowledge of the information on his past remarks that we have been hearing about. Were any other candidates deemed appointable by the panel, but not appointed? If that is the case, could this not be revisited with a view to appointing someone who does not have these kind of indecent views?

Joseph Johnson: As I have already said, the appointment process followed by the Office for Students board and panel was conducted in accordance with the code of practice published by the Office of the Commissioner for Public Appointments. Mr Young was appointable—many people were interviewed, as this is an important body—and it was determined that he had characteristics that would enable him to acquit those responsibilities well.

Diana Johnson (Kingston upon Hull North) (Lab): It is quite clear from the Minister's stumbling answers this afternoon that due diligence was not carried out on the appointment of this man. Does the fact that he deleted 50,000 tweets last week not worry the Minister? Does it not worry the Minister that today he has told us about decades of abusive and offensive comments made by this man? Surely this is the time to revisit the decision to appoint him.

Joseph Johnson: Mr Young's online oeuvre is not a great loss to the world. Personally speaking, I am glad we do not have to go through it, and it is probably a good thing that it is lost to the world. Mr Young wants to move forward and to focus on the important contributions that he is making to the outcomes of disadvantaged young people in west London and elsewhere in the country. Digging up past tweets and other comments dating back to the 1980s really serves very little productive purpose.

Points of Order

5.16 pm

Mike Gapes: On a point of order, Mr Speaker. During the debate on Russian interference in UK politics on 21 December last year, I misspoke. I wrongly said that Nigel Farage had attended conferences in Russia. I have been informed that that is not true. How can I correct the record?

Mr Speaker: The hon. Gentleman has found his own salvation, and we thank him for that. Nothing further needs to be said.

Catherine West (Hornsey and Wood Green) (Lab): On a point of order, Mr Speaker. Would you please clarify whether it is appropriate for a Minister to respond to an urgent question when his brother knows personally the individual appointee who is the subject of the question? Is that in order and in line with our expectations in this Parliament?

Mr Speaker: I am very grateful to the hon. Lady for her point of order. The answer is that it is for the Government to decide who should respond to an urgent question. No impropriety has taken place. I am not myself aware of the personal relationships to which the hon. Lady refers. However, in so far as she is asking me whether there has been some breach of parliamentary protocol, the short answer is no. That may disappoint her, but it is the factual answer. She has made her point in her own way. Meanwhile, I thank all colleagues who took part in the exchanges during that urgent question; I also thank the Minister for his time and energies this afternoon. The issue has been given a very full airing.

Dr Julian Lewis (New Forest East) (Con): On a point of order, Mr Speaker. You may remember the second time I raised as a point of order the difficulties of the Select Committee on Defence in getting the national security adviser to give us evidence in relation to the national security capability review that is currently under way. You expressed yourself in very strong terms on 27 November, when I last raised this subject. Since then, this stand-off has not made any progress, but I have discovered one thing—[*Interruption.*]

Mr Speaker: Order. This is a serious matter. I know that colleagues are waiting for the next business, but previous points of order were heard with courtesy. The right hon. Gentleman must be heard. This is an important matter and I want to be able to give him an informed reply.

Dr Lewis: I have discovered a matter that gives a fresh perspective on the claim that the national security adviser need only give evidence to the Joint Committee on the National Security Strategy and not, for example, to the Defence Committee—namely, that I now see from the recently published annual report of the Intelligence and Security Committee that as recently as last year the previous national security adviser gave evidence, in his capacity as NSA, to that Committee in addition to the Joint Committee. When precedent has so clearly established

the fact that the NSA does speak to other Committees when it suits him, what more can I do to get him to speak to my Committee?

Mr Speaker: I am grateful to the right hon. Gentleman for his point of order. I think I am right in saying that it is open to him to require the attendance of the said witness. It would be prudent of him to be sure in his own mind that he has the support of his Committee in making any such direction or requirement. Moreover—I am sorry that these are muddy waters—giving effect to such a requirement if it is not adhered to would very likely require the approval of the House. This is therefore a matter that can take a little time, and it is not completely straightforward or immediate in terms of effect, but it is open to the right hon. Gentleman to persist. I note what he said about previous examples of the national security adviser appearing in front of the Defence Committee rather than in front of, or in addition to, other Committees, and that is certainly a powerful argument in his arsenal.

I know that sometimes Governments are inclined to invoke the Osmotherly rules as justification for saying that one official can and another official cannot appear in front of a Committee. My response to that, on behalf of Parliament, is to say that the Osmotherly rules are very much a Government creation. This House has never endorsed or recognised the Osmotherly rules. They are, perhaps, a matter of great importance in the minds of Ministers, and in particular, I fancy, in the minds of officials; they are not important in my mind at all.

Sammy Wilson (East Antrim) (DUP): On a point of order, Mr Speaker. The House has previously discussed the remarks of Toby Young. This weekend, the MP for West Tyrone celebrated the murder of 10 Protestants at Kingsmill by dancing around a shop with a loaf on his head with the name “Kingsmill” written on it. In doing so, he has caused outrage among all decent people in Northern Ireland. Can you give me some guidance as to what action can be taken by the authorities in this House to condemn and to draw this House’s attention to the obnoxious behaviour of the MP for West Tyrone, and what action can be taken to deal with him?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. I am advised that there has been a significant number of letters about this matter to the Parliamentary Commissioner for Standards. If that be so, matters will take their course in accordance with the judgment reached by the parliamentary commissioner. More widely, though I take extremely seriously what the hon. Gentleman has said, and I share his distaste—his utter distaste—for any celebration of deaths, it is only right to point out that the Chair and the parliamentary authorities to whom he referred have locus in relation to conduct in this place. Where the alleged miscreant is someone who has not taken his or her seat in this House, I think that inevitably somewhat different considerations must apply. That said, in so far as part of the objective of the hon. Gentleman in raising his point of order was to highlight what he regarded as atrocious and unacceptable behaviour, he might be thought, and might think so himself, to have succeeded in his mission.

Taxation (Cross-border Trade) Bill

[Relevant document: Oral evidence taken before the International Trade Committee on 29 November 2017, on the Trade Bill, HC 603-i.]

Second Reading

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

5.25 pm

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

The Government have been clear that in leaving the European Union the UK will also leave its customs union, allowing us to establish and enhance our trading relationships with old allies and new friends around the world. Further to that, the Government have previously set out that in leaving the EU customs union and exercising the powers in this Bill, we will be guided by what delivers the greatest economic advantage to the United Kingdom and by three strategic objectives.

Sir William Cash (Stone) (Con): Before my right hon. Friend gets deep into his analysis, may I ask him about the expression “a customs union” in clause 31, which, according to the explanatory notes, clearly includes the EU itself? Will he be kind enough to tell me, either now or later in his speech, what the distinction is between the customs union and other kinds of customs union mentioned in clause 31?

Mel Stride: Clause 31 makes provision for this country to enter into a customs union with another territory. That territory could be the existing customs union of the European Union after we have left the European Union, or it could be another territory separate from it. As he will know, such a move would be subject to a treaty and would not be entered into until a draft statutory instrument had been laid before the House and approved under the affirmative procedure, and then subsequently approved by Her Majesty as an Order in Council.

Tom Brake (Carshalton and Wallington) (LD): The right hon. Gentleman says that he wants to do what is of “the greatest economic advantage to the United Kingdom”. Has he assessed whether staying in the customs union would be precisely that?

Mel Stride: I say gently to the right hon. Gentleman that we are going down a rather well-worn path. The answer is quite simple: in June 2016, the British people took a decision—people may have ended up on different sides of the argument, but they took a clear decision—that we would exit the European Union. As a consequence of that, we will be leaving the customs union.

Mr Kenneth Clarke (Rushcliffe) (Con): I was almost reassured by what my right hon. Friend said in response to my hon. Friend the Member for Stone (Sir William Cash). Would it not remain perfectly lawful under clause 31 for this country either to stay in the existing union, or to re-enter it quite quickly without any further change to the law, and while remaining party to all the EU agreements with about 70 other countries and participating in them as though we were still a member of the European

Union? If that is strictly the effect of the Bill, may I tell my right hon. Friend that I would be considerably reassured?

Mel Stride: As my right hon. and learned Friend will know, article 50 was invoked—the decision was taken to invoke that particular article—with the consequences that we will exit the European Union on 29 March 2019, and therefore leave the European Union customs union. However, clause 31 does indeed facilitate our future ability to enter into customs union arrangements with other customs unions or territories, subject to the express will of Parliament, as I detailed with reference to the affirmative resolution that would have to be passed by the House.

Alex Cunningham (Stockton North) (Lab): The Manufacturing Trade Remedies Alliance tells me that 7,000 manufacturing jobs, including 2,500 in the chemicals industry, will be at risk in my constituency if the UK does not establish effective trade remedies. If there is no customs union, how will the Government guarantee that manufacturing workers will not be negatively affected by unfairly priced or subsidised imports?

Mel Stride: The hon. Gentleman raises the extremely important matter of protecting our UK producers from dumped goods in this country, goods that have been subject to excessive subsidy, and indeed import surges that arise for other reasons. That is why this Bill and the Trade Bill, which will have its Second Reading tomorrow, make provision to set up a Trade Remedies Authority with the ability and powers to investigate appropriately the kinds of issues to which the hon. Gentleman alludes, and to ensure that we are able to take remedial action, in terms of additional duties and so on, to ensure that we properly address those particular threats as and when they occur.

Stephen Kinnock (Aberavon) (Lab): The Financial Secretary of course knows how close we came to the collapse of the British steel industry, thanks to the dumping of Chinese steel, but even though schedules 4 and 5 of the Bill refer to incredibly onerous public interest and economic interest tests, there is absolutely no detail of how so many of the practical aspects will work. Why do the Government seem to be set on leaving our manufacturing sector completely exposed to the dumping of Chinese steel, for example?

Mel Stride: I am afraid that I have to disagree with the hon. Gentleman. The Bill takes a balanced approach to the issue of protecting our domestic producers including, very importantly, steel producers. By “balanced approach”, I mean that we should also take into account the interests of consumers of those imported goods and businesses that use them in their processes. If the hon. Gentleman looks closely at the measures—we will do that in Committee—he will see that they provide for compensation where dumping has occurred and for appropriate sanctions to be made.

The economic advantage to the UK is very important, and that means continued UK-EU trade that is as frictionless as possible. It also means avoiding a hard border on the island of Ireland and establishing an independent international trade policy. As we look forward to the next stage of our negotiations with the

European Union, we see that the nature of our future customs relationship with the EU, and therefore the legislation that will allow the Government to give effect to any such relationship, become all the more significant.

Damian Collins (Folkestone and Hythe) (Con): My hon. Friend mentions the need to avoid a hard border on the island of Ireland. I know that he will also agree that we need to avoid an effective hard border on the channel crossing points, particularly the channel tunnel and the port of Dover. That is our principal road freight route for goods back and forth across the continent of Europe. It is essential that we maintain frictionless trade.

Mel Stride: My hon. Friend is entirely right. That is why we have consulted ports so extensively, most importantly that of Dover, which I visited myself. I met the port authorities down there, and members of Her Majesty's Revenue and Customs have been closely involved in consultations with the ports. Of course, the Bill allows the facilitations that we will require—both unilateral and bilateral—to ensure that the smooth flow of trade occurs at those vital ports. It is particularly essential that we do not have any delay to the processing of imports and exports that go through roll-on/roll-off ports.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): On the specific need to keep trade frictionless, HMRC, which is part of the Minister's Department, said that we would need an additional 5,000 customs officials. The Home Office said that it was already recruiting 300 additional staff, although I understand that they will backfill places rather than taking on additional roles. How many new customs officers are currently in training to prepare for the new customs regime in March 2019?

Mel Stride: The important point is that we are in discussions with HMRC about its funding—[*Interruption.*] If I may, I will answer the hon. Gentleman's question. We are discussing with HMRC the funding arrangements it will need in the 2018-19 financial year. As he suggested, Jon Thompson has said that between 3,000 and 5,000 staff will perhaps be required. Incidentally, they need not be new recruits; they may be people who are reallocated from other parts of HMRC as we change priorities, depending on how the negotiations pan out. I am very confident that an organisation of in excess of 50,000 people will be capable of recruiting sufficient individuals of the right calibre and with the right skills to ensure that the job is done.

John Redwood (Wokingham) (Con): Will the Minister confirm that on our current frontiers with the rest of the EU, excise, VAT, general taxation and currency are all different on the other side of the channel or the other side of the border with the Republic of Ireland, and that that all works very smoothly and mainly electronically today? Why do people think there would be a bigger problem if we needed to add another line to the electronic register because there was a customs charge as well?

Mel Stride: My right hon. Friend makes a very important point. There is no doubt that we can foresee an end state in which a very frictionless process pertains on the borders between the EU27 and the United Kingdom as

a separate customs territory. There are many examples around the world of technology in particular facilitating the free flow of goods across international boundaries.

Mike Gapes (Ilford South) (Lab/Co-op): The Minister referred to the EU's borders. It is not only that we have a border with the Republic of Ireland, as the British overseas territories have borders. Gibraltar has a border with Spain, and Anguilla has a border with Saint Martin and Sint Maarten. Will he explain what the Bill will mean for British overseas territories?

Mel Stride: As the hon. Gentleman will know, the overseas territories are not part of the existing European customs union. However, they clearly need to be factored into our discussions and negotiations. We are, of course, close to our overseas territories and, indeed, our Crown dependencies, and we will ensure that the arrangements that would suit those overseas territories, as well as the United Kingdom, are taken into account when determining where we land this deal and the approach that we take.

Sammy Wilson (East Antrim) (DUP): Does the Minister recognise the advice given by HMRC's permanent secretary that it believes that all of what is required is doable, and indeed that it is confident that we can have the movement of trade without significant disruption? Does he accept that if we want a frictionless border not just between Northern Ireland and southern Ireland, but between southern Ireland and its main market in the United Kingdom, it is not just a matter of this Bill and the resources being in place, because there needs to be much more co-operation than has been demonstrated so far by the Irish Government?

Mel Stride: I thank my hon. Friend for his intervention, but I do not want to be tempted too far into the negotiations that pertain to matters between the United Kingdom and the Republic of Ireland. However, I will pick up on the point that he and other right hon. and hon. Members have made about readiness. The customs declaration services system that will need to be in place to handle around 300 million import and export transactions and declarations is well on target. It will start to go into use by this autumn and we firmly believe that it will be up and running by next January—well in time for the 29 March deadline.

Catherine West (Hornsey and Wood Green) (Lab): The Minister is being very generous in taking interventions. Will he tell the House the estimated impact on the beef and dairy sectors in Northern Ireland, following today's article in the *Financial Times* that flags up the massive cost to the industry that a completely new customs union system would entail?

Mel Stride: Any issues around impacts on the flow of goods or trade necessarily require an assessment of where exactly the deal with the EU and—specifically in the case of the hon. Lady's question—the Republic of Ireland lands. Until we know exactly where that lands, it is not possible to start opining on those impacts. I come back to my central point: we are negotiating hard, and it is in our interests, and of course those of the EU, to make sure that we have the lowest duties possible between our trading blocs, and that trade flows as freely and effectively as possible.

Stella Creasy (Walthamstow) (Lab/Co-op): I have been asking the Minister for many months now about the impact of the 13th directive and the ability of other countries, once we are outside the EU, to vary their own VAT requirements. How can he be so confident that by next January he will be able to implement a system that looks at import and export tariffs, given that it will still be dependent on all 27 countries determining their VAT relationship with us? Does he have an agreement with them for that deadline?

Mel Stride: The 13th directive—as the hon. Lady will know, is principally used by countries and businesses outside the EU for the purposes of reclaiming VAT within the UK—will not necessarily be an issue, depending on where the negotiation between us and the EU lands. It is quite possible—indeed, the Bill facilitates this—that continued engagement with IT platforms will allow an easy and effective method of making the kind of reclaims to which the directive relates. She raises the question of whether we have to be ready by next January. If we have an implementation period, for example, we might have considerably longer to bring the process into effect.

Mr Chris Leslie (Nottingham East) (Lab/Co-op): To clarify, is it the Government's policy to try to remain a member of the EU VAT area? That issue matters massively to hundreds and thousands of businesses.

Mel Stride: The purpose of the Bill is to ensure that on day one we are ready for whatever eventuality we are faced with. For example, the Bill moves us away from acquisition VAT to import VAT, as would be the case—*[Interruption.]* The hon. Member for Nottingham East (Mr Leslie) thinks that that is some extraordinary revelation—almost a divine revelation—but it is actually in the Bill, as he will find if he reads it. To get technical, if he really wants to find out where this will end up, I think it inserts new section 15 into the Value Added Tax Act 1994. All these possibilities will be facilitated, but it will depend on where the negotiation lands.

Nicky Morgan (Loughborough) (Con): I appreciate that the Minister did not even get on to the section of his speech about VAT before we started to ask him about it, but following on from the previous intervention, he will be aware that many small businesses in this country have not had to deal with import VAT, because they have been dealing with imports from the EU, and that finding upfront cash to pay for that would be a real problem for them. Will he assure the House that he is aware of that issue and the concerns of small businesses about cash flow, and that he hopes to return to this matter? As he knows, we have discussed this before, and as Chair of the Treasury Committee, I will be writing to HMRC to ensure that we understand its current thinking.

Mel Stride: My right hon. Friend, who has been a doughty campaigner for the interests of business, is absolutely right to raise this issue, with which the Government and the Treasury have sympathy. We do not want over 100,000 businesses to be disadvantaged in cash terms in the way she describes, so this is certainly something that we will be looking at closely going forward. The Bill itself does not prescribe any particular

end point in this context. It will be for the Government, after the passage of the Bill, to decide exactly where we wish to end up.

Nigel Mills (Amber Valley) (Con): My right hon. Friend said that the Treasury might be inclined to be generous to businesses that had their cashflow disadvantaged by this change. Would he perhaps be less generous to large businesses that wholly disadvantage their small UK suppliers by forcing them to accept 120-day payment terms, thus effectively putting many out of business? It would be rather generous to let such businesses off earlier VAT payments on their purchases from within the EU if they were not paying their UK suppliers to a decent timetable.

Mel Stride: The issues that my hon. Friend raises are probably slightly beyond the scope of the Bill, but they are none the less important. If he would care to write to me, I should be happy to consider them, and, indeed, to meet him if he so wishes.

Richard Graham (Gloucester) (Con): My right hon. Friend is being very generous. It would help us all if he could confirm that this is really an enabling Bill, and that it therefore should not alarm either those who wish to see the continuity of existing trading arrangements, or those who want significant differences. It paves the way for either scenario, depending on the negotiations in Europe.

Mel Stride: As usual, my hon. Friend is eloquent and to the point. He makes an important point because, as he says, the Bill is intended to ensure that wherever the deal with the European Union lands, we will be in a position to be ready on day one to ensure that we keep trade flowing across our frontiers, to the benefit of our economy, our businesses and our consumers.

Sir William Cash: I mention this only because of the very articulate response that my right hon. Friend gave to my hon. Friend the Member for Gloucester (Richard Graham). The Bill refers to Orders in Council, which the Financial Secretary has mentioned, and also includes the words “despite any enactment”. Could that include the European Union (Withdrawal) Bill, when it has been enacted? Could it also include any other transitional arrangements under a further enactment? The words “despite any enactment” are very dramatic.

Mel Stride: I think it is clause 32 that sets out the basis on which the powers will be dealt with. The Bill is extremely clear that any treaty between ourselves, as a customs union, and another territory or customs union must be subject to a draft affirmative statutory instrument. Having been laid, such an instrument would not come into effect immediately, but only when Parliament—or, specifically, the House of Commons—had considered and passed it. At that point, and only at that point, would an Order in Council follow, which would effectively bring the will of the House into law.

John Howell (Henley) (Con): My right hon. Friend is being very generous in giving way. An important element of what he is talking about is the business community. What consultation has taken place with businesses, and what feedback has there been?

Mel Stride: My hon. Friend raises an extremely important point. At the heart of the issues that we are discussing are British businesses of all sizes. Because we want to ensure that we have an environment that is as good as possible for those businesses, consultation has been at the heart of our approach. We produced a discussion paper last year, as well as a White Paper, to which we received responses. I know that my colleagues in Her Majesty's Revenue and Customs have been actively engaged for many months in roundtable discussions with not just businesses, but representatives of ports and airports, and all the important actors in the process of importing and exporting into and out of the United Kingdom.

Perhaps I could now make a little progress—

Mr Kenneth Clarke: Will my right hon. Friend give way?

Mel Stride: Before I do, I give way to my right hon. and learned Friend.

Mr Clarke: I am extremely grateful to my right hon. Friend for giving way so generously, and for giving way to me twice. Let me also congratulate him on the eloquent clarity that he is bringing to this whole subject. He confirmed to my hon. Friend the Member for Gloucester (Richard Graham) that this is essentially a contingency Bill in case things change, and that it covers everything from carrying on roughly as we are now to having quite different arrangements. However, does it remain the Government's preference that things should stay the same if the negotiations are successful? Paragraph 10 of the explanatory notes states that

“it is the government's intention that the UK's Customs regime will continue to operate in much the same way as it does today following exit from the EU.”

Can my right hon. Friend confirm that that remains the Government's policy intention in the context of the forthcoming negotiations?

Mel Stride: My right hon. and learned Friend raises an important point. The Government are indeed saying that we recognise the importance of ensuring that we have a smooth and frictionless trading situation between ourselves and the European Union once we have left it. Although we will have left the European Union, the Bill will facilitate our ability to have similarities in the way in which we trade. It will then be up to us to decide how we deviate from our starting point. We see the current position, under the European Union code—the customs code and the legislation in the European *acquis*—as a starting point to which we need to be reasonably aligned, even though we might diverge from it in the years ahead as a result of the negotiations, if that would be to the benefit of our country.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): The Minister has clarified that it is the Government's intention to continue with the existing customs arrangements, and that the Bill will allow for the possibility of a continued customs union. Can he also confirm that the content of any new customs arrangements or customs union will be decided only through secondary legislation, rather than through primary legislation? Would it not be better to have a proper vote on the Floor of the House on primary legislation on whether we should stay in a customs union?

Mel Stride: The right hon. Lady poses an ingenious question. The simple answer is that the form of the arrangements with the European Union after our exit is the subject of the negotiations. The Government have committed to holding a meaningful vote on the deal. The focus will be on whether the deal is appropriate, not on secondary legislation within this legislation. This Bill is designed to facilitate whatever the will of Parliament ends up being. That is the important point.

The Government have been clear from the outset of the negotiations that, as we implement the decision of the British people to leave the EU at the end of March 2019, we want a deep and special partnership with the European Union and that, as we move towards any future relationship, we should seek to minimise disruption and maximise the opportunities that the process of withdrawal represents. That is in the interests of businesses and individuals in the UK and the EU.

Since triggering article 50, the Government have worked intensively with our European partners to settle the issues in the first phase of the negotiations—namely, a fair deal on citizens' rights allowing UK and EU citizens to get on with their lives in the country in which they live; a financial settlement that honours the commitments that the UK has undertaken as a member of the European Union, just as we said we would; and an agreement on the island of Ireland that preserves the territorial integrity of the United Kingdom and the stability that has been brought about by the Belfast agreement. We have made great strides in each of those three areas, and I am sure that Members on both sides of the House will welcome the European Council's agreement last month that sufficient progress had been made on phase 1 and that we should move on to talks about our future partnership.

This development in the negotiations means that we can now look forward to discussing our future customs relationship with the EU. As I reminded the House earlier, the Government have been upfront in setting out their objectives for any such arrangement. The Prime Minister has been clear that, although we are leaving the EU, and therefore its customs union, we are not leaving Europe. So just as the UK will establish an independent international trade policy and look to forge trading relationships with new partners around the world, it is also critical that our future customs arrangements allow us to keep trade between the UK and the EU member states as free and frictionless as possible.

Wes Streeting (Ilford North) (Lab): The Minister keeps on referring to the importance of free and frictionless trade with the European Union, but is it not time for the Government to be a bit clearer with the public that, through our membership of the customs union, we have preferential trade agreements with a further 65 countries right across the world? This is not just about protecting trade with the EU; we also need to protect those existing trading relationships. As far as any future trade deals are concerned, we must recognise that size matters, and that we are better and stronger as part of the European bloc.

Mel Stride: The hon. Gentleman raises an important point, and it is one that I largely agree with. It is important that we maintain the existing arrangements that we have been brought into by virtue of our membership of the European customs union, which is exactly why we are in discussions with those countries to ensure that we have appropriate arrangements in place once we

[*Mel Stride*]

leave the EU and its customs union. Over and above that, there will be opportunities to forge trading relationships with other countries around the world, which we are prohibited from doing at present because of our membership of the EU customs union.

Alison McGovern (Wirral South) (Lab): My constituents are today dealing with the news of yet more job losses at Vauxhall in Ellesmere Port. We are a place that manufactures, and we want to keep manufacturing, so can the Minister tell me and my constituents exactly what these opportunities are?

Mel Stride: The opportunities will be very significant indeed—[*Interruption.*] If the hon. Lady will allow me, I will attempt to answer her question. Of course our trading relationship with Europe is extremely important, which is why we are having negotiations with our European partners. It is important to us and to them to ensure that we maintain those relationships to the highest degree. However, a growing percentage of our trade is now taking place outside the European Union—certainly more than was the case five or 10 years ago—and the expanding markets of the future are not necessarily going to be the countries that constitute the membership of the European Union. To answer the hon. Lady’s question directly, the opportunities lie out there in China, India, the United States and other countries around the world with which we will be able to forge a freer set of trade agreements than we have been able to contemplate during our membership of the European Union.

Ian Murray (Edinburgh South) (Lab): The Minister continually uses the word “frictionless” and talks about keeping things as they are now. Indeed, the Bill will facilitate our keeping the customs union regulations as they are at the moment, so what principle are the Government using to take participation in the customs union off the table?

Mel Stride: This comes back to the fundamental point that on leaving the European Union we will be leaving the customs union. Then it will simply become a question of what kind of relationship we negotiate with the EU and its customs union. The Government’s position is clear on this. We want these arrangements to be as frictionless as possible. We want to facilitate trade rather than putting barriers in the way of what will be a European customs union of 27 nations after Brexit.

Wera Hobhouse (Bath) (LD): The Minister seemed to say previously that it might not be a great thing for the UK to leave the customs union and the single market, but that we were doing it because that was the will of the people as expressed in the referendum result. Is that the only reason that we are doing this?

Mel Stride: I apologise to the hon. Lady if I said something that in any way misled her. I do not think that I actually said that. What I said was that, as a consequence of leaving the EU, we will of necessity be leaving the customs union. Now, in the negotiations, we need to strike the best possible deal for our country—a deal that is in our interests and those of the European Union and that maintains a close, frictionless, positive and mutually beneficial relationship between ourselves and a customs union of the remaining 27 members.

Kirsty Blackman (Aberdeen North) (SNP): On the subject of the negotiations that the UK is having with countries with which it currently has free trade arrangements because it is part of the EU, and on the rules of origin issue, what discussions has the Minister had about cumulation and about whether the EU will accept UK-EU cumulation, or whether we will be required to have parts made only in the UK?

Mel Stride: As the hon. Lady will probably know, those are matters of ongoing discussion within the Department for International Trade, but this Bill and the Trade Bill, which will have its Second Reading tomorrow, are about ensuring that country-of-origin issues can be determined by ourselves under our own laws, rather than having to depend upon those of the European Union.

John Redwood: Will the Minister confirm that the European Union made it clear to the United Kingdom that we cannot stay in the customs union and single market if we will not pay contributions or accept freedom of movement?

Mel Stride: It is entirely true that we cannot have our cake and eat it—[*Interruption.*] I am paraphrasing the EU, not the Government’s position. Our position has always been that we foresee a mutually advantageous trading relationship with the European Union’s customs union and, for the purposes of this afternoon’s debate, the important point is that this Bill provides and facilitates the ability to produce exactly that.

It is important to provide certainty and continuity to businesses, including the hundreds with which the Government have met and consulted since the referendum. Crucially, the Government remain firmly committed to avoiding any physical infrastructure at the land border between Ireland and Northern Ireland. That commitment and progress on the issue were formally recognised at last month’s European Council, and it will continue to inform our approach in the future.

The Government set out in their future partnership paper last summer and in the White Paper for this Bill two options for our future customs arrangements—two options that most closely meet those objectives. One is a highly streamlined customs arrangement, which comprises a number of measures to help to minimise barriers to trade, from negotiating the continuation of some existing trade facilitations to the introduction of new, technology-based solutions. The other option is a new customs partnership: an unprecedented and innovative approach under which the UK would mirror the EU’s requirements for imports from the rest of the world that are destined for the EU, removing a need for a formal customs border between the UK and the EU. The Government look forward to discussing both those options with our European partners and with businesses in both the UK and the EU as the negotiations progress.

The Government have already taken a number of important steps to ensure readiness for EU exit, including most recently at the Budget when my right hon. Friend the Chancellor of the Exchequer announced £3 billion of funding for Departments and the devolved Administrations to support their preparations. HMRC is on course to deliver a functioning customs service on day one that enables trade to flow, HMRC to collect

revenues and the UK to have a secure border. The Treasury has already effectively allocated over £40 million of additional funding to HMRC this year to prepare for Brexit and continues to work with HMRC to understand its ongoing Brexit requirements. The Taxation (Cross-border Trade) Bill represents a significant part of our preparations.

Mr Leslie: I am grateful to the Minister for giving way. I sense that he is coming to a conclusion, so I wanted to get this particular question in. The programme motion specifies when he and the Government want the Bill to come back for Report and Third Reading, but how many sittings does the Minister intend the Bill to have in Committee? Many hon. Members would have expected a Committee of the whole House, but that does not appear to be the case and the Committee stage will happen upstairs. Will he guarantee that significant time will be available in Committee for those lucky Members to scrutinise this legislation properly?

Mel Stride: I will make two points. First, as the hon. Gentleman will know, such matters are for the usual channels, and his party is an important part of the usual channels. Secondly, the Bill will of course receive the normal high level of scrutiny as it passes through the House—line by line, clause by clause. Amendments can be tabled, debated and divided on if necessary. The Bill will then come back to the House on Report and for Third Reading. If he has any particular representations to make about the number of sittings in Committee, he should perhaps speak to his Whips, who can then speak to our Whips, and I am sure that we will all end up in a happy place on the issue he has raised.

Stephen Doughty: The Minister is being generous, as he always is. Having been opposing Whips at various points on various financial matters, I know that he always does these things in good faith, but I share the concern of my hon. Friend the Member for Nottingham East (Mr Leslie). Both Front-Bench teams are currently tied up with the Finance Bill that is going through—an important piece of legislation that we quite rightly oppose many parts of. Given that, we will not be able to start the scrutiny of this Bill in Committee for quite some time, and the Bill is due to be out of Committee by 1 February. The Bill will not receive full scrutiny in the House of Lords because this is a money Bill, so will the Minister tell us how many Committee sittings there will be to scrutinise a large, substantial and important Bill?

Mel Stride: The hon. Gentleman is being typically tenacious, but he asks the same question as the hon. Member for Nottingham East and he will have the same answer. I will spare the House my eloquence by not going through, once again, the same answer that I just gave.

Vicky Ford (Chelmsford) (Con): I thank the Minister for giving way and for drawing attention to the “Future customs arrangements” paper that came out in the summer and the two potential solutions: the highly streamlined option or the new customs partnership. Will he confirm that the Government are still open minded about both options and that this Government’s priority is to maximise stability and minimise uncertainty not only for British consumers buying products from the continent, but for continental suppliers trying to sell to us and vice versa?

Mel Stride: My hon. Friend is absolutely right that the Government’s position is that we are determined to explore both models actively. The new partnership model would be a creative and unique approach to a customs union with the European Union in which we would effectively have a common customs border and no customs border between ourselves and the other EU member states. Its very uniqueness and the creative thinking needed to reach any such agreement means that it would probably happen on a longer timeframe than some of the other approaches that we will be taking, but I can confirm that we want to continue to discuss both options with our European partners.

The Bill allows the UK to establish a new, standalone customs regime, ensuring that VAT and excise legislation operates as required upon EU exit. The Bill makes a number of provisions that are absolutely essential for any future customs regime to function effectively regardless of the outcome of the negotiations. Those provisions include allowing the UK to charge customs duty on goods, including those imported from the EU, allowing the Government to set out how and in what form customs declarations should be made, and giving the UK the freedom to vary the rates of import duty as necessary, particularly in the case of trade remedies investigations and for developing countries. Moreover, it will confer a number of necessary and appropriate powers to allow the UK to respond effectively to the outcome of the negotiations, and it will give the Government the ability to make subsequent changes to the customs, VAT and excise regimes, which may be required later but cannot be predicted at this stage.

As I have set out today, the Government recognise the importance of providing certainty and continuity to businesses, so this Bill will allow the Government to make good on their intention to replicate the effect of existing EU law wherever possible as the UK leaves the EU. I look forward to debating the provisions and the underlying issues as the Bill makes its way through this House. The Bill takes significant steps to ensure that the UK is ready for EU withdrawal by allowing our country to establish a standalone customs regime and by ensuring that our VAT and excise legislation operates as required upon exit day. As we begin discussions with the EU on our future partnership, the Bill ensures that we can do so with the utmost confidence, securing our ability to deliver a robust, efficient, effective customs regime whatever deal is struck with our European partners. As such, the Bill underpins our great country’s ability to pursue its own trade deals with partners from right across the world, and I commend it to the House.

6.9 pm

Peter Dowd (Bootle) (Lab): I beg to move an amendment, to leave out from “That” to the end of the Question and add:

“That this House recognises that the UK will need considered and effective arrangements to ensure a customs and tariff regime, including the potential of a customs union with the European Union, is in place before the UK’s exit, in order to guarantee frictionless movement of goods at UK ports and the ability to levy customs duty and VAT and to protect manufacturing and other key industries through the power to enact protective tariffs, but declines to give a Second Reading to the Taxation (Cross-border Trade) Bill because the Government has failed to provide a coherent plan for the operation of the customs and tariff regime after the UK’s exit from the European Union or for the maintenance of frictionless movement of goods at UK ports, because the Bill is

[Peter Dowd]

not accompanied by proposals to ensure that Her Majesty's Revenue and Customs are properly resourced and organised to implement a new customs and VAT regime, because the needs of UK manufacturers and producers have not been properly reflected in the design of the proposals and because the Bill proposes to give excessive powers to Ministers without appropriate procedures for parliamentary consultation and scrutiny."

Here we are at the start of another year, and it feels much the same as the last one—the same old empty Bills, long on rhetoric and short on detail. Yet always the Government's default position is a fresh set of powers for Ministers, which is the one fixed point in a changing world. This Government seem to be taking back more control from Parliament as each day passes.

The Bill ostensibly sets out to create a functioning customs framework for the United Kingdom once we leave the European Union—hope springs eternal. We accept that such an arrangement is necessary, regardless of the UK's future relationship with the EU or, indeed, the nature of its wider trading relationship, yet once again we have been denied any detail in the Bill itself, as hon. Members have identified. There is nothing to guarantee frictionless trade through the UK's ports from the moment of exit, no measures properly to resource Her Majesty's Revenue and Customs for the task and nowhere near sufficient detail on the powers and provisions of the Trade Remedies Authority that will be charged with ensuring that our vital British industries are protected. Only yesterday we saw the potentially disastrous consequences of that lack of detail, with reports on the likely result of the Government's failure to address the EU VAT area for thousands of businesses.

In short, instead of setting up a stable customs framework, this Bill provides few of the policy or, indeed, practical considerations required for the task of leaving the European Union.

Richard Graham: It seems rather curious to criticise the Government for denying any detail while we are in the middle of a negotiation. How could the hon. Gentleman expect any Government to guarantee anything until that negotiation is complete?

Peter Dowd: This Government have guaranteed absolutely nothing whatsoever. Time after time, they hide behind the veil of negotiation.

Before addressing the Bill's specific failures in meeting the Government's objectives, I will raise the issue of the powers created by this Bill that enable Ministers to do whatever they want. The leave campaign's central message, the one repeated time and again and printed across its campaign literature, was that leaving the European Union would allow the Parliaments and Assemblies of the UK to "take back control" of our law making. And yet again, every piece of legislation published by the Government relating to our exit creates more powers for Ministers, while ignoring Parliament completely. Parliament is in a persistent state of having its head patted—that is as much as Parliament is getting at the moment.

Sammy Wilson: Given where we are in the negotiations, does the hon. Gentleman accept that a Bill that allows either for no deal or for complete mirroring of the current arrangements and all possibilities in between is the best Bill we could possibly have?

Peter Dowd: The hon. Gentleman would have a point, but the Government's record so far is to try to duck every question we ask of them. They constantly hide behind the negotiations.

Several hon. Members rose—

Peter Dowd: Lots of people want to speak, so I will move on and come back in a minute.

We now have a Government who are prepared to change the law to give themselves a majority on Public Bill Committees—that is where we are. They are prepared to ignore votes of the House on Opposition day motions, and they are now prepared to undertake the greatest centralisation of powers that Parliament has seen since the war.

Angela Smith (Penistone and Stocksbridge) (Lab): Does my hon. Friend agree with me and many Labour Members that the programme motion needs to be more detailed and needs to make it clear that we will have proper scrutiny in Committee, with more sittings than currently appear to be on offer from the Government?

Peter Dowd: We will get as much scrutiny as possible on this Bill.

Having completely failed to create a strong and stable Government at the last election, the Prime Minister seems to be ignoring the will of the electorate and grabbing power by any means necessary. That is particularly the case with this Bill, where Ministers are being handed powers to set import and export duties, preferential rates and quotas across any good or service sector in our economy. This Bill will give the Government the power fundamentally to reshape the environment in which our economy operates with a few strokes of a pen.

Alex Cunningham: As my hon. Friend says, it is critical that Parliament has a say. CF Fertilisers on Teesside is worried about the dumping of cheap goods, particularly from Russia, if we do not get the anti-dumping legislation right. The Minister says that will be addressed by this Bill and by the Trade Bill, which will have its Second Reading tomorrow, but I cannot see anything that says so. Does my hon. Friend agree that that is all the more reason why we need much more time in Committee to ensure that such guards are put in place?

Peter Dowd: My hon. Friend makes a good point that we need to have absolute scrutiny of the Government's proposals.

We know what the Government would do with the powers contained in this Bill. They would tear up protections for British producers and consumers, throw workers' rights on to the bonfire and create a free-market offshore tax haven—a miserable pound-shop economy. The Government know the price of everything and the value of nothing.

The Government do not have the authority to act in that way. The referendum and the recent election show a country divided, and it is Parliament's job to reflect the country's will and to develop a workable consensus. This Government, much like the disastrous Major Administration, have no mandate to implement such far-reaching changes, which is why the Labour party's reasoned amendment would deny the Bill a Second Reading.

We demand that the Government return with a Bill that sets out a clear path to our mutual objective of creating a functioning institutional framework for the handling of customs once we leave the European Union, one that provides the proper powers of scrutiny to Parliament, as promised by the leave campaign and as determined by the citizens of the UK in the recent election. Anything less is an affront to our democratic process and will only spell disaster for our country as this weak Prime Minister becomes prey to the worst instincts of many Conservative Members.

Mr Leslie: My hon. Friend spoke earlier about how many tens of thousands of businesses could end up with severe cash-flow problems if we leave the EU VAT area. Will he confirm that the Labour party's policy is to try to continue participating within the EU VAT area?

Peter Dowd: I am happy to have a conversation with my hon. Friend outside the Chamber, but this is about the Government's policy, not ours.

HMRC resourcing is another issue that we have to address. Everyone in this House agrees that we must avoid the nightmare scenario of gridlock at UK ports, with lorry queues stretching as far as the eye can see, yet the Government continue to do Brexit on the cheap with their refusal to fully fund and resource HMRC. Its staffing levels have been cut by 17% since 2010, and they are set to be cut further this year as it plans to close 137 offices across the country. The Minister must recognise the urgent need to hire and train more customs officers and HMRC staff, particularly if the Government are to meet their over-ambitious target of a fully operational customs system by 2019.

Although the Treasury is keen to tout technology as its magic solution to customs post Brexit, Ministers have failed to offer specifics on what a new customs system will look like and on whether it will even be ready in time. At the same time, there remains huge underlying questions about whether the current customs declaration service programme can deal with the sheer workload and pressure post Brexit.

A new IT system is no substitute for a fully resourced and staffed HMRC. Even with a transitional arrangement with the EU, the Treasury must recognise the urgent need to increase HMRC's budget and staff, which is why the Opposition will attempt to amend the Bill to require Ministers to report back to Parliament on HMRC staffing levels and on the progress on testing and implementing these new systems.

Rachel Maclean (Redditch) (Con): Does the hon. Gentleman recognise that HMRC has been given all the funding it has asked for to be ready for Brexit? Does he recognise that the Treasury has set aside a total of £3 billion, that £400 million has gone to HMRC, that the negotiations are under way and that it will be given what it asks for to be ready on Brexit day?

Peter Dowd: There is no one in training and the staff on the ground take a completely different view from the hon. Lady.

The Bill outlines the trade remedies the Government will enforce against the dumping of unfairly priced goods. At the moment, these remedies are provided by the EU, but on leaving, the UK will have to enact and

manage its own trade remedies. These measures are spread across this Bill and the Trade Bill and are of great importance to UK manufacturers. As I have said at this Dispatch Box on previous occasions, the Opposition will oppose any attempt by this Government to undermine UK manufacturing and jobs by the weakening of trade remedies, as well as any attempt to dismantle unilaterally the external tariff and open up UK markets to unfairly priced goods. This is a question not of protectionism, but of fairness and the rule of law, as countries that allow or encourage state dumping are not playing by international rules.

The manufacturing industry remains an indispensable part of the UK economy. According to the Office for National Statistics, manufacturing accounted for 2.3 million jobs in 2016 and 10% of the UK's total economic output. These jobs are shared out across the minerals and ceramics, paper, steel, glass, chemical and fertiliser sectors. They are also spread across communities across the country, where manufacturing remains one of the largest employers. In my constituency alone, more than 2,500 people are employed in manufacturing, and the same will be true of the constituencies of many Members here today.

The trade remedies proposed in this Bill are pitiful to say the least. They are far weaker than the remedies currently in place in the EU and are weaker than those in most developed trading nations, and if they remain unchanged, they will put manufacturing jobs at risk.

Stephen Doughty: I agree very much with the point my hon. Friend is making about the pitiful nature of the trade remedies in the Bill. Indeed, I think that it poses much greater risks for industries such as the steel industry in my constituency. Does he agree that it is necessary to put paid to the myth that existed that we could not take trade remedies when we were part of the EU? Indeed, the former Steel Minister who is sitting opposite, the right hon. Member for Broxtowe (Anna Soubry), took a good decision, for which I praised her at the time, to introduce remedies on certain steel products that affected steel in my constituency. Whether these decisions are taken or not is a political choice; it is not about whether we can do this or not under the EU.

Peter Dowd: My hon. Friend is absolutely right on that point.

What is concerning is the fact that UK manufacturers and key industries have not been consulted on the trade remedies in the Bill. Perhaps the Minister can explain why, if the Prime Minister is happy to meet representatives from Toyota to agree a deal and the Environment Secretary is in regular contact with the National Farmers Union on future agricultural subsidies, he has failed to consult an industry that represents nearly 10% of the economy and employs millions on the trade remedies it needs to protect UK jobs.

Stephen Kinnock: I am sure my hon. Friend will have seen the letter in the *Financial Times* from the chief executive officers of the British steel, paper, ceramics, minerals and chemicals associations, along with their trade union counterparts, which puts this very well: they are deeply critical of the Bill, saying it does not do anything like what is required on trade defence and making it absolutely clear that the UK's manufacturing base and tens of thousands of jobs around the country will be at risk if Parliament gets this Bill wrong.

Peter Dowd: My hon. Friend is absolutely right on that point, and on that issue the Government just are not listening—it is as simple as that.

As I was saying, I have no doubt that if the Minister had consulted, he would have been told by industry professionals in no uncertain terms to tear up this Bill and start again. It offers no legal certainty for UK manufacturers. Schedule 4, in particular, has little detail on how investigations will be conducted or on how calculations and remedies will be applied. In addition, a mandatory lesser duty rule is completely out of step with the direction the EU is heading in and with the majority of countries in the World Trade Organisation.

The economic interest test outlined in the Bill is of particular concern, as not only is it unique to most WTO countries, but it appears to be tipped towards the consumer and against the producer; it is absolutely out of balance. It is far too wide and gives unprecedented powers to a Secretary of State for International Trade who has already advocated lowering food standards and weakening workers' rights. The Bill does not state the duration of the remedies that would be in place, whereas the EU currently stipulates five years. Nor is the Bill clear about the rolling over of specific EU trade remedies that are set to expire and that must be replaced by the Secretary of State or whole sectors would be left vulnerable. Those are just a few of the concerns that the Opposition have with the trade remedies outlined in the Bill, and we will raise them further and seek to amend them in Committee.

As I mentioned, the Opposition recognise the need for effective customs and tariff arrangements, which will guarantee the frictionless movement of goods at UK ports. The ability to levy customs duty and VAT as well as to protect manufacturing and key industries when the UK leaves the EU is also important—

Angela Smith: I feel that it is very necessary to ask this question, given that a majority of Labour Members are in favour of staying in the customs union: can our Front-Bench team confirm whether or not they are in favour of staying in the customs union?

Peter Dowd: My hon. Friend knows that that matter has been debated on many occasions, and I am not going to go there.

The trade remedies outlined in the Bill are woeful and will not protect UK manufacturing and jobs. Similarly, the Government have failed to provide any clear indication alongside the Bill that they will properly fund and staff HMRC to make sure it can effectively manage our customs and tariff regime post Brexit. This is yet another poorly drafted Bill from an increasingly chaotic and divided Government, who seek to award themselves unprecedented power and shield themselves from any parliamentary scrutiny. That is why I urge colleagues from across the House to support our reasoned amendment.

6.27 pm

David Morris (Morecambe and Lunesdale) (Con): I really wanted to contribute to today's debate because my local port of Heysham will be directly affected by the outcomes of what we are discussing today.

I went to see the port not so long ago to talk about how we best facilitate the trade coming through it. I met the port authorities and the chief executive of Seatruck Ferries, Alistair Eagles, who envisaged that, given the way things are looking, there would be no problem with trade from Northern Ireland coming into the port of Heysham and the rest of the UK. There was one thing that concerned me around that time: press reports of a "Dad's Army" of customs officers being recruited. Such reports were completely unfounded and erroneous, because we know now that customs officers are being recruited. The main point I looked into was the fact we could get our trade from Northern Ireland moving through the port of Heysham seamlessly, as happens now. It was agreed at the time that that could carry on, so I am glad to report to the Chamber that, judging by what I found out and the experiences of how the port is working, we do not envisage a problem.

Sammy Wilson: Does the hon. Gentleman accept that we on the Northern Ireland side also welcome the fact that the Government have made it clear that trade between Northern Ireland and the rest of the UK will not be interrupted in any way as a result of leaving the EU? Indeed, despite what has been said in this House time and time again, the Government have put forward very positive proposals as to how that frictionless trade can be conducted.

David Morris: I could not have put that any better—I agree with everything the hon. Gentleman said.

I will give just one taste of how trade works in my area. We are the first port of call—excuse the pun—for Northern Ireland. I hope that the hon. Member for North Antrim (Ian Paisley) and I are going on a little project on a Wrightbus—known as the Boris bus—from his constituency through the port of Heysham all the way down to London to demonstrate exactly how trade works within the UK and how it will flourish under the Bill.

Ian Paisley (North Antrim) (DUP): I thank the hon. Gentleman for enlightening the House on that point. As he knows, that bus is in itself a great expression of how trade works within these islands. People from the constituency of my hon. Friend the Member for East Antrim (Sammy Wilson) work in a factory in my constituency, which draws on skills from across the whole United Kingdom, whether the tarmac manufacturers in Scotland, the electronics manufacturers in Manchester or the window developers for buses. All those skills are put into one product, which is seen every day on the streets of London, Manchester and other parts of the UK. It is a good example of how trade works practically, putting people into employment. I welcome the project that the hon. Gentleman suggested.

David Morris: The hon. Gentleman explains succinctly that the supply chain that makes the buses is immense in his constituency and in the wider UK. That is why trade must flourish between Northern Ireland, the United Kingdom and Europe.

It is a fact that we will leave the EU, and it is best to think about how we do it. The Bill covers the initial stages of facilitating that.

Mr Alister Jack (Dumfries and Galloway) (Con): My hon. Friend is generous in giving way. I am sure that he agrees that, given that southern Ireland does 80% of its trade with or through the United Kingdom, it is also in Ireland's interest that that carries on seamlessly. Like my hon. Friend, I have a port—Cairnryan—in my constituency, and if any of the buses are too much for others to handle, I would love them to be sent my way.

David Morris: I thank my hon. Friend for his intervention, which brings me nicely to my next point. I have to be careful what I say because I am still Parliamentary Private Secretary to the Secretary of State for Northern Ireland. I put it on record that I wish him well. He has not just been an excellent boss; he is a more than excellent friend. I welcome the new Secretary of State, whose name has just been announced: my right hon. Friend the Member for Staffordshire Moorlands (Karen Bradley).

We have a free trade border between Ireland and Northern Ireland, and we have had it since the 1920s. Two currencies operate in the area, and there is not a problem. To be grown up about the situation, there is no reason why that should not carry on. However, I urge all Members to think of the benefits that can arise from our leaving the EU. Gibraltar has been mentioned. Since Brexit was announced, Gibraltar has increased its trade by 25%, and there does not seem to be a problem with borders that it is not already experiencing. It is therefore in the interests of not just the UK but the EU that we continue with the frictionless borders and frictionless trade tariffs. That is the grown-up view.

I urge hon. Members to allow the Bill to go forward. I will vote for it this evening and I urge Ministers to heed what I have said, even though it is about a microcosm of the UK, and ensure that we get the best deal for the UK within Europe.

6.33 pm

Kirsty Blackman (Aberdeen North) (SNP): I am grateful for the opportunity to speak on the Taxation (Cross-border Trade) Bill, which I will call the customs Bill for ease during my speech. I am particularly delighted that we are considering it at the same time as the Finance Bill—that is excellent. I am not sure whether *Hansard* can capture my sarcasm there.

Is the Minister as concerned as I am about the issues that so many different organisations have raised? Perhaps the Minister and the teams in Her Majesty's Revenue and Customs have been meeting the organisations that are raising concerns, but I do not think that they have been listening. Part of the problem for me is the wide range of organisations that are raising a wide range of issues. As many hon. Members have said, they include UK Steel, the Manufacturing Trade Remedies Alliance, the British Ceramic Confederation, the GMB and the TUC, but also the British Chambers of Commerce, the British Retail Consortium and the Law Society of Scotland. All those organisations have raised issues, which are not all specifically about trade remedies. There are therefore several problems with the Bill, not just with one aspect but across the measure.

The Bill has 166 pages and creates so many delegated authorities that the Government have had to produce an 174-page document detailing them. The majority

relate to the negative procedure, though some relate to the affirmative procedure. In four instances, the UK Government create Henry VIII powers—the power to amend or repeal an Act of Parliament—which are particularly concerning. We have consistently raised concerns about Henry VIII powers, and we will continue to do that. The Chartered Institute of Taxation said:

“The Bill will, we understand, have the powers to amend primary legislation using secondary legislation; raising similar concerns around delegated powers as with the EU (Withdrawal) Bill.”

UK Steel said that

“key aspects of the UK's trade legislation will evade proper parliamentary scrutiny”.

It is a major concern when UK Steel, a trade body that represents important manufacturers, makes such comments.

The number of organisations that are raising concerns is worrying for Members, as is the fact that so much of the Bill will dodge proper parliamentary scrutiny. Those who supported Brexit as a means to strengthen parliamentary sovereignty are being incredibly badly served yet again by the UK Government. Sovereignty for the Government is very different from sovereignty for Parliament. I urge the Minister to read the Law Society of Scotland briefing on the Bill. It suggests several amendments, and much of its concern is about the lack of requirement for Ministers to consult when making secondary legislation.

Stephen Kerr (Stirling) (Con): The hon. Lady has mentioned at least twice the Law Society of Scotland briefing document, which I have in my hand. It is a very useful and positive contribution to informing Members of all parties about the Bill. I will quote from it so that we are all clear about the context. In its general remarks, the Law Society of Scotland says:

“We recognise the necessity for this Bill”.

That conclusively states that the Bill is a necessity. Does the hon. Lady accept that?

Kirsty Blackman: Because the UK Government decided that we are leaving the customs union and we will therefore need our own customs procedures, it is sensible, given that it was an entirely EU competence, for the UK to create its own customs framework. However, if the UK Government had done what we suggested and remained part of the customs union, the Bill would not be necessary. Although the Law Society of Scotland says that the Bill is necessary because of the decisions of the UK Government, it raises several concerns. I ask the Minister to read the briefing, which suggests a number of amendments, particularly on consultation.

Hannah Bardell (Livingston) (SNP): Further to the point made by the hon. Member for Stirling (Stephen Kerr), has my hon. Friend seen the briefing from the Manufacturing Trade Remedies Alliance? It says:

“These proposals are much weaker than we have in the EU (and also weaker than those of most other Trading Nations). Weaker remedies cost jobs.”

Just because we have legislation—and bad legislation—it does not make what is happening a good thing.

Kirsty Blackman: I absolutely agree with my hon. Friend, who speaks for us on international trade. She is right about trade remedies and I will come on to that specific point later.

[Kirsty Blackman]

Although the Bill is general, it is also wide ranging. I want to consider some of the issues relating to HMRC that the Minister mentioned earlier. The new CDS software is set to replace CHIEF—customs handling of import and export freight—the current system, in 12 short months. The Public Accounts Committee report in November stated:

“It would be catastrophic if HMRC’s new customs system, the Customs Declaration System (CDS), is not ready in time and if there is no viable fall-back option.”

It expects the number of customs declarations that HMRC must process each year to increase fivefold. Every time I and other hon. Members have questioned the Minister about this, he has been particularly blasé and unflustered about the tight timetable. The PAC also said that HMRC’s timetable is incredibly tight, given the amount of work still to do. HMRC will only know by July 2018 whether the system works as intended—I am surprised that HMRC will only know by July 2018, but the Minister thinks it will all be fine—which is only one month before the first traders start to use it, and gives very little time to take remedial action if anything goes wrong.

It is vital for our exporting businesses that the customs software works. We have consistently raised concerns about this and we will continue to do so. I appreciate that the Minister is nodding, but we will keep the pressure on to ensure that it happens.

Hannah Bardell: My hon. Friend is making an excellent speech. How much faith does she have in the Government and the implementation of the software programme, given the disaster they are having with the change programme and the closure of HMRC offices?

Kirsty Blackman: UK businesses have several questions about the capacity of HMRC to deal with the volume of customs declarations, and many businesses will have to make customs declarations for the first time. Businesses are already concerned about the loss of the HMRC hotline that they could previously access. One business contacted HMRC with a query and received a reply seven months later. Seven months is not an appropriate timescale. If HMRC cannot respond to complaints and questions timeously now, how will it do so in the future after a fivefold increase in the need for customs declarations?

In a post-Brexit scenario, businesses will—in an incredibly short timescale and whether we have a trade deal or not—have to come to terms with new customs software. They will also have to come to terms with a new system of customs duties, ways to export and other massive changes. That means an incredible amount of uncertainty. When drafting the Bill, the Government could have been clearer about how the new customs system would work, therefore getting rid of a level of uncertainty. I know that they do not yet have a trade deal, but if they had been able to implement the software earlier or be clearer about how the processes will work, it would have been better for businesses.

Broadly speaking, businesses have been in favour of the replication of the Union customs code in the future. I mentioned the issue of rules of origin, and the Minister also referred to it earlier. There is a major problem with those rules. The Minister said that they should be

determined by the UK Government in negotiation. As a side note, the current UCC, at 61.3, contains options for declaring origin. That does not appear to have been replicated in the primary legislation, and the British Chambers of Commerce, on behalf of its members, want to see certainty for the future on that matter.

Major problems are brewing on rules of origin, especially the duration of any transition agreement that the UK Government strike. At the very least, the Government need to negotiate interim free trade agreements with countries that the EU currently has FTAs with. Many of those trade deals allow UK companies to export because of the recognition of cumulation with EU content. For example, the trade deal that the EU has with South Korea, for example, says that

“a car will be originating in the EU if no more than 45% of the value of the inputs have been imported from outside Korea or the EU to manufacture it.”

So if the UK—in this brilliant scenario with its amazing negotiating team—manages to convince Korea, at least temporarily, to replicate the trade deal that it has with the EU, changing all references to “EU” to “UK”, for example, that will be all well and good, but it will not solve the issue of cumulation for many of our businesses. Take for example a widget that is created in the UK. It may have many parts from other EU countries. It may have 60% EU content, which it needs in order to be exported to South Korea. However, it may not have 60% UK content. Under the previous rules of origin system that we had as part of the EU, that worked fine and the widget could be exported to Korea. But if Korea says that it wants the widget to have 60% UK content, it will be a major issue for businesses which will no longer be able to export those widgets.

Eddie Hughes (Walsall North) (Con): I am afraid that I am not very familiar with our trade level with South Korea. I wonder whether the hon. Lady has picked a particularly obscure example to demonstrate her point, rather than looking at the countries we will do substantial trade with in the future. I hope that I will be able to get some more information on that point.

Kirsty Blackman: I picked South Korea and car manufacturing because the percentage is particularly high. However, many other areas of trade and exports have percentage requirements. Because we have not needed rules of origin for products from the UK—we have been able to add all the EU content—it has not been a consideration for businesses. They have been able to export if they can prove that a certain percentage is from the EU. It is an issue not only for the trade deal with Korea, but for all sorts of trade deals that the UK has because it is part of the EU. The concern is not that we will not be able to do new trading, but that our current trading will become a major issue as of March 2019, if we do not get the appropriate rollover and grandfathering in place.

Joanna Cherry (Edinburgh South West) (SNP): Perhaps my hon. Friend will join me in correcting the hon. Member for Walsall North (Eddie Hughes), as South Korea is very important for Scottish trade. As a result of the EU-negotiated deal, whisky goes to South Korea on a 0% tariff. The former chief executive of the Scottish Whisky Association has expressed the view that without the heft of the EU, Scottish whisky—the UK’s biggest export—would not have had the benefit of that deal.

Kirsty Blackman: I appreciate that information.

There are so many technical issues that will have a major impact on jobs and manufacturing in UK. When I have asked the Government about this, the answers I received were pretty fluffy. I have asked about cumulation—mainly outside the Chamber—as it is a major issue that the UK Government have not taken seriously enough. It has been raised especially by the Society of Motor Manufacturers and Traders. If hon. Members look at how many times cumulation has been mentioned in the Chamber, they will find that it is very few.

Vicky Ford: I thank the hon. Lady for mentioning the incredibly important matter of cumulation. It is by cumulation that a British car that has components from other parts of Europe manages to be sold to third countries under existing agreements. My recollection is that the Minister said that the Department for International Trade would look to continue having agreement on cumulation, and that the Bill will give it the legal tools to continue such negotiations. Does the hon. Lady agree that the Bill is necessary as an enabling package to allow us to have a customs relationship with Europe and other parts of the world in the future?

Kirsty Blackman: I think that we should remain in the customs union and the single market, because then we would not have any of these issues. I appreciate that the Minister says that the Government are looking at this, but I am trying to make it clear how important this matter is, and I hope that I have been able to do that in my discussion of cumulation.

Richard Graham: The hon. and learned Member for Edinburgh South West (Joanna Cherry) raised the importance of the EU FTA deal with South Korea—indeed, it adds some £2 billion to our exports every year—but the interesting question is why the EU has been able to make free trade agreements only with South Korea and Vietnam. What about the rest of Asia? Does the SNP believe that sufficient progress has been made in expanding our trade, especially in Scottish whisky, across the whole of Asia, or could the process perhaps have been done more energetically and dynamically by Britain making its own free trade deals?

Kirsty Blackman: There are EU FTAs with many countries and we trade through them. Because the EU has such a large market, it is able to strike much better free trade agreements than the UK Government will be able to strike for their much smaller market. That is just the reality.

On the capacity of HMRC, I also want to talk about the issue of authorised economic operators, which was mentioned a lot in the customs White Paper. Relying on the AEO system causes a bit of a problem, as the UK is just not that good at either promoting or administering it. Some of the rules applied by HMRC are nearly impossible for many of the smaller operators to meet, such as the requirement we have heard about that the person who is in charge of customs in organisations has three years of customs experience. Some of our businesses have been trading exclusively with the EU, so they cannot meet that requirement very easily. HMRC must look at this as a matter of priority, and particularly consider the situation in Austria, where it takes less than three months for an initial AEO application to go through. Germany has increased the number of authorised

economic operators incredibly successfully. The UK Government could benefit from looking at those countries when they consider making changes. It is not about making the regime slacker and enabling more people to jump through the hoops for AEOs; it is about making the process of applying for and getting AEO certification more accessible and streamlined. I know the UK Government have had representations on this matter, and I urge Ministers to consider them and act as soon as they can. We need to get the system in place as soon as possible so that companies can register and receive the certification to become AEOs in advance of the exit date.

As we heard earlier, there is also an HMRC capacity and streamlining problem in the area of VAT. That was also raised in the media recently in the context of the British Retail Consortium's concerns. The changes to the VAT regime could create major cash-flow problems for businesses, and they might have to restructure or take on burdensome new cash-flow loans. The BRC says that there is no impact assessment produced by the Treasury about the costs of these measures in terms of additional compliance burdens for business, nor about what the costs of HMRC collecting and refunding these upfront costs would be. It seems that there is a real problem and that the required VAT changes have been pretty badly thought through.

I also want to raise the issue of virtual free trade zones. The Bill contemplates only physical free trade zones, but a virtual zone would allow businesses along the supply chain to benefit from simplifications and facilitations without having to incur the time and expense of individual applications, such as with inward processing relief. The British Chambers of Commerce has requested that the Treasury consider the possibility of including virtual free trade zones in its powers relating to designated free zones.

In the context of HMRC, I also want to mention import VAT on gifts from the EU, which I have spoken about before. Folk will be shocked when they get a bill because they have received a gift worth more than £39 from somebody in the EU. Such a system currently applies if people get a gift from elsewhere in the world, but the Government are suggesting that it should also apply in the case of goods from the EU. That is a major concern, because as there has been free movement and people have been able to live in other European countries, it is perfectly feasible that an awful lot of people will have family members in other EU countries and therefore will be likely to receive gifts of a value of over £39. I want to make it absolutely clear that if and when people start getting those bills, they will be totally caused by Brexit, leaving the customs union, and the proposed changes to VAT.

Trade remedies have been mentioned, particularly by Labour Members. Some of the evidence about the matter that the International Trade Committee received last year was concerning. The EU currently has anti-dumping and countervailing measures that would normally be expected to still be in place after Brexit day, such as a five-year measure that was put in place two years ago, meaning that it will have about two years to run at the time we leave the EU. Bernardine Adkins of the law firm Gowling WLG told the Committee that

“it won't be possible to grandfather the measures, otherwise you will face problems with the World Trade Organization.”

[Kirsty Blackman]

If she is right, we have a pretty significant problem, especially because the call for evidence the Government issued at the end of November seems to suggest they do not know which trade remedies are relevant to UK companies. If the UK Government have to create a trade remedies agency, get it up and running, and furnish it with details that have not been provided in this Bill—how to conduct investigations, how subsidies are to be defined, how to assess if a UK industry has been injured, how to define a UK industry, and how to calculate the level of duties and guarantees needed to rectify the injury caused—and if they have to do all that before putting in place even the trade remedies that currently exist, we have another problem.

UK Steel has been particularly vociferous in its criticism of this aspect of the Bill. It says that the chief and overriding concern is that schedules 4 and 5 to the Bill, concerning anti-dumping and anti-subsidy measures respectively, contain very little detail. It goes on to point out that for many of our major trading partners, including the EU and US, such issues are covered by primary legislation. The UK Government have chosen to deal with this through not primary legislation, but secondary legislation. That is yet another concern that we have about the Bill. The Bill does not even have the level of detail of the WTO agreements, so if the Government had included those, the Bill would have been substantially better.

The lesser duty rule is also a significant issue, as the UK Government are looking to go in that direction at a time when the EU is looking to move away from it. This is a concern for us, and for UK manufacturers and jobs in particular.

I and my party have general concerns about the loss of the customs union and the single market. We also have very specific concerns, which echo the views of businesses, about aspects of this Bill. A Fraser of Allander Institute report last year said that 134,000 jobs in Scotland are supported by trade with the EU, and Brexit threatens to cost our economy in Scotland £11 billion a year by 2030 and to result in many fewer jobs. The OECD highlighted in June last year:

“In case Brexit gets reversed by political decision...the positive impact on growth would be significant.”

There are major issues about tariffs if we leave the single market. The EU average tariff on imports from outside the EU was 5.2% in 2014. The average tariff on food was 15%. Skimmed milk exported into the EU from outside the single market attracts a tariff of 74%. If our organisations get hit by these tariffs when they are exporting—if we end up outside the EU single market and customs union as part of a no-deal scenario—we will not just have the problems I have mentioned about issues with the Bill, trade remedies and how HMRC will cope with all this. All these things are an incredible problem. Would it not be better and easier, and would it not be in the economic interests of everyone in this country, if the UK Government were to say, “Actually, we are going to stay in the single market and the customs union”?

6.57 pm

Damian Collins (Folkestone and Hythe) (Con): This debate and the presentation of this Bill are incredibly timely. Before Christmas, at the European Council meeting,

the Prime Minister moved our negotiations on leaving the EU on to the second phase, with the agreement of the other member states, and we will now discuss the future relationship and the future trading relationship. It is important that, so soon after that Council meeting, although there is still a lot more to be done and negotiated in terms of how that relationship will work, we are debating a vital piece of enabling legislation that gives the Government the legal power to implement whatever is negotiated.

We could have a different scenario, where the Government could negotiate without any legal basis to implement the agreement. They could just negotiate on the basis that they would then have to bring legislation forward at some point in the future. There is no guarantee there would be the time to do that, and it would be a rather strange process to go through. It is far better that the Government are able to pass enabling legislation that gives us the legal authority to implement what they negotiate. At least then, when negotiating with the Europeans, they know that we can implement what we negotiate and we will not be left high and dry because we have run out of time.

Sammy Wilson: That is an important point, and it has been reflected in the speeches from Members from two Opposition parties. Does not the hon. Gentleman therefore find it rather odd that on one hand they talk about urgency, yet on the other hand they have tabled motions saying we should not proceed with this Bill on Second Reading?

Damian Collins: Absolutely. If we waited until every question that has been posed today could be answered—if, indeed, they can all be answered—before we introduced legislation, we could end up with no time for scrutiny or debate, or to implement the legislation in the first place. We can enter into the negotiations on our future trading relationship with any sort of purpose only if it is clear that we have in place the legal frameworks to implement whatever we agree and only if the EU negotiators can see that the UK has the legal basis to implement its own regime and requirements, whatever the trade deal or scenario.

The hon. Member for Aberdeen North (Kirsty Blackman) presented a compelling amount of detail in her speech. It is tempting to lay out all the difficulties and say that there is no point in introducing legislation until we have an answer to all the problems that seem insurmountable, but that would be entirely the wrong way to go about it. We need to make sure that the enabling legislation is in place. It can also be tempting—I say this as someone who campaigned for Britain to remain in the EU—to rerun all the arguments that were made during the referendum, as if the referendum had not happened, but it did happen and the country voted to leave the EU. It is now our responsibility to put in place the legal framework that enables the Government to negotiate so that we can put in place the best possible deal. It is far better that we do that now than in a year's time.

Sir Oliver Heald (North East Hertfordshire) (Con): I do not know whether my hon. Friend agrees, but the speech we have just heard from the hon. Member for Aberdeen North (Kirsty Blackman), in which she highlighted some important issues relating to cumulation

and other matters, is an example of why the Bill is such a good part of the process. It is giving people the opportunity to highlight important issues for the Government.

Damian Collins: Absolutely, and that is the spirit in which the comments made by the vast array of trade organisations and businesses that are seeking to engage in the process should be interpreted. They are giving us notice of the issues that they believe we need to get right for their sectors. That does not mean that there is a concern that we will not get those things right, but they are right to flag up the things that we have to get right.

I was particularly pleased to hear the Financial Secretary say in his opening remarks that the Government intend to establish a system of frictionless trade at our major ports and other major places of trade with the EU. That is very important for my constituency in Kent, just as it is incredibly important for Northern Ireland. We need to ensure that trade can flow freely.

Ministers from the Department for International Trade will be working hard not only to put in place good trade deals that continue the free trade agreements we currently have with other countries as a consequence of our membership of the EU, but to negotiate trade agreements with other countries around the world. Such agreements will be incredibly important for our future success, but there is something about trade that is rather inevitable: countries tend to trade a lot with other countries to which they are near, because the cost of such trade is obviously far lower. There is a reason why we trade more with Belgium than with Brazil—although I wish we could trade more with Brazil—and that is that Belgium is very nearby. The cross-channel routes and the routes across the border in Northern Ireland are fundamental for our economic success. That is where frictionless trade really matters so that people can move their goods quickly and speedily. In many businesses, particularly those that work in food or with cut flowers and other perishable goods, the quick, “just in time” movement of goods is vital. Businesses on both sides of those borders will be affected equally.

I was pleased to hear my hon. Friend the Member for Morecambe and Lunesdale (David Morris) talk about the initiative he will be undertaking with the hon. Member for North Antrim (Ian Paisley) to bring a Wrightbus down to London. I visited the Wrightbus factory in Ballymena, where the company makes a fantastic product that has become an icon of the London streets. Although the Wrightbus Boris buses do not operate on continental Europe, I urge my hon. Friend and the hon. Gentleman to continue their journey down to my constituency and through the channel tunnel, because it is so important to maintain the flows of trade not only between the countries of the UK but between the UK and continental Europe. A third of the trade of Warrenpoint port in Northern Ireland runs from the Republic of Ireland to Northern Ireland, into mainland UK and on to continental Europe. We need to keep trade running frictionlessly through all those points.

Mr Jim Cunningham (Coventry South) (Lab): People could not disagree with a lot of what the hon. Gentleman is saying, but in the real world at some point we are going to face tariffs, whether it is outside his constituency, on continental Europe or around the rest of the world. If we want a clue about that, we should look at the

recent actions of Donald Trump’s Administration in relation to Bombardier. Food supply chains could also be threatened.

Damian Collins: The hon. Gentleman makes an important point. Manufacturing is such an important part of the economy of Coventry, where his constituency is. Tariffs are important. Of course, we want a free trading environment among the countries with which we trade, not only in Europe but around the world. I looked back at one of Margaret Thatcher’s speeches—I am sure the hon. Gentleman is just as keen a student of those speeches as I am—to see how she made the case for the single market to businesses before it was created. She rightly highlighted that, although trade without tariffs is obviously important, what is much more important is getting rid of artificial barriers to trade, such as the restriction of goods from markets because they are not seen to comply with certain standards or the creation of artificial delays that can make trade in goods that need to be moved quickly uneconomic. It is just as important to get trading agreements and the flow of trade right as it is to get the tariff situation right.

Stephen Kerr: My hon. Friend is making a powerful speech in favour of frictionless, free and fair trade. I hope he agrees that, as we go through the Brexit process, it is important that nothing is done to create any barriers to the internal operation of the UK market, by which I mean Great Britain and Northern Ireland.

Damian Collins: My hon. Friend makes an important point. Frictionless trade is just as important between Northern Ireland and Great Britain as it is on the island of Ireland. It is vital to the economies of the island of Ireland and Great Britain and to everyone who lives and works on the island of Ireland and in Great Britain. As I said earlier, because of our proximity and the integrated nature of so many of our businesses, that trade is so important, and it is vital to the protection of so many jobs. There should be no artificial borders in the Irish sea, and nor should there be borders that create friction on the island of Ireland or with the continent of Europe across the English channel.

Sammy Wilson: The hon. Gentleman makes an important point that is sometimes overlooked in these debates: it is vital for the Irish economy that there is no line of demarcation or border on the Irish sea, because its main market for either the sale or the transit of goods is Great Britain. If we simply talk about the border between Northern Ireland and the Republic, we miss the point: there has to be integration among all the islands.

Damian Collins: That is absolutely right. As the hon. Gentleman will know, a third of the goods processed through Warrenpoint port in Northern Ireland come from the Republic of Ireland, so it would do great damage to the economy of the island of Ireland were artificial barriers to be put in place. The same is true for goods that move through what is effectively the Great Britain land bridge to the continent of Europe. A large amount of goods from the Republic of Ireland are exported to continental Europe through ports such as Dover, as well as through the channel tunnel, and it is vital for so many businesses and for the free flow of trade that they are not treated as goods being imported from a third country but allowed to flow freely just as they currently do.

[Damian Collins]

It is important that we make sure not only that we get the tariff regime and the rules of trade right, but that part of our preparedness is about ensuring that we have the right physical infrastructure alongside the enabling legislation that the Government are seeking to pass. I was really pleased to hear the Chancellor announce £3 billion in the Budget to help the UK to prepare the physical infrastructure it will need for trade. Technological solutions can be put in place to make sure that trade can flow without restrictions and frictionlessly at the key trading points and the key points of entry to other markets, but the infrastructure also needs to be put in place now.

It is particularly important for my constituents in Kent that we provide a long-term solution to deal with issues such as Operation Stack. If trade is being held up, for whatever reason—be it bad weather in the channel or strike action in one of the French ports—we need the physical infrastructure in place to keep Kent's roads open. As part of our preparations for a future in which we can keep goods and services flowing freely around our key points of trade, it is important that we have in place the right physical infrastructure. That includes a commitment to deliver the Operation Stack relief lorry park in Kent. I was pleased that the Financial Secretary was able to confirm before Christmas that the £250 million that the Government had earmarked for the delivery of that vital piece of infrastructure is still there, and I hope we will see good progress on the design this year. Not only can that relief lorry park be considered as a piece of infrastructure for dealing with Operation Stack, which can happen at any time—it has happened while we have been a member of the EU and could happen again in future—but that physical infrastructure will be there in case we need it because of delays in the movement of goods.

Anna Soubry (Broxtowe) (Con): My hon. Friend is making a good speech in which he is, of course, advocating free trade, in which we all believe—or at least Conservative Members do. Does he, like me, see the profound irony in our discussing how we are going to have to have new technologies, put in new systems and do all these other hugely complicated, very expensive things, in order to cope with leaving the customs union, even though we believe in and want free trade? Does he not think it would be much more simple and sensible just to stay in the customs union?

Damian Collins: My right hon. Friend makes a compelling point, but we have to accept that other political issues are being considered alongside the management of trade: our general future relationship with the European Union as a partner European continental country, but not as a member of the EU itself; whether we should have arrangements whereby the level of regulatory alignment is such that we effectively become a satellite state—a client state—of the European Union and not an independent one; and the extent to which we have to fully comply with and implement rules that we have no further part in designing in future. That is what creates difficulties around membership of the customs union and the single market. As she knows as well, the issue of membership of the single market also comes alongside considerations around the issue of free movement of persons as it is defined now.

If there is a way, through negotiation, to resolve those difficulties and to keep a system of trade that we have got used to and that works so well for our economy, without any deviation from the current system at all, and to deliver the other political objectives that people voted for in the referendum, I will welcome that. However, what we are talking about here is making sure that we prepare, both through the laws and the physical infrastructure, for a different scenario whereby, if we are not able through negotiation to replicate what we have now, we have a system in place that can deliver something that is just as good.

There are many unanswered questions because that process is still being negotiated, but, as I said at the start of my remarks, it is far better that we have the debate about what we want the system to look like now, at the same time as giving the Government the legal power to negotiate and implement what they want in future. Now is the right time to be having that debate. I am sure that there will be plenty of other opportunities for the House to debate the specifics of the deal as we progress through the negotiations this year. But now is the right time to be having this debate.

As I have said, maintaining a system of free trade is clearly what we all want and what we want to see delivered. We need to ensure that we have the legal infrastructure in place and invest in the physical infrastructure, so that we can implement the deal that we have, and in particular keep frictionless trade on the island of Ireland and at our key points of trade in Kent—at the channel tunnel and at the port of Dover—with continental Europe.

7.11 pm

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): Let me start by commending the work of the Manufacturing Trade Remedies Alliance, an organisation that is being serviced in a secretariat format by the Ceramics Confederation in my constituency. Working with a number of other trade bodies and trade unions, it has put together comprehensive work to try to make the Bill better. It is not seeking to torpedo the Bill, or to say that the status quo is what we should have. It has genuinely tried to engage to highlight the practical problems with the Bill and to propose solutions that it knows, both as workers and as employers, will benefit its manufacturing industry. I just wanted to put that on the record.

I wish to commend the hon. Member for Aberdeen North (Kirsty Blackman) for her speech, which covered, although in some depth, a number of quite technical points. This is where we are getting to in the Brexit negotiations: the time of painting in primary colours has almost gone, and we are now talking about the individual details that mean so much to our constituents. In my constituency, in Stoke-on-Trent, in the heart of the potteries, no more broadly will the impact of trade remedies and a proper customs arrangement be felt than in the ceramics industry.

In my constituency, around 5,000 jobs are directly related to manufacturing. Across the city, there are 15,000 such jobs, and even more when we tie in the supply chains and support services that make those industries flourish. Madam Deputy Speaker, if you go to any decent hotel around the world, to our own Tea

Room, or to any high-class restaurant and turn over the plate, you will undoubtedly see, stamped with pride on the back of that piece of ceramic, “Made in Stoke-on-Trent” by Steelite, Churchill or Dudson. Those companies have been an ambassador for British business around the world for many years.

Only today in our local newspaper, *The Sentinel*, Jon Cameron from Steelite noted that 75% of every product that he makes is exported around the world. Therefore, the free trade arrangements that we have around the world, some of which are secured through the European Union, are important because they are about jobs in our constituency and jobs in our city. The hon. Member for Walsall North (Eddie Hughes) asked about South Korea. South Korea is one of the largest emerging markets for British ceramics in the world, and we are increasingly selling it more and more tableware and tiles than anywhere else. It is important that we recognise that countries that may seem obscure for some parts of the broader trade arrangements have huge impacts on smaller manufacturing areas where exports are becoming an increasingly important part of what we do.

What I wish to focus on today is the arrangements for market trade remedies. At the moment, the ceramics industry has a certain level of protection via the EU’s market protection arrangements, which affect tableware and tiles. Both are being looked at right now. They are being renewed through the European Parliament, so they are being scrutinised and looked at. The intention is that, where we know that there are market distortions caused by non-market economy countries such as China and Russia, the playing field is levelled.

We talk about free trade, but we should also be talking about fair trade. It is not fair on British manufacturing if Chinese companies are able to produce below-market value, cheap, low-quality tableware, import it into the UK, undermine the local manufacturing base and then distort the market and get away with it. Such practices cause job losses in Stoke-on-Trent and do serious long-term damage to the local market and the local industry. They also mean that, essentially, we are handing over domestic production to Chinese companies. What happens then? Once those companies have driven local producers out of the market, they put up their own prices, and suddenly there is no alternative. The next time I go on holiday, I do not want to turn over my plate and see that it is not made in Stoke-on-Trent. For me, that would be a symbol that we have got it wrong in terms of how we approach British manufacturing.

One in seven of the jobs in my constituency is linked to manufacturing, so making sure that we have those correct protections in place is vital. Across my neighbouring constituency of Stoke-on-Trent North and in Kidsgrove, nearly 19% of the workforce are involved in manufacturing. There are still parts of our country where manufacturing is the fundamental base of the work that we do. Making sure that we have those correct protections in place is vital to ensuring that we still have a manufacturing base that we are proud of in Britain.

Under schedule 4, the Bill will provide a number of mechanisms for the Manufacturing Trade Remedies Alliance, but, unfortunately, they are lacking. This is not a political point; it is a point of fact. As the hon. Member for Aberdeen North pointed out, they do not include a system for how we calculate injury from non-market economy countries. They do not point out

how we calculate injury. The Bill commits us to the mandatory lesser duty rule, which is something that the EU is moving away from. It is looking at a conditional lesser duty rule.

The lesser duty rule basically says that, if we can demonstrate that there is injury to our market because of subsidy by a non-market economy country’s activities, we will only seek to remedy the lesser of those two injuries. We may still have goods being imported into our country below market value, distorting our market in a way that is unfair and we will be happy to accept that because it is the lesser of the two duties. That is fundamentally wrong. It is something that the EU is moving away from. We could easily have adopted the wording that was chosen by the EU and put it into the Bill, because it was supported by this Government in the European Council and by our MEPs across the piece.

Mr Jim Cunningham: This is not necessarily on ceramics, but when it comes to research and development for industry, the United States uses the defence budget. Does my hon. Friend agree that that is what we are up against if we pull out of the single market?

Gareth Snell: My hon. Friend is trying to tempt me down a particular course of discussion around single market membership, which I do not really wish to address as part of the Bill, but I do understand his point. In this Bill, not only do we have a set of Trade Remedies Authority procedures that are not particularly well defined and an attempt to wed ourselves to a mandatory lesser duty rule, we are also seeking to include an economic interest test—again, something that very few countries use. The only time we would see either a public interest test or an economic interest test is when we have multinational organisations such as the EU. We will not be in that position, yet we will be wedding ourselves to an extra layer of bureaucracy and complication to our trade remedy process that does not necessarily give the best outcome for British industry.

Unfortunately, there are a lot of the areas where this Parliament and this House should have some right of scrutiny, but where that is being brushed aside. This will all be done through written ministerial guidance, secondary legislation and statutory instruments. There is nothing in the Bill that immediately gives this House and all Members present the opportunity to properly define what we want to see regarding market and trade remedies.

There are a number of matters, which I am sure will come up during Second Reading of the Trade Bill tomorrow, that relate to the membership of the Trade Remedies Authority, the way in which it will be run and its budget. There are also questions around the cost of the investigations and who will be responsible for that cost. In the EU process at the moment, the trade itself makes up a good proportion of the cost, but it does so knowing that whatever remedy it gets out will more than offset the cost of the remedy process. There is no guarantee that that is the case for whatever system we set up once we are outside the customs union and the single market. That could simply result in a situation where industry does not take the risk—where it does not want to put the funding in place to do the investigation and to work out the dumping and injury levels because it does not know what they will look like beforehand.

[Gareth Snell]

Therefore, any remedy would be of no benefit to the industry once it has made up those initial costs, so it simply will not do it. We will have a situation where we are not able to protect British industry and British business because the system is complicated and opaque.

The Financial Secretary to the Treasury is no longer in his place, but he has agreed to meet the British Ceramic Confederation to talk about some of the issues I have raised. I am grateful to him for doing so, and I hope that he will hear sense in the comments made this evening. When we leave the EU and come out of the customs union and the single market, there are a number of things that we can do to strengthen British business, put us in a better position and demonstrate to the world that Britain is still a manufacturing nation. We still make things. Nowhere is that more evident than in Stoke-on-Trent, where we make things and sell things of great beauty and high art around the world. We can continue to do that, but only if we put the protections in place. Once we are outside the EU, we will have the freedoms and flexibilities to put in place the protections we want.

Having read this Bill, I fear that the Government are trying to come up with the lowest level of protection that they possibly can, which is of interest economically to only a few groups of people and whereby the Minister himself would have the ability to override future decisions. Therefore, I support the reasoned amendment; I hope that the Government have heard my comments; and I look forward to scrutinising this legislation further.

7.22 pm

Nigel Mills (Amber Valley) (Con): It is a pleasure to follow the hon. Member for Stoke-on-Trent Central (Gareth Snell). I concur with many of his remarks on the ceramics industry, although I am the MP for Denby Pottery, so we may have a slight disagreement on the premier manufacturer of such products. Perhaps we should move swiftly on.

I welcome this important Bill. It is absolutely right that the Government have brought it forward at a relatively early stage in the Brexit process, and it is important that it clears this hurdle tonight. If we are going to leave the EU's customs union when we leave the EU, it is a simple fact that we will need to have our own customs arrangements and rules in place for that day. By doing so, we can keep collecting the tariffs we get from non-EU imports. As well as keeping that revenue, we can keep important trade matters flowing and the important reliefs in place.

A Bill like this can be quite frustrating because there are lots of interesting customs issues that we would like to debate, such as what the EU deal and any new tariffs will be and how we will fix the Irish question—if we can perhaps refer to it as that—but this Bill does not answer all those questions. Instead, it puts in place the architecture that we can then use to answer those questions when we know what our deal with the EU will be. It is right that this Bill goes through because we need to get all the nitty-gritty detail of our new customs process in place as early as we can, so that it can be understood by all the businesses out there that will need to comply with it

and all the software producers that will need software in place. A lot of people will need to be trained on the new duty codes, including which ones apply to their products, how they comply with all these rules, what software systems will be needed and how they will interact with the new HMRC ones. All those things have to be done as early as possible if this is going to work on the day that we finally leave.

I have some comments on specific parts of the Bill. I was not really trying to find in the Bill the detail of what the customs rules will be and exactly what the text says. I think that what we have pretty much mirrors the EU customs rules, and we are just creating our own regime to do much the same thing. That is probably the spirit of the European Union (Withdrawal) Bill, and I appreciate we have to do this as a separate Bill for ways and means purposes. Most people who operate in this area will understand the mechanics that the Government are trying to produce, but what we want to understand is how we can make complying with the burdens of that as easy, straightforward and cheap as possible for the businesses that have to do it. A key part of that is the authorised economic operator system.

When the Public Accounts Committee took evidence on authorised economic operators, it found that about 604 businesses in the UK had that status. Now, that is not a very large proportion of the existing importers that could be using that status. It is about a 10th of the number that Germany has. There needs to be a real impetus during the passage of this Bill and afterwards to ensure that HMRC is doing everything it can to get businesses signed up to that process, so that we have as many of those operators in place as we possibly can when we really need them. That will help those businesses, but it will also help HMRC because it will know which businesses they do not have to check and which will be compliant, rather than having to do risk assessments on them all. What is not entirely clear in the Bill is the status of a business that is already an AEO. If someone has been approved under the EU regime, will that approval grandfather into our regime, or will they have to reapply for it? If someone signs up now, will they be in the same position? I think we should be very clear that if we think a business has that status now, there is no reason why they cannot have it going forward as well.

The Select Committee on Northern Ireland Affairs, which I serve on, has been doing quite a lot of work on customs issues, including visiting Switzerland to see how the border with the EU works. We saw that we can actually minimise the amount of declarations needed if we can make the systems mesh, synchronise and talk to each other. We do not want to see a business making a declaration in the UK for the export of something and then making an equivalent declaration in France when that is imported into the EU system. If a system is designed so that businesses can make one declaration for both regimes, it will halve the work and make things a lot easier. I cannot quite see in the Bill a provision whereby we can take the power to create a system that talks to the other regime in that way. I cannot see a measure whereby, for example, a business could make a declaration in France and where we could then get that data and deem that business to have complied, and vice versa—if a company makes an export declaration here, can that be passed on to the French? Clauses 25 and 26 are about co-operation, but I hope that in drawing up these rules the Government

have thought through how we can get a simplified, joined-up system so that we can minimise the amount of compliance we need for those compliant businesses.

Clause 27 is an interesting provision, as it will give the Government the power to create fees in connection with the import process. Perhaps the Government could just reassure us that they are not planning on charging an import fee for the pleasure of complying with these new rules; that might be an unnecessary cost to trade. Will the Government be clear exactly where they see the role of fees and what they think those fees might be? I just cannot see that every time someone imports a widget, they should pay HMRC a fee for that pleasure.

There was some debate on clause 31 in the opening remarks. That clause is about forming customs unions. I have some concerns about what the Government are trying to achieve here. I can see that it is attractive to have the power in place, if we want to create a customs union with our overseas territories as we all leave the EU at the same time in our various different ways; I have no particular objection to that. I can also see that when we do a transitional deal with the EU, we want to be able to bring it into force effectively. But we are supposed to be agreeing the transitional deal by March, which will give us a year to put it into place before we actually leave. I am not quite sure why we need such a broad-ranging power in the Bill because, as far as I can tell, there is no time limit or geographic limit on this power. In theory, we could do a customs union with the trans-Pacific trade area in 25 years' time, and it could go through on the affirmative resolution process. I am not sure that that is what we intend.

Customs unions are generally quite significant and powerful things, where we agree not only not to charge tariffs on the other side and vice versa, but to have a common set of external tariffs. Indeed, there is a provision in clause 31 that says we will accept that when a Government change dates on a tariff, that change can apply in the UK. Now, I suspect that we are not envisaging the Jersey Trade Minister setting our tariffs for us. I am guessing that that is aimed at some kind of EU arrangement.

If we do have a year to put in place a transitional provision, it would be better to do that in a considered way through primary legislation so we understand what it means rather than have it go through by some kind of parliamentary back-door process where we cannot talk about the detail or try to amend the substance. These things can be very significant. There can be large amounts of revenue at stake, or issues about which industries we choose to protect. We need to try to clarify exactly what the Government are trying to do in clause 31, and exactly how long this power needs to exist for and what geographical extent we are prepared to give to it.

On the Irish customs question, we cannot expect anything in this Bill to look at that specifically. One of the proposals that we have come up with for fixing the customs border is to exempt all micro, small and medium-sized businesses from needing to comply with the customs rules, presumably so that they would not need to do the declarations or pay any tariffs on goods going across the Irish border. However, I cannot see where in the Bill the Government have taken the power to do that. One could argue that it is covered by the reliefs in clause 19, but is that really the solution that we are expecting in the Northern Ireland context? Perhaps the Government should sensibly take the power to deliver this in the Bill and make sure that it can be achieved if negotiated.

I have some final points on the VAT issue, which was raised earlier. It is clearly perfectly fair for importers from the EU to point out that they are going to be cash-flow disadvantaged compared with their current situation if they have to pay VAT immediately when they import the goods rather than on their next VAT return once they have processed the transaction. That would put them in the same position as somebody importing from outside the EU. It is encouraging that the Treasury, for once, is prepared to be generous in that situation and create a regime where those businesses may not face that cash-flow implication. We ought to think very carefully about whether we want to treat an import from France differently from one from the USA in this situation. Will this generosity on cash flow apply more widely than the EU?

A lot of the lobbying on this has come from the British Retail Consortium. Businesses in my constituency that trade with the large retailers tell me that they are being pretty brutally squeezed on the amount of credit that they have to give to those large retailers—up to 120 days in some cases. If the Government intend to create a targeted, generous regime to help the cash flow of people importing goods from outside the UK, perhaps they should make it available only to businesses that treat suppliers within the UK with some kind of fairness, to have a level playing field. It would be a bit crazy for it to be better for their cash flow to import goods from the EU than to buy them from the UK supplier round the corner. I hope that could be another stick to encourage large businesses that treat their small suppliers quite badly by saying, “Yes, we accept that there is an issue, but we will only let you have this cash-flow advantage if you're behaving fairly to others in terms of their cash flow.”

I welcome this important Bill and hope it gets a speedy passage through the House.

7.33 pm

Anna Turley (Redcar) (Lab/Co-op): I want to take the opportunity provided by this Bill to raise an important opportunity that could bring as many as 90,000 jobs to this country—and, in particular, many to my own constituency. It relates to part 2 of schedule 2 and can otherwise be referred to as the introduction of free ports.

Around the world there are approximately 3,500 free trade zones employing 66 million people across 135 countries. There are currently none in the UK. Conferring free trade status on a UK port would place it administratively outside of customs territory. It would mean that goods could be imported, manufactured or re-exported inside the free trade zone without incurring domestic customs duties or taxes, which is paid only on goods entering the domestic UK economy. As well as bringing benefits through customs taxes and duties, free zones also support economic activity through financial incentives such as research and development tax credits, regulatory flexibility, and tax reductions. They are recognised around the world as playing a major role in retaining, re-shoring and growing domestic manufacturing activity and boosting trade. In the US there are 250 free trade zones, and they also play a major role in the economies of Singapore, Hong Kong, Indonesia and the United Arab Emirates.

Ports are already a vital strategic asset for the UK, accounting for 96% of all trade volume and 75% of trade value. The free port concept builds on our maritime

[Anna Turley]

history and an existing UK strength. The creation of a free port would increase employment and economic activity in areas where economic need is high and could play a major role in rebalancing our London-centric economy. Of the country's 30 largest ports, 17, including Teesside in my own constituency, are in the bottom quartile of local authorities in the index of multiple deprivation. I make no apology for lobbying for such a status on behalf of the port in my constituency. Teesport has strong structural advantages for being favoured for free port status. It has a deep-water facility providing lock-free access to the sea, with strong road and rail services. Teesport is versatile and adaptable. The facility handles 5,000 vessels and 40 million tonnes of cargo a year. The port is integral to the Teesside manufacturing complex, incorporating chemicals, engineering, renewable energy, and agri-tech. The South Tees development corporation is overseeing the former SSI site—the biggest industrial opportunity the UK has seen since the second world war. When the Government closed the steelworks in 2015 and 3,000 Teessiders lost their jobs, the Government promised to do all they could. On the Prime Minister's most recent visit, she told us that we had to look to the future. Well, we are—the question is, are the Government?

The development corporation—the only one outside London—has set out its ambition to create 20,000 additional jobs in high-value manufacturing over a 25-year period, adding £1 billion in gross value added for the local economy. This would be substantially enhanced through the creation of a free port. Incorporating the development corporation area, together with the Teesport facility and in conjunction with adjacent industrial sites such as Wilton and North Shore, into a free port area would help the region to build on its current strengths in chemicals, steel, energy and logistics, and realise our vision to become the most attractive place in the country for high-value manufacturing.

Led by the north-east process industry cluster and the former hon. Member for Hartlepool, Teesside is the location of the largest integrated chemical complex in the UK and the second largest in western Europe in terms of manufacturing capacity. The sector has inputs to a range of other key industries such as aerospace, automotive, and life sciences. The sector is highly productive and competitive but faces a number of challenges such as increasing global competition, high operating costs, the need to attract investment from global parent companies, and skills shortages. A free port could be part of a range of policy solutions to maintain and enhance the attractiveness of investment in this sector in the UK and on Teesside. Free port status for Teesside could make the area the gateway of the north, rebalancing the economy and making the region's manufacturing base more competitive and attractive.

This Bill provides an opportunity to establish the legislative basis to enable such a system to be set up in the UK, potentially giving a quick and powerful boost to the British economy as we go forward in Brexit negotiations. However, such a zone is not dependent on leaving the EU. Other member states have free ports, including the ports of Bremerhaven in Germany, Le Verdon in France, and Shannon in the Republic of Ireland. In fact, there are currently 85 free port zones within the European Union. Moreover, the Secretary of

State is already empowered to designate free ports by statutory instrument under section 100A of the Customs and Excise Management Act 1979, which is still in force. Indeed, the UK itself had five free trade zones until 2012, at which point the statutory instruments that set them up expired, so the framework is in place and the opportunity is there. I hope that this Bill can clarify the situation. Part 2 of schedule 2 allows the Government to regulate on free ports. I hope that the Minister therefore agrees that this is the perfect moment to reopen the debate on free ports, to be bold, and potentially to create a new one—preferably on Teesside.

I conclude by asking the Minister the following questions. First, does he agree with the principle of free ports, and does he recognise the role they can play in driving and rebalancing our economy? Secondly, will the Government be using this Bill to amend the free port powers created by the Customs and Excise Management Act? If so, will they use the opportunity to bring forward powers to enable Teesport to become a free port or subject to special customs arrangements?

7.38 pm

Richard Graham (Gloucester) (Con): In following the hon. Member for Redcar (Anna Turley), I can only applaud her support for her local port.

I support this Bill. Above all else, as I said earlier and the Minister confirmed, it is an enabling Bill to create a post-Brexit functioning customs, VAT and excise regime. Because this is being done well ahead of the results of the negotiation, it does not predetermine the result. That necessarily disappoints those in this House who want the predetermined detail in order to see the extent to which the Bill suits their own vision of what our post-Brexit relationship should look like. In so doing, the Bill satisfies those for whom the Bill is intended—not politicians, but traders, exporters of goods and services, businesses and organisations, including universities and hospitals, with cross-border business in a wider sense—for we and, above all, they need to have in place the mechanisms for setting import duties, regulations, protections, dispute resolution procedures and so on, whatever the final trade and customs arrangements with the EU turn out to be.

That should be uncontroversial, but because the details are not in the Bill, Members are finding all their concerns and worries in their own imaginations. After a speech of some half an hour, for the hon. Member for Aberdeen North (Kirsty Blackman) it all boils down to the fact that she wants to stay in the current customs union with the European Union. For the hon. Member for Stoke-on-Trent Central (Gareth Snell), it is about protecting the ceramics industry. With respect to him and to Stoke-on-Trent, however, no customs Bill can do that, for the customs Bill is about making arrangements for future import duties, not about defining the new technology and brilliant designs that the world admires and wants to own, which is what will determine the future of the ceramics industry there.

Stephen Kerr: My hon. Friend is making a powerful speech. Does he agree that without this Bill we will have the archetypal cliff edge that the Opposition parties go on and on about? By not supporting Second Reading, they risk creating the cliff edge that they are always going on about.

Richard Graham: My hon. Friend is absolutely right. He brilliantly pre-empted the point I was about to make, which is that although some Opposition Members have described the uncertainty that they say the Bill will cause, the Bill will precisely help to avoid the cliff edge that all of us—but, above all, businesses—want to avoid. I thank him for his intervention.

The key is that the Bill will ensure that a customs regime is in place for cross-border business to flourish, whatever the results of the negotiations. To be honest, I think my right hon. Friend the Member for Broxtowe (Anna Soubry) underestimated the importance of technology not just in business, but for our customs processes. Regardless of whether or not we had decided to leave the EU, replacing the existing customs system, CHIEF, with the new IT platform, CDS, will, although it comes with a caveat about new Government IT systems, help our customs regime—it is currently rated fifth out of 160 countries in the world for its efficiency by the World Bank—to maintain or improve our position. The trusted trader system used by Canada and Australia, for example, has obvious replicability for trade at the border between Northern Ireland and the Republic of Ireland.

At the same time, the Bill is not devoid of ideas. The earlier customs White Paper outlined the two key negotiating positions for the Government, the first being a streamlined option and the second being a new customs partnership. My own belief is that if our European partners—that is entirely the right word for members of an organisation with which we have 44% of our exports—prove pragmatic in their interpretation of the new partnership, I very much hope that option 2 will prove possible. This option would allow the UK to mirror EU customs arrangements and trade policies for goods that are eventually to be consumed within the EU—even if they are first used, as it were, in the UK—thereby ensuring that the right amount of EU duty is paid without introducing new customs processes between us. This would be a practical benefit from a new partnership that I very much hope will come forward from the negotiations.

Let me turn to the amendment. The hon. Member for Bootle (Peter Dowd) talked with some passion about the manufacturing jobs in his constituency—rather fewer, I have to tell him, than the 4,000 manufacturing jobs in Gloucester; we all have manufacturing as a key element of our constituency business. He has concerns about the Bill's impact on manufacturing, and the amendment therefore raises three objections to the Bill, which I will come on to. At the same time, there is clearly a certain demand from Opposition Members for an internal Labour debate about their party's position on the customs union. The hon. Member for Nottingham East (Mr Leslie) would like a special debate on whether the preference of the leading Opposition party is for a customs union or for the customs union, and I am sure others from the Scottish National party would add weight to his discussions on that subject.

The truth is that Labour's objection to powers coming back to the UK because we are “denied any detail”—the hon. Member for Bootle used that phrase—is bizarre, given that the whole point of the Bill, as my hon. Friend the Member for Stirling (Stephen Kerr) mentioned, is to avoid a cliff edge by putting in place the mechanisms needed, whatever the result of the negotiation, which

has not yet started in detail. At the same time, Labour is complaining that the Bill gives powers back only to the Government, rather than to Parliament. In fact, of course, all the detail post-negotiation would come to Parliament through secondary legislation, on which all of us in this House would decide.

Mr Leslie: Has the hon. Gentleman had a chance to look at clause 31(4) in relation to forming a customs union with the United Kingdom? He can correct me if I am wrong, but I do not think that that would necessarily come before Parliament. It would be done by Her Majesty through an Order in Council.

Richard Graham: On that specific detail, the hon. Gentleman may well be right, but, ultimately, Parliament will decide the shape of any future agreement.

Nigel Mills: Will my hon. Friend give way?

Richard Graham: Let me respond to the intervention, if I may, and I will then come to my hon. Friend.

The key thing in all the arrangements for a future customs union is that the precise nature of its structure has not yet been decided. It is all still up for debate, and the Bill is therefore an enabling Bill that puts in place the future mechanisms.

Nigel Mills: I was just trying to help my hon. Friend. The answer is in clause 32(10), which states that the Order in Council cannot happen unless this House has approved the order first.

Richard Graham: Precisely. I am grateful to my hon. Friend. Everything comes back to this House.

The point about the options that the Government have set out and the new customs partnership is that this will have huge practical benefits. Let me give a couple of examples. We could apply our own tariffs to goods destined purely for the UK. For example, for mangoes from India and the Philippines, which are not really a competitive product with anything we grow in this country, there is no reason why the EU should determine what tariff we apply. However, if a basic bicycle was made in another part of the Commonwealth and then exported to the UK for further modifications for onward export to the EU, it would make absolute sense for us to mirror the EU trade and customs arrangements.

The future customs arrangements, which are being negotiated, will therefore have profound implications for our future trading opportunities, and the Bill provides the way forward and opens the door to success, whatever the outcome of the negotiations. That is why the Liberal Democrat amendment, seeking a guarantee that the UK's trading relationships with the EU and the rest of the world are not damaged, is so bizarre. How can anything like that be guaranteed, particularly during a negotiation? That was doubtless the reason why the amendment was not selected for debate.

This evening, one Opposition party is concerned about guarantees while a negotiation is going on, and another—the main Opposition party—is complaining about being denied any detail about the same negotiation, which has not yet properly started, while a third has already decided, regardless of the results of that negotiation, that it is all a terrible mistake. This evening therefore

[Richard Graham]

provides us with an opportunity to back a Bill, which should be entirely uncontroversial politically, that enables the businesses and manufacturers in all our constituencies to know with certainty that, whatever the results of the negotiation, we will have in place the mechanisms for their future exports. It is precisely because the Bill is practical and flexible and because it caters for all outcomes, while making sure that there is no cliff edge, that all of us should support it this evening.

7.49 pm

Mr Chris Leslie (Nottingham East) (Lab/Co-op): The Bill has profound implications for our economy, for many of our constituents, and for businesses that operate in our constituencies. It gives the Government considerable powers to levy customs duties on goods coming from the European Union, which would be an incredibly damaging spiral for the British economy to enter into as it would not only affect employment opportunities and business costs, but put in jeopardy the stability of the border between Northern Ireland and the Republic of Ireland. The notion that the proposed duties will apply and that we will somehow also retain frictionless, uninspected borders is oxymoronic—it is not possible. Despite a rather cleverly worded phase 1 agreement between the Government and the European Union, in which they basically decided to kick the issue into the long grass to be determined later on, the question has not yet been resolved and the situation is incredibly serious.

The referendum ballot paper did not mention customs duties or VAT, and it certainly did not mention the customs union. That was not the subject of the question that the British public were asked. Perhaps some Government Members read something between the lines, or perhaps when they squinted in a particular way and stood on one foot they read something on the ballot paper that the rest of the country did not. The country has not voted to leave the customs union, yet the Government and the Prime Minister take it totally for granted that we should all naturally accept that outcome.

Stephen Kerr: I am sure that the hon. Gentleman was conscious during the entirety of the referendum campaign. I certainly was and I can assure him and the House that there were frequent references to the definition of the European Union as a single marketplace and a customs union. In fact, that was how the EU came to be defined on television and in the debates. I do not know where the hon. Gentleman was, but it was very clear that the British people knew exactly what leaving the European Union meant. To say otherwise is, frankly, to turn one's back on the common sense of the British people.

Mr Leslie: Just because the hon. Gentleman asserts that it was very clear does not mean that that was the case. In fact, his own friend and colleague, Daniel Hannan, a Member of the European Parliament, was very clear that the single market was incredibly important and that no one proposed leaving it. Many other hon. Members said similar.

Phil Wilson (Sedgefield) (Lab): It was also made quite obvious during the referendum campaign that £350 million a week would be spent on the NHS, but I do not think that has come to fruition either.

Mr Leslie: Perhaps we all just dreamed about that—it was something that we conjured out of thin air and imagined.

Mr Simon Clarke (Middlesbrough South and East Cleveland) (Con): The Prime Minister at the time was perfectly clear that leaving the European Union did indeed involve leaving the single market and the customs union. It is sophistic in the extreme to suggest that people did not mean to leave the European Union and its institutions when we voted to leave.

Mr Leslie: Well, let the Prime Minister of the time come to tonight's debate and say that himself.

Mr Simon Clarke: He is not here.

Mr Leslie: Oh, that's right—he is not here anymore. I vaguely remember who the Prime Minister was at the time.

The ballot paper text is a matter of record for all to see. It asked whether we should remain in or leave the European Union, but it did not go into the details, because in a parliamentary democracy those sorts of details are naturally left to us. This is on our shoulders. We are accountable to our constituents for interpreting that referendum result and putting it into effect, always with an eye on protecting their best interests. That is our job—it is what we are elected to do.

Government Members may think that it is in their best interests to leave the customs union, but that was not on the ballot paper. I disagree with them. I do not think that leaving the customs union is in our best interests, and certainly not those of my constituents. We are talking about a potential impact on half the goods traded by the United Kingdom, as half our goods trade goes to the European Union. These are not inconsiderable issues. Some 2.5 million lorry journeys a year through Dover might be affected. Whole businesses have set up “just in time” business models, down to a matter of minutes, for how goods and components will be sourced throughout supply chains and how inventories will be sourced from across the whole European continent, but they now face being upended not only by the potential duties imposed by the Bill, but by other, non-tariff barriers including bureaucracy, additional form-filling, registrations and inspections. Goods coming in might have to go to one side, both at the port of departure and at the port of entry, to be checked for sanitary and phytosanitary compliance. There are all sorts of inhibitors to the free flow of goods. I and other Opposition Members are talking about free trade. That is what we should be standing up for, which is why this is an incredibly important issue.

Kerry McCarthy (Bristol East) (Lab): I draw attention to my entry in the Register of Members' Financial Interests. This is not just about goods being physically sold in other European countries. Musicians who tour Europe face real uncertainty about whether their instruments and merchandise, whose sales a lot of bands rely on, will be viewed as imports into those countries. There is a lot of uncertainty about what will actually be classed as a good crossing a border.

Mr Leslie: I will come on to that when I discuss part 3 of the Bill and the VAT consequences for not just businesses, but potentially consumers as well.

Richard Graham: I know that the hon. Gentleman holds his views deeply and sincerely; colleagues of mine hold very different views equally sincerely. Surely the crucial thing for all of us, however, is that the Bill allows for any of those possible outcomes. It does not predetermine the result of the negotiations or determine whether the United Kingdom will have a future free trade agreement with the European Union that replicates almost completely the existing customs union. Therefore, surely we can agree tonight about the importance of having a mechanism in place that avoids the cliff edge that all the businesses in all of our constituencies want to avoid.

Mr Leslie: If only that were the case. In fact, that same point is raised in paragraph 9 on page 6 of the explanatory notes, which states:

“The Taxation... Bill does not presuppose any particular outcome from the UK’s negotiations with the EU.”

That is not true. The Government have absolutely presupposed that the customs union is off the table. It is the ultimate presupposition, if ever anyone wanted a definition. This Bill apparently does not allow us to stay in the customs union, but it should allow us to do so, because I happen to believe that there is a majority in this House of Commons for membership of the customs union. I have a little job of work to do to continue to persuade my own party’s Front Benchers of that particular point, but I will try my best to do so because I think they will eventually recognise that being part of the customs union is incredibly important for our economy not just in the transition period, but for the longer term. I believe that the numbers are here in the House of Commons to support that and that it will eventually be proven.

I am disappointed that the Government have tried to twist parliamentary procedure by deeming this measure to be a money Bill. It is Mr Speaker who will decide whether or not it is a money Bill, and I think he will do so at the end of this particular Commons procedure. The Government, though, in a slightly tricky way, are putting through the Bill following a Ways and Means resolution. Why have they done that? They have gutted the Trade Bill and stuck everything they possibly can into what was the customs Bill so that it cannot be amended by the House of Lords. It is the most obvious trick in the book—rule 101 for a Minister. I have been around the block a number of times, and I have to tell the Minister that there are whole clauses in the Bill, such as clause 31, that are about the formation of a customs union. How is that a matter purely for a money Bill? It is absolutely an issue of public policy to do with our trading alliances that the other place should have every right to pass comment on. If it has advice and suggestions for this place, it should be allowed to amend the Bill.

Stephen Doughty: I completely agree with my hon. Friend’s point. Is it not underlined by the fact that the Government’s programme motion neglects to state how many days’ scrutiny the Bill will receive in the Public Bill Committee, let alone on the Floor of the House, but does state that the Committee will be done by 1 February? If the Committee does not start for a week

or a couple of weeks because the Finance Bill and other measures are going through, there will be an extraordinarily small amount of time for detailed scrutiny of a 56-clause Bill with numerous schedules that will potentially have serious impacts on our economy.

Mr Leslie: That is why I suspect that the other place will look at the truncated scrutiny. I tried to get this out of the Minister earlier—not the Minister before us, but the Financial Secretary to the Treasury. It was not a Cabinet Minister who came to the Chamber to introduce the Bill, by the way, but I am told that a reshuffle might be going on, so perhaps the Chief Secretary or even the Chancellor are in negotiations. The junior Minister acquitted himself reasonably well at the outset—as well as he possibly could, given the line that was scripted for him to take—but I think that a Cabinet Minister should have presented a Bill of such scale and importance. It deserves proper scrutiny in this place, with the right number of Committee sittings, because otherwise the other place will have to do that job for us.

The Parliamentary Under-Secretary of State for International Trade (Mark Garnier): I am happy to confirm that the Bill will have eight Committee sittings in the House of Commons.

Mr Leslie: I can only hope—fingers crossed—that I am selected for the Committee. I know that my hon. Friends on the Front Bench will be keen to have me on it. I try my best to be as constructive as possible at all times, so I hold out great hope for that.

Part 1 of the Bill is very wide-ranging. My hon. Friends have made speeches about trade remedies in respect of anti-dumping and subsidy provisions. Perhaps the Minister will use his winding-up speech to cast a little more light on what the UK’s policy will be on competitive trade and, in particular, on subsidy issues. I know that Government Members have an interest in many aspects of trade with places such as China and other non-market economies. The question about subsidies is important, so I would like to hear a little more from the Government about what their policy stance will be. Will we cut and paste the existing EU approach or not?

A number of big decisions have to be made. When our constituents find out that we will have the power to raise or lower a particular duty, the widget manufacturers or whatever in our constituencies who might be prone to it, or whose competitors might be prone to it, will take great interest in contacting Members of Parliament to say, “Will you push the Government to raise this duty?” or, “Will you push Ministers to lower that duty?” This has the potential to fill our inboxes for decades to come.

Members of the European Parliament—we have sort of outsourced much of this policy to the EU for 40 years—have a number of scrutiny powers in respect of customs and excise and trade agreements that we will not have when those matters are brought to the House of Commons. I worry very much about trade agreements. Members of the European Parliament have the right to comment on them and even to suggest amendments to them. Of course, they then give final consent to trade agreements, but that is not part of the current Administration’s package under the customs and trade Bills.

Vicky Ford: Will the hon. Gentleman give way?

Mr Leslie: I give way to an eminent former Member of the European Parliament.

Vicky Ford: I remind the hon. Gentleman of what the Financial Secretary said from the Dispatch Box: any new free trade agreement that the UK signs up to will be subject to the affirmative procedure in this place.

Mr Leslie: Of course, that is an unamendable procedure. I think that, at the very least, the Government will be pushed by the other place into a super-affirmative procedure whereby the Commons has a Committee that looks at the details and suggests amendments and changes. Ministers may then plough ahead if they want, but a super-affirmative procedure would mirror more the powers of MEPs in these matters. A simple aye or nay would be a dilution of the scrutiny powers that we currently have democratically via elected Members of the European Parliament.

I want to focus on part 3 of the Bill. In the past couple of days, a lot of attention has been given to the number of firms that do business across the European Union. They think of their trade not as imports and exports, but as arrivals and dispatches. Whether they are buying components from Birmingham or Bristol or from Brussels or Berlin, they treat them all the same for customs and excise and VAT purposes. That will potentially not be the case under the Bill.

Even if we stayed in the single market and the customs union, we would not necessarily be in the EU VAT area, which is outwith the customs union. That is another decision that Ministers will have to face up to and take. I would like the Bill to be amended so that we stay in the EU VAT area or, at the very least, have a proper impact assessment of the implications of leaving it. That is the position of the British Retail Consortium, which argues that leaving it would mean a potential bureaucratic burden for businesses that currently, if they are importing goods from EU member states, can treat the acquisition VAT through the normal quarterly lodgings of their VAT returns. Henceforth, those firms will potentially have to pay VAT up front—it is known as import VAT—at the point of entry, so at the border, at the port, at Dover, at the channel tunnel or wherever it comes in, each time there is that level of transaction. To look at it in the round, the customer would pay the same amount of VAT at the end point, but it would be incredibly disruptive to the cash flow of those firms.

I looked online and at the explanatory notes, thinking that there must be a regulatory impact assessment of that situation, because the Bill abolishes acquisition VAT and introduces import VAT on goods, including those from the European Union. There does not seem to be a particularly rigorous impact assessment. I do not know whether I have missed it. There was one for the Trade Remedies Authority, but there does not seem to be one for the import VAT proposals. There ought to be an impact assessment, because that is Cabinet Office best practice, but I cannot seem to find it.

Again, I do not think voters were necessarily tuned into the implications on the EU VAT area when they cast their votes on the ballot paper. I may be criticised again for saying this, but I did not see the EU VAT area on the ballot paper. Perhaps I was not looking closely enough. Perhaps Government Members will help me out and point to where it was.

Currently, 140,000 British companies have to go through the rigmarole of registration and compliance when importing from outside the EU. A further 132,000 firms that do not trade beyond the EU but source their imports and components from within the EU will potentially be added to that. Knocking on for 300,000 businesses will be hit by this. According to HMRC's own statistics, the number of transactions that are hit by customs duties and, therefore, potentially by import VAT will go from 55 million trades to 255 million trades a year, with all the paperwork and rigmarole associated with that level of bureaucracy.

Stephen Doughty: My hon. Friend is making incredibly important points about the practical implications of the Bill and the proposed changes. Was he not concerned, therefore, that the Financial Secretary refused to confirm whether any additional customs officers were being proposed or were in training? In fact, he seemed to suggest that they would be reallocated from other roles within HMRC or the Home Office. Given the scale of the additional bureaucracy that is being proposed, is that not deeply worrying?

Mr Leslie: We will have to hear from Ministers how they propose to deal with the extra 200 million trades going through the new system. I hope to read more in the impact assessment. If the Government can cope with, or have proposals to ameliorate, some of that administrative burden, we would like to see it in the impact assessment.

On top of that, my hon. Friend should know that, as I think was mentioned earlier, HMRC currently has a computer system or IT software called CHIEF. What does it stand for? I will not try to deal with the acronym—oh no, I can; you will be glad to know, Madam Deputy Speaker, that it stands for “customs handling of import and export freight”. CHIEF will be retired in January 2019—keep that date in mind, as it is crucial in the transition. We are moving to a new system called the customs declaration service. It is costing £157 million to implement and is potentially great news, but all these 130,000 new traders will suddenly be brought into this new system, and they will need to be given time, leeway and flexibility to get used to a system that they currently do not have to operate. I want to hear from the Minister what approach the Government will take to gradually phase in the new system while bringing so many extra businesses into that procedure.

Jim Shannon (Strangford) (DUP): We have had the good fortune over the last week to see some of the news, including BBC news. In the last week the BBC has visited businesses on the mainland. There seems to be a confidence among businesses and private enterprise across the whole United Kingdom of Great Britain and Northern Ireland in what the Government are doing in relation to the points that the hon. Gentleman is making. Does he accept that a lot of those companies understand the issues and are happy to put them in the hands of the Government?

Mr Leslie: That is not quite the impression I am getting from the business community. Trade bodies, such as the British Retail Consortium and others I have mentioned already, are voicing their concerns, but many businesses are also waiting to see if there is any clarity on the details of how this will pan out. The warm words about phase 1 agreements—“We can sort these things out”,

“Don’t worry, it will all be fine”—will only butter so many parsnips. Ultimately, businesses want to know how it will affect their bottom line, how they will cope, what sort of new systems they will need to put in place, what sort of employees they will have to bring in, and so on.

Stephen Doughty: I am afraid I disagree with the hon. Member for Strangford (Jim Shannon). He and I get on very well, but I am not hearing the same thing. The Freight Transport Association has made very clear the consequences of even marginal delays to customs procedures, such as those caused by the introduction of a new IT system and the additional time spent processing declarations. It has said that the addition of an average of two minutes to customs processing would result in a 17-mile queue from Dover back to Ashford; four minutes takes the queue back to Maidstone; six minutes back to the M25; eight minutes, and we are at the Dartford crossing and Essex. We could not have a clearer illustration of the types of problems that could be caused. These are substantial changes and, even with the best will in the world, they will have substantial impacts on trade.

Mr Leslie: That is why we should not just rush the Bill through as though it were a minor, technical copy-and-paste exercise. These are fundamental decisions we are having to grapple with, both in this House of Commons and in the other place, and it is not appropriate that it be deemed a money Bill. Yes, aspects are to do with taxation, but others are not and broaden out into trade and other areas. The Government might think they can deal with this tactically in that way but I do not think it appropriate.

I encourage my Front-Bench team, and all hon. Members, to support remaining in the customs union. I give notice to my Front-Bench team in particular. I asked the shadow Chief Secretary to the Treasury about the Labour party’s policy on the EU VAT area, a specific area of policy we need to get to grips with. The Bill should be amended so that we retain our involvement and participation in the EU VAT area, as that is the clearest, simplest way of retaining the current benefits. I am sure that amendments will come along on this issue, and when they do, I hope that all hon. Members will think carefully about what to do.

As for this evening, I worry that this VAT issue is yet another potential horror story in the Brexit saga. We pull at one thread and yet more issues start to tumble down on top of our constituents and the business community. It is not right to facilitate duties being put on trade with our nearest neighbours and closest economic allies across the EU, and that is why I hope that we will oppose the Bill this evening.

8.15 pm

Julia Lopez (Hornchurch and Upminster) (Con): If we are to deliver Brexit, the UK needs to leave the customs union and establish its own customs regime. Without doing so, the UK will be precluded from striking its own free trade deals and left open to certain judgments from the European Court of Justice. I fear that those who believe we can honour the referendum result while staying in the single market or customs union are simply wishing to deliver Brexit in name only.

The Bill is widely drafted in order not to prejudice the eventual outcome of any deal we strike with the EU. It instead ensures that the UK can respond to its new

status, whatever the circumstances in March 2019. That could include a no deal scenario—something that would represent a wasted opportunity of historic proportions on the EU’s part. Our Government have already made it clear that the UK wants to maintain free, frictionless trade with the EU and that they wish to maintain continuity with EU law at this stage on customs, excise and VAT to give businesses certainty.

There would be no need for chaos at customs or increased tariffs if our standalone regime could be linked closely to the EU’s, potentially in a new customs partnership. The question is whether the EU has the capacity to recognise its own interests and, more crucially, the interests of the people it governs. Until 2008’s financial crisis, global trade had been growing at up to twice the rate of global output for decades. Ever since, trade has slowed to be in line with, or sometimes below, growth in the global economy and political upheaval has followed.

As a founding World Trade Organisation member, the UK has long been a passionate advocate for liberalised trade. It is time to regain that leadership role and push back against the superficial allure of protectionism. The Bill sets the scene for that. While it introduces the potential for levying tariffs, giving us the tools to protect against dumping, it also allows us to adopt a unilateral trade preference scheme for developing countries to ensure trade further replaces aid as the primary poverty alleviation tool.

The Bill also aims to manage the flow of goods at our ports. Over the summer, I visited London Gateway, a state-of-the-art port in Essex with modern HMRC and Department for Environment, Food and Rural Affairs facilities and spare capacity. A logistical hub is being developed to deliver goods directly to London and the south-east rather than via midlands distribution centres. German grocer Lidl has already taken space there. The competition from nearby ports such as Tilbury, with its vast Amazon fulfilment centre, keeps freight costs low and ties into the Government’s ambitions to unlock the entire Thames Gateway with a new river crossing and more homes. This plan and these efficiencies strip out cost to retailers, helping to offset any potential increase in tariffs. Our customs systems are already highly efficient, but the Bill sets up an authorised economic operator scheme to indicate the fulfilment by exporters and importers of recognised compliance standards and makes provision for HMRC-approved warehouse operators. These measures should fast-track shipments. We now need to identify the sectors most exposed to any new cost and resource HMRC appropriately, which is what the Government are doing.

In my capacity as a member of the International Trade Select Committee, I would like to say something about tariff-free quotas. As an EU member, the UK is party to over 60 free trade agreements that permit our trading partners to export a certain volume of goods to the EU tariff-free. Along with the Trade Bill, this Bill provides the foundation for the continuation of these deals after Brexit. We hope that this grandfathering process will be straightforward, but our trading partners may use the opportunity to renegotiate terms, and rules of origin might add complexity to existing trade. Rules of origin define where a product was made and help to determine the application of quotas, preferential tariffs and trade remedies.

[Julia Lopez]

At present, the UK can export to the EU with no restrictions on the value of imported intermediates from third countries, and this will likely change once we are out of the customs union. Origin is generally conferred based on where a good was obtained or manufactured or where the last substantial transformation took place. Cumulation of origin allows for greater flexibility when using raw or semi-manufactured materials from certain third countries. Currently, as an EU member state, the UK benefits from the pan- Euro-Mediterranean cumulation zone.

Cumulative rules of origin may prove hard to negotiate, requiring trilateral discussion between the UK, the EU and the third country concerned. None the less, the UK's departure from existing free trade agreements is not challenge-free for the EU either. Those FTAs were negotiated on the basis of access to an EU economy that included a UK market, which, in 2015, amounted to 17.5% of the EU's GDP, and which contains some of its most voracious consumers. If we withdraw that market from the FTA, there will inevitably be an impact on its functioning, if not on its legal character. The EU plans to remove the equivalent of the UK's market share from the duty-free quotas that it offers its trading partners. Otherwise, EU domestic producers will have to compete with a greater inflow of tariff-free foreign goods. FTA partners, however, are understandably very unhappy at the prospect of a substantial reduction in their tariff-free quotas.

If the EU can think imaginatively and flexibly about a customs link to the UK economy, with potential agreement on rules of origin at least for a transition period, the potential problems of both sides can be addressed. The EU's default arrangements relating to rules of origin are relatively liberal, and processes already exist for exporters to self-certify origins. Agreeing on those processes, and ensuring that businesses sign up to them now, should be a priority.

Kirsty Blackman: May I pursue the issue of tariff-rate quotas? Is it not the case that, even if countries receive the same amount in total—if they were previously able to distribute 100 tonnes of goods, and in future they could distribute 70 to the EU and 30 to the UK—they might challenge that on the basis that if the UK market collapses, they will not be able to transfer that amount to another country, as they currently can?

Julia Lopez: My point is that any issues relating to tariff-rate quotas will affect not just the UK but the EU, and it is therefore in the EU's interests to try to reach an accommodation with the UK.

I welcome the Bill, which is about preparedness and which, given its wide drafting, allows for any negotiated outcome. I hope that it sets us up for a new chapter in our long history as a proud, global trading nation.

8.21 pm

Tom Brake (Carshalton and Wallington) (LD): Let me start where the Minister started. He spoke of wanting to secure the greatest possible economic advantage for the United Kingdom, but I am afraid that what we have is a series of Ministers who are wilfully proceeding with Tory Brexit decisions that they know are damaging to the UK's economic interests.

Some Conservative Members—although not Ministers—state openly that they realise that what the Government are pursuing is damaging to our economic interests. Some are embarrassed by that, and I shall not embarrass them by naming names; they are keeping their heads down and staying quiet. Some think that this is a price worth paying. Some believe that it will benefit the United Kingdom, although sometimes the advice that they give to others is the complete opposite of their claims to that effect.

All those who follow this debate, whether they are leave or remain supporters, ought to be aware that Ministers are advocating a move that they know is damaging to the UK's interests and that they are doing so because on 23 June 2016, on one day of the electoral cycle, people voted to leave the European Union. People need to remember that Conservative Members who were overwhelmingly in favour of our remaining in the EU know that this will cause us damage, but are proceeding with it nevertheless. The Government will not admit that, and they will not release the information that would enable us to know it. We have already had the rather circular argument about sectoral analysis, impact assessments and so on. The one thing that the Government are not willing to do is share the information about what the economic impact of Brexit will be.

The hon. Member for Folkestone and Hythe (Damian Collins), who is no longer in the Chamber, made a very sensible point. He understands perfectly well the impact that leaving the EU and the customs union would have on the port of Dover. He rightly pointed out that countries trade more effectively with countries that are close to them. That is why the idea that there is a trade deal out there with Australia or New Zealand that will replace the trade deals that we have with the European Union is a fiction.

There have been many references to frictionless, seamless trade. That is fine; everyone wants to achieve that. The only problem is that, so far, no one has actually identified how it will work. It is great to have the aspiration, but in practice no solution is available. The same is true of the border between Ireland and Northern Ireland. The hon. Member for Nottingham East (Mr Leslie) confirmed that that can has been kicked down the road. No solution has been identified in phase 1 of the negotiations. It has been accepted that there is a huge problem, but also that the can will be kicked a little further down the road.

Mr Simon Clarke: The whole point is that the Irish border issue cannot be resolved until we know the wider context of the trade agreement that has been established. The right hon. Gentleman is getting the logic back to front.

Tom Brake: We will wait and see whether I have got the logic back to front. I suggest to the hon. Gentleman, however, that the idea that it is possible to have on one hand a completely seamless border and on the other hand a United Kingdom that is outside the European Union does not work. There must be one of two solutions. The first, relating to where that border sits, would be very unpopular with members of the Democratic Unionist party, while the second goes against everything that the party in power is advocating. I do not think that there is a simple solution, and that is why I think that the issue has been kicked down the road. I suppose people are

hoping that, perhaps as a result of phase 2 of the negotiations, there will be a miracle solution that will make possible a frictionless, seamless border between Ireland and Northern Ireland, but given that no one has identified it so far in the 18 months or so that have elapsed since the referendum, I am not confident that anyone will come up with it in the time that remains.

I believe that the Bill is unnecessary and, indeed, highly damaging. It was required only because the Government have set themselves against the solution that is our staying in the customs union. The hon. Member for Gloucester (Richard Graham) tried to highlight the differences between Labour Front Benchers and some of his hon. Friends, which is easy enough to do, but he could equally have chosen to highlight the differences on the Tory Benches. At least one Tory Member, the right hon. Member for Broxtowe (Anna Soubry), considers the solution that the Government are trying to identify in all their fudges and workarounds to be staying in the customs union, and I agree with her. If there are differences of opinion, they exist on both sides of the House, not just between Labour Front and Back Benchers.

We will oppose the Bill's Second Reading, not for—I was going to say mealy-mouthed reasons, but that might be unfair. I do not know the hon. Member for Bootle (Peter Dowd) terribly well, but I have no reason to believe that he is, in fact, mealy-mouthed. I must say, however, that Labour Members are trying to sit on the fence for as long as is physically possible, in spite of repeated interventions from their own side. At some point, they will have to jump in one direction or the other. It must be getting very uncomfortable for them, sitting on that fence. The longer they sit on it, the sharper and more uncomfortable for their backsides it will become. At some point, they are going to have to jump. I hope that they will jump in the direction that they are being encouraged to do by some of their Back Benchers and by the Liberal Democrats, the Scottish National party, Plaid Cymru and the Green party—namely, in favour of staying in the customs union and the single market long term, not just as a means of massaging support over the next few months but in the long-term interests of the United Kingdom.

As I have said, I do not want to describe Labour Front Benchers as mealy-mouthed, but there is clearly some difficulty with the position that the Labour party is trying to adopt, and I would like some clarity on this. Labour Members say that they are interested in preserving jobs, for instance, and I wonder what work they have done to assess the impact of a substantial number of job losses in the transport industry. A lot of goods are transported from the Republic of Ireland to Dover through Northern Ireland and the United Kingdom. Those involved are thinking of simply cutting out the rather complicated business of crossing the UK border altogether and instead shipping the stuff straight from Ireland to, say, Cherbourg. That would result in the loss of many jobs in Britain along the way.

We have heard many references to the VAT change, which could affect between 100,000 and 150,000 businesses. Concern was expressed earlier that some larger businesses can be quite aggressive towards small suppliers, but a lot of the businesses affected will be small businesses that suddenly find themselves in difficulties with their cash flow. I wonder what analysis the Government have

carried out on that. I am afraid that, as in so many areas relating to Brexit, the answer is that there has been no impact analysis and that the Government are simply proceeding with these changes.

One of the key claims by the leave campaign was that leaving the EU was about cutting red tape. I would love the Minister to confirm that the measures in the Bill will cut red tape for businesses, but frankly I cannot see how businesses will benefit from a reduction in red tape in any shape or form as a result of this legislation. Instead, businesses that are not subject to red tape at the moment will have to take on red tape that they have never previously had to deal with. The Minister must at least try to address that point, given that one of the main claims made by leave campaigners was that leaving the EU would cut red tape for businesses.

We could talk at length about the delegated powers, as we have done on many other Bills relating to Brexit, but there is no point in rehearsing the arguments that have been made on those Bills, because the Government are clearly intent on taking advantage of the situation and cutting Parliament out of the loop as much as possible.

If the Government want to proceed in the way that they are doing at the moment, trade remedies will be essential. Members will be aware that trade remedies are currently implemented by the EU, which has more than 100 such measures in place against imports from 25 countries. To what extent does the Minister expect those measures to be replicated? Also, does he believe that it will be possible for the UK, operating alone, to have more effective trade remedies than those currently implemented by the EU with its 28 member states? Again, we need clarity, honesty and accountability. We need to hear from the Minister whether he thinks that the trade remedies available to the United Kingdom on its own will be weaker and less effective than what is currently available to us as a member of the European Union.

I welcome the fact that the Government will legislate to ensure that we can maintain a system of trade preferences for developing countries. I have already referred to the VAT issue and to the impact on red tape. I hope that the Minister can confirm that the Bill will have no red tape implications, although it is hard to see how he could possibly do so. [*Interruption.*] Would my hon. Friend the Member for Edinburgh West (Christine Jardine) like to intervene on me?

Christine Jardine (Edinburgh West) (LD) *indicated dissent.*

Tom Brake: No. Okay. I thought my hon. Friend was poised to come in with a trenchant point. I am sure that she has one, and that she is saving it up till later.

The Government have brought forward a Bill that is needed simply because they have chosen to adopt one of the more extreme Brexit options open to them: settling for no deal whatsoever or coming out of the customs union. In those circumstances, it is clear that they will need to provide the legislation that is set out in this Bill and that trade remedies will need to be in place. I have put to the Minister some specific questions about whether he can demonstrate that the Bill will not impose an additional red tape burden on businesses and whether the trade remedies that he is advocating in the Bill are

[Tom Brake]

likely to be more effective for the United Kingdom than the ones currently available to us through the European Union. With that, I will happily sit down.

8.35 pm

Mr Marcus Fysh (Yeovil) (Con): I was hoping this evening that we might begin to get past some of the old arguments and debates over whether to leave the EU that we have been having ad nauseam over the past year and more, but it seems as though some people cannot understand that if we do not leave the single market and the customs union, we simply have not left the EU. It is by virtue of being a member of the EU that we are in the customs union, and we automatically leave it on the day we leave the EU.

The opportunities that are there for this country as a result of leaving the EU simply will not be there if we stay in the single market. The behind-the-border trade reforms that can give advantages to our service industries will not be possible if we do not have control of our own regulation, and being a member of the single market will obviate that entirely. Similarly, on the customs union or, indeed, a customs union, if we leave the control of our customs and trade policies with the EU, everybody would judge that to mean our not having left the EU. What we need, and what I have argued for consistently, is an advanced and modern form of customs co-operation that enables our trade to be as frictionless as possible. There will be frictions, however, and we should not shy away from talking about them. The Bill begins to allow us to have control over all the levers that enable us to put such things into place. This enabling legislation is vital so that we can have the systems that are required for things to operate properly on day one after we leave the EU.

I will certainly support the Bill's Second Reading, which will give it this House's support in principle. We have heard quite a lot of discussion about the different policy stances that the Bill will enable us to take up in future, and there will obviously be much more discussion about what our trade policies should be. It is entirely right that that should happen in this House in a constructive and, I hope, cross-party manner, because this is about our futures and those of our children and grandchildren, too.

I want to address a few of the things that have come up this evening. The point about VAT and cash flows is interesting and I have raised it before, and it is worth remembering that the EU is going through its own change process on VAT. It intends to impose a directive that would essentially mean that the country from which a good is being exported will collect the VAT at its own rate rather than have a good exported on a VAT-free basis and then get the receiving country to account for the difference after having collected VAT on receipt. That in itself will change a lot of the cash flows around intra-European trade, and it is worth examining more closely whether it makes sense in that context for us to think about having a system that enables us to collect VAT for each other in the future. I am not necessarily against being party to some sort of arrangement with the EU on VAT to enable that smooth process at the border to continue, but we need to look at it much more closely. I hope Ministers will give some thought to that and inform the House of their thinking.

We have also heard today about rules of origin, and it is right to raise that—I have previously raised rules of origin both in the International Trade Committee and in the Chamber. The hon. Member for Aberdeen North (Kirsty Blackman) made the excellent point that the cumulation of rules of origin is very important in any trade deal. We will have to think about those things anyway, and we absolutely have to think about them in the context of rolling over the trade agreements we already have by virtue of being in the EU. There is a lot of good will on the part of foreign nations that are party to those deals, but rules of origin will definitely have to be addressed in our negotiations with the EU.

As my colleague on the International Trade Committee, the hon. Member for Hornchurch and Upminster (Julia Lopez), said earlier, tariff-free quotas are also important in that context, and the EU has to think about that. When it comes to rules of origin, we also have to remember that our supply chains are highly integrated, and it is not as simple as saying that we just cannot trade with the EU anymore. It would also be very damaging for the EU, as having to find suppliers that are not part of our supply chain would create a lot of pressure on EU businesses, and it would create a lot of pressure on the EU to find resource from within its own economies to meet those supply chain needs. That is not something the EU would want.

Christine Jardine (Edinburgh West) (LD): The hon. Gentleman is talking about European suppliers needing to find someone to supply, and about companies in this country needing to use such supplies. Is there not a danger that, particularly in the car industry where companies from other parts of the EU are currently in this country, we will lose viable industries? They will simply go where the supply chain is easier and where they will not be tied up in the red tape proposed in this Bill.

Mr Fysh: The hon. Lady is right that, particularly in the car industry, rules of origin are an issue across the world. In the North American Free Trade Agreement, for example, the ability of US and Canadian car manufacturers to integrate their supply chains makes a big difference. Under the Trans-Pacific Partnership, which the Canadians are considering re-entering in a modified form, rules of origin on cars are probably one of the main determining issues. The degree to which local content needs to be demonstrated is a major factor.

Among other things I hope that, through this process, car manufacturers will look at sourcing more UK content in order to raise the proportion sourced in the UK, or indeed in the EU. It is all to play for, and there are lots of different ways of organising it. I would not necessarily say it is impossible or too hard but, yes, it needs to be thought about.

In that context—I have also said this before—the Customs Declaration Service that HMRC is working on has to be flexible enough to change the values that are put into the system. Whether on VAT, import duty or the cumulation of rules of origin, we need to make sure the system is able to be changed flexibly and easily at a later date. If that is not the case, this will be a nightmare and we will have a computer system that fails. I hope HMRC is well aware of that fact and of the need for that flexibility.

We have also heard about trade remedies, and it is right to say that the Trade Remedies Authority needs to be put in place very soon. The sooner it can get on with doing the work of analysing what the competitive position in various of these industries where existing or potential future remedies are going to be needed, the better; that has to be done with a good lead time in order for us to be able to argue at the WTO that we should potentially think about renewing trade remedies or putting new ones in different industries in place.

We also heard a little about lesser duty. It is fair to say that the lesser duty provisions in the WTO agreements are there for a reason: to try to prevent an arbitrary and egregious application of trade remedies. However, we need to make sure that we use our opportunities arising from coming out of the EU to make these arguments for how the global trade system should work in a non-egregious and non-arbitrary way, one where we can have rational dispute resolution mechanisms for our trade.

Having said those things and having said how necessary this Bill is, I must say that I have some concerns about the text, which I would like to discuss with Ministers and think about during the later stages of the Bill. I am concerned about clause 42, which deals with the EU law relating to VAT, and the potential for statutory instruments to be brought forward to alter the rights, remedies and procedures which have been imported by virtue of the European Union (Withdrawal) Bill. Similarly, I would like more clarity on clause 47, which deals with EU law relating to excise duty. We need to think a bit more about it, because it seems to give the Treasury and Treasury Ministers the power to alter fundamental concepts of EU law and the application of it in the future.

We also heard about clause 31, which relates to the potential implementation of a customs union, with fairly draconian Henry VIII powers. Admittedly they are subject to an affirmative procedure in the House of Commons, but it would be worth knowing a bit more about what the intent of this is and exactly how it would operate. Overall, we need to make sure we use this opportunity and this Bill to get a positive new customs co-operation system in place with our EU friends and allies. What we want is a good relationship with the EU, and it does not have to be at the expense of the rest of the world. This is not an either/or situation. I have heard many commentators say that if we are not part of the EU, we cannot do anything with the EU and that all the other deals we might do around the rest of the world cannot replace that. That is a false argument because we are looking to build on what can be as near as possible to our current relationship with the EU, and if we can do that really well and are smart about it, we can make a great success of leaving the EU.

8.48 pm

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): Ga'i ddymuno blwyddyn newydd dda i chi—may I wish you a happy new year, Mr Speaker?

I wish to confine my remarks to three key points. First, I wish to add my voice to those calling for our continued membership of the largest trading bloc in the world. Secondly, I wish to outline the concerns from Welsh ports, which would face immediate challenges to their existing position as a result of changes to our customs arrangements. Thirdly, the weakness of this

Bill's ability to protect our vital industries will form the final part of my speech, and we have heard many interesting contributions on that point already.

As promised, I wish first to reiterate to the British Government the illogicality of, and harm they will cause by, ripping us out of the customs union. A student of GCSE economics could explain the foundations of international trade as laid out by David Ricardo. His theory of comparative advantage is not complex to grasp. By specialising in particular industries, combined with free international trade, all nations will see positive results. The premise is simple: rather than creating a range of mediocre products, the highly specialised industries of each nation produce better goods, which are then traded internationally, satisfying domestic demand for the products made in other nations. Whether we agree that this commercial international order should be our goal or not, it has underpinned our economic approach to trade for centuries.

International marketplaces have moved on from Ricardo's time. Instead of cloth and wine, the modern economy trades aeroplane wings, specialised steel products and microchips. To account for this complexity, policy makers have created institutions to manage commerce.

The European customs union is the greatest example of one such institution. By removing physical and financial barriers to trade, it has created the largest, richest, most powerful network of free-trading states in the world. As a result of our membership of the customs union, Welsh businesses can trade on a completely unfettered basis within the bloc, gaining access to 600 million consumers.

As a trading bloc, the EU customs union also applies a common external tariff on entering the bloc, and we should remind ourselves of the extra costs that will hit our exporters if we are no longer members and have no agreement on future tariffs. Carmarthenshire is known for its agricultural produce, so it is worth putting it on the record that the tariff for animal products can be more than 138%, with an average of 20%; the maximum tariff on dairy products can be as much as 134%, with an average of 45%.

I could also point to other major employers in Carmarthenshire who manufacture component parts for export and will obviously follow the upcoming negotiations with great interest. We should not be under any illusion: if it becomes burdensome, financially or through regulation, for those companies to move their goods, they will relocate. Our membership of the single market and the customs union has been invaluable in securing valuable foreign direct investment in areas such as my home communities in the Amman valley.

Before I am accused of scaremongering, today's shambolic reshuffle was trailed in the press over the weekend as a reorganisation to prepare for a no-deal scenario. The 27 members of the EU are not the only ones with whom we will lose our existing free-trade arrangements. Sixty-seven countries have agreements with EU customs union members which must be grandfathered, although there continues to be some dispute about whether that is possible. The issue will be discussed in greater detail tomorrow when we deliberate on the Trade Bill.

By pulling my nation out of the European customs union in search of some false free-trade, low-tariff Brexit nirvana, the British Government risk the jobs

[Jonathan Edwards]

and wages of my constituents. The Minister will undoubtedly claim that this is the will of the people. We can of course engage in a tit-for-tat argument over whether that is the case. However, that denies him the opportunity to outline the purported benefits of the British Government's approach. For that reason, I ask him the following: if certainty is his aim, and the status quo is certainty, why is rolling the dice on more than half our imports and exports a good idea? Why is he gambling away my constituents' jobs and wages? Why is he pulling us out of the customs union at all?

I also implore Labour Front Benchers to come to their senses. The constructive ambiguity of the Labour party's Brexit position may offer marginal electoral advantage, but it provides the silver platter on which the Tories can serve up an extreme and damaging Brexit. Rather than playing hokey cokey with the single market and customs union, I ask Opposition Members to join us and take a clear stand to say we are better off in these great European economic institutions. Let there be no mistake: the Tories can deliver their current policy of an extreme Brexit only because the position of the Labour leadership is to leave the single market and the customs union after the transition phase.

Kirsty Blackman: Does my colleague agree that Opposition Front Benchers are not supporting a jobs-first Brexit? If they wanted a jobs-first Brexit, they would keep us in the single market and the customs union.

Jonathan Edwards: I am grateful for the intervention, and am aware that during the debate many honourable colleagues on the Labour Back Benches have made that exact point and implored Front Benchers to change their position. Some very interesting reports are coming out of the parliamentary Labour party meeting this evening.

Before the recess, the tangible and immediate chaos created by pulling us out of the customs union was vividly illustrated. The Prime Minister's attempts to conclude phase 1 of the negotiations were almost scuppered by the issue of customs borders on the island of Ireland. Others will be able to expound with greater invested passion why no such border should exist. However, I would like to raise my concerns about the sea border that my nation shares with Ireland and thus the EU.

Wales and its ports are intimately linked with Ireland. Holyhead, Fishguard, and Pembroke Dock are vital trading links between Wales and the Republic of Ireland. Holyhead is the UK's second largest port. In excess of 400,000 trucks pass through it every year. A hard maritime border between Wales and the Republic of Ireland will inevitably hit Holyhead hard, and I ask Ministers to read the excellent article of 4 January by my former university lecturer, Professor Richard Wyn Jones, on this specific issue facing Holyhead and his native isle of Ynys Môn, or Anglesey. In Holyhead there is simply no space in or around the port for the kind of infrastructure that will be required to process the number of lorries and trailers that currently pass through it. A hard border in Holyhead can yield only chaos. The same problems apply to Pembroke Dock and Fishguard.

The inevitable consequence of physical constraints in and around the ports is that freight will need to find ways to bypass Holyhead and Wales, especially if there

is a soft border between the British state and the European Union in Northern Ireland. Without trade arrangements that mirror the outcomes of what we already have, Welsh ports will be in danger of becoming uncompetitive. With the intention of pulling us out of the customs union, the Bill and the actions of the Minister make it clear to the people of Holyhead that the Government consider their livelihoods to be dispensable.

Finally, I would like to highlight the concerns of an industry central to and symbolic of the Welsh economy—the steel sector. Primarily its concerns centre on trade defence provisions. These are found in clauses 13 and 14 and schedules 4 and 5. I am sure the Minister will have seen last week's letter in the *Financial Times* from almost a dozen industry and union representatives highlighting the fact that these clauses

“set up a lighter-touch approach to illegal dumping by China and others than in the remaining EU and any other major economy.”

In the lead-up to the referendum, the exact opposite was promised by the leave side. In an ITV Cymru debate I took part in, Mr Nathan Gill from UKIP, speaking on behalf of the leave side, promised that a British Government freed from the shackles of Brussels would be able to impose prohibitive anti-dumping duties on China. I am sure that that clear promise influenced votes in some communities in south Wales. When he uttered those words, we know the British Government were selling the Welsh steel sector down the river. In March 2016, the British Government blocked attempts to strengthen EU trade defences against imports of cheap Chinese steel that devastated Port Talbot steelworks and took it to the brink of collapse—as we heard from the hon. Member for Aberavon (Stephen Kinnock) earlier. Yet again, it seems that the Government have little concern for steelworkers, preferring to seek dodgy deals with Trump's America and cosying up to Beijing to protecting Welsh jobs and wages.

Fundamentally, the Bill would be wholly unnecessary, and its deficiencies of no concern, if the policy of the British Government followed the sensible path of remaining a member of the European customs union. For this reason and other reasons I have outlined, my Plaid Cymru colleagues and I will refuse to give the Bill a Second Reading and will vote against it tonight.

8.57 pm

Bill Grant (Ayr, Carrick and Cumnock) (Con): I am delighted to speak in favour of the Bill as it provides the next pillar to support the UK's exit from the European Union. Free and fair trade is fundamental to the growth and prosperity of the United Kingdom and the world economy. Trade with our neighbours near and far is intrinsically linked with jobs, wage growth, productivity and innovation. Trade ensures that more people can access a wider choice of goods and services, hopefully at a lower and competitive cost, and can make household incomes go that bit further.

As we prepare to leave the EU, we are beginning to chart our new course, remaining—as we have always been proud to be—an outward-looking, internationalist nation, and identifying new opportunities with potential trading partners around the world. The UK's trade with the world is equivalent to over half our GDP. We must therefore do everything that we can to ensure that trade can continue and that all the necessary arrangements

are in place after we have left the EU. We need customs, VAT and excise arrangements to support us in both our existing and future trading missions.

Let us be absolutely clear: the decision by the British people in 2016 to leave the EU was one to remove us from all aspects of the EU, not to cherry-pick the ones we want. Indeed, 27 other countries would have a say about any cherry-picking we indulged in. Our departure from the EU includes leaving the customs union. Opposition Members would ignore or put aside the decision by the people of the UK and claim that the country could somehow magically retain its membership of the customs union. This Government have made it crystal clear that the UK will leave the customs union. Anything less would be viewed as a betrayal of the millions of people across the country who voted leave—I am not one of them; I voted to remain—and now expect us in this place to carry out that decision. I hope that those voters will be encouraged by the Government's steps to implement our own independent arrangements, including on trade, and will feel that real progress is being made towards our exit from the EU.

I would like to deal briefly with an issue of huge importance to businesses in Ayr, Carrick and Cumnock, and indeed beyond—throughout the whole United Kingdom. Business after business in my constituency stresses the same thing: the need for clarity and certainty so that they can begin the process of planning for their futures, and the futures of their staff, suppliers and customers. This Bill takes steps to address their concerns.

Customs and excise are complex issues, and I am not an expert in them, but I understand that more than 17,000 types of goods must be classified, and I am sure there will be sub-classifications as well. It will take time for businesses—and, I dare say, the Government—to adapt to any new changes. I therefore welcome the provisions that facilitate an interim customs arrangement with the EU, remaining true to the Prime Minister's promise of an implementation period. During such a period, I would like close association with the EU customs union, in much the same manner as we proceed currently, so that we avoid a cliff edge for businesses, which no one wants.

Stephen Kerr: My hon. Friend talks about cliff edges. Does he, like me, find it ironic that the Opposition parties that will vote against the Bill's Second Reading are creating the very cliff edge that our constituents—business operators, directors and entrepreneurs—do not want? That is exactly what Labour and the SNP will be doing by voting against Second Reading.

Bill Grant: I share my hon. Friend's view about the pessimism of some Opposition Members, albeit not all. The last thing that we need is to talk down the United Kingdom and our business communities. At this time, they need our support. We do not need a cliff edge for business in the UK, as well as those in the EU with which we trade.

The next few months will be crucial, and I am sure that the UK's negotiating team in Brussels will do all it can to agree to the principle of an implementation period. The one thing this Bill must not do is limit our ability to negotiate a future trade agreement with the EU. All options must be on the table for our negotiating team to secure a future trade agreement.

Whatever the future arrangements—we do not know what they are; no deal has been struck and the die has not been cast—at the heart of the UK's trade policy must be a continued commitment to rules-based free trade. The UK has long led the world in this area, from early trading days with sailing ships such as cutters—*[Interruption.]* I was thinking more of the Cutty Sark.

We have played a leading role in organisations such as the International Monetary Fund and the World Bank. We in Scotland have made an immense contribution to the UK's trade across the world, for instance with our shipbuilding. We have done very well. We have sailed the world—I shall never forget it—and our most successful days are ahead as we remain part of the United Kingdom.

Our future trading arrangements with Europe have immense possibility. The UK starts from an unprecedented point of alignment, and I would like both sides to take this opportunity to design a customs arrangement that is both ambitious and innovative. This is not a one-way street; it is a two-way street with many movements on it. Let us imagine the Prosecco producer in Italy, the wine producers in France and Spain, the flower growers in Holland—*[Interruption.]* Yes, there is whisky, but we are leaving; I am thinking of the ones who remain, such as the car manufacturers in Germany and Spain. They will want a frictionless, seamless arrangement. Let us never forget that the United Kingdom is a good country to do business with. These people, among many others I could mention, will want to continue to do good business with us.

Wera Hobhouse: Does the hon. Gentleman not understand that the most important thing for the EU is to maintain its integrity? If everybody would get a better deal by leaving the EU, as the UK thinks it will, everybody would leave. That is exactly why the EU wants to protect its union. Does the hon. Gentleman agree that that is the first thing the EU will have in mind?

Bill Grant: I thank the hon. Lady for that intervention, but I think she missed the point of what I was trying to say. This is a two-way street. In fact, the trade deficit is in favour of the EU. I think that we will wish to work together as nations. Although we are leaving the EU, we are not falling out with the EU. We have made a choice. We are leaving, but we want to be friends. Basically, I was saying that the EU will wish to remain our friend for a whole range of reasons.

Above all else, the needs of businesses throughout the UK must be prioritised, which means that we must have a customs arrangement that is both highly streamlined and compatible with our colleagues in European nations. We should not create differences. We have decided to leave—*[Interruption.]* We can replicate and mimic, but Opposition Members forget to tell us the baggage that comes with membership of the customs union. We cannot cherry-pick; European colleagues—friends of Opposition Members and friends of mine—will not allow that.

The Bill will ensure that the UK can continue to operate as an outward-looking nation after we exit the EU, leaving open options for the Government's implementation of an effective future trade policy. I have heard repeatedly the pessimism of some Opposition Members, although not all. They are so pessimistic and willing to talk down our businesses, capabilities

[Bill Grant]

and competences, and our willingness to innovate and to succeed. We will succeed and we will honour the referendum. The world truly is our oyster and we shall succeed. For that reason, I am delighted to support the Bill.

9.6 pm

Stephen Kinnock (Aberavon) (Lab): It is a pleasure to follow the hon. Member for Ayr, Carrick and Cumnock (Bill Grant), even though large parts of his speech were based on magical thinking.

I rise to address schedules 4 and 5, which propose the introduction of a new post-Brexit trade defence regime. Trade remedies enable countries to defend themselves against underpriced and state-subsidised goods, so they play a pivotal role in the rules-based WTO system. Governments would never have agreed to the radical trade liberalisation of the past half century were they not reassured that they could act to step in and defend their industries, if necessary. Trade defence remedies have therefore played a central role in tearing down the walls that prevent free and fair trade. How ironic, then, that this Bill is the work of a Conservative Government. The party that claims to be the voice of enterprise, free trade, business and industrial strategy has produced a Bill that, if passed in its current form, would fatally undermine the British manufacturing sector.

To illustrate my point, I wish to focus on what the Bill, in its current form, would mean for the British steel industry, which is centred on the Port Talbot steelworks in my Aberavon constituency. Over a third of the EU's 92 trade defence instruments relate to steel, and over the years those 30-odd measures have played a vital part in stemming the flow of the dumped Chinese steel that almost led to the total collapse of the British steel industry. The Chinese Communist party owns 80% of that country's steel industry. The party subsidises the industry to the hilt and sells the steel at well below cost on the global market. It is a well-established strategy that the Chinese state pursues relentlessly and ruthlessly in its bid to extinguish all competition and establish monopoly status.

The all-party group on steel's "Steel 2020" report, which was supported and signed by Members who now serve in government, concluded that trade defence instruments exist not to unfairly protect certain sectors of the economy, but rather

"to support the free, fair and efficient functioning of the market."

I will certainly not stand here and claim that the EU's trade remedies regime works perfectly; it does not. It has often been too slow and bureaucratic, and it has unfortunately been hamstrung by the lesser duty rule. The fact of the matter is that the European Commission acts on behalf of 28 member states and 500 million consumers, so when it threatens action, even behemoths such as China sit up and take notice. It is therefore no exaggeration to say that were it not for the anti-dumping measures taken by the Commission at the height of the steel crisis, our precious steel industry would probably have gone under.

I speak today not only to raise concerns about the Bill's implications for our steel industry, but to highlight the fact that this is about the future of our entire manufacturing sector. Indeed, the chief executive officers

of the British steel, paper, ceramics, minerals and chemicals associations, along with their trade union counterparts, put it very well in their letter of 5 January to the *Financial Times*. They said:

"Without a robust approach to trade remedies the UK government will be unable to achieve its international trade or industrial strategy ambitions. The UK's manufacturing base and tens of thousands of jobs around the country...will be at risk if parliament gets the bill wrong."

I say to hon. Members on both sides of the House that if they have any form of manufacturing in their constituency, the Bill really matters to them.

As an MP who represents a constituency whose local economy relies almost entirely on manufacturing, I desperately want the Government's industrial strategy to succeed, but the fact is that it will not be worth the paper it is written on if it is not underpinned by a robust trade remedies regime. It is in that constructive spirit that I urge the Government to undertake a radical rethink of schedules 4 and 5, with particular reference to five issues. First, the Bill contains very little detail about how the post-Brexit trade remedies regime will operate in practice. Instead it enables the Secretary of State to legislate for all-important details through statutory instruments. That really matters not only because it is yet another example of Ministers attempting to sideline Parliament, which has become a recurring theme of this whole Brexit process, but because there will be deep and widespread industry uncertainty until the secondary legislation is in place. Labour Members have raised the issue of steel in this place more than 300 times since 2015, but if this Bill passes in its current form, steelworkers and their families can kiss goodbye to the idea that they will have a voice in Parliament standing up for their interests and fighting their corner. We will not be able to do so because all the key decisions will be taken behind closed doors and implemented by statutory instruments.

Secondly, it is imperative that the Bill includes a cast-iron commitment to scrapping the lesser duty rule. This Government have been the ringleader of attempts to block EU moves to reform the rule, which means that we have only been able to impose tariffs of 13% to 16%, whereas the Americans, for example, can impose import duties of over 200% on dumped Chinese steel. An unreformed lesser duty rule must not be retained in UK law. We therefore call on the Government to state precisely how they intend to calculate the margin of injury to ensure that the process is at least as robust as the reformed EU system, and to lay out all that detail in the Bill.

Thirdly, the economic and public interest tests would create an unnecessarily high barrier to introducing any form of trade defence. None of those tests is required under WTO rules, so why are the Government intent on placing multiple obstacles in the path of an industry that wishes to file a complaint?

Fourthly, we need changes to the proposed remit and composition of the Trade Remedies Authority, bringing it in line with global norms and ensuring proper representation of trade unions and industry. Fifthly, the Bill must be amended to ensure that British courts are able to correct decisions made by the Government that deny British industry WTO-complainant rights that our competitors across the world enjoy. Without those changes, the Bill will fail in its essential task of establishing a fit and proper trade defence regime.

Once we have decoupled ourselves from the EU's trade defence regime, it is simply beyond debate that we will have less leverage. Therefore, if anything, the post-Brexit regime that we create must be far tougher and more robust than the one that we have left. That is why we simply cannot allow schedules 4 and 5 to pass unamended. Unless the Bill is amended, it will deny us even those scant protections. For that reason, I urge hon. and right hon. Members to join me in the Lobby to amend and fix this broken Bill.

9.15 pm

Jack Brereton (Stoke-on-Trent South) (Con): I agree with a number of the comments about trade remedies in relation to the ceramics industry, but I will touch on that later.

It is essential in leaving the EU and the EU customs union that we develop our own customs regime. It will put in place the foundations for the negotiations on leaving the EU but does not predetermine them, allowing the flexibility needed as with any negotiating process. I hope that we secure the best possible Brexit deal. But whatever the outcome may be from those negotiations on future customs—deal or not—it is essential to have legislation in place on the UK statute book when we leave. It is important that we have the strongest hand possible in the negotiations, with the powers in place as required to adapt the UK system to fit with the outcomes from the negotiations.

It is clear that we need to maintain certainty for our businesses, ensuring initially that there can be parity as far as possible between the existing EU customs union and the new regime developed for the UK, creating a smooth transitional period. This must be based on the continued strong support for rules-based free trade and the structures of international institutions set out particularly through the World Trade Organisation. An independent customs policy will allow us to pursue policies that are in the best interests of UK trade and our own economy, and in the interests of my constituents in Stoke-on-Trent South. We are clear on these Benches about our policy on trade and leaving the customs union. This is in stark contrast to the concoction of views from the Opposition Benches.

This is what my constituents voted for when they voted 70% to leave. They wanted to see a change—not just in leaving the EU, but in pursuing our interests more effectively around the world and supporting all our communities to become more prosperous. Businesses in Stoke-on-Trent South, where we have a significant manufacturing base, see huge opportunities for developing new trade links outside the EU, and leaving the customs union will enable this. There is significant potential to grow our export markets in order to sell some of the fantastic products that we produce to countries such as the United States, Japan and other developed market economies around the world.

For manufacturing and specific industries such as ceramics in Stoke-on-Trent, it is critical that we have the right trade policies in place that support a robust trade remedies regime. This is about ensuring a level playing field for these industries, continuing the anti-dumping measures already put in place by the EU that have allowed industries such as ceramics to stabilise. I was pleased by the assurances given to me by the Secretary of State for International Trade when he visited my constituency that the current measures in place within the EU will continue post-Brexit.

Where we face unfair competition from state subsidisation in non-market economies such as China and others, resulting in huge overproduction, we need to ensure that it is not possible for below-value products to be dumped into the British market. Just to reflect on the vast scale of these distortions, there is currently an overproduction of tiles in China that is six times the entire EU annual demand. This puts at risk jobs in Stoke-on-Trent and other manufacturing industries across constituencies such as ours. To ensure that there can be real free trade, we must ensure that in leaving the EU there continues to be an effective trade remedies framework that aligns well with other WTO members.

In all, it is essential that the Bill is accepted by the House today to ensure that we have the necessary legislation in place when we leave the EU, with the flexibility to support our negotiations and a new tariffs regime that is in the national interest.

9.19 pm

Angela Smith (Penistone and Stocksbridge) (Lab): It is a pleasure to follow the hon. Member for Stoke-on-Trent South (Jack Brereton) and, preceding him, my hon. Friend the Member for Aberavon (Stephen Kinnock), both of whom represent industries that are also very important to my constituency—steel and ceramics. I join them in pursuing a robust trade remedies mechanism, and in agreeing particularly with my hon. Friend that there is much work still to do to make sure that we get this right. I also join my hon. Friend in being very clear that we are talking about a level playing field and not protectionism. I think that on the Labour Benches there is considerable support—I hope universal support—for genuine free trade. Protectionism is not the way forward if we want to grow economically and play our part on the global stage.

This Bill, if passed, will fundamentally change our relationships, whether for good or bad, not just with our closest trading partners but with countries across the world. The EU customs union is without question one of the key pillars supporting the largest free trading bloc in the global economy—a bloc that in 2016 accounted for 43% of our exports and 54% of our imports. Yet we are debating a Bill that, in effect, confirms the Government's intention to take us out of the customs union—a mechanism that is, or has been, integral to delivering our current trading profile. The Government are doing this despite the fact that leaving the customs union could cost the UK an estimated £25 billion every year until at least 2030.

Leaving the union will also further complicate our key trading relationships by necessitating customs declarations for EU trade. The National Audit Office estimates that the number of declarations per year will increase from 55 million to 255 million if the UK leaves the customs union. Sometimes one has to lay down the statistics as barely as that, because this is what it all means. We have to see the global impact of the decisions that we are taking here in this Chamber.

To put into perspective what is at stake, it is worth looking in a little detail at the food and drink sector, which is the largest manufacturing sector in the UK economy. It is an industry worth more than £100 billion to the UK economy. In 2015, UK food exports to the EU were worth £11 billion, while food imports from the EU were worth £28 billion. The British Retail Consortium

[Angela Smith]

has established that the average tariff on food products imported from the EU could be in the order of 22%, with tariffs on Irish cheddar, for instance, being as high as 44%. I will not go into the detail of the Environment Secretary's view on what we should do about that; one is reminded of "Wallace and Gromit" as much as anything else. The overall impact of that tariff—the Environment Secretary could not answer this point at the Select Committee—could be an increase in cheese prices of between 6% and 32% for consumers in this country. This is about workers' rights but it is also about consumers. It is about the impact on the prices of everyday food staples, and on consumer choice.

The food and drink sector relies on the efficient, just-in-time movement of goods between EU countries in the context both of finished goods and the industry's complex supply chain arrangements, which my hon. Friend the Member for Nottingham East (Mr Leslie) mentioned. This is not just a "nice to have" arrangement; it is an essential part of modern manufacturing processes. Just-in-time delivery not only ensures high quality, especially of perishable goods—the freshness and quality of the products on the shelf—but is very important for customer service. It is the same in the steel industry: in my constituency, just-in-time delivery of supply chain components and of products out of the plant is just as important for customer service as the quality and standards of the goods.

The next-day delivery of highly perishable produce—this is particularly pertinent to the food industry—is currently possible, yet the Bill threatens to put up barriers to this remarkable aspect of modern-day European Union trade. It is therefore imperative that the frictionless movement of goods across our borders remains in place, especially as far as the land border with Ireland is concerned. Anything else will have a seriously detrimental effect on the food and drink industry.

Equally, the lack of a commitment in the Bill to remain in the EU VAT area may mean that UK businesses face cash-flow issues, as well as customs delays, at the border. Many other Members have mentioned that today, but the point cannot be reiterated frequently enough, because it is so important. UK businesses are incredibly worried about the impact on cash flow if we get this wrong.

This is the wrong Bill. There is no doubt in my mind that this should have been a Bill that confirmed an intention to keep us in the customs union to secure our economic future. While the country may have voted to sever its political union with the European Union, it did not vote to leave the customs union. I know that view has frequently been challenged by Government Members today, but I repeat the point that membership of the customs union and the single market was not on the ballot paper, and this country certainly did not vote to be poorer.

I recall the words of the Chair of the Treasury Committee, the right hon. Member for Loughborough (Nicky Morgan), who made the point in a debate in Committee on the European Union (Withdrawal) Bill that one of the responsibilities of this House is to deploy its judgment and to bear in mind that future generations will judge us on the judgments that we make. Many Members of the House believe that if we

get this wrong—if we get this Bill wrong—future generations will pay the price, and that is not a risk that many of us are prepared to take.

Such is the importance of the Bill that it is absolutely imperative for it to have thorough scrutiny in both Houses, but the Government seem determined to avoid proper scrutiny by using the Ways and Means procedure to determine that this is a money Bill. I have no intention, Mr Speaker, of dictating what your decision should be. All I am attempting to do is to make the argument that this Bill is so important and so far-reaching in its implications that it would be a disservice to democracy for it to be characterised as a mere money Bill. This legislation is far from that: it is global in importance and profound in its potential impact on the UK's economic future. On those grounds, I hope you will give serious consideration to ensuring that members of the other place get their chance to scrutinise the Bill meaningfully.

9.29 pm

Mr Simon Clarke (Middlesbrough South and East Cleveland) (Con): After the successful conclusion of the first phase of our Brexit negotiations last month, it is great to see Ministers pressing forward to build our future trading relationship with Europe and the rest of the world. This Bill, as Opposition and Government Members have identified, will be critical in establishing the framework within which that trade is conducted. It is of huge significance to my constituents in Middlesbrough South and East Cleveland and for the people of Teesside as a whole. I never forget that the north-east is the only net exporting region of England. In that regard, there are two main elements that I want to address tonight. The first is trade remedies, which are vital for the UK and Teesside steel industries, and the second is the special customs procedures that will be central in allowing Teesside to fulfil our ambition to host the first free port in the UK after Brexit.

Turning first to steel, as we know, the past two decades have been extremely challenging for the industry. Most recently, a combination of a surplus of global production, shamelessly exploited by the Chinese to dump steel, and our high domestic industrial energy costs led to the crisis experienced by the industry in 2015, but the steel sector remains a cornerstone and an enabling sector of our wider economy. The Government's own study of the future of the industry estimates a massive £3.8 billion opportunity in steel demand by 2030. That progress, however, depends in large part on having a strong trade remedies regime, which brings me back to the Bill.

I am a passionate advocate of free trade, but free trade does not mean trade without rules. State-subsidised exports and those dumped at artificially low rates are a distortion of the free market. Steel producers, as people in Redcar and Cleveland know only too well, are particularly vulnerable to unacceptable trade practices. As the hon. Member for Aberavon (Stephen Kinnock) identified, more than one third of the 92 EU trade remedy measures currently in place appertain to steel. It is therefore critical that our post-Brexit trade remedies framework is robust and firm. On the whole, I am confident that the Bill will deliver that, but there are three areas where I believe improvements could be made.

Given that the Financial Secretary has already been generous enough to meet me before Christmas and that the Minister for Trade Policy has agreed to meet me

later in the week, I will limit myself to touching on those areas in outline. First, there is the broad lack of detail. For example, there is currently very little detail of how investigations by the Trade Remedies Authority will be conducted and remedies applied. There is also uncertainty about how injury to producers will be calculated and quantified. Finally, the Bill enables the Secretary of State to overturn TRA recommendations on the grounds of public interest, but it is not yet clear how that public interest will be defined. I urge Ministers to put more detail into the Bill where possible. Where such technical details would be inappropriate, I encourage them to publish secondary legislation as soon as possible, even if only in draft. Although I appreciate that some of the finer details may depend on the outcome of the negotiations, some clearly do not.

Secondly, although it is entirely reasonable that an economic interest test is conducted by the TRA prior to the recommendation of definitive measures, it is not clear why such a test is required before the recommendation of provisional measures. My concern here is time. The reason provisions exist at all is that trade investigations can necessarily be lengthy and it may take some time before the authority reaches a definitive decision. It is possible that a great deal of damage could be inflicted on our domestic producers before a definitive investigation could be completed. Will the Minister therefore agree to review the extent to which the economic interest test may delay provisional measures, especially those safeguarding against a flood of exports?

Finally, the Bill states that the TRA will be unable to open an investigation if the UK market share of a domestic industry filing a complaint is below a certain threshold, which is as yet unspecified. That provision will leave many producers uncertain whether or not they fall within the scope of the Bill's protections. In addition, while I understand the rationale for requiring a threshold in theory, I am concerned that a too onerous threshold could serve to undermine the World Trade Organisation right for infant industries to seek protection and also to prevent industries that mainly export from seeking relief.

The special customs procedures outlined in the Bill will be central to allowing Teesport to fulfil its ambition of being the first major free port in the UK. A free port, for Members who are not aware of the concept, is an area that is physically within a country but legally outside it for customs purposes. Goods that enter a free port do not incur import duty. Instead, import duty is paid only when goods pass from the free port into the domestic economy. The hon. Member for Redcar (Anna Turley), who is not in her place but it is so good to see her back in the House today, made a very good case for why Redcar and, by extension, Teesside are so well qualified to host the first free port in the UK after Brexit.

Worldwide, there are approximately 3,500 free ports located in 135 countries. We do not have any. Our membership of the customs union and the stringent state aid regime have acted as a block on their creation. Brexit therefore presents a fantastic opportunity to introduce free ports in the UK.

Teesport handles more than 5,000 vessels each year and about 40 million tonnes of cargo on an estate covering almost 800 acres. Situated immediately adjacent to the mayoral development corporation, Teesport is

undergoing huge investment to prepare it to rival the largest ports in Europe. It has all the qualities that will allow it to prosper as an international hub for trade and supply chain processing. A free port at Teesport would aid the Government's wider objectives of rebalancing the economy from south to north and from the service sector to manufacturing.

To that end, I am pleased that the Bill makes express reference to free ports and sets out the regulatory framework under which a free port would operate. My only request to the Minister is to provide additional clarity on paragraph 9 in part 4 of schedule 2, which states that processing in a free port could take place only if

"the processing of the...imported goods...results in the production or manufacture of other goods in which the imported goods can be identified".

I would be grateful if the Minister gave examples of which manufacturing processes would and would not be permitted under that definition. That is important because it will mould the future shape of free ports in this country by determining the extent of the economic activity that may take place within them. To my mind, it is important that at this early stage, we maximise flexibility so as not to unduly hinder the new and unique opportunities that an independent trade and customs regime will bring.

9.36 pm

Phil Wilson (Sedgefield) (Lab): Any changes to taxation on cross-border trade between the UK and the European Union after Brexit will inevitably lead to some friction for companies exporting to or importing from the rest of the EU. Whatever scheme is negotiated—if, indeed, any is—it will inevitably lead to greater costs and more bureaucracy.

As an EU member state, we are part of the customs union and the common external tariff, because of which goods produced in the EU are not liable for further duties as they cross either way over the border between the UK and the EU. After Brexit, businesses will be required to make customs declarations on trade between the UK and the EU. HMRC estimates that the number of customs declarations will increase fivefold from the current 55 million to 255 million when we leave the EU and that the number of businesses going through the customs process will increase from 170,000 to 300,000.

The existing declarations system is 25 years old and is to be replaced. The new system, known as the customs declaration system, which was originally designed to accommodate changes to EU customs legislation that take effect in 2020, will be available only two months before the Government's proposed Brexit date of 29 March 2019 if there is no transitional period. The customs declarations system is part of changes to more than 250 existing projects—a crazy amount of work to overcome in such a short period of time. That presents a strong argument for remaining part of the customs union, at least for a transitional period. In my view, we should do so not only for a transitional period, but beyond it.

My hon. Friend the Member for Nottingham East (Mr Leslie) pointed out the importance of the EU VAT area, of which we are part. When we trade within the EU, it is effectively VAT free. If we leave the EU VAT area, companies will pay VAT up front at the borders, adding to bureaucratic costs and hitting the cash flow of many companies, especially those that are small or

[Phil Wilson]

medium-sized. That will be exacerbated further, given that many in industry believe that whole swathes of the SME sector are not prepared for what is coming down the road with Brexit. Large companies and multinationals are more likely to have the capacity to plan ahead and compensate, as difficult as that will turn out to be for many of them. They have the space to think strategically. Small companies think tactically about the next few months—about getting the next order out of the door.

For the 130,000 companies that will be dealing with customs formalities for the first time, not being part of the customs union will come as a shock to the system. In oral evidence to the Treasury Committee, Martin McTague, the policy director for the Federation of Small Businesses, said that small companies will be less likely to be prepared:

“If the past is anything to go by, it will probably be the back end of 2018 before some people wake up to what is going to happen. If we are about to drop off a cliff in April 2019, they will be completely ill-prepared for that and it will almost certainly result in business failures.”

In my view, if that were to happen, it would undermine the SME sector, which is the engine room of the economy.

Nationally, 8% of all jobs are in manufacturing. In Sedgefield, it is almost 26%—one in four. Durham and the Tees Valley is a major location for business and science research and development. I want that to continue. That is probably one of the reasons why, according to a recent North East England chamber of commerce survey, 52% of north-east businesses want to remain in the single market and the customs union and 60% want to see at least a transitional period of three years; why 53% believe that the UK’s Brexit objectives should be revisited following the general election result; and why 54% disagree or strongly disagree with the statement that the best interests of business are being prioritised by the Government ahead of Brexit negotiations.

The customs union and access to the single market are important to the economy, especially in the north-east. Latest figures show that 61.6% of the region’s exports are to the EU. Some 75% of businesses in the north-east either sold or sourced goods from the European single market. This is obviously not an insignificant number. What bureaucratic and financial burdens are we placing on our industry with changes to our relationship with the EU? We must consider also that the UK has over 60 trading agreements with the rest of the world because of our membership of the customs union.

Some people say there are potential alternatives, but all will harden our borders, make them more difficult to navigate commercially and will not be as frictionless as they are now. We may do all we can to reinvent the wheel, but I believe we will find that whatever reinvention we come up with will not be as round as the original. I want to congratulate my right hon. and learned Friend the Member for Holborn and St Pancras (Keir Starmer) on restating Labour’s position to remain as part of the customs union and single market for a transitional period, but it should not just be for the transitional period; it needs to be for good. If we want to end austerity, invest in our public services and protect and create jobs, we need to be in the customs union and the single market. For me, not to be in both and to have an anti-austerity strategy is dishonest and fantasy economics.

Sedgefield is home to the largest business park in the north-east. It is my duty to explain to my constituents what could be the repercussions of leaving the customs union, since many of their livelihoods depend on the consequences of Brexit, and I will continue to do so.

9.42 pm

Colin Clark (Gordon) (Con): It gives me great pleasure to follow the hon. Member for Sedgefield (Phil Wilson). To the relief of all Members, I will be mercifully brief.

The UK is an international hub for foreign direct investment and seeks to encourage international trade. Recent FDI figures show that the UK has had a record number of inward investment projects and created the second-highest number of jobs ever in 2015-16. The UK remains the No. 1 investment destination in Europe. Leaving the EU does not see the end of this attitude. On the contrary, it is the Government’s aim to continue moving forward with securing deals that will boost our trade relationships with our friends and allies.

The Bill seeks to create a lasting framework for the UK customs regime. It is therefore vital to businesses and jobs in all our constituencies. Many will know that the oil industry is very important to the north-east of Scotland. The importance of securing the best customs deal possible after leaving the EU is pivotal. Many of these businesses depend on international trade, and their future prosperity will rely on what trade deal we can secure moving forward. I think of companies such as Flowline in Oldmeldrum, where 60% of turnover is from exports, the STATS Group in Kintore, and the Hydro Group in the Bridge of Don, which exports umbilicals around the world. The narrative should focus not on the fear and uncertainty around Brexit but on the potential opportunities. Aker Solution, in Dyce, a Norwegian company, which sees the opportunities in the middle east, is investing in the United Kingdom. It probably does not give two hoots about the detail but expects us to be ready.

There is a multitude of opportunities for trade in a post-Brexit world, and the Government will ensure that our relationship with the EU in future is stronger than ever. They will seek to protect that relationship. It would appear, however, that those on the Opposition Benches are entrenched in their traditional positions. In opposing all things Brexit, Liberal Democrat Members are at least consistent: they want to ignore the vote, although, some 10 years ago, their former leader Nick Clegg called for an in/out referendum on the EU. They are, at least, open about their objectives.

The Scottish National party is very interested in any tax Bill. It likes raising taxes, saddling Scotland with the highest taxes in the United Kingdom, which, I fear, is not so good for business. SNP Members’ opposition to the Bill is based on the fact that the Government cannot give cast-iron guarantees, although they know that there are unanswered questions. That amazes me. Who would think that the SNP were so conservative as to hanker after the known rather than ploughing an independent furrow?

I listened with interest to what the hon. Member for Aberdeen North (Kirsty Blackman) said about the software required for the customs systems. As a recipient of the single farm payment from the Scottish rural payments service, I understand why she is concerned. The computer

system has cost £178 million to date, which is double what it should have cost. It still does not work after four years, and it has caused hardship. Perhaps the hon. Lady could have a word with Her Majesty's Revenue and Customs to ensure that it does not buy its software system from the same company.

Meanwhile, Labour Members have myriad reasons for opposing the Bill, the main one being that we are not ready. They wish to block the legislation that will prepare us, although, as many Members have pointed out, it seeks to protect home producers against dumping, prepares ro-ro ports to be ready, lodging declarations at sea or before embarkation, and gives us the tools to deal with customs unions. Businesses want us to be prepared and employees want us to be prepared, so I ask Members to support the Bill tonight.

9.46 pm

Catherine McKinnell (Newcastle upon Tyne North) (Lab): Last July, the North East England chamber of commerce—which represents about 3,000 businesses of all sizes across the region, and therefore several thousand more jobs—set out its five key priorities for the Brexit negotiations. Back then, it said:

“Uncertainty has been a condition that the business community and wider economy has had to deal with since the EU referendum. We need a positive and consultative approach to Brexit that causes minimum disruption to our businesses across the region throughout these negotiations and further.

This is particularly important for our invaluable international traders who are having to deal with fluctuations in sterling and potential changes to the way they may have to trade in the future.”

It went on to set out two of its five key Brexit priorities:

“A new trading relationship with the EU that gives our exporters frictionless and un-bureaucratic access to European markets”, and

“A positive and consultative approach to Brexit that causes minimum disruption to business interests, particularly for those who trade overseas.”

It is difficult to emphasise enough just how critical achieving those priorities is for the economy of the north-east, which, as we heard from my hon. Friend the Member for Sedgefield (Phil Wilson), is the only part of the UK that consistently exports more than it imports. Some 61% of the region's exports currently go to the EU, which makes it our largest market by some measure. As the House of Commons Library has previously stated, the proportion in the north-east, along with that in Wales, is higher than in any other country or region in the UK. The north-east is therefore significantly exposed to the effects of a bad deal, and to the frankly unthinkable prospect of no deal at all.

What does the Bill actually offer to the north-east's businesses, and, indeed, to businesses throughout the country, in terms of the ability to plan for the future? How will it help to deliver the frictionless and unbureaucratic two-way access to European markets and the minimum disruption which are needed by the north-east's firms and the hundreds of thousands of jobs that they support, with many of the region's exporters having EU-based firms as part of their supply chain? I do not know the answer to that, but what it does provide is a very real prospect of endless red tape and customs duties on goods traded with the EU, which may or may not be levied after Brexit, and for which those firms may or

may not need to prepare and budget. That depends entirely on the Prime Minister's ability to deliver a Brexit deal to British businesses and consumers.

As a result of the Bill, some 130,000 UK firms face the possibility of paying VAT upfront for the first time on all goods imported from the EU, with all the bureaucratic nightmares and cash-flow crises that that will create. Indeed, one of the north-east international trade advisers has told me:

“This will be a huge concern to all importers, but in particular to those who won't yet know the consequences because they only currently import from the EU. The issue of managing cashflow will become a major problem because businesses will have to pay out VAT, and then claim it back through their VAT return three or six months down the line.”

Understandably, they want to know what support the Government will provide to help the region's firms through a significant period of adjustment, and so do I and my colleagues.

What impact assessment have the Government carried out of the proposals for the stand-alone UK customs regime contained in the Bill, and of its effects and costs for businesses of all sizes up and down the country? Given that a recent Federation of Small Businesses survey found that small businesses already spend one working week every year complying with their existing VAT obligations, is it not crystal clear that the Bill will have serious implications for UK productivity rates, projections for which have already been seriously downgraded in the autumn Budget? What effect do Ministers think the Bill's proposals will have on the many ports, airports and rail terminals across the UK, including Newcastle international airport and the Port of Tyne in the north-east? Who will foot the bill for any necessary infrastructure changes?

Perhaps equally importantly, what evidence is there that Her Majesty's Revenue and Customs will be able to cope with what is being proposed, after years of staff reductions, office closures and the loss of senior experience? Indeed, when I asked the Institute of Chartered Accountants in England and Wales during a Treasury Select Committee session last month whether it thought that HMRC had the capacity to manage the myriad challenges thrown up by Brexit, I was told:

“We all saw the evidence session where HMRC's CEO was up before the Public Accounts Committee, and indeed he has been in front of this Committee as well. The clear message there is that HMRC has the largest change-management project currently in Europe in terms of its regionalisation of its computer systems, and their CEO was clearly worried that adding Brexit on top of that is potentially going to push HMRC over the edge. That was the clear message.”

The ICAEW went on to comment:

“It is quite clear that the CEO of HMRC is worried about Brexit, if you like, being the straw that broke the camel's back. If the CEO of HMRC is worried, it is fair to say that it clearly worries us as well...We need to have an honest and realistic assessment of the capabilities of HMRC in this climate, and what is going to be needed in terms of Brexit, and an honest assessment of whether they can do it all.”

This does not exactly inspire confidence, and I am sure that it will make concerning reading for firms up and down the country.

Finally, I want to touch on the concerns being expressed by a number of international development non-governmental organisations in relation to this legislation. It is a matter of particular concern that the Bill refers to

[Catherine McKinnell]

the set of criteria to which the Treasury must have regard when considering the rate of import and export duty to impose under the proposed new regime, but that no reference is made in the legislation to the principle of sustainable development or to the UK's commitment to the sustainable development goals. I therefore join organisations such as Traidcraft and the Fairtrade Foundation in urging the Government to rectify this by making the principle of sustainable development and the SDGs a core consideration. In an article published during last year's Fairtrade fortnight, I wrote:

“As part of its proud history of leading the way on international development, the UK has long championed the hugely important role that trade can play in improving living standards around the world. So, just as nobody wants to see Brexit weaken the countless EU-derived protections we all benefit from in the UK—whether employment rights, environmental legislation or consumer standards—nor must it result in making life even harder for some of the poorest producers in the world.”

9.53 pm

Vicky Ford (Chelmsford) (Con): It has been a great pleasure to listen to the debate tonight. I have always said that when it comes to EU negotiations, the devil is in the detail. It has been good to hear many Members discussing real detail tonight, because that will give us more confidence that we will be able to address the specifics in the negotiations ahead.

Some colleagues have suggested that we should try to maintain the status quo and stay in the customs union permanently, but I do not believe that that is practicable. I speak not only as a former Member of the European Parliament but as the person who chaired the European Parliament's Committee responsible for the customs union. Staying in the customs union might help to sort out our trade with Europe, but what would it do for our trade with the rest of the world? Perhaps we would be able to negotiate to continue the existing free trade agreements that Europe has with other parts of the world, but the EU does not stand still. It will be negotiating new trade agreements. Trade negotiations are always controversial and always involve trade-offs. British interests are not always directly aligned with the rest of the EU, and having to accept future trade deals without any say over the terms is not a practicable solution, so a new relationship with the EU is needed.

It is also not practicable simply to do nothing and to try to cut and paste the relationships that we have with other parts of the world on to our trade with the EU. That particularly applies to our trade across the channel, because the journey times are too short for paperwork to be processed and the trade volumes are too high. There would be delays, which would push up costs and raise prices, hitting the interests of consumers and businesses on both sides of the channel. It is therefore good that both the UK Government and Governments across Europe are looking at bespoke solutions, and the Bill keeps our options open, including the potential for a customs union with the customs union, which may be the exact sort of deep partnership we look for in the future.

It is important to look at the detail. Import VAT and when it falls due is really important for small businesses in all our constituencies, but the Government have recognised the issue and do not want small businesses

to face more costs. The Manufacturers' Alliance has pointed to concerns about the detailed methodology on calculating remedies, the supremacy of the lesser duty rule, and the timing and nature of the economic interest test, but all those issues can be dealt with in Committee and are not good reasons to vote against the Government tonight. There is the really important issue of the cumulative rules of origin, which are vital for advanced manufacturing and the car sector, but Ministers have again made it clear that they are aware of the issue, which affects manufacturers on both sides of the channel.

In an ideal world, we would want our future customs relationship to be agreed before we agree the legislation here, but we are not in a position to do that. Any future trade deal with Europe needs all 27 other countries to agree to it, and we need to be ready to act with whatever the solution is. I am particularly pleased that Ministers have said that they are committed to delivering either the streamlined customs arrangement or a new customs partnership, and I urge Ministers and Governments on both sides of the channel not to give up on an innovative solution yet, because it is in the interests of businesses and consumers on both sides of the channel to find and deliver such solutions.

Mr Leslie: On a point of order, Mr Speaker. The Bill that we are discussing has been designated as an aids and supplies Bill, and potentially as a money Bill, which I understand is in your gift at the end of the Commons proceedings. Could you confirm that no decision is imminent on your part on the designation of the legislation as a money Bill? I am not seeking a ruling from you this evening, but perhaps you could reflect on whether it is fair use of procedure for the Government to have unilaterally designated the Bill as an aids and supplies Bill, because there are measures in the Bill, particularly in relation to the customs union, that the other place might have a great appetite for amending. Obviously it is not for us to determine the procedures that take place in the House of Lords, and while that is not a matter for you, will you confirm that you have not yet made a decision on the designation of this Bill as a money Bill and that, as far as you are concerned, the House of Lords can do what it will with the Bill, should it pass to the other end of the building?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. The short answer is that I am making no decision at all at present about the certification of a money Bill. Such decisions do fall to the Chair from time to time, but they tend to be made at a slightly later stage in the process, and I will not be making a decision tonight. More widely, the hon. Gentleman advances an argument about what he thinks are appropriate arrangements in respect of the Bill, given its contents and implications, and I will reflect carefully upon what he and other Members have said. I hope that that is hopeful to Members and to the House.

9.59 pm

Anneliese Dodds (Oxford East) (Lab/Co-op): A happy new year to you, Mr Speaker, and to all hon. Members in the Chamber.

This Bill and the Trade Bill, which we will consider tomorrow, could have a significant impact on Britain's future prosperity. By determining arrangements for governing cross-border trade, customs duty and tariffs,

they will decide how our country governs its commerce with the rest of the world. Sadly, as the Bills reveal, rather than proceeding with the task in a transparent way, the Government are again using Brexit as an excuse to allocate themselves more powers, which is incredibly dangerous. Decisions about trade can create jobs, but can also, of course, destroy jobs.

We have heard powerful contributions from Opposition Members. My hon. Friend the Member for Hornsey and Wood Green (Catherine West) talked about the beef and dairy sectors, and my hon. Friend the Member for Coventry South (Mr Cunningham) talked about vehicle manufacturing. My hon. Friend the Member for Sedgefield (Phil Wilson) talked generally about manufacturing and the danger of an ill thought through approach, given the impact it could have on jobs.

It is surely a fundamental principle that there should not be taxation without representation. As is recognised in the very name of the Bill, customs charges and duties, as well as import and export quotas, are effectively forms of taxation. Rather than enabling proper scrutiny and debate on decision making in this area, we see here the same trick that has repeatedly been evident with the European Union (Withdrawal) Bill and the last two Finance Bills: more power to the centre and less power for Parliament. Many concerns about that point were eloquently expressed by Opposition Members, particularly by my hon. Friend the Member for Nottingham East (Mr Leslie) and my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper).

Labour has four core objections to the Bill that motivate our reasoned amendment, and I will run through them briefly in turn. First, there must be much more parliamentary oversight of our future customs and tariff regimes. We will table amendments in Committee to set out workable arrangements to ensure that governmental decisions are subject to appropriate parliamentary scrutiny and, in particular, why the Government should use amendable resolutions, not ministerial fiat, when deciding important issues such as changing customs tariffs, preferential rates for different countries and remedies for different international trade disputes. Only in that way can Parliament exercise its voice so that parliamentarians whose constituencies could be significantly affected by ill thought through measures can challenge those measures in this place.

I underline that only Labour's reasoned amendment stresses the need for this, our British Parliament, to prevent yet another wholesale land grab by the Government, in this case on customs duties, charges and quotas—I hope that answers the point made by my hon. Friend the Member for Penistone and Stocksbridge (Angela Smith). It is only Labour's reasoned amendment that concisely and clearly underlines this democratic deficit. In that regard, we heard prescient points from the hon. Member for Amber Valley (Nigel Mills), who indicated how some of these measures might be overreaching in their scope. He also made important points about Northern Ireland and Ireland that were echoed by many other colleagues.

Labour's second problem with the Bill is that it fails to offer businesses and manufacturers the certainty that they desperately need about the UK's future customs regime. That was pithily expressed by my hon. Friend the Member for Wirral South (Alison McGovern), who set out how, despite some of the perhaps ill thought

through noises off from Conservative Members, the reality for many British businesses is that the vast majority of their trade is going to be with the rest of the EU. We therefore need a serious debate about our future customs arrangements. Of course, as was underlined by my hon. Friend the Member for Ilford North (Wes Streeting), our relationship with other countries is often governed by our relationship with the EU, because trade and customs arrangements are currently set through the EU.

On the problem about the lack of certainty for industry under the Government's proposals, my hon. Friend the Member for Bootle (Peter Dowd) hit the nail on the head when he said that this Government's current approach is simply to pat Parliament on the head and say, "Everything will be all right. Don't worry, it will be all right on the night." I often enjoy the Minister's contributions, which tend to be detailed, but he used a strange formulation when he spoke about this point earlier. He said that the Bill—I hope I am quoting him word for word—will "facilitate whatever the will of Parliament ends up being". The point is that in these negotiations, unfortunately, we are not talking about the will of Parliament, because the Government have in many cases ignored our will. Instead we are talking about what the will of the Government happens to be, and it seems to be one that they want to exercise as freely and unaccountably as possible.

I felt that we got a bit of a reality check from some of the Minister's other comments. When he was talking about VAT, we heard something that contradicted that previous statement. He said that after the passage of this Bill, it will be up to the Government to decide exactly where we end up on what VAT arrangements will be for British businesses. We are therefore talking about the Government determining taxation arrangements without a proper parliamentary process. On VAT, I was pleased to hear my hon. Friend the Member for Walthamstow (Stella Creasy) again doggedly pursuing the issues she has raised many times about the lack of certainty for small businesses on VAT, given the Government's current approach.

The Minister said it would be "possible" to have continued engagement with the EU on VAT, but we are not talking about possible or potential businesses; we are talking about real businesses that could have real cash-flow problems. As my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) said clearly, businesses need certainty and they are not currently getting it.

Labour is also concerned about the burden of these new approaches on customs arrangements for HMRC, which, as we know, is already struggling to deal with its existing tasks, even without the upheaval caused by a potential new customs arrangement. Since 2010, one in six HMRC staff has been lost, and we urgently need the Government to recognise the need for a better resourced HMRC in their proposals. That point was forcefully made by my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty).

Finally, Labour is of course deeply concerned about the Government's untried, untested and undemocratic approach to trade remedies. As a former MEP, I have seen for myself how the British Government seem keen to push for EU markets, including the UK's, to be opened up to unfair competition from countries unwilling

[Anneliese Dodds]

to hold to trading and human rights rules as part of the debate on most favoured nation status for China. My hon. Friend the Member for Aberavon (Stephen Kinnock) expressed his legitimate concerns about the Government's approach, given the importance of the steel industry to his constituency. That industry has already suffered substantially because of dumping. Similar points were made eloquently by my hon. Friends the Members for Stockton North (Alex Cunningham) and for Stoke-on-Trent Central (Gareth Snell). Again, we see the Conservative Government trying to push through new measures that would disadvantage our industries.

The new authority will be debated in more detail tomorrow, but this Bill gives it its powers. It is essential that the body is truly independent and representative of our economy, and that it is staffed not by chums and ideological bedfellows, but by those who know how trade really works: British businesses; our trade unionists, representing workers; and those from the devolved Administrations who can reflect the specific challenges they face. The Trade Remedies Authority cannot be a creature solely of the International Trade Secretary. It should be accountable to Parliament so that parliamentarians can reflect the concerns of our constituents. Disturbingly, we already see that the parameters for the new trade remedies regime set out in this Bill are far weaker than those that even the EU itself is moving towards, and certainly than those exercised already by comparable countries.

We have heard many excellent speeches from Members on both sides of the House, but I particularly want to say how welcome it was to see my hon. Friend the Member for Redcar (Anna Turley), with her typical energy, advocating the interests of her constituents in this debate. Many of us, particularly Labour Members, have tried hard to say how we really need a customs regime that is accountable and workable, and that favours the interests of not only consumers, but producers—Great British producers. The Government's proposals do not remotely measure up to that mark, so I hope that hon. Members will support Labour's reasoned amendment.

10.9 pm

The Parliamentary Under-Secretary of State for International Trade (Mark Garnier): I thank hon. Members for their contributions to today's debate. It is a great pleasure and an honour as a trade Minister to close the debate on the Taxation (Cross-border Trade) Bill, on which my colleagues in the Treasury lead. However, the fact that a trade Minister is closing the debate is not only indicative of the unity of purpose across our Government to deliver critical legislation, but demonstrates how important our future trading relationship will be after we leave the European Union. As a country, we need to create the structures and legislation that will form the framework of our new, home-grown, global trading relationships, which will embrace the entire world.

Before turning to the specifics, I remind the House of the context of our discussion today. As the Prime Minister and the Chancellor of the Exchequer have made clear, when Britain leaves the European Union in March 2019, it will also leave the customs union and the single market. Many hon. Members, particularly Opposition Members, have claimed that during the referendum

campaign, people were not told that we would leave the customs union and the single market. However, I was proud to stand as a remainer with Opposition Members, and I certainly said that we would leave the customs union and the single market if we left the European Union. The British public were well informed about what was happening with Brexit.

The key issue now is what kind of relationship we will have with the European Union from 29 March 2019. On customs, the Government have been clear that they will be guided by what delivers the greatest economic advantage to the UK. They have set out their objectives for any future relationship: an independent trade policy; trade with the EU that is as frictionless as possible; and avoiding a hard border on the island of Ireland.

The progression of the negotiations to the next phase means that we can now look forward to discussing our future customs arrangements with the EU. In that context, the Bill is especially vital to the UK's preparations for EU withdrawal. Just as it allows the Government to establish a stand-alone customs regime and ensure that VAT and excise legislation operates as required on EU exit, it also gives the UK the ability to respond to a range of outcomes to the EU negotiations.

Several issues have been raised, particularly on VAT. The hon. Members for Nottingham East (Mr Leslie), for Aberavon (Stephen Kinnock) and for Newcastle upon Tyne North (Catherine McKinnell) mentioned an impact assessment on the effect of the VAT regime. I make two points on that. First, we cannot do an impact assessment of any meaningful depth until we know exactly what deal has been achieved with the EU. Until we reach that point, any impact assessment will be merely a random guess. Secondly, the Chancellor in his autumn statement made the incredibly important point that he will do everything he can to mitigate the effects of the changes to the VAT regime as we change it under the Bill.

The hon. Member for Redcar (Anna Turley), supported by my hon. Friend the Member for Middlesbrough South and East Cleveland (Mr Clarke), made an impassioned speech about free trade ports in her constituency. She asked a couple of important questions. The first was whether the Government were supportive of free trade zones. The simple answer is yes, but with a caveat that we need to understand them a great deal more. Her second question was whether the Government would advocate Teesport as a free trade port. She made a strong case for that—she speaks very well on behalf of her constituents. The Government will be very happy to engage with her and hear her case for that.

It is incredibly important that we understand how ports will work. My hon. Friends the Members for Morecambe and Lunesdale (David Morris), and for Folkestone and Hythe (Damian Collins) and the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) all appealed for the ability for ports to work efficiently. The Government well understand that roll-on roll-off ports working efficiently is one of the most important things we can achieve in the negotiations. We fully understand the problems that would arise if there were a hold-up in port.

The hon. Members for Aberdeen North (Kirsty Blackman), for Nottingham East and for Sedgefield (Phil Wilson) asked about the CDS. HMRC will start migrating traders to the CDS in August 2018 to allow a

six-month period for transition to all users by 2019. To reduce the risk at the point of exit, HMRC will continue to operate the current CHIEF system in tandem.

I do not want to go on too long, but I will quickly make a point about trade remedies. The framework will provide UK industry with a safety net against injury caused by unfair trading practices and by unforeseen surges of imports. It will be a key part of ensuring an effective rules-based system for a fully functioning independent trade policy. It is important that the lesser duty rule provides for proportionate protections which remove injury to UK industry without unnecessary costs, and the economic interest test will provide a sensor check to ensure that measures are not imposed where they might have a disproportionate impact on the wider economy. The UK market is a relatively small but complex market, and the effect on competition and consumers of duties that are too high could be significant. Both the economic interest test and the lesser duty rule have been designed with that in mind.

In conclusion, the UK has set out our ideas for how future customs relationships with the EU can work. As our negotiations with the EU progress to the next phase, it is only right that the Government take whatever steps they can to ensure that they can effectively implement a new regime. On customs, VAT and excise, and indeed in relation to some aspects of our future trade policy, that is precisely what the Bill will do, by taking the sensible step of providing the Government with the ability to put in place responses to a range of possible outcomes from the negotiations. I hope that right hon. and hon. Members will support this crucial legislation, as the Government continue to put into action the decision of the British people to leave the European Union. I commend the Bill to the House.

Question put. That the amendment be made.

The House divided: Ayes 265, Noes 309.

Division No. 87]

[10.16 pm

AYES

Abbott, rh Ms Diane
Abrahams, Debbie
Alexander, Heidi
Ali, Rushanara
Allin-Khan, Dr Rosena
Amesbury, Mike
Antoniazzi, Tonia
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bardell, Hannah
Barron, rh Sir Kevin
Benn, rh Hilary
Betts, Mr Clive
Black, Mhairi
Blackford, rh Ian
Blackman, Kirsty
Blackman-Woods, Dr Roberta
Blomfield, Paul
Brabin, Tracy
Bradshaw, rh Mr Ben
Brake, rh Tom
Brennan, Kevin
Brock, Deidre
Brown, Alan
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris

Burden, Richard
Burgon, Richard
Butler, Dawn
Byrne, rh Liam
Cable, rh Sir Vince
Cadbury, Ruth
Cameron, Dr Lisa
Campbell, rh Mr Alan
Campbell, rh Ronnie
Carden, Dan
Carmichael, rh Mr Alistair
Champion, Sarah
Chapman, Jenny
Charalambous, Bambos
Cherry, Joanna
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, rh Yvette
Cowan, Ronnie
Coyle, Neil
Crausby, Sir David
Crawley, Angela
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cummins, Judith

Cunningham, Alex
Cunningham, Mr Jim
Dakin, Nic
Davey, rh Sir Edward
David, Wayne
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
Dromey, Jack
Duffield, Rosie
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Elmore, Chris
Esterson, Bill
Evans, Chris
Farrelly, Paul
Farron, Tim
Fletcher, Colleen
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Frith, James
Furniss, Gill
Gaffney, Hugh
Gapes, Mike
Gardiner, Barry
George, Ruth
Gethins, Stephen
Gibson, Patricia
Gill, Preet Kaur
Glindon, Mary
Godsiff, Mr Roger
Goodman, Helen
Grady, Patrick
Grant, Peter
Green, Kate
Greenwood, Lilian
Greenwood, Margaret
Griffith, Nia
Grogan, John
Gwynne, Andrew
Hanson, rh David
Harman, rh Ms Harriet
Harris, Carolyn
Hayes, Helen
Healey, rh John
Hendrick, Sir Mark
Hendry, Drew
Hepburn, Mr Stephen
Hermon, Lady
Hill, Mike
Hobhouse, Wera
Hodgson, Mrs Sharon
Hollern, Kate
Hosie, Stewart
Howarth, rh Mr George
Huq, Dr Rupa
Hussain, Imran
Jardine, Christine
Jarvis, Dan
Johnson, Diana
Jones, Darren
Jones, Gerald
Jones, Graham P.
Jones, Helen
Jones, Sarah
Jones, Susan Elan
Kane, Mike
Kendall, Liz
Khan, Afzal
Killen, Ged
Kinnock, Stephen
Kyle, Peter
Laird, Lesley
Lamb, rh Norman
Lavery, Ian
Law, Chris
Lee, Ms Karen
Leslie, Mr Chris
Lewell-Buck, Mrs Emma
Linden, David
Lloyd, Stephen
Lloyd, Tony
Long Bailey, Rebecca
Lucas, Caroline
Lucas, Ian C.
Lynch, Holly
Madders, Justin
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Gordon
Martin, Sandy
Maskell, Rachael
Matheson, Christian
McCabe, Steve
McCarthy, Kerry
McDonagh, Siobhain
McDonald, Andy
McDonald, Stewart Malcolm
McDonald, Stuart C.
McDonnell, rh John
McFadden, rh Mr Pat
McGinn, Conor
McGovern, Alison
McInnes, Liz
McKinnell, Catherine
McMahon, Jim
McMorris, Anna
Mearns, Ian
Miliband, rh Edward
Monaghan, Carol
Moon, Mrs Madeleine
Moran, Layla
Morden, Jessica
Morgan, Stephen
Morris, Grahame
Murray, Ian
Newlands, Gavin
Norris, Alex
O'Hara, Brendan
Onasanya, Fiona
Onn, Melanie
Osamor, Kate
Owen, Albert
Peacock, Stephanie
Pearce, Teresa
Pennycook, Matthew
Perkins, Toby
Phillips, Jess
Phillipson, Bridget
Pidcock, Laura
Platt, Jo

Pollard, Luke
 Pound, Stephen
 Powell, Lucy
 Qureshi, Yasmin
 Rashid, Faisal
 Reed, Mr Steve
 Rees, Christina
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Robinson, Mr Geoffrey
 Rodda, Matt
 Rowley, Danielle
 Russell-Moyle, Lloyd
 Saville Roberts, Liz
 Shah, Naz
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Siddiq, Tulip
 Skinner, Mr Dennis
 Slaughtner, Andy
 Smeeth, Ruth
 Smith, Angela
 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
 Thewliss, Alison
 Thomas, Gareth
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Twigg, Stephen
 Twist, Liz
 Umunna, Chuka
 Vaz, Valerie
 Walker, Thelma
 West, Catherine
 Western, Matt
 Whitehead, Dr Alan
 Whitfield, Martin
 Whitford, Dr Philippa
 Williams, Hywel
 Williams, Dr Paul
 Williamson, Chris
 Wilson, Phil
 Wishart, Pete
 Woodcock, John
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Ayes:
Thangam Debonnaire and
Vicky Foxcroft

NOES

Afolami, Bim
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Amess, Sir David
 Andrew, Stuart
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Badenoch, Mrs Kemi
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Bebb, Guto
 Bellingham, Sir Henry
 Benyon, rh Richard
 Beresford, Sir Paul
 Berry, Jake
 Blackman, Bob
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Bottomley, Sir Peter
 Bowie, Andrew
 Bradley, Ben
 Bradley, rh Karen
 Brady, Sir Graham
 Brereton, Jack
 Bridgen, Andrew
 Brine, Steve
 Bruce, Fiona
 Buckland, Robert
 Burghart, Alex
 Burns, Conor

Burt, rh Alistair
 Cairns, rh Alun
 Campbell, Mr Gregory
 Cartledge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishty, Rehman
 Chope, Sir Christopher
 Churchill, Jo
 Clark, Colin
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Clarke, Mr Simon
 Cleverly, James
 Clifton-Brown, Sir 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, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellwood, rh Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Mr Nigel
 Fabricant, Michael
 Fernandes, Suella
 Field, rh Mark
 Ford, Vicky
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fysh, Mr Marcus
 Gale, Sir Roger
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Ms Nusrat
 Gibb, rh Nick
 Gillan, rh Dame 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
 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
 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
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnson, Joseph
 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
 Mak, Alan
 Malthouse, Kit
 Mann, Scott
 Masterton, Paul
 Maynard, Paul
 McLoughlin, rh Sir Patrick
 McPartland, Stephen
 McVey, rh Ms Esther
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Moore, Damien
 Mordaunt, rh Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah

Nokes, Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Paisley, Ian
 Parish, Neil
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pincher, Christopher
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 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, rh Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Spencer, Mark

Stephenson, Andrew
 Stevenson, John
 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**

Bowie, Andrew
 Bradley, Ben
 Bradley, rh Karen
 Brady, Sir Graham
 Brereton, Jack
 Bridgen, Andrew
 Brine, Steve
 Bruce, Fiona
 Buckland, Robert
 Burghart, Alex
 Burns, Conor
 Burt, rh Alistair
 Cairns, rh Alun
 Campbell, Mr Gregory
 Cartledge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Sir Christopher
 Churchill, Jo
 Clark, Colin
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Clarke, Mr Simon
 Cleverly, James
 Clifton-Brown, Sir 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, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellwood, rh Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Mr Nigel
 Fabricant, Michael
 Fernandes, Suella
 Field, rh Mark
 Ford, Vicky
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fysh, Mr Marcus
 Gale, Sir Roger

Garnier, Mark
 Gauke, rh Mr David
 Ghani, Ms Nusrat
 Gibb, rh Nick
 Gillan, rh Dame 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
 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
 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
 Jenkins, Andrea
 Jenrick, Robert
 Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnson, Joseph
 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

Question accordingly negated.

*Question put forthwith (Standing Order No. 62(2)),
 That the Bill be now read a Second time.*

The House divided: Ayes 309, Noes 265.

Division No. 88]

[10.30 pm

AYES

Afolami, Bim
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Amess, Sir David
 Andrew, Stuart
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Badenoch, Mrs Kemi
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Bebb, Guto
 Bellingham, Sir Henry
 Benyon, rh Richard
 Beresford, Sir Paul
 Berry, Jake
 Blackman, Bob
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Bottomley, Sir Peter

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
 Mak, Alan
 Malthouse, Kit
 Mann, Scott
 Masterton, Paul
 Maynard, Paul
 McLoughlin, rh Sir Patrick
 McPartland, Stephen
 McVey, rh Ms Esther
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Moore, Damien
 Mordaunt, rh Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Paisley, Ian
 Parish, Neil
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pincher, Christopher
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence

Robinson, Gavin
 Robinson, Mary
 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, rh Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 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
 Wiggan, Bill
 Williamson, rh Gavin
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:

Nigel Adams and
 David Rutley

NOES

Abbott, rh Ms Diane
 Abrahams, Debbie
 Alexander, Heidi
 Ali, Rushanara
 Allin-Khan, Dr Rosena
 Amesbury, Mike
 Antoniazzi, Tonia
 Ashworth, Jonathan
 Austin, Ian
 Bailey, Mr Adrian
 Bardell, Hannah
 Barron, rh Sir Kevin
 Benn, rh Hilary
 Betts, Mr Clive
 Black, Mhairi
 Blackford, rh Ian
 Blackman, Kirsty
 Blackman-Woods, Dr Roberta
 Blomfield, Paul
 Brabin, Tracy
 Bradshaw, rh Mr Ben
 Brake, rh Tom
 Brennan, Kevin
 Brock, Deidre
 Brown, Alan
 Brown, Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Burden, Richard
 Burgon, Richard
 Butler, Dawn
 Byrne, rh Liam
 Cable, rh Sir Vince
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie
 Carden, Dan
 Carmichael, rh Mr Alistair
 Champion, Sarah
 Chapman, Jenny
 Charalambous, Bambos
 Cherry, Joanna
 Clwyd, rh Ann
 Coaker, Vernon
 Coffey, Ann
 Cooper, rh Yvette
 Cowan, Ronnie
 Coyle, Neil
 Crausby, Sir David
 Crawley, Angela
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 Davey, rh Sir Edward
 David, Wayne
 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
 Dromey, Jack
 Duffield, Rosie
 Eagle, Ms Angela
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Farron, Tim
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Frith, James
 Furniss, Gill
 Gaffney, Hugh
 Gapes, Mike
 Gardiner, Barry
 George, Ruth
 Gethins, Stephen
 Gibson, Patricia
 Gill, Preet Kaur
 Glendon, Mary
 Godsiff, Mr Roger
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Grogan, John
 Gwynne, Andrew
 Hanson, rh David
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Healey, rh John
 Hendrick, Sir Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hermon, Lady
 Hill, Mike
 Hobhouse, Wera
 Hodgson, Mrs Sharon
 Hollern, Kate
 Hosie, Stewart
 Howarth, rh Mr George
 Huq, Dr Rupa
 Hussain, Imran
 Jardine, Christine
 Jarvis, Dan
 Johnson, Diana
 Jones, Darren
 Jones, Gerald
 Jones, Graham P.
 Jones, Helen
 Jones, Sarah
 Jones, Susan Elan
 Kane, Mike
 Kendall, Liz
 Khan, Afzal
 Killen, Ged
 Kinnock, Stephen
 Kyle, Peter
 Laird, Lesley
 Lamb, rh Norman

Lavery, Ian
 Law, Chris
 Lee, Ms Karen
 Leslie, Mr Chris
 Lewell-Buck, Mrs Emma
 Linden, David
 Lloyd, Stephen
 Lloyd, Tony
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Mann, John
 Marsden, Gordon
 Martin, Sandy
 Maskell, Rachael
 Matheson, Christian
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahan, Jim
 McMorrin, Anna
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Moon, Mrs Madeleine
 Moran, Layla
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Newlands, Gavin
 Norris, Alex
 O'Hara, Brendan
 Onasanya, Fiona
 Onn, Melanie
 Osamor, Kate
 Owen, Albert
 Peacock, Stephanie
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Phillipson, Bridget
 Pidcock, Laura
 Platt, Jo
 Pollard, Luke
 Pound, Stephen
 Powell, Lucy
 Qureshi, Yasmin
 Rashid, Faisal
 Reed, Mr Steve

Rees, Christina
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Robinson, Mr Geoffrey
 Rodda, Matt
 Rowley, Danielle
 Russell-Moyle, Lloyd
 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, Angela
 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
 Thewliss, Alison
 Thomas, Gareth
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Twigg, Stephen
 Twist, Liz
 Umunna, Chuka
 Vaz, Valerie
 Walker, Thelma
 West, Catherine
 Western, Matt
 Whitehead, Dr Alan
 Whitfield, Martin
 Whitford, Dr Philippa
 Williams, Hywel
 Williams, Dr Paul
 Williamson, Chris
 Wilson, Phil
 Wishart, Pete
 Woodcock, John
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Noes:
Vicky Foxcroft and
Thangam Debbonaire

Question accordingly agreed to.
Bill read a Second time.

TAXATION (CROSS-BORDER TRADE) BILL (PROGRAMME)

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

That the following provisions shall apply to the Taxation (Cross-Border) Trade Bill:

Committal

(1) The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

(2) Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 1 February 2018.

(3) The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Proceedings on Consideration and up to and including Third Reading

(4) Proceedings on Consideration and any 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 those proceedings are commenced.

(5) Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption that day.

(6) Standing Order No. 83B (programming sub-committees) shall not apply to proceedings on Consideration and Third Reading.—(*Andrew Stephenson.*)

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

DESIGNS

That the draft Designs (International Registration of Industrial Designs) Order 2017, which was laid before this House on 19 October 2017, be approved.—(*Andrew Stephenson.*)

Question agreed to.

ELECTORAL COMMISSION

Motion made,

That the Motion in the name of Andrea Leadsom relating to the Electoral Commission shall be treated as if it related to an instrument subject to the provisions of Standing Order No. 118 (Delegated Legislation Committees) in respect of which notice has been given that the instrument be approved.—(*Andrew Stephenson.*)

Hon. Members: Object.

Mr Speaker: We come now to motion 5—

Bill Wiggin (North Herefordshire) (Con) *rose*—

Mr Speaker: I am grateful to the Chair of the Selection Committee, who is ahead of himself, as usual—eager, perched, poised like a panther ready to pounce. [*Interruption.*] For whom? Indeed.

WELSH AFFAIRS

Ordered,

That Stephen Kinnock be discharged from the Welsh Affairs Committee and Thelma Walker be added.—(*Bill Wiggin, on behalf of the Selection Committee.*)

Insurance and Genetic Conditions

Motion made, and Question proposed, That this House do now adjourn.—(Andrew Stephenson.)

10.46 pm

Gavin Newlands (Paisley and Renfrewshire North) (SNP): May I wish you a happy new year, Mr Speaker? I hope you had a restful festive period. I know that, like me, you will have spent the time wondering why Paisley did not win the city of culture in 2021, and why Coventry still has not won it. I am grateful that you are in the Chair this evening.

I am delighted finally to fulfil a promise that I made to John Eden, the chief executive of the Scottish Huntington's Association, to bring to the Floor of the House a debate on the difficulties that both individuals currently suffering from genetic conditions and those with a high likelihood of developing such a condition in the future have in securing insurance. Those with complex neurological conditions, such as Huntington's in particular, have real trouble in trying to access affordable and fair insurance that allows them to secure a range of services that the rest of us, quite frankly, take for granted.

From the outset, I readily admit that this is not an easy issue: there is no easy fix. It is not a black-and-white issue, but the barriers facing those affected remain deeply unfair. In highlighting this problem, I intend to look at some of the problems that exist with genetic testing, as well as at how many insurance companies are able to bypass the voluntary concordat and moratorium on genetics and insurance by demanding that any applicant provides their full family history before they decide whether to insure someone.

This issue was brought to my attention by the Scottish Huntington's Association, which is based in my constituency. The SHA is the only charity in Scotland that is exclusively dedicated to supporting families affected by Huntington's disease. As well as providing a range of specialist support services for those who suffer from this condition, including a world-leading team of specialist youth advisers and a financial wellbeing service, the SHA campaigns to help improve the life chances of those who suffer from this complex neurological condition.

Across the UK, Huntington's affects between five to 10 people per 100,000, but Scotland has one of the highest rates of prevalence, with about 20 in every 100,000 in Scotland having HD, and 5% to 10% of cases develop before the age of 20. Huntington's is one of life's most devastating illnesses. People with it can suffer from repetitive involuntary movements resulting in mobility, balance and co-ordination problems, as well as difficulties with speech and swallowing. Huntington's can also develop a type of early-onset dementia that affects an individual's ability to process information, make decisions, solve problems, plan and organise. Those affected by HD can also experience a decline in their mental health and may eventually lose the ability to walk, talk, eat, drink, make decisions or care for themselves, requiring support for most or all of their activities on a 24-hour basis.

Despite the challenges that those with Huntington's have to live through each and every day, they still need to live their lives, and that requires access to insurance. That particular issue is not new to this House, as it has been debated and discussed in the past, although it has

not been raised as often as it should have been. The use of genetic testing in insurance can be traced back to debates held in this House in 2000. Unfortunately, as I will discuss later, it appears that not enough has been done by the UK Government or the insurance bodies to help rectify the matter properly.

Individuals need to secure insurance on many different aspects of their lives. We need insurance to be able to drive a car. Most of us will require home insurance if we want to secure a mortgage, and families who want to go on holiday will need to secure travel insurance before setting off. Many of us will take out life insurance to protect us and our family and cover any tragic or unplanned event.

Securing insurance is the responsible thing to do, but many individuals and families are prevented from doing so, as they are either unfairly refused outright or priced out of the market. Trying to find the right insurance is never fun, but it has never been easier. With the advent of comparison websites, five minutes is all it takes for most of us to access the most suitable and cheapest insurance. However, there are thousands of people out there who dread the thought of even trying to access insurance, because for them it is not the simple and straightforward task that it is for most of us. It is an extremely time-consuming experience, often fruitless and always very expensive.

A survey completed late last year by Genetic Alliance UK found that 65% of respondents had problems accessing insurance. I am certain that that figure would have been higher had the survey asked questions only of Huntington's sufferers.

Jim Shannon (Strangford) (DUP): I congratulate the hon. Gentleman on securing this debate. I asked him for permission to intervene. I am a member of the Northern Ireland Rare Disease Partnership, an organisation that focuses on many rare diseases including Huntington's. As the number of those with rare diseases and genetic conditions continues to increase and insurance cover becomes a greater problem for a greater number of people, does the hon. Gentleman agree that it is time for the Government to review the insurance situation and ensure that the problem he has outlined, which I know about in my constituency, is addressed urgently?

Gavin Newlands: I thank the hon. Gentleman for his intervention, and I wholeheartedly agree with him. I will come on to discuss the particular review relating to Huntington's, but I totally agree with him.

The reasons cited by survey respondents for not being able to access insurance included affordability, lack of understanding of the condition and the length of time the process takes to complete. Insurance policies by their very nature are designed to assess the level of risk before they choose to insure someone. We all know and accept that. If someone has previously crashed their car or had a bad credit rating, the chances are that they will either be denied insurance or face paying higher premiums for accessing insurance. It has always been thus. However, we should not equate having a bad credit rating to having a certain health condition, but that is exactly what is happening at the moment. Individuals with certain health conditions are experiencing great challenges to be able to access affordable insurance.

Genetic testing will be one of the ways in which insurance companies try to determine whether someone is destined to develop Huntington's.

Dr Philippa Whitford (Central Ayrshire) (SNP): Does my hon. Friend feel that we will require legislation? Here, people with Huntington's chorea are picked out because of a family history, but as we move into the era of genomics, if we allow insurance companies to force Huntington's people to take genetics tests, we could all be forced to take genomic tests to see our risk of heart attack, cancer and so on. We need to deal with this now.

Gavin Newlands: I wholeheartedly agree with my hon. Friend. This is only the tip of the iceberg. We will have to come back to the issue under discussion and address the much wider issue in years to come.

Insurance companies believe that information derived from genetic testing is of relevance to assessing risks, and they argue that it provides

“a reliable indication of increased susceptibility to medical conditions which require expensive care.”

However, individuals who face the brunt of these tests and are either denied insurance or face ridiculously high premiums believe that they are being discriminated against.

An individual with a positive predictive genetic test for Huntington's will find it extremely difficult to receive insurance, and I have received numerous emails from people throughout the UK sharing their experience of trying to secure insurance. Indeed, one contributor to the Huntington's Disease Association Facebook page stated that they had tested negative but were still quoted over the odds because they had been tested.

Those obstacles also affect the family members of those with Huntington's. Another sad aspect of the disease is that it is hereditary, so it impacts on entire families over generations. People with HD often have children before developing symptoms of the disease. If someone carries the defective HD gene, each child they have has a 50% chance of having Huntington's.

An individual with a diagnosis of Huntington's is not ordinarily able to obtain life, critical illness or income protection insurance, so families are unable to protect themselves from the future financial impact of this horrible disease. Not being able to access insurance compounds the huge negative economic impact of the disease. Those with HD almost always have to give up their employment, as do many of their family members, who have to act as carers for their loved ones. They also incur greater expenses arising from the health condition and many have to live on benefits—something that is proving impossible due to Tory austerity. If people are lucky enough to find insurance, they are very unlikely to be able to afford it, given the impact I have just described.

One of the emails I spoke of earlier came from a family who have struggled to access basic holiday insurance. The Kitching family have two young children, one of whom has a rare genetic condition. Before their son was born, the family had no problem acquiring insurance and were able to cherry-pick the insurer they used. These days, it is a very different story. Last summer, they had to navigate numerous hurdles and obstacles, including spending nearly eight hours on the phone, to finally secure a basic travel insurance policy. Despite their best efforts, the Kitchings' insurance bill increased by 900%,

which is surely beyond what any of us would deem acceptable. Unsurprisingly, for a number of reasons, the Kitchings did not have a wide selection of providers to choose from. Not only were they met with a brick wall and a refusal to even discuss the possibility of insuring them, but they found that many companies lacked the necessary basic knowledge to assess the risks posed by certain health conditions.

Those were the obstacles the Kitchings had to navigate to go on a simple family holiday to France. I am sure that hon. Members can only begin to imagine what that family and the many others like them would have to go through if they wanted to acquire life insurance.

The experience of the Kitchings is not unique. According to Genetic Alliance UK, a national charity working to improve the lives of patients and families affected by all types of genetic conditions, 59% of people who responded to its 2017 survey said that they decided to change or cancel their holiday plans altogether because they would not be able to access basic holiday insurance. The Kitchings believe that the current system lacks any transparency and that greater clarity is required for them and families like them. They want the system to be much more closely regulated to ensure that individuals and families are not discriminated against by insurance companies because they lack the necessary medical knowledge to understand genetic conditions such as Huntington's.

Insurance companies recognise to some degree that individuals and families experience financial distress when trying to access the correct level of insurance. The UK Government and the Association of British Insurers therefore believe that the relationship between medical data and insurance underwriting should be proportionate and based on sound evidence. However, their definition of proportionate is, to say the least, at odds with what the families affected would consider to be fair and affordable.

There are several reasons why many individuals are reluctant to take a genetic test, such as the financial black hole that can be caused by restricted access to affordable insurance or not wanting to live their lives under the cloud of diagnosis. According to Genetic Alliance UK, less than one in five people at risk of Huntington's disease choose to have the predictive genetic test. To try to combat that, the concordat with insurance companies who are members of the ABI states that insurers will not seek the results of genetic testing for insurance with a value less than £500,000. In practice, that would mean that individuals and families had a far greater chance of accessing affordable insurance to go on holiday, buy a car or purchase a house.

In reality, the moratorium provides little protection people for people with Huntington's or similar neurological conditions because instead of the insurance companies mandating that someone complete a genetic test, they will get around it by demanding that any individual hoping to secure insurance provides other forms of information, including a full family history. As I mentioned, each child of a Huntington's disease sufferer has a 50% chance of inheriting the condition. Therefore, the information that is gathered by bypassing the genetic testing can lead to an individual's access to affordable insurance being restricted. As such, the current moratorium does not provide enough protection for individuals and makes securing insurance a near-impossible task to accomplish.

[Gavin Newlands]

The SHA believes that the business model that many insurance companies use to calculate risk is limited and does not collect all the genetic information available to calculate more precisely an individual's health conditions. In other words, if we must use genetics, let us use them properly. This point is reinforced by an email that I received from Trish Dainton, whose husband sadly passed away from Huntington's. She highlighted the unfairness of a system that can increase an individual's premiums to ridiculously high levels on the assumption that they might have the HD gene but might not start developing the symptoms for 40-plus years.

It is no surprise, then, that so many people are avoiding being tested for HD, given that it could force them to pay a lifetime of sky-high insurance premiums. In addition, according to the 2017 survey by Genetic Alliance UK, 50% of respondents have avoided applying for insurance altogether, stating that concerns over premiums would prohibit them from accessing insurance. It should concern us all—certainly the Government—that too many people do not feel they can access any form of insurance. After hearing the stories from those who have lived with Huntington's disease and how it affects their everyday lives, I think that it is clear that the insurance companies and the Government have to do a lot more to understand conditions such as HD.

In preparing for tonight's debate, I have been sent numerous emails from individuals affected who say that most people do not truly understand the disease. The insurance companies state that the development of genomics is crucial to helping to guide the industry, as mentioned by my hon. Friend the Member for Central Ayrshire (Dr Whitford), but the system should be guided by medical knowledge and not by what a pre-programmed computer screen tells the operator to do.

As I have said, it has never been easier for most of us to quickly secure the insurance we need, and the insurance free market caters for the vast majority. For those with HD, however, shopping around means not a 30-second comparison website search but hours and hours of phone calls and being asked probing questions by someone who does not actually understand the condition. The Genetic Alliance UK report confirmed that the length of the process is one of the common complaints made by people and that there is a real desire for more action to be taken to reduce the time it takes to try to acquire insurance. That seems to be one way the insurance companies, whether at the Government's behest or voluntarily, could work with stakeholders to design a process that prevents them from having to repeat the same information over and over again.

If we do not develop a system that better understands neurological conditions, we risk creating a genetic underclass of people excluded from accessing affordable insurance due to misleading and inaccurate information gathered by insurance companies. The UK Government have a key role in changing this system to help make life that bit easier for those who have HD. The insurance companies self-regulate who they will and will not provide coverage to. That is not fair, and it is not good enough.

The current arrangements for insuring people who have or might have HD have not been reviewed since 2012, despite the fact that they should have been reviewed in 2014 and again in 2016. Indeed, the UK is out of step

internationally in the way it treats those with genetic conditions. In 2000, the UK became the first nation to approve the commercial use of gene technology to allow insurers to refuse insurance cover or to push up premiums for those born with genes that could lead to fatal conditions later in life. Furthermore, unlike many other developed countries, such as Canada, the USA, Sweden, Luxembourg, Belgium, Denmark and the Netherlands, the UK does not have specific legislation that prevents genetic discrimination. Let us be clear: despite the fact that equalities legislation supposedly provides this protection, those affected believe that they are being discriminated against by the insurance companies.

The Government have a duty to respond to the thousands of people across the UK who have been waiting for action to be taken against the insurance companies. There is plenty that can be done on this issue, but I would start with the HD insurance review that is now nearly four years overdue. The Government could get tougher on the insurance companies, offer to help with a Government-backed insurance scheme for those with Huntington's or put a realistic cap on premiums. I am not asking the Minister to commit to any specific actions this evening beyond urging him to confirm a new review and requesting a meeting with me, the Scottish Huntington's Association and others so that he can hear at first hand of the very real and systemic problems.

In conclusion, I cannot—I am sure that none of us can—begin to understand how tough life is for those suffering from Huntington's and the huge impact it has on the families caring for them. These families are not asking to change the world; all they want is to be able to access affordable insurance to allow them to go on holiday, buy a house, purchase that new car and protect them from the worst of the financial impact resulting from the condition. In short, they want to live their lives as best they can. We, as a society, should be doing all that we can to make life easier for those with genetic conditions, not putting further barriers in their way. I hope that the Minister can join me, and thousands of families up and down the country, in helping to create a fairer, more accessible and more affordable system for the individuals and their families who are currently in this invidious position.

11.5 pm

The Economic Secretary to the Treasury (Stephen Barclay): Let me begin by thanking the hon. Member for Paisley and Renfrewshire North (Gavin Newlands) for securing this important debate. As he set out so eloquently, rare genetic conditions such as Huntington's disease have a significant impact on the people and families who are affected by them. The Government are focusing on ensuring that the insurance industry functions well for everyone, including those with genetic conditions. Let me deal with the hon. Gentleman's final point first by saying that I am of course always happy to meet him to discuss more fully the points that he has aired tonight.

I have listened to what the hon. Gentleman has said, and also to wider representations. Broadly speaking, I can identify three key issues. First, people with rare genetic conditions such as Huntington's disease can find it harder to access some insurance products. Secondly, when they find an insurance product, it is sometimes not affordable. Thirdly, people with rare genetic conditions

are often discouraged from having a predictive genetic test for fear that it would make it harder or more expensive for them to obtain insurance in the future.

It is clear that factors such as age, postcode, occupation and health can all have an impact on the availability, pricing and terms of insurance policies. For example, a pre-existing medical condition, such as Huntington's disease, can be an indicator that someone is more likely to make a claim. For that reason, insurers will use medical history as a rating factor for some products, which may mean that someone with a genetic condition has to pay a higher premium than someone without such a condition. We must acknowledge, however, that the respective capabilities of insurers to assess risk legitimately, and to price their products accordingly, are a key element on which they compete. I think the hon. Gentleman recognised that at the outset when he said that it was often not easy for insurers to strike the right note in this context.

It would not be right for the Government to intervene in individual firms' pricing decisions in a way that would damage the competition on which the compulsory competitive tendering relies. I am sure the hon. Gentleman agrees that effective competition is the best way to ensure that the insurance market functions well. While, as he has made clear, it can be harder for people to find cover for rare genetic conditions, it is important to note that there is nothing to suggest widespread exclusion from the insurance market. Furthermore, representatives of the insurance industry have given assurances that, as with all pre-existing medical conditions, insurers will try to offer insurance coverage where they can, based on evidence and backed by medical research.

The Government have made it clear that they consider it important for everyone to have access to suitable insurance. To that end, in 2014 a landmark agreement was established by the Government and entered into with the insurance sector, which led to the expansion of the British Insurance Brokers' Association's Find a Broker service. The service was set up specifically to help those who were struggling to find insurance, and last year it was used by more than half a million people.

The Financial Conduct Authority, as the organisation responsible for regulating the insurance industry, has rules requiring firms to treat all customers fairly. The FCA also frequently monitors the sector to track and tackle discriminative practices. It recently closed a consultation seeking feedback from people with pre-existing medical conditions, including cancer. As I am sure many Members will know, people with cancer may find it particularly difficult to obtain insurance cover. The FCA plans to announce its next steps early this year.

It is vital that families living with rare genetic conditions, such as Huntington's disease, are not discouraged from taking predictive genetic tests for fear of subsequently having problems with getting insurance. That was one of the hon. Gentleman's key concerns. To that end, in 2014 we extended the concordat and moratorium on genetics and insurance, an agreement between the Association of British Insurers, representing more than 90% of the insurance market, and the Government. That agreement gives clarity and confidence to those taking predictive genetic tests on how insurers treat genetic information. Under the rules of that scheme, insurers are not allowed to ask anyone for the result of a predictive genetic test for any condition, including Huntington's disease, when they apply for life insurance with a value

of less than £500,000. It is important to note that more than 95% of life insurance policies sold in the UK would fall within the protection of that £500,000 cap. That gives confidence to those who wish to take a predictive genetic test, because they can be sure that the results will not negatively influence the price or availability of life insurance.

Dr Whitford: Does the Minister not recognise the fact that people end up in the same situation that we had with HIV testing, whereby simply by being tested for HIV—not asked for the results—they were classed as high risk? They had exactly the same issues with mortgages and insurance.

Stephen Barclay: The hon. Lady's point would be a legitimate one if that were indeed the case. However, that is not what the evidence shows. As I have just said, 95% of life insurance policies fall within the cap. Also, we should bear it in mind that the genetic test is often prayed in aid because, although there is a 50% chance of a condition materialising, there is also a 50% chance of it not materialising. The genetic test is therefore often prayed in aid to reduce the risk, rather than having a solely negative use. I think the situation is therefore more nuanced than the hon. Lady's intervention suggests.

The ABI also provided a report to the Department of Health on its members' compliance with the concordat and moratorium. I understand that in the last year there was only one complaint, which was subsequently resolved. However, if the hon. Gentleman or any other Member has further evidence of concerns, I would be happy to follow up on any evidence that might be forthcoming.

As a final point, I would like to mention that the Government are also committed to a wider financial inclusion agenda. This will ensure that everyone has access to suitable financial services products. As part of this agenda, we will soon be launching the financial inclusion policy forum. This initiative will address the problem of financial exclusion by driving better co-ordination and engagement across Government and the financial services sector. It has received unanimous support, including from the Financial Inclusion Commission and the Money Advice Trust, and it will be chaired by me and the Minister for Pensions and Financial Inclusion, the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Hexham (Guy Opperman). I hope that the meeting between me and the hon. Member for Paisley and Renfrewshire North following this debate will enable us to—

Gavin Newlands *rose*—

Stephen Barclay: Of course I will give way to the hon. Gentleman.

Gavin Newlands: I think that that meeting will prove worthwhile. The Minister seems to be taking assurances from the FCA and the ABI, while the reality of the situation being relayed to me by those who are suffering from Huntington's is very different from the picture being portrayed by the Minister. I therefore very much look forward to that meeting, and I hope that it takes place at the earliest opportunity.

Stephen Barclay: I think we need to differentiate two different points. The first is when the family history is indeed taken into account by insurers, but it is not

[Stephen Barclay]

related to a specific condition. I know when members of my family have had a medical condition that that can affect not only life insurance but a whole range of things, such as travel insurance. Family history is taken into account and that was, to a degree, the substance of the hon. Gentleman's remarks. That is different from whether those with concerns can have a predictive test, which can cap cover at £500,000, but 95% of life insurance falls within the cap. This is about whether the predictive test is being fettered by the restriction on insurance, and the concordat is there to give comfort to people that they can go ahead and have a genetic test. However, we are happy to discuss that further.

To conclude, I thank the hon. Member for Paisley and Renfrewshire North for securing this debate. Rare genetic conditions, such as Huntington's disease, have profound impacts on those affected by them. I hope I have been able to provide some assurance this evening that the Government are committed to ensuring that the insurance industry functions well for all consumers, and I look forward to our further discussions as we try to address any further concerns.

Question put and agreed to.

11.14 pm

House adjourned.

Written Statements

Monday 8 January 2018

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Waste

The Secretary of State for Environment, Food and Rural Affairs (Michael Gove): On 1 January 2018 China imposed a ban on the import of certain types of waste including mixed paper and post-consumer plastics (plastics thrown away by consumers). In addition, some other types of waste, including all other paper and plastics exports, will have to meet a reduced acceptable contamination level of 0.5% from March 2018.

China's decision has a global impact, including in the UK. 3.7 million tonnes of plastic waste are created in the UK in a single year. Of that total, the UK exports 0.8 million tonnes to countries around the world, of which 0.4 million tonnes is sent to China (including Hong Kong). In comparison, other countries including Germany (0.6 million tonnes), Japan and the US (both 1.5 million tonnes) export more plastic to China for reprocessing than the UK. The UK also exports 3.7 million tonnes of paper waste to China (including Hong Kong), out of 9.1 million tonnes of paper waste in total. In comparison, the US exports 12.8 million tonnes of paper waste to China.

Since China announced its intentions on 18 July 2017, Ministers have worked with industry, the Environment Agency, WRAP, the devolved Administrations and representatives from local government to understand the potential impact of the ban and the action that needs to be taken. We have engaged internationally to understand the scale and scope of China's waste restrictions. The UK Government raised the issue with the EU in September. Alongside four other members, the EU subsequently questioned the proposals at the WTO in October.

Domestically, the Government and the Environment Agency took steps last year to ensure that operators were clear on their duties to handle waste in the light of China's proposals. The Environment Agency issued fresh guidance to exporters, stating that any waste which does not meet China's new criteria will be stopped, in the same way as banned waste going to any other country. There is evidence that some operators have already been finding alternative export markets in response to the Chinese restrictions. Data for the third quarter of last year showed increases in exports of plastics to Turkey, Taiwan, Vietnam and Malaysia and increases in exports of paper to Turkey, Taiwan and Vietnam.

Operators must continue to manage waste on their sites in accordance with the permit conditions issued by the Environment Agency. Where export markets or domestic reprocessing are not available, the process chosen to manage waste must be the one that minimises the environmental impact of treatment as fully as possible and follows the waste hierarchy. This requires operators to ensure that where waste cannot be prevented or reused it is recycled where practicable, before considering energy recovery through incineration or the last resort of disposal to landfill.

I recognise that China's decision will cause some issues in the short term for recycling in the UK. We will continue to work closely with industry, the Environment Agency, local authorities and all interested parties to manage those issues. The Government remain committed to maximising the value we get from our resources, and is already assessing how we handle our waste in the UK in the longer term.

Tackling waste has been a top priority for the Government. In July, I announced in my speech at the World Wildlife Fund our intention to publish a new Resources and Waste Strategy later this year. The Clean Growth Strategy, published on 12 October 2017, set out our ambition for zero avoidable waste by 2050 and announced we are exploring changes to the producer responsibility scheme. In December I chaired an industry roundtable on plastics and outlined my four point plan for tackling plastic waste: cutting the total amount of plastic in circulation; reducing the number of different plastics in use; improving the rate of recycling; supporting comprehensive and frequent rubbish and recycling collections, and making it easier for individuals to know what goes into the recycling bin and what goes into general rubbish.

This builds on action the Government have already taken to reduce waste. Our 5p charge on plastic bags has taken 9 billion bags out of circulation, reducing usage by 83%. On Tuesday 9 January, our world-leading ban on the manufacture of personal care products containing plastic microbeads comes into force. In October 2017 we announced a call for evidence on managing single use drinks containers and our working group will report to Ministers early this year. We are working with HMT on a call for evidence in 2018 seeking views on how the tax system or charges could reduce the amount of single use plastics waste. And under the Waste Infrastructure Delivery Programme the Government will have committed £3 billion by 2042, supporting investment in a range of facilities to keep waste out of landfill and increase recycling levels.

China's decision underlines the need for progress in all these areas. In particular, we must reduce the amount of waste we produce overall and in particular the amount we export to be dealt with elsewhere. We will set out further steps in the coming weeks and months to achieve these goals, including in our forthcoming 25 Year Environment Plan.

[HCWS391]

HEALTH

Employment, Social Policy, Health and Consumer Affairs (Health) Council

The Minister of State, Department of Health (Mr Philip Dunne): My hon. Friend the Parliamentary Under-Secretary of State for Health (Lord O'Shaughnessy) has made the following statement:

The Employment, Social Policy, Health and Consumer Affairs (Health) Council met on 8 December 2017 in Brussels. The UK was represented at the Health Council by Lord O'Shaughnessy, Parliamentary Under-Secretary of State for Health.

There were three main agenda items; the draft Council conclusions on health in digital society; the draft Council conclusions on the cross border aspects in alcohol policy; and pharmaceutical policy in the EU. There were a number of 'any other business' items.

The Council conclusions on both digital health and tackling the harmful use of alcohol were formally agreed and adopted at the Ministerial Health Council. On digital health the Commission welcomed the rapid implementation of the EU's e-health infrastructure and clear public support for the sharing of health data. On cross border aspects of alcohol policy, the Commission highlighted their commitment to supporting member states' efforts in tackling the harmful use of alcohol, acknowledging most powers are held at national level but emphasising commitment to deal with issues in a proportionate manner at EU level. The presidency and Commission acknowledged the recent ruling on Scotland's minimum unit pricing policy and the UK Government stated they would closely watch implementation in Scotland and keep the policy in England under review. The UK welcomed the presidency's work on alcohol policy, which needed to respect differences between circumstances in member states.

Under the 'pharmaceutical policy in the EU' agenda item, the Commission provided an update on current work including an evaluation of pharmaceutical incentives and proposals planned for 2018 on Health Technology Assessment (HTA). A number of member states outlined problems resulting in medicines shortages and the high prices of pharmaceuticals. The Netherlands and Belgium both outlined the benefits of the current BeNeLuxA initiative where member states could opt to work together on pharmaceutical pricing or on joint horizon scanning work.

As part of the AOBs, the UK thanked the Estonians for hosting the event in Brussels on AMR attended by Dame Sally Davies, UK Chief Medical Officer. Belgium spoke about medicinal products including Valproate and risks for pregnant women and whether pictograms should be used. There were also brief discussions on the state of health in the EU, the annual growth survey 2018, and the steering group on health promotion, disease prevention and management of non-communicable diseases.

Finally, Bulgaria outlined their priorities for their upcoming presidency in the area of health including healthy eating particularly for children and tackling challenges in pharmaceutical policy such as medicine shortages.

[HCWS393]

HOME DEPARTMENT

Surveillance Camera Commissioner: Annual Report

The Minister for Policing and the Fire Service (Mr Nick Hurd): My right hon. Friend the Home Secretary has today laid before the House a copy of the 2016-17 annual report of the Surveillance Camera Commissioner, as required by section 35 of the Protection of Freedoms Act 2012. The report is available from the Vote Office and will also be published on the Commissioner's website.

The Surveillance Camera Commissioner is an independent role appointed under section 34 of the Protection of Freedoms Act 2012 to encourage compliance with the surveillance camera code of practice, review the operation of the code, and provide advice about the code (including changes to it or breaches of it).

The current Commissioner is Tony Porter, whose term of appointment is set until 10 March 2020.

[HCWS392]

Petitions

Monday 8 January 2018

OBSERVATIONS

EDUCATION

Funding for young people in Devon

The petition of residents of the constituency of Newton Abbot,

Declares that each pupil in Devon Received £290 less than the national average; further that Conservatives in Devon believe this is not right; and further that the recent Government consultation was flawed and did not improve the situation.

The petitioners therefore request that the House of Commons urges the Government to increase the funding for the young people of Devon.

And the petitioners remain, etc.—[Presented by Anne Marie Morris, Official Report, 24 October 2017; Vol. 630, c. 271.]

[P002067]

Observations from the Minister for School Standards (Nick Gibb):

We announced the final details of the national funding formulae for schools and high needs on 14 September. This followed two consultations on the principle of the formulae (in March 2016) and the full details of the formulae, including illustrative allocations for schools and local authorities (in December 2016). Under our December proposals, some schools would have received less funding as a result of the national funding formula for schools. Schools in the Newton Abbott constituency would have lost 0.3% on average under the proposals set out in December.

In July we announced an additional £1.3 billion for schools and high needs across 2018-19 and 2019-20, in addition to the schools budget set at Spending Review 2015. This allowed us to make the following changes to the formula for schools:

Increase the basic amount of funding every pupil attracts through the formula;

Providing a cash increase in respect of every school and every local area from April 2018. Final decisions on local distribution will be taken by local authorities, but under the national funding formula every school will attract at least 0.5% more per pupil in 2018-19, and 1% more in 2019-20, compared to its baseline; and

Introducing a minimum per pupil funding level. Under the national funding formula, in 2019-20 all secondary schools will attract at least £4,800 per pupil, and all primary schools will attract at least £3,500 per pupil. In 2018-19, as a step towards these minimum funding levels, secondary schools will attract at least £4,600, and primary schools £3,300.

As a result of these changes, under the final national funding formula, schools in Newton Abbott would gain 2.4% if the formula were fully implemented (based on 2017-18 data).

Schools in Devon local authority are currently funded £218 per pupil below the national average—Devon schools receive on average £4,281 per pupil, compared to the national average of £4,499. This makes Devon the 112th highest funded local authority (out of 150, where 1 is the highest funded). It is not the intention of the

NFF to ensure that every school receives an identical level of funding per pupil. The NFF directs more resources towards areas that face greater challenges, or higher costs in educating pupils. Under the NFF, Devon schools will continue to be funded at lower than the national average. If the formula were fully implemented, and based on 2017-18 data, schools in Devon would receive on average £4,429 per pupil, compared to the national average of £4,657—a difference of £228 per pupil. This is largely because Devon schools are, on average, significantly less deprived than schools elsewhere in the country. For example, 21% of primary pupils in Devon and 20% of secondary pupils live in deprived areas (as defined by the Income Deprivation Affecting Children Index) compared to the national average of 46% and 43% respectively.

WORK AND PENSIONS

Women against state pension inequality

The petition of Glasgow East Constituency,

Declares that as a result of the way in which the 1995 Pension Act and the 2011 Pension Act were implemented, women born in the 1950s (on or after 6 April 1951) have unfairly borne the burden of the increase to the State Pension Age; further that hundreds of thousands of women have had significant changes imposed on them with little or no personal notice; further that implementation took place faster than promised; further that this gave no time to make alternative pension plans; and further that retirement plans have been shattered with devastating consequences.

The petitioners therefore request that the House of Commons urges the Government to make fair transitional arrangements for all women born in the 1950s (on or after 6 April 1951) who have unfairly borne the burden of the increase to the State Pension Age.

And the petitioners remain, etc.—[Presented by David Linden, Official Report, 14 November 2017; Vol. 631, c. 336.]

[P002077]

Observations from the Secretary of State for Work and Pensions (Mr David Gauke):

In 1995, after two years of debate in Parliament and following public consultation, the Government brought in a law to equalise men and women's State Pension age (SPA). This increased the earliest age when a woman could claim SP from 60 to 65. The Government planned for the original change to take place over 10 years between 2010 and 2020.

However, life expectancy is rising. The Government recognised they needed to make further changes to keep the SP affordable. In 2011 they introduced another law to equalise men and women's SPA more quickly. The 2011 law also brought forward the increase in everyone's State Pension age from 65 to 66 by five and a half years.

The Government's original plan was to increase women's SPA by up to two years, so that men and women's SPA would equalise in November 2018 rather than in October 2020. The Government listened to concerns, and looked to see if they could reduce the effect of the planned SPA increases. As a result they agreed to reduce the increase in women's SPA to no more than 18 months, compared to the original 1995 timetable. This benefited almost a

quarter of a million women who would otherwise have waited up to two extra years to claim their SP. This change cost £1.1 billion.

The Government did provide notice of the 1995 changes. Letters were sent to women born between 6 April 1950 and 5 April 1953 from April 2009 to March 2011 informing them of State Pension changes. Those affected by the changes to the law in 2011 were written to between January 2012 and November 2013.

The Government have done lots to improve pensions for everyone, particularly women. Future women pensioners will benefit on average from a higher new SP payment, and from the expansion of automatic enrolment. A woman retiring today can still expect to receive the SP for almost three years longer than men. If SPa had not been equalised, women would spend on average over 40% of their adult life in retirement.

Other possibilities have been considered. All would cost working people a significant amount. Reversing the 2011 SPa changes would cost over £30 billion, while returning to a female SPa of 60 would cost over £70 billion by 2020-21 (with £38 billion needing to be found before April 2018 alone). Going back on these changes could also create a new inequality between men and women.

Further changes to SPa are not justified, given the need to use public money to help those most in need.

The Government are helping older people remain in and return to work. The number of older women in work is now at a record high. There are more than 900,000 more women aged over 50 in work than in 2010. The average age of exit for women is currently 63.6—well above the previous women's SPa of 60.

Our “Fuller Working Lives Strategy: A Partnership Approach”, published in February 2017, aims to help older workers remain or return to employment, and to change employer's attitudes.

Government have changed the law to create the right support for our Fuller Working Lives strategy. For example it is now against the law to dismiss someone

from their employment just because they reach the age of 65. Employees also have the right to request flexible working as long as they have worked continuously for the company for six months. This means people can agree a work pattern to suit their circumstances.

The Government also support vulnerable people. They spend around £50 billion a year on benefits to support disabled people and people with health conditions, while also providing support to carers through the payment of Carers Allowance.

Since 1995 the Government have gone to significant lengths to communicate SPa changes.

Over the last 17 years the Department for Work and Pensions (DWP) has provided over 19 million personalised State Pension estimates. It has encouraged people to request these as part of their long-term financial planning—after all, retirement is a life changing financial decision and people are expected to plan for this.

Following the 1995 SPa changes the equalisation of men and women's SPa was often reported in the media and debated at length in Parliament. DWP notified people with leaflets and carried out a pension's education campaign between 2001 and 2004. This included information on the future equalisation of SPa. Later DWP sent individual letters to those affected. The Government made further increases to SPa in 2011 after a public consultation exercise and extensive debates in Parliament.

With Government facing increasing financial pressures, they cannot unpick the changes to SPa, some of which have been in place for 22 years. It is simply not affordable, especially when we take into account that the average woman reaching SPa last year will get a higher SP income over her lifetime than an average woman reaching SPa at any point before.

There will be no further changes to the law on this issue. This would mean working-age people, especially younger people, bearing a greater share of the cost of the pensions system.

Ministerial Correction

Monday 8 January 2018

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

Small Business Sector

The following is an extract from Questions to the Secretary of State for Business, Energy and Industrial Strategy on 12 December 2017.

Bill Esterson (Sefton Central) (Lab): Despite having the fifth biggest economy in the world—soon to be the sixth—the UK is ranked only 48th in the global enterprise league; 48th out of five really takes some doing. But this is not just about the lack of support for start-ups. Among small and medium-sized enterprises business confidence is falling and costs are rising, and, as the Bank of England's figures show, access to finance is still at its lowest level since 2010. Do the Government have any excuse for their woeful failure to support our smallest businesses?

Margot James: The hon. Gentleman really should stop talking small businesses down, and he is absolutely wrong in his estimate. The UK is No. 4 in the world for being the best place to start a business, and the OECD figures show that we score highly on enterprise. He does raise a valid point about growth, and we need to improve our record in supporting small businesses to grow, which is precisely why the Chancellor has made available a vast amount of money in this year's Budget to support the growth of small businesses. [*Official Report, 12 December 2017, Vol. 633, c. 166.*]

Letter of correction from Margot James.

An error has been identified in the response I gave to the hon. Member for Sefton Central (Bill Esterson). The correct response should have been:

Margot James: The hon. Gentleman really should stop talking small businesses down, and he is absolutely wrong in his estimate. **The UK is No. 4 in the EU for ease of starting a business and No. 14 in the world**, and the OECD figures show that we score highly on enterprise. He does raise a valid point about growth, and we need to improve our record in supporting small businesses to grow, which is precisely why the Chancellor has made available a vast amount of money in this year's Budget to support the growth of small businesses.

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