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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES
(HANSARD)**

Wednesday 21 February 2018

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

CABINET OFFICE AND CHANCELLOR OF THE DUCHY OF LANCASTER

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster was asked—

Parliamentary and Local Elections

1. **Toby Perkins** (Chesterfield) (Lab): What steps he is taking to increase participation by under-represented groups in parliamentary and local government elections.

[903970]

11. **Mr Paul Sweeney** (Glasgow North East) (Lab/Co-op): What steps he is taking to increase participation by under-represented groups in parliamentary and local government elections.

[903982]

The Parliamentary Secretary, Cabinet Office (Chloe Smith): Last December, we published our democratic engagement plan, setting out our current evidence on under-registered groups, our plans for deepening our understanding of engagement barriers and a commitment to tackling them. This year we are already delivering a number of projects focusing on young people and linked to the suffrage centenary celebrations.

Toby Perkins: The electoral roll would be a good place to start a strategy like that. The Government are perfectly good at finding us when they want our tax, yet an estimated 6 million people—predominantly younger urban voters, particularly those in ethnic minorities—are missing from the electoral roll. Everyone who is on Government registers through the benefit system, the tax system and the health system should be on the electoral roll. The boundary changes based on this flawed register are an undemocratic sham, so why are the Government working to make it more difficult to vote, rather than addressing this national scandal?

Mr Speaker: Order. That was too long.

Chloe Smith: I do not think that the hon. Gentleman was listening to my answer. We are not trying to make it more difficult to register to vote. We have set out a full plan about making it easier to do so for the groups who need it most. I take this opportunity to make it absolutely clear that we have a number of record highs on our register. Since the introduction of individual electoral registration in 2014, more than 30 million people have

registered to vote. Ahead of the general election last year, a record number of additional applications to register were submitted. The electoral register has reached a record level of 46.8 million electors, and we should be proud of that.

Mr Sweeney: The Minister may be interested to know that the turnout in my constituency of Glasgow North East at the last election was 53%, which was well below the national average. It also happens to be an area with some of the lowest incomes and highest unemployment in the country. Research has shown that low-income workers and long-term unemployed people report lower levels of political knowledge and participation in political activities than those from other occupational backgrounds. Given that they are also less likely to be on the electoral register—

Mr Speaker: Order. Sit down. What I want is a single-sentence question. Forgive me, but these prepared screeds are too long, and they are not fair to colleagues—a single sentence, and then sit down.

Mr Sweeney: Given that these low-income groups are less likely to be on the electoral register, what is the Minister planning to do to actively engage with them and get them on the electoral register?

Chloe Smith: As I say, a range of things are set out in the democratic engagement plan. I look forward to working further with the hon. Gentleman and people across parties in this House and outside it to ensure that all those who are eligible to vote do so.

Rebecca Pow (Taunton Deane) (Con): Will the Minister confirm how she is ensuring that survivors of domestic violence can participate in our elections?

Chloe Smith: My hon. Friend is absolutely right to raise that very important point. We should be proud that, only last night in the House of Commons, we saw hon. Members, cross party, supporting ways to make it easier for survivors of domestic abuse to be on the register. That is something that we should be proud of in this centenary year.

Mr Ranil Jayawardena (North East Hampshire) (Con): Does my hon. Friend agree that one way of increasing participation is through a clear and trusted voting system? Will the Government perhaps look at how they can roll out first past the post in more English elections?

Chloe Smith: My hon. Friend reminds us that in the 2017 Conservative manifesto, there was the commitment to maintain first past the post as the way that we vote in this country and to roll it out to additional elections. I look forward to speaking further to him about that.

Cat Smith (Lancaster and Fleetwood) (Lab): It is clear that disabled people are under-represented in our democracy and our politics, but in 2015, the Minister's Government abolished the access to elected office fund, which supported many disabled people in meeting the extra costs in standing for office. How can the Government claim to be making democracy more accessible when these financial barriers are put in their place?

Chloe Smith: The piece of evidence that I am working on at the moment relates to a call for evidence that came back from work on how to make voting in elections more accessible for those with disabilities. It is important to note that we are talking about a range of disabilities, and not just those that may be visible. That is something I am keen to focus on in my work. Indeed, I look forward to working further with the hon. Lady on ensuring that people with any disability feel able not only to participate in elections as candidates, but crucially, to register to vote.

Michael Tomlinson (Mid Dorset and North Poole) (Con): Is it not right that, despite the concerns raised, individual electoral registration has both increased the roll and helped to reduce fraud?

Chloe Smith: That is absolutely correct. According to a 2016 report from the Electoral Commission, both completeness and accuracy have risen, and we should aim to keep it that way.

Tommy Sheppard (Edinburgh East) (SNP): Given the Government's determination to end freedom of movement to and from this country, might this now be an appropriate time to embrace the principle that everyone legally resident in this country should have a say in its governance? Would the Minister therefore consider introducing proposals to allow those born in other countries who decide to stay and make this country their home after Brexit the right to vote and to welcome them to our democracy?

Chloe Smith: I am considering this point—a number of points need to be taken into account as we complete an orderly exit from the EU—but the broader point is that if somebody has citizenship in this country they have the right to vote, which we think is correct.

Voting Age

2. **Lucy Powell** (Manchester Central) (Lab/Co-op): What recent assessment he has made of the potential merits of reducing the voting age to 16. [903971]

6. **Alex Cunningham** (Stockton North) (Lab): What recent assessment he has made of the potential merits of reducing the voting age to 16. [903975]

7. **Liz McInnes** (Heywood and Middleton) (Lab): What recent assessment he has made of the potential merits of reducing the voting age to 16. [903976]

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr David Lidington): The Government stated in their manifesto a commitment to maintaining the voting age at 18. We therefore have no plans to lower the voting age in elections. We continue to believe that the voting age should remain aligned with the age of majority at 18. This is the point at which many other key rights and obligations are acquired and is in line with international comparators.

Lucy Powell: With growing support for votes at 16 on the Government's own Benches, including from two former Education Secretaries, the right hon. Members for Putney (Justine Greening) and for Loughborough (Nicky Morgan), is not the right honourable

George Osborne right when he says that the Government do not have a majority to stop this anymore and might as well get on and embrace it and get the credit?

Mr Lidington: The responsible thing for the Government to do is to stand by not just the policy we stood on in the recent general election but what we believe to be right, and it is right that the age of majority at 18 is the age at which every man and woman in this country acquires the full rights and responsibilities of adult citizenship.

Alex Cunningham: If 16 and 17-year-olds are too childish and irresponsible to vote in local or Westminster elections, should that not also apply to their ability to vote in Conservative leadership elections?

Mr Lidington: We are talking here about electing the Parliament and the Government of the country, and although some 16 and 17-year-olds exercise and demonstrate enormous responsibilities, it is also the case that we make a general protection in our law for 16 and 17-year-olds—for example, through the criminal justice system. That is another way we recognise that 18 is, on average, the right point to make that judgment.

Liz McInnes: Last week, my local authority, Rochdale Borough Council, approved a motion supporting votes at 16 that received cross-party support. When will the Minister drag himself into the 21st century and get in line with the progressive and forward-thinking councillors representing the borough of Rochdale?

Mr Lidington: I am always genuinely interested to hear what is happening in Rochdale Council, but I draw the hon. Lady's attention to the fact that 26 of our 27 EU partners, as well as Canada, Australia, New Zealand and the United States, all have a voting age that begins at 18. I do not think that those countries can fairly be said to be not in the 21st century.

Mr Gary Streeter (South West Devon) (Con): May I encourage my right hon. Friend to follow the wise example of the last Labour Government, who, though they were in office for 13 years and made many radical constitutional changes, none the less did not bring forward proposals to reduce the voting age to 16—for very good reasons?

Mr Lidington: My hon. Friend is spot on, and not only that, but the last Labour Government took a deliberate decision to increase from 16 to 18 the age at which somebody could buy cigarettes and knives and use a sunbed.

Anna Soubry (Broxtowe) (Con): I agree very much with everything my right hon. Friend is saying. Is not the answer to look at all the laws pertaining to the age of majority and actually have laws that make sense? As he identifies, someone is not deemed old enough to use a sunbed at 17; can get married at 16 with their parents' permission but cannot go out and buy a drink to celebrate; and cannot drive a car until they are 17. The law is all over the place and needs a proper review. Is that not the way forward?

Mr Lidington: My right hon. Friend makes an interesting and valid point. I would add, of course, that we make specific protections in our law in respect of criminal justice and the asylum system, recognising that people under 18 need special protection.

Laura Smith (Crewe and Nantwich) (Lab): During a debate in 2015, the hon. Member for Norwich North (Chloe Smith), said:

“I am one of those who believes that we should allow voting at 16”.—[*Official Report*, 17 November 2015; Vol. 602, c. 572.]

Since then, a range of senior Conservatives have outlined their support, including the former Chancellor, who said that the Conservative party risked

“being on the wrong side of history”

if it refused to back the measure. Does the Minister agree with his colleague and will does he support votes at 16?

Mr Lidington: I stand by the manifesto on which I stood in 2017, and, as has been made clear this morning, by the position that the Labour party took for the 13 years during which it was last in government.

Steel Industry

3. **Tom Pursglove** (Corby) (Con): What steps he is taking to support the UK steel industry through Government procurement. [903972]

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr David Lidington): We are working hard to ensure that United Kingdom producers of steel have the best possible chance of competing for and winning contracts. I believe that the Government's changes in procurement guidelines make that opportunity greater for UK producers, including those in Corby.

Tom Pursglove: As my right hon. Friend is well aware, we produce brilliant-quality steel tubes in Corby. What positive difference does he believe those public-sector procurement rules are making to our steel industry, and will he join me in promoting the use of British steel at every opportunity?

Mr Lidington: I am happy to join my hon. Friend in his tribute to the steelworkers of Corby, and the steel industry in the United Kingdom more generally. The guidelines that we have introduced mean that purchasing authorities must take account of the wider social and economic benefits that UK producers can bring, so that contracts are not awarded on the basis of cost alone. Moreover, every public authority is now required to incorporate relevant social and economic criteria in all major construction and infrastructure projects.

Nic Dakin (Scunthorpe) (Lab): When will the Government fulfil their commitment in procurement policy note 11/16 to publish the performance of each Department?

Mr Lidington: I hope that we shall be able to do that later this year. According to the most recent information that I have, Government Departments are committed to

following the guidelines, but we are carrying out checks to ensure that that is being followed through to the spirit as well as the letter.

Chris Green (Bolton West) (Con): Severfield, in Lostock at the heart of my constituency, produces architecturally significant steel structures such as the 2012 Olympic stadium and the ArcelorMittal Orbit sculpture. Will my right hon. Friend do all that he can to ensure that Government procurement buys beautiful, buys British, and buys from Bolton?

Mr Lidington: We want both public and private sector customers to buy British steel whenever possible. The Government have published a pipeline of future public procurement in which steel is needed, so that British producers can plan to bid to take part in the process.

Ethical Procurement

4. **Kerry McCarthy** (Bristol East) (Lab): What recent discussions he has had with Cabinet colleagues on ethical procurement. [903973]

The Parliamentary Secretary, Cabinet Office (Oliver Dowden): The Government are committed to ethical procurement. The Public Services (Social Value) Act 2012 requires commissioners to consider the social benefits of their approaches to procurement, and the industrial strategy requires Departments to consider wider social and economic factors in the design of major Government contracts.

Kerry McCarthy: Another recent report has commented on the link between ultra-processed food and cancer, rising levels of obesity, and the fact that only one in four adults is eating five a day. What more can the Government do through their public procurement processes to encourage healthy, sustainable eating, and to source it from British producers?

Oliver Dowden: The hon. Lady has raised an important point. As I have said, the Public Services (Social Value) Act 2012 enables procurers to take those wider factors into account. We are also encouraging the adoption of a so-called balanced scorecard approach whereby, in the process of procurement, we consider those wider factors. We have rolled that out for all contracts worth more than £10 million, and have extended it to the Crown Commercial Service framework for facilities management.

Michael Fabricant (Lichfield) (Con): What additional flexibility in public procurement will be yielded by Brexit?

Oliver Dowden: One of the advantages of Brexit is that it will provide a wide range of opportunities to tailor our procurement rules to the needs of this country. Once we have left Europe, we will be considering exactly those measures.

Thangam Debbonaire (Bristol West) (Lab): What certainty does the Minister have that there is no direct or indirect gender discrimination anywhere in the Government's supply chain?

Oliver Dowden: In October last year, the Government produced a code of conduct relating to Government procurement which covered precisely those points.

Government Procurement: SMEs

5. **Chris Davies** (Brecon and Radnorshire) (Con): What steps his Department is taking to promote Government procurement from small and medium-sized businesses. [903974]

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr David Lidington): Small businesses are the backbone of our economy and we are committed to supporting them in securing public sector contracts. Our aspiration remains to spend a third of our procurement spend with them by the end of 2022.

Chris Davies: I thank my right hon. Friend for his answer. Does he agree that individual Government Departments have crucial roles to play in promoting the use of small businesses in Government procurement, in order to deliver greater diversity in the firms that are awarded Government contracts?

Mr Lidington: I completely agree. We are working with Departments through the Crown Commercial Service to develop detailed SME action plans Department by Department, with every Department putting in place both a ministerial lead and a senior official with a role to champion small businesses. The figures so far show that more than half of Government Departments have increased the proportion they now spend on SMEs.

Chris Bryant (Rhondda) (Lab): When we start the major work on this building, which will be a massive multibillion-pound infrastructure project, will the Government ensure that small businesses all around the country get contracts, not just the big corporations?

Mr Lidington: I certainly hope that that will be the case, and I believe our guidelines and approach to different Government Departments will encourage small business to secure those opportunities, but it will also be a matter for the Commons Commission.

Voter ID Pilots

8. **Nick Smith** (Blaenau Gwent) (Lab): What steps he is taking to ensure that local authorities participating in voter ID pilots at the local government elections in May 2018 communicate to voters changes in the voting process. [903977]

10. **Gareth Snell** (Stoke-on-Trent Central) (Lab/Co-op): What steps he is taking to ensure that local authorities participating in voter ID pilots at the local government elections in May 2018 communicate to voters changes in the voting process. [903980]

The Parliamentary Secretary, Cabinet Office (Chloe Smith): The Cabinet Office is working in close partnership with all piloting local authorities to ensure that each pilot has a tailored and comprehensive awareness-raising campaign that encourages eligible voters to bring ID to the polling station.

Nick Smith: Research by the Royal National Institute of Blind People has found that the polling cards in the Government pilot are still inaccessible for blind and partially sighted people, and are often mistaken for junk mail. Can the Government guarantee that restrictive ID requirements will not disenfranchise disabled voters?

Chloe Smith: That is an extremely good point, and it is exactly the kind of thing I was referring to in my earlier answer regarding the call for evidence on how those with disabilities might in some ways be disempowered from using the registration and voting system. In this case, I would expect the piloting local authorities to look carefully at the issue in their own work, and I will undertake to do so as well from the point of view of the Cabinet Office.

Gareth Snell: What guarantees can the Minister give people who do not currently have the necessary ID to go and vote in the upcoming elections that they will be able to have access to the photographic ID that is needed without incurring personal cost?

Chloe Smith: The local authorities involved in the pilots are ensuring that nobody will be left behind in the way the hon. Gentleman might fear. They will provide ID if a voter does not have it, in the format of, for example, barcoded poll cards or letters that are relevant on the day. Those kinds of issues remind us why it is important to do pilots to test things out.

Justin Tomlinson (North Swindon) (Con): The award-winning elections team in Swindon will deliver one of those pilots. Does the Minister agree that it is staggering that Labour opposes a change that is no different from collecting a parcel from the post office?

Chloe Smith: That is absolutely right. Anybody who might oppose these measures should think very, very carefully. We already ask that people prove who they are when they go to collect a parcel, rent a home, buy a home, rent a car, or travel; it is normal to use ID in everyday life.

Several hon. Members *rose*—

Mr Speaker: One short sentence only; Bob Blackman.

Bob Blackman (Harrow East) (Con): Given that voter ID is required in Northern Ireland, will my hon. Friend roll this out across the country as quickly as possible so that all elections are free and fair?

Mr Speaker: Thank you; splendid.

Chloe Smith: I will look closely at the results of the pilots to evaluate whether it is possible to go further with them. My priority is to do what we can to stamp out electoral fraud. Fraud is not a victimless crime; to have your vote abused is to have it stolen, and that is what I am looking at.

Christian Matheson (City of Chester) (Lab): In the context of these trials forcing people to show ID to vote, in the context of individual electoral registration resulting in 2 million people falling off the electoral register, and now it seems in the context of proposals to

make postal votes harder to obtain, why is it that every change the Government bring in makes it harder for people to vote? Why are they scared of people voting?

Chloe Smith: The hon. Gentleman is blowing this out of all proportion. Let us not forget that we already use ID to register to vote. What we are talking about here is proving that the person who is voting is the person who registered. Let me return to an earlier answer and say that individual electoral registration has increased the accuracy and completeness of the register. I think that the hon. Gentleman is misunderstanding his own point.

Topical Questions

T1. [903985] **Nigel Mills** (Amber Valley) (Con): If he will make a statement on his departmental responsibilities.

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr David Lidington): I was pleased to be able to announce that Mr Justice Langstaff will serve as chair for the independent inquiry into the infected blood scandal. He is a highly experienced judge who I am confident will conduct a thorough inquiry. Over the coming weeks, he will be talking to those affected to set comprehensive terms of reference, and the Government will provide him with all the support he needs. *[Interruption.]*

Mr Speaker: Order. There is far too much noise in the Chamber. The Minister's answer could hardly be heard. Let us hear the voice of Amber Valley. I call Mr Nigel Mills.

Nigel Mills: I thank the Minister for his answer. What plans does he have to use the events marking the centenary of women's suffrage to encourage greater democratic participation?

The Parliamentary Secretary, Cabinet Office (Chloe Smith): During this centenary year, we will host the first national democracy week. We have established a council to help to deliver a unified programme of events up and down the country that will focus on those who are underrepresented on the electoral roll, and a package of education-themed events to inspire young people and women through the story of suffrage and our democracy.

T2. [903986] **Matt Western** (Warwick and Leamington) (Lab): All of us in the House will have been saddened last week by the tragic death of a homeless man just yards from here. Will the Minister tell us how the Cabinet Office is working with all Departments to ensure that this crisis is resolved quickly?

Mr Lidington: Any such death is a tragedy. The Government have established an inter-ministerial group to drive forward our objective of halving rough sleeping by 2022 and eliminating it altogether by 2027. I am playing an active part in that work.

T3. [903987] **Bill Grant** (Ayr, Carrick and Cumnock) (Con): What plans does my right hon. Friend have to move more civil service jobs outside London, and has Scotland been considered as an excellent destination for Government Departments or agencies?

The Parliamentary Secretary, Cabinet Office (Oliver Dowden): The Government are committed to moving activities away from London and the south-east. There is a presumption that all new non-departmental public bodies should be outside London, so we have created Government hubs across the UK, including in Edinburgh and Glasgow. My hon. Friend makes a marvellous case for having more such opportunities in Scotland.

T5. [903989] **Jamie Stone** (Caithness, Sutherland and Easter Ross) (LD): Dounreay in my constituency is being decommissioned, and it is crucial that both levels of government should work in harmony to ensure future employment for the people of my constituency. Canada and Australia typify joint working between levels of government. Will the Minister work very hard indeed to ensure that the Scottish Government and the UK Government work together to allay the fears of my constituents and to provide future employment?

Mr Lidington: I completely understand the importance of Dounreay to the hon. Gentleman's constituency. The Government's industrial strategy is all about trying to ensure that every part of the United Kingdom benefits from the new industrial opportunities now open to us, and my right hon. Friend the Business Secretary will be working with the Scottish Government to ensure that it delivers for Caithness and Sutherland.

T4. [903988] **Mark Pawsey** (Rugby) (Con): Too few of our small businesses apply to sell their goods to Government because they are worried about the bureaucracy involved. What reassurance can the Minister give them and, specifically, what feedback is available to them when they do so?

Oliver Dowden: My hon. Friend makes an important point. Small businesses are the engine of our economy, and we are committed to supporting them in public procurement. That is why we have already streamlined our procurement processes to assist small businesses by, for example, abolishing complex questionnaires. Specifically in relation to too much bureaucracy, businesses can report such practices to the mystery shopper service.

T6. [903990] **Patrick Grady** (Glasgow North) (SNP): On what date were Government officials first instructed to work on draft amendments to clause 11 of the European Union (Withdrawal) Bill?

Mr Lidington: Work on clause 11 has been going on for a long time, to deliver on our commitment to table amendments during proceedings in the House of Lords—with the agreement of the Scottish and Welsh Governments if humanly possible.

T7. [903991] **Mr Philip Dunne** (Ludlow) (Con): Will my hon. Friend mark the centenary of women's suffrage by giving Government support to the Overseas Electors Bill of my hon. Friend the Member for Montgomeryshire (Glyn Davies) to enfranchise British citizens who have lost the right to vote?

Chloe Smith: Yes, I intend to speak on the Government's behalf during the Bill's Second Reading on Friday. The proposal is an important Conservative manifesto commitment, but I hope that it will also command cross-party support.

Alison Thewliss (Glasgow Central) (SNP): My colleagues in Edinburgh will be voting today to scrap the public sector pay cap and give a 3% pay rise to those earning under £36,000. When will public sector workers in England see a similar rise?

Oliver Dowden: Public sector workers are among the most talented and hard-working people in our society, and they should be fairly rewarded. In respect of the Cabinet Office, the Chancellor's Budget statement confirmed that we are moving away from the 1% average public sector pay award, and proposals will be issued later this year.

Mr Bernard Jenkin (Harwich and North Essex) (Con): I wish my right hon. Friend every success in his forthcoming meeting with the Scottish and Welsh Governments this week. Will he bear in mind that he is being compromising and open, and will he invite them to be the same?

Mr Lidington: My hon. Friend is right to point to the importance of all parts of the United Kingdom working together to deliver an orderly, smooth Brexit. We want to work in partnership with the Scottish and Welsh Governments to deliver a big increase in the powers devolved to their Parliaments and Governments.

Diana Johnson (Kingston upon Hull North) (Lab): I welcome the Minister's announcement about the appointment of Sir Brian Langstaff as the judge for the public inquiry into contaminated blood, but will he reassure the House that the inquiry will have a families-first approach, that an outward-facing secretariat will support all those affected, and that meetings will be held around the regions and nations of this country?

Mr Lidington: The hon. Lady will understand that Sir Brian, as the independent chair, will ultimately determine such matters, but I was struck when I met him by his determination both to listen to the views of the families who have been worst affected by the tragedy and to ensure that those views are fully taken into account.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [903955] **Ruth Cadbury** (Brentford and Isleworth) (Lab): If she will list her official engagements for Wednesday 21 February.

The Prime Minister (Mrs Theresa May): This morning I had meetings with ministerial colleagues and others. In addition to my duties in this House, I shall have further such meetings later today.

Ruth Cadbury: On Monday, children and parents at St Mary's Catholic Primary School in Chiswick told me of their concerns about air pollution affecting children's health. This morning, the High Court ruled that the Government's air quality plan is unlawful. What does the Prime Minister feel is worse: losing for the third

time in the High Court, or 40,000 unnecessary deaths and the impact on children's health of the UK's unsustainable air quality?

The Prime Minister: The issue the hon. Lady has raised about air quality is important, and that is why we have been taking action to improve air quality. I say to her that I do not think that the way she has described the Court's decision this morning properly reflects the Court's decision. Let me just explain to the House that we welcome the fact that the Court dismissed the complaint relating to five cities with major air quality problems and found that we are taking appropriate action. It agreed that the modelling we used to support the 2017 air quality plan is sound. It has asked us to go further in areas with less severe air quality problems where we thought a pragmatic approach was appropriate; we will now formalise that. But actually, on two of the three counts, the Court found in the Government's favour.

Q2. [903956] **Eddie Hughes** (Walsall North) (Con): The people of Willenhall and Bloxwich want to see more police on the streets, and I have lobbied the Police Minister for funds to put more police on the streets. Will the Prime Minister join me in urging the Labour police and crime commissioner to put more police on the streets instead of increasing his budget for back-office staff by £10 million?

The Prime Minister: My hon. Friend raises an important issue, and he is right to speak up for his constituents in relation to this matter. He is also right, because this Government have been keen to ensure that police are out there, not in back-office jobs. More money is going to policing—[*Interruption.*]

Mr Speaker: Order. Please, the questions and answers must be heard, and I make no apology for repeating that the discussions here at Prime Minister's questions should bear some resemblance to what the House is saying in relation to culture. We have recently had a report on harassment. Let us try to behave properly in these sessions. That means listening to the answers and listening to the questions. Both sides of the House have got to try to wake up to the reality that huge numbers of people outside this place—I could not care less about the Press Gallery—disapprove of this sort of behaviour. On both sides, stop it.

The Prime Minister: Thank you, Mr Speaker. The funding settlement for next year provides extra money for policing, which means that West Midlands police will receive an increase of £9.5 million. Of course, as my hon. Friend the Member for Walsall North (Eddie Hughes) says, it is up to the West Midlands police and crime commissioner—a Labour commissioner—to decide how he spends that money, but I know that police forces can be more effective and productive, and I am sure my hon. Friend will make his case very strongly to the Labour commissioner.

Jeremy Corbyn (Islington North) (Lab): Yesterday the Brexit Secretary assured the country that Brexit will not plunge Britain

"into a Mad Max-style world borrowed from dystopian fiction." Does the Prime Minister not feel that the Brexit Secretary could set the bar just a little bit higher?

The Prime Minister: As the right hon. Gentleman knows, we are very clear that we are going to ensure that, when we leave the European Union, we are able to take back control of our borders, our money and our laws. The only fiction in relation to Brexit and the European Union is the Labour party's Front Bench, who cannot even agree with themselves on what their policy is.

Jeremy Corbyn: One of the Prime Minister's former Brexit Ministers in the other place warned her that Britain will be walking a "gangplank into thin air" if she does not decide what she actually wants on leaving the European Union.

In his speech, the Brexit Secretary also said that fears about a deregulatory "race to the bottom" were "based on nothing". Why, then, did his own Department's exit analysis state that there could be opportunities for Britain in deregulating areas such as environment and employment law?

The Prime Minister: The right hon. Gentleman talks about what we actually want to achieve when we leave the European Union. I will tell him what we want to achieve: we want to ensure that this is a country that can negotiate free trade deals around the rest of the world; we want to ensure that we have a good trade agreement with the European Union, and that is what we will be starting to negotiate; and we want to ensure that we have a good security partnership with the European Union, as I set out in detail in my speech in Munich last week. But we also want to ensure that this country takes the opportunities that will be open to us outside the European Union to boost our economy and to ensure that we develop the economy of the future and jobs for the future—more high-paid, high-skilled jobs for the people in this country. We are putting the people first.

Jeremy Corbyn: In December, the Foreign Secretary and the Environment Secretary were briefing that the working time directive would be scrapped. The CBI and the unions are very clear that they are not looking for a bonfire of regulations—quite the opposite. The only party that wants to scrap workers' regulations and protections is the party opposite.

In her Lancaster House speech a year ago, the Prime Minister clearly stated:

"I also want tariff-free trade with Europe".

Now, a year on, she has downgraded that aim to "as tariff-free as possible". Businesses and workers want tariff-free access to protect jobs, so why have the Government abandoned that for "as tariff-free as possible"?

The Prime Minister: I have to say to the right hon. Gentleman that the Government have not abandoned their negotiating position in relation to this; we will be ensuring that we get that good, comprehensive trade agreement—new economic partnership—with the European Union. He also mentions workers' rights. I have been clear since I became Prime Minister that this Government will not only protect workers' rights, but enhance them. Let us just look at the Conservatives' record in government. Which Government took action on zero-hours contracts? It was a Conservative Government, not Labour. Which Government got Matthew Taylor to report on the new

economy, so that we ensure workers get the highest rights? It was a Conservative Government, not Labour. Which Government are ensuring that workers' voices are heard on the boards of companies? It is a Conservative Government, not Labour.

Jeremy Corbyn: I do not know whether the Prime Minister has had a chance to read *The Daily Telegraph* today, but 62 of her Back Benchers want a bonfire of regulations and to destroy workers' rights in this country. When the Government's EU exit analysis was published, the Brexit Minister, the Under-Secretary of State for Exiting the European Union, the hon. Member for Worcester (Mr Walker), said:

"It does not consider our desired outcome"—[*Official Report*, 31 January 2018; Vol. 635, c. 835.]

Will the Prime Minister take this opportunity now to tell the House and the country: what is the Government's desired outcome?

The Prime Minister: I am very happy to: a bespoke economic partnership.

Jeremy Corbyn: Okay. So, given that the Prime Minister ruled out any form of customs union post-Brexit, can she explain how she expects then to avoid a hard border with Northern Ireland?

The Prime Minister: The right hon. Gentleman and others have asked this question previously. I have already pointed out in this Chamber that the Government published papers last summer that showed how we can deliver exactly that—no hard border between Northern Ireland and the Republic of Ireland, and a bespoke economic partnership with the European Union.

Jeremy Corbyn: The Foreign Secretary recently made a speech about Brexit and found time to mention carrots, spam, V-signs, stag parties and a plague of boils. There was not one mention of Northern Ireland in his speech. We are halfway through—[*Interruption.*]

Mr Speaker: The hon. Member for Morecambe and Lunesdale (David Morris) must calm himself. It is not good for your health. It is only Wednesday, man—you have the rest of the week to get through. I am trying to help you. You should appreciate my kindness.

Jeremy Corbyn: We are halfway through the six speeches we were told would set out the Government's negotiating position. So far, all we have had is waffle and empty rhetoric. Businesses need to know. People want to know. Even the Prime Minister's Back Benchers are demanding to know, but it is not clear from today's exchanges. This Government are not on the road to Brexit—they are on the road to nowhere.

The Prime Minister: I think I have mentioned to the right hon. Gentleman before that his job is actually to ask a question, but I am perfectly happy to respond to the points he made. He said that we have not set out any detail. May I suggest to him that he needs to think very carefully about the security partnership that we want with the European Union when we have left? I set out in my speech in Munich last week exactly what we want that security partnership to cover, because we believe in ensuring that we are maintaining the security and safety

of people here in the UK, but also in Europe. We are unconditionally committed to the safety and security of Europe. But may I congratulate him, because normally he stands up every week and asks me to sign a blank cheque? I know he likes Czechs, but really that is terribly depressing.

Q3. [903957] Kevin Foster (Torbay) (Con): My constituent Evelyn Fisher was killed when a car mounted the pavement, with tests done after the incident indicating that the driver had an undiagnosed medical condition that would have needed to be assessed by the Driver and Vehicle Licensing Agency had it been detected beforehand. What view does the Prime Minister take of the current system and rules for ensuring that those who hold driving licences are fit to drive?

The Prime Minister: My hon. Friend has raised a very important point. It is absolutely crucial—of course we want to ensure this—that people who are driving are actually fit to drive. I know that the sympathies of not just my hon. Friend but the whole House will be with Evelyn's family and friends. The current driving licence system is designed to balance road safety with the needs of the individual. All drivers must inform the DVLA if they have a medical condition that might affect their driving and should discuss any of their concerns with their own medical professionals. We take this issue very seriously and are committed to ensuring that those who are granted a driving licence are fit to drive.

Ian Blackford (Ross, Skye and Lochaber) (SNP): At least 194 people have been killed in the past 48 hours in Eastern Ghouta. Will the Prime Minister tell the House what discussions her Government have had with UN colleagues since Sunday on the enforcement of the existing UN resolutions that call for an end to sieges of civilian areas and attacks on civilians?

The Prime Minister: The right hon. Gentleman raises an important issue. We are appalled by the escalation of air strikes in Eastern Ghouta and deeply concerned by reports of the ongoing deliberate targeting of civilians and civilian infrastructure, in blatant violation of international humanitarian and human rights law. We, as the United Kingdom Government, certainly call on the regime and its backers to cease this campaign of violence. They should respect international humanitarian law, protect civilians, and allow rapid and unfettered humanitarian access. There is concern that something like 700 people who need medical evacuation are being refused that evacuation by the regime. We will continue to work with the UN and the UN Geneva-led process. The UN envoy has our full support for his work to try to bring an end to this by finding a political solution for Syria.

Ian Blackford: I thank the Prime Minister for that answer. The bombing is relentless. Doctors on the ground are treating pregnant women and babies who have lost limbs. It is estimated that well over 100 children have been killed since Sunday. The UN has issued desperate pleas calling for political intervention. It has stated:

"No words will do justice to the children killed, their mothers, their fathers and their loved ones".

Will the Prime Minister show leadership and join me in calling for an urgent meeting of the UN Security Council to address the horrific genocide that is unfolding in Syria?

The Prime Minister: The United Nations has called on Governments around the world to call out the action that has been taken and to be ready to stand up against that action. That is exactly what this Government are doing. We will talk to our UN colleagues to ensure that the best possible approach can be taken in relation to these issues, but it is not just about the Syrian Government; it is about the backers of the Syrian Government as well. We call on all their backers, including Russia, to ensure that the violence stops, and that those people who are need of help are given that help.

Q7. [903961] Chris Green (Bolton West) (Con): De La Rue has been manufacturing and innovating in the UK for nearly 200 years, including at its factory in Westhoughton at the heart of my constituency. It is the only British company that is bidding to produce our new passport, with the other two bidders being French. Will my right hon. Friend commit to doing all she can to support our manufacturers and innovators, and to make our new blue passport truly British?

The Prime Minister: I am sure that my hon. Friend is aware that the competition will be open and fair. I cannot comment on individual bids, but I am sure that he will make his voice heard. It is right that from autumn 2019 we will issue new blue and gold passports, which have always been the UK's colours of choice for our passports. It is absolutely right that after we leave the European Union, we return to deciding the colour of passports that we want, not that the European Union wants.

Q4. [903958] Angela Smith (Penistone and Stocksbridge) (Lab): My constituent, Claire Throssell, suffered terrible tragedy when her two children were murdered by their father in an arson attack at the family home. This brave woman has since dedicated herself to campaigning for victims of domestic violence to receive better protection from the family courts and the various public services concerned. Will the Prime Minister tell us when the domestic violence Bill will be published? Will it be as comprehensive as she promised when she announced the intention to legislate?

The Prime Minister: Our thoughts are with Claire following the terrible tragedy that she has been through. We recognise that we need to provide support for the victims of domestic violence. As the hon. Lady suggested in her question, there are many aspects to this issue. Before my right hon. Friend the Home Secretary brings forward legislation, she will be issuing a consultation, because we want to ensure that we listen to all those who have been affected so that we deal with all aspects of this particular issue. The Government are committed to working not only to support the victims of domestic violence, but to ensure that we end violence against women and girls.

Q9. [903963] Andrea Jenkyns (Morley and Outwood) (Con): I recently visited a memory café in Drighlington Methodist church in my constituency. The café is open to individuals and their carers, and helps to provide support for memory loss. I was touched by the dedication of the volunteers, and I will soon be hosting my own memory surgery, which will give local residents with memory loss the opportunity to speak about issues

affecting their lives. Will the Prime Minister take this opportunity to update the House on what the Government are doing to help those with dementia and to congratulate the hard-working carers of those suffering with this progressive condition?

The Prime Minister: I am very happy to join my hon. Friend in congratulating those many carers who are looking after people with dementia, and also volunteers who provide services for people with dementia and their carers. We are working with partners across the health system to ensure that more people with dementia than ever before receive a diagnosis, as well as to raise awareness, to ensure that people get an earlier diagnosis, and to provide the care and support that is needed. I am also pleased to say that there are now 2.3 million dementia friends across the country, and that we are doubling spending on dementia research. I will also ensure that members of the Cabinet are given the dementia friends training.

Q5. [903959] Anna Turley (Redcar) (Lab/Co-op): Last night, I attended a meeting of hundreds of Redcar residents who are deeply concerned about rising levels of crime and antisocial behaviour. Crime in Redcar has increased by 18% since 2011. We have lost more than 500 officers and suffered £40 million of cuts to our local policing budget. Will the Prime Minister commit straightaway to give back the money for neighbourhood policing? Will she apologise to the constituents of Redcar and Cleveland who have had to put their hands back in their pockets through the precept to compensate for her massive cuts?

The Prime Minister: It is good to see the hon. Lady back in the House.

As I said to my hon. Friend the Member for Walsall North (Eddie Hughes), we are providing extra funding for police forces—[HON. MEMBERS: “No, you’re not.”] It is no good Labour Members shaking their heads and saying that, because we are providing extra funding for police forces, and it is of course up to police and crime commissioners to decide how that money is spent.

Q15. [903969] Paul Scully (Sutton and Cheam) (Con): I am sure that the whole House, including my hon. Friend the Member for Bolton West (Chris Green), will join me in welcoming a delegation of French MPs who are watching our proceedings today. People from across the European Union have settled in each of the 32 London boroughs in the belief that they will be able to build a life here on the basis of their EU treaty rights, so naturally they want certainty and a simple way of securing settled status. What reassurances can the Prime Minister give that a speedy, low-cost, and low-hassle system, starting from the premise that those people will be staying rather than having to apply afresh, will soon be in place to allow them simply to get on with their lives and to continue to play an important role in our economy, our communities and our culture?

The Prime Minister: I am happy to welcome—as I am sure that you are, Mr Speaker—the fact that we have been joined in the Public Gallery by a delegation of French Members of Parliament.

My hon. Friend raises a very important point about EU citizens living in the United Kingdom. They have made a huge contribution to our country, which is why we want them and their families to stay. I am absolutely clear that EU citizens living lawfully in the UK today will be able to stay. On the process of applying for settled status, I can assure him that it will not cost more than that of a British passport. EU citizens will have a period of two years in which to apply. The system will be a digital, streamlined and user-friendly, and will ensure that the process is as simple and easy for people as possible.

Q6. [903960] Chris Bryant (Rhondda) (Lab): Well over 1 million people in this country are living with the consequences of acquired brain injury. The great news is that 600 extra lives are being saved every single year thanks to the Government’s new trauma centres. That is brilliant, but the problem is that although many people’s lives are being saved, they are not getting the rehabilitation support that can help them to live independent lives all over again. Miracles can be done, but half the units have no rehabilitation consultant at all. Will the Prime Minister please get together all Ministers with responsibility in this area—those in not just the Department of Health, but the Ministry of Defence, the Treasury, the Department for Work and Pensions, and Ministry of Justice, which is heavily impacted—to ensure that every single person in this country who has an acquired brain injury gets the full rehabilitation that they need?

The Prime Minister: The hon. Gentleman raises an important point. As he may know, there are two ways in which those rehabilitation services will be commissioned. NHS England commissions specialised neurological rehabilitation centres for complex brain injury, and it does so at a national level. More routine rehabilitation is commissioned locally, although NHS England sets guidelines for commissioners to support delivery, including for brain injury. The hon. Gentleman raises an important point, and I will ask the Health Secretary to respond to him and the specific question that he asks.

Crispin Blunt (Reigate) (Con): May I tell the Prime Minister how welcome the Policing Minister’s response to yesterday’s urgent question was, as he said that he would help Alfie Dingley to find a way through regulations to access the medicinal cannabis that he needs? Will the Prime Minister ensure not only that the Minister’s words go beyond the popular view of, “I’m from the Government; I’m here to help,” but that we join the majority of states of the European Union and the United States, as well as British public opinion and all colleagues who raised questions yesterday, so that we give British citizens the earliest possible access to the potential benefits of medicines derived from cannabis through a proper evidence-based process? Will she ensure that the United Kingdom is on the front foot in licensing all medical investigations that need to be done to get us these benefits?

The Prime Minister: I know that the sympathies of Members across the House are with Alfie and his family as he undergoes treatment. We recognise that people with chronic pain and debilitating illnesses will always look to alleviate their symptoms, but if we are going to

permit medicines to be used, we first need to ensure that they have been through the most rigorous testing and that we apply the most rigorous standards. We believe that cannabis should be subjected to the same regulations that apply to all medicines in the United Kingdom.

Q8. [903962] **Alan Brown** (Kilmarnock and Loudoun) (SNP): I have previously highlighted that each Scottish Tory MP costs Scotland £265 million. It turns out that their Scottish leader is much cheaper, because the party wanted to hire her out for £15,000 a day at a Tory fundraising dinner. At that same dinner, the Defence Secretary was on hire for £30,000, while £2,000 bought the International Trade Secretary and it was £55,000 for the Prime Minister. Does the Prime Minister agree that although her party will sell anything that moves, it is time to halt the privatisation of Tory MPs and they should get on with the day job?

Mr Speaker: Order. Forgive me; I was struggling to hear. Just before I ask the Prime Minister to respond, I need an assurance from the hon. Gentleman that he is not suggesting that the presence of a Member of Parliament was bought. If he is suggesting that, it is straightforwardly out of order. Is that what the hon. Gentleman is saying?

Alan Brown: Mr Speaker, I was referring to a story that was in the newspapers.

Mr Speaker: I am afraid that that is not good enough. Forgive me—I have to make instant judgments. If the Prime Minister wishes to issue some sort of response, she is free to do so, but she is under no obligation. No? Then I call Andrew Bridgen.

Andrew Bridgen (North West Leicestershire) (Con): Twice in the last four weeks, the Equality and Human Rights Commission has had cause to write to the Labour party regarding breaches of equality law. Does the Prime Minister agree that equality law must be applied equally, and that it exists to protect all groups equally?

The Prime Minister: I am happy to agree with my hon. Friend on that point. I was in opposition when the Equality Act 2010 went through Parliament, and we supported that Act. It is there to ensure—exactly as he says—that people are treated equally.

Q10. [903964] **Tulip Siddiq** (Hampstead and Kilburn) (Lab): The Government's decision to leave Euratom and withdraw from the customs union could limit our access to vital cancer treatments. The chief executive officer of the Nuclear Industry Association—[*Interruption.*]

Mr Speaker: Order. Let us just be absolutely clear about this. This question, like every question, will be heard. The hon. Lady will not be shouted down and that is the end of the matter, so if some foolish person is seeking to do so, examine your behaviour and stop it.

Tulip Siddiq: Thank you, Mr Speaker.

The CEO of the Nuclear Industry Association points out that if medical isotopes that are used to treat cancer are delayed in reaching the UK, they could be deemed useless on arrival because of their short half-life. Will

the Prime Minister explain how she plans to prevent delays to cancer treatment that would be caused by her pursuit of a hard Brexit?

The Prime Minister: The hon. Lady is wrong on two counts. First, we are pursuing a Brexit that will enable us to have an economic partnership that sees freedom of trade across the borders with the European Union. But it is also the case, as we have made clear previously, that the availability of medical radioisotopes will not be impacted by the UK's exit from Euratom. The import or export of these radioisotopes is not subject to any Euratom licensing requirements, so our ability to import medical isotopes from Europe and the rest of the world will not be affected by our withdrawal from Euratom.

Sir Mike Penning (Hemel Hempstead) (Con): May I thank the Prime Minister for taking a personal interest by meeting myself and other colleagues from across the House to discuss getting justice for the Primodos victims? These people went to their GPs in good faith and were given a drug that resulted in the loss of babies' lives, abortions and the birth of disfigured young people. Does the Prime Minister have any good news for the victims of Primodos so that we can put an end to this terrible situation?

The Prime Minister: I was very pleased to meet my right hon. Friend and, indeed, my hon. Friend the Member for Eastleigh (Mims Davies) to discuss this issue. I recognise that the lives of many individuals have been affected by this. There are very powerful stories of these individuals. I know this has been a concern across the whole House. The concerns raised by campaign groups about not just Primodos, but issues such as vaginal mesh and sodium valproate, have highlighted that there is an issue with our regulatory and healthcare system, and we are determined to address it. I have been clear that we need to do better. I was very struck by the powerful stories I heard. We need to see a faster, more understanding response when patients raise concerns. If my right hon. Friend can be a little patient, my right hon. Friend the Secretary of State for Health will be making a statement to the House this afternoon to set out his plans for a review of these issues.

Q11. [903965] **Mr Steve Reed** (Croydon North) (Lab/Co-op): It is more than eight months since the terrible fire at Grenfell Tower, but thousands of people are still living in blocks with dangerous flammable cladding, including Citiscape in Croydon. That dangerous cladding was allowed to go up because of flawed Government guidance, and there is still an average of one fire every month linked to this cladding. It is clear that this is the Government's responsibility, so why is the Prime Minister running the risk of a second Grenfell Tower when she could act and take this dangerous cladding down?

The Prime Minister: Over the years, under both Labour and Conservative Governments, building regulations and enforcement have obviously been looked at, and the arrangements in relation to enforcement were in fact changed by the last Labour Government. What we did immediately following the appalling fire at Grenfell Tower was to ensure that all those involved—local authorities and others—worked with their fire authorities to inspect towers and look at the cladding. There are

issues about not just the cladding, because this is also about how it is affixed to buildings. Action was taken by local fire authorities in the areas where they thought that was necessary, which was why in Camden, for example, people had to leave their tower block while action was taken. My right hon. Friend the Housing Secretary has put in place a review of the regulations. It was urgently put in place, and action is being taken as a result of that review.

Douglas Ross (Moray) (Con): Yesterday, after months of ignoring evidence from a wide range of stakeholders, the SNP agreed to pause its plans to merge British Transport police into Police Scotland. Does the Prime Minister agree that, during that pause, the Scottish Government must look at all options for the future of BTP when it is devolved from this Parliament, to ensure that we get the best possible deal, rather than the failed integration plans that are already struggling in Scotland?

The Prime Minister: That is of course an important point. We as the UK Government are committed to delivering the Smith commission in full. As part of that, we are devolving powers over the British Transport police to the Scottish Government, but the No. 1 priority must be the safety of the public as they travel, so we will work with the Scottish Government to make sure there is a smooth transfer of the British Transport police to their responsibility. Whether or not the British Transport police is merged with Police Scotland is, of course, a matter for the Scottish Government.

Pete Wishart (Perth and North Perthshire) (SNP): Exactly!

Mr Speaker: Order. Mr Wishart, calm yourself. You are supposed to be setting an example to some of your colleagues. You aspire to be a statesman, one century or another.

The Prime Minister: Mr Speaker, I am tempted to say that the hon. Gentleman is a right example, but there we are.

It is a matter for the Scottish Government as to what they choose to do, but I urge them to ensure they are putting the safety and security of people who are travelling first when they make that decision.

Q12. [903966] **David Linden (Glasgow East) (SNP):** Can I ask the Prime Minister a question about a policy that she is responsible for? Over the last two months, this Government have butchered Glasgow's jobcentre network. Will she look me in the eye and tell me that no more jobcentres in Glasgow are due for closure?

The Prime Minister: The hon. Gentleman is perfectly right to ask me questions about things for which I am responsible, and I have the right, as I did previously, to comment on issues that we are taking up with the Scottish Government.

Mr Speaker: I say to the hon. Gentleman that I will be the judge of what is in order, and he will accept the ruling. The Prime Minister was in order, and that is again the end of it. Somebody has to decide, and I have done so.

The Prime Minister: Thank you, Mr Speaker. What we are doing in relation to jobcentre services is ensuring that there will be no decrease in the level of services that jobcentres offer people in Scotland. In fact, we are going to increase the number of work coaches across the country, to provide more support to the people who need it. Those plans are designed to retain the skills and experience of the DWP workforce across the country and to ensure that we not just protect but enhance the service offered to people.

Mr Nigel Evans (Ribble Valley) (Con): Will the Prime Minister tell the international aid sector that, despite the abuses that have come to light recently, this Government are committed to helping the most vulnerable and poorest people around the world, but the sector really does need to get its act in order?

The Prime Minister: This Government maintain their commitment to helping the most vulnerable people around the world, and we maintain our commitment to our international development budget, but we want to work with organisations that meet the high standards that we expect. The behaviour of Oxfam staff in Haiti was quite frankly horrific and far below those standards.

I am pleased to say that my right hon. Friend the International Development Secretary has taken immediate action by demanding assurances from all our charitable partners here and abroad about their safeguarding and protection policies by the end of the month. Next month, DFID and the Charity Commission will hold an urgent safeguarding summit, where they will bring together UK international development charities with regulators and experts, to look at the possibility of an accreditation scheme that can be used for aid workers and taken into the international arena later in the year. It is absolutely crucial that we continue our support through aid for those who are most vulnerable, but they also deserve to be treated with the same high standards that we would expect to be treated ourselves.

Q13. [903967] **Alison Thewliss (Glasgow Central) (SNP):** My constituent Mr Ali Baig was refused leave to remain because of a minor legitimate correction to his tax return, which the Home Office under paragraph 322(5) of the immigration rules has deemed a threat to national security. Today there is a protest outside against this Tory Government's policies towards highly skilled migrants, so my constituent is clearly not alone. His home is in Glasgow. He has worked hard and contributed to society. Why does the Prime Minister want to force him out?

The Prime Minister: I say to the hon. Lady that I am not going to comment on the individual case. The Home Office looks at the circumstances of individuals. There are rules—immigration rules—in place and the Home Office will make decisions accordingly.

Bob Blackman (Harrow East) (Con): The whole House will be well aware of the excellent work done by the Holocaust Educational Trust, particularly the brilliant Lessons from Auschwitz project. However, at the moment, the Polish constitutional court is considering a draft law that would make it illegal to refer to "Polish death camps" and to the role of Polish citizens during the holocaust. Will my right hon. Friend take this up with

her counterpart in Poland to ensure that families of victims and survivors' words are heard—that history cannot be rewritten?

The Prime Minister: I say to my hon. Friend that I understand the Government have already raised this issue with the Poles. What we should be doing is ensuring that nobody forgets the holocaust—nobody forgets the horrific inhumanity to man that was shown through the actions taken by the Nazis in the holocaust. The Holocaust Educational Trust does very important work. The education centre and memorial that is going to be placed here at Westminster will be a long-standing memorial to people, and will also do the important job of educating people about the past to ensure that we never see such horrific crimes being committed again.

Q14. [903968] Steve McCabe (Birmingham, Selly Oak) (Lab): How would the Prime Minister feel if someone pinched her car and it then cost her £200 to get it back? That is what is happening to hundreds of people. Why does she not allow the police to use proceeds of crime returns to recover legitimate costs and put an end to this state-sponsored secondary mugging of innocent victims?

The Prime Minister: I say to the hon. Gentleman that a lot of work has been done on what proceeds of crime can be spent on. He will have noted that the Home Secretary has heard the question he has raised, and I will ensure that the particular issue he has raised is looked into.

Richard Graham (Gloucester) (Con): Three months ago, I raised the case of a constituent distressed by the relationship between his 17-year-old daughter and her much older driving instructor. This week, the Driver and Vehicle Standards Agency announced that a consensual sexual relationship between an approved driving instructor and a 16 or 17-year-old pupil would now be considered an exploitation of their position of trust, and any instructor involved will likely be struck off the approved driving instructor register. May I thank the Prime Minister for her response, and the DVSA for its action? Does she agree that this sets a strong example, and will she ask the Department for Education to consider adding driving instructors and other coaches to its list of those formally covered in law by a position of trust?

The Prime Minister: May I thank my hon. Friend for raising what was an appalling case? But from that, as he said, has come a change in attitude from the DVLA, which I hope will be of benefit to others who could have been put in that very difficult and appalling situation. I will certainly ask the Department for Education to look at the point he has raised.

Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab): In Sheffield, the council's £11.1 million projected current overspend on children's services is the highest in Yorkshire and the Humber and the second highest in England. This is clearly in correlation with the £350 million of cuts since 2010. What does the Prime Minister say to children who need these vital council services, but may not be able to access them because the Tories continue to cut council budgets so savagely?

The Prime Minister: As I pointed out earlier in response to other questions, we are ensuring, as we have done over the settlement period, that local authorities do have more money to deal with some of the particularly difficult issues that they have to deal with at a local level. We do want to see and ensure that children are given the best possible start in life, but it is completely wrong to suggest that decisions taken at local level are all the responsibility of this Government.

Ross Thomson (Aberdeen South) (Con): It is clear from academics, dog behaviourists, charities and trainers that electrocuting dogs does not help to train them, but risks creating more detrimental long-term consequences for their welfare. I thank all colleagues who came along to my event yesterday to sign up to the pledge to ban shock collars. Does my right hon. Friend agree that, as dogs are man's best friend, it is time we showed some of that loyalty and friendship in return by banning the use, distribution and sale of these barbaric devices?

The Prime Minister: I thank my hon. Friend for raising that issue. I know he has been campaigning long and hard on it. We made it clear in the updated statutory code of practice for the welfare of dogs that positive training should be used and that any training that involves pain, injury or distress would breach the Animal Welfare Act 2006. I understand that my hon. Friend will be meeting the Environment Secretary to discuss the matter further.

Susan Elan Jones (Clwyd South) (Lab): The deputy president of the National Farmers Union said that losing full access to the European single market could be absolutely disastrous for British agriculture. Does the Prime Minister agree with her?

The Prime Minister: My position remains exactly as it has always been. We are going to negotiate a new economic partnership with the European Union. I assure the hon. Lady that the interests of agriculture will be one of the considerations we take into account when we make sure that we are still able to have a good trade arrangement with the European Union, as well as improved trade arrangements with the rest of the world.

Ruth Cadbury: On a point of order, Mr Speaker. It relates to Prime Minister's questions.

Mr Speaker: I will give the hon. Lady the benefit of the doubt. Points of order are supposed to come after statements. She says it appertains to the exchanges we have just had. I hope it does and that it is not just a prolongation of the argument. Let us hear it.

Ruth Cadbury: Thank you so much, Mr Speaker. My question to the Prime Minister referred to the ruling of the High Court today. In the ruling handed down in the High Court this morning, Mr Justice Garnham declared the Government's failure to require action from 45 local authorities with illegal levels of air pollution in their area to be unlawful. In her response, the Prime Minister—

Mr Speaker: Order. Forgive me, but the words that immediately spring to mind in this context are "second bite of the cherry". I am afraid a Member is entitled only to one bite of the cherry. If the hon. Lady feels

very aggrieved, she can always write to me about the matter. I am not sure I should exhort her to do so—doubtless a missive will be winging its way to me

ere long—but I do not think we can detain the Chamber now. The hon. Lady had a good bash earlier and we will leave it there for the moment.

Medicines and Medical Devices Safety Review

12.48 pm

The Secretary of State for Health and Social Care (Mr Jeremy Hunt): With permission, Mr Speaker, I would like to make a statement setting out the action the Government are taking to address public concerns regarding the safety of medicines and medical devices used by the NHS.

On Friday, I will host campaigners, clinicians and safety experts from across the world as part of the world patient safety, science and technology summit, which is being held for the first time outside the United States here in London. As part of that, we will release a landmark report on the extent of medication errors in modern healthcare systems, as well as the NHS's plan to tackle them. Alongside those in the report, there are three areas of potential medication error that I wish to update the House on today where serious concerns have been raised by patients and their families.

The first is Primodos, a hormone-based pregnancy test, which is claimed to have led to miscarriages and birth defects during the 1960s and '70s and was prescribed to more than 1.5 million women before it was withdrawn from use in 1978, partly due to more modern pregnancy tests becoming available. The second is sodium valproate, an effective anti-epilepsy drug, which has been definitively linked to autism and learning disabilities in children when taken during pregnancy. Campaigners have suggested up to 20,000 children may be affected. The third is vaginal mesh implants, often used in surgical interventions to address complications after childbirth, which have been linked to crippling, life-changing side effects.

Of course our first thoughts are with the individuals and families whose lives have been turned upside down by these issues. Many people have endured, and continue to endure, severe complications and tremendous pain, distress and ill health, alongside a strong sense that their concerns have not reached a satisfactory resolution. I pay particular tribute to those who have responded to such experiences not just with understandable anger, but with resolute determination to campaign for change on behalf of others. Many of them have met Ministers and Members to share their concerns, and I thank everyone who has written or spoken to me personally to raise these concerns on behalf of their constituents.

We must acknowledge that the response to these issues from those in positions of authority has not always been good enough. Sometimes the reaction has felt too focused on defending the status quo, rather than addressing the needs of patients, and as a result patients and their families have spent too long feeling that they were not being listened to, making the agony of a complex medical situation even worse, so today, in addition to practical steps for each of the three cases, I am setting out plans to establish a fairer, quicker and more compassionate way to address issues when they arise, bringing different voices to the table from the start and giving individuals and their families a clear path to answers and resolution.

Immediate action is being taken in each of the three cases. On Primodos, I have asked my ministerial colleague Lord O'Shaughnessy to drive forward, and where possible accelerate, the recommendations of the expert working group, further strengthening our systems for monitoring

the safety of medicines in pregnancy. That will include offering the families of the Association for Children Damaged by Hormone Pregnancy Tests a full and up-to-date genetic clinical evaluation; better information for pregnant women and their families; better training and support for obstetricians; better evidence around dosing recommendations; making electronic yellow card reporting available directly to clinicians at the point of care; and stronger and more joined-up messages on safety.

The issue of valproate extends beyond the UK. The outcome of the EU review, expected in March, will strengthen our regulatory position. In preparation, we have tasked system leaders with delivering a rapid, co-ordinated response. Directly responding to calls from patients, we are introducing a new warning symbol on valproate packaging; updating National Institute for Health and Care Excellence guidance on valproate; pushing for valproate to be contraindicated for women of childbearing potential not using effective contraception; strengthening alerts across all GP systems and community pharmacy systems; and, for those women for whom valproate is an effective treatment, offering stronger and more tailored advice on risks and contraception.

On vaginal mesh, I asked the chief medical officer for advice in the light of calls for a full ban. She has been clear that clinical experts here and abroad agree that, when used appropriately, many women gain benefit from this intervention, hence a full ban is not the right answer in the light of the current evidence available. However, this is not to minimise the suffering many women have experienced, which is why today I can announce that we will be publishing a retrospective audit to investigate the links between patient-level data to explore outcomes, and investing £1.1 million to develop a comprehensive database for vaginal mesh to improve clinical practice and identify issues.

Those actions will improve the way the regulators and the NHS deal with issues related to vaginal mesh and valproate, as well as improve monitoring of the safety of medicines in pregnancy, but the fact that it has taken so long to surface these issues raises much bigger questions. It is an essential principle of patient safety that the regulatory environment gives sufficient voice to legitimate concerns reported by patients, families and campaigners, works alongside them and responds in a rapid, open and compassionate way to resolve issues when these are raised. My view is that that did not happen in the way I would expect in these three cases.

To do better in the future, we need to ensure that patient voices are brought to the table as systematically and consistently as other voices in the system, so today I have asked Baroness Julia Cumberlege to conduct a review into what happened in each of these three cases, including whether the processes pursued to date have been sufficient and satisfactory, and to make recommendations on what should happen in future. She will assess, first, the robustness and speed of the processes followed by the relevant authorities and clinical bodies to ensure that appropriate processes were followed when safety concerns were raised; secondly, whether the regulators and NHS bodies did enough to engage with those affected to ensure their concerns were escalated and acted upon; thirdly, whether there has been sufficient co-ordination between relevant bodies and the groups raising concerns; and fourthly, whether we need an independent system to decide what further action may

be required either in these cases or in the future. This is because one of the judgments to be made is whether, when there has been widespread harm, there needs to be a fuller, or even statutory, public inquiry. Baroness Cumberlege will make recommendations on the right process to make sure that justice is done and to maintain public confidence that such decisions have been taken fairly.

Although I am deliberately leaving the terms of this model open for Baroness Cumberlege, I have asked that she consider how we strike the right balance on the criteria or threshold for a “legitimate concern”; how best to support patients where there might not be a scientific or legitimate concern, but they still have suffered harm; how we can be more open to the insights that close attention to patient experience can bring, including whether a patients’ champion could help to act as a point of contact for people or families raising legitimate concerns, ensuring that these are heard and responded to; and how any new entity interacts with existing bodies including NHS Resolution, the Healthcare Safety Investigation Branch and the ombudsman. Recognising that this is an issue that many hon. Members have been concerned about, I have asked Baroness Cumberlege to meet relevant all-party parliamentary groups and campaign groups early in the review process.

We are rightly proud of the NHS and all it has achieved and will achieve in the future. Much of this has been built on the strong connections between scientific discovery and medical progress, but innovation requires safeguards, including a culture of learning to protect against the unintended consequences of new technologies and treatments, and a clear focus on the experience and treatment of patients and their families affected by these consequences. From Mid Staffs to Morecambe Bay to Southern Health, patients and their families have had to spend too much time and energy trying to access, lobby and influence NHS leaders and Ministers to get a hearing for their concerns. The stress and frustration of campaigning, sometimes in the face of closed ranks and a defensive system, has added insult to injury for too many families. We need to establish a fairer and quicker way to resolve such concerns when they arise in the future.

It must be said that our regulatory system is, in many ways, world-leading, but it too needs to adapt to a changing environment and to draw intelligently on multiple sources of feedback to protect the safety of patients. Today’s announcement will build a system that listens, hears and acts with speed, compassion and proportionality, strengthening the commitment to patient safety, which is at the heart of this Government’s and this House’s priorities for our health and care system. I commend this statement to the House.

12.58 pm

Jonathan Ashworth (Leicester South) (Lab/Co-op): I thank the Secretary of State for the advance copy of his statement. I welcome the tone of his remarks and generally welcome his commitment to a review of medical device safety, although I note that the 2017 Labour manifesto called for an inquiry into medical devices and product licensing and regulation. Today’s announcement is an acknowledgement that there are major problems, going back decades, to do with safety and lack of proper scrutiny and research.

In debate and Committee, Members in all parts of the House have offered moving testimonies about the devastating impact of mesh, Primodos and sodium valproate on the lives of thousands of women and children in our constituencies. I wish to put on the record my thanks and tribute to all the campaigners and the MPs from across the House, but especially those who have worked so hard with the all-party groups, including my hon. Friends the Members for Pontypridd (Owen Smith) and for Bolton South East (Yasmin Qureshi), and the right hon. Member for North Norfolk (Norman Lamb), who have all spent many years campaigning for justice on these issues.

We have heard how mesh implants have left women in permanent pain, unable to walk, unable to work. This is an ongoing public health scandal, and we hope the Government will do much more to support those who are affected. Mesh has been suspended in Scotland and banned in other countries around the world. I understand that mesh has been paused for use in cases of prolapse. Will the Secretary of State consider fully suspending mesh use while the review is carried out?

On Primodos, the Secretary of State indicated that the Department will drive forward and “accelerate” the recommendations of the expert working group, but does he accept that that report was met with concern on both sides of the House? Indeed, campaigners branded it a whitewash.

I am grateful to the Secretary of State for including sodium valproate. My constituent, Emma Friedmann, took sodium valproate during and after her pregnancy, leaving her son, Andrew, with severe autism along with hearing and sight problems. Andrew, who is now 18, needs round-the-clock, full-time care. Emma, like thousands of others affected, was never fully informed of the risks of taking sodium valproate during pregnancy. Last year, a charity survey found that almost one fifth of women who are taking the drug still do not know the risks that the medicine can pose during pregnancy. I welcome the Government’s efforts to raise awareness of the dangers of sodium valproate, but will the Secretary of State tell us whether the review will look at the guidelines for clinicians who prescribe it to women of childbearing age?

We offer the review our support, but note that it falls short of the calls for a full public inquiry, which campaigners have been demanding. Will the Secretary of State give the House an absolute reassurance that the review will gain access to medicine regulation files held in the National Archives, access to any valuable evidence cited in unsuccessful legal actions and access to documents and information held by pharmaceutical companies and that all such material will be made public?

Does the Secretary of State agree that those affected must have trust and confidence in the review? Who will the noble baroness report to, and who will provide the secretariat to the review? I say this with no discourtesy to the Department or the Medicines and Healthcare Products Regulatory Agency, but does he agree that the review must be independent to avoid any sense of conflict of interest that has hampered previous inquiries? I understand the steer that he has given to the noble baroness on setting the terms of reference, but I press him to ensure that victims agree with the terms of reference to maintain trust and confidence in the review.

[Jonathan Ashworth]

Is the Secretary of State now ruling out a full public inquiry, or is he saying to victims that they should wait for the review's outcome? When can we expect it to report back to the House? More broadly, can he reassure us that the inquiry will have three separate strands that will look in depth at each issue to ensure that nothing gets watered down and lost?

In the broader context of Brexit, when profound uncertainty remains about medical and device regulation as we leave the European Medicines Agency, does the Secretary of State agree that the review must inform future regulatory mechanisms and take into account how we best co-operate with other national and international regulators post Brexit? What assurances can he offer the House that the medicines and devices that women use today—especially pregnant women—will not become the tragic and desperate scandals of the future?

On the treatment of the victims involved, the Secretary of State will know that many women have been denied access to legal aid to pursue compensation claims. Does he agree that women and children deserve full compensation and support? Is that not the Government's responsibility? Will they establish a compensation fund, and what consideration has he given to compelling the pharmaceutical industry to support a compensation fund for those affected?

Finally, mesh, sodium valproate and Primodos have devastated the lives of hundreds of thousands of women and children. Is it not time that they were given a full apology? Surely, that is the very least they deserve.

Mr Hunt: I thank the hon. Gentleman for his considered response and for its tone. Like him, I thank all the all-party groups who have worked incredibly hard to raise this incredibly difficult issue. Let me go through the points that he raised; he asked detailed questions, which I want to give a proper answer to.

When it comes to mesh, no EU country has banned its use. In my understanding, Australia and New Zealand have not introduced a full ban. We have taken very clear advice. We obviously have a responsibility to all patients, and the medical advice from the chief medical officer is clear that some women benefit from mesh, if it is appropriately used, so we are following that advice. However, the review will look at all the processes around mesh. We will publish NICE guidelines on persistent pain and ventral meshes—it is also important to say that meshes are used in men as well as women—and we absolutely have to get this right.

I fully accept the point that the hon. Gentleman made on the concerns of many patients and families about the findings of the expert working group. He will know that this is a very difficult, hotly contested area. We are not proposing to revisit the science, but we are giving Baroness Cumberlege full freedom to look at what the expert working group did and to come to her own views. We are not excluding her from looking at what happened, even though we think that it is important to accept throughout that we have to follow the science at every stage to get this absolutely right. We will be going forward with some important recommendations of the expert working group regardless, such as the yellow-card system.

One thing that is clear is that when people, whether clinicians or patients, have an immediate concern about a medicine, there is no easy way to raise that quickly. If women are raising these concerns all over the country, we need to find that out very quickly at the centre, so that we can take action more quickly than happened in this case. We will also be offering genetic testing to families who have suffered, or who think that they have suffered, as a result of Primodos.

On valproate, we will issue guidelines to clinicians. We also want to make sure that there is greater awareness among patients. We are changing the NICE guidelines and the labelling. When it comes to valproate, we want to push for this to be a contra-indication for women of childbearing age who are not taking effective contraception, because it is so important to get this right.

The hon. Gentleman made very important points about the public inquiry. We are asking Baroness Cumberlege to give us her considered view on the appropriate way forward in this case, and that, of course, has implications for the issue of compensation. What I would say is that we have a problem in our system, in that there is no proper process for deciding what next steps are appropriate. Is it an investigation by the Department of Health and Social Care and NHS England, or do we need a full statutory public inquiry? We particularly want her to look at whether we should have an independent process to evaluate what happened. In my time, and in the hon. Gentleman's time, we have been approached by a lot of people who want public inquiries, but it should not simply be about the strength of lobbying. There needs to be a process, because there may be people who do not have a loud voice, who are equally worthy of a public inquiry, but who do not get considered in our system at that moment. That would not be right.

Baroness Cumberlege will report to Ministers, not to the MHRA, and there will be full consultation with the families affected by the three issues over the terms of reference. That is absolutely the right thing to do.

The hon. Gentleman made a final very important point about how we regain the trust of families deeply scarred by these issues. We can do it in two ways: first, by being open and transparent in everything we do in this process so that they can see we want to get to the bottom of it as much as they do; and secondly by recognising the fundamental issue that in the past when we have assessed these clinical medical safety issues the voice of patients has not been as strong as it should have been. We have to put that right, and I know that everyone in the NHS, as in the House, is committed to doing so.

Dr Sarah Wollaston (Totnes) (Con): I welcome the Secretary of State's statement and his ongoing focus on patient safety, which has added so much to the patient experience. I also welcome the fact that he is clearly representing the voice of patients when learning lessons. Many of those who, courageously, have come forward, including many of my own constituents, have been harmed in the private sector. Will he confirm that all patients, wherever they were treated, will be included within the review and that there will be a focus on clinical governance, not only in the NHS but in the private sector?

Mr Hunt: I can absolutely give that assurance. We are considering how to strengthen oversight, because a tragedy is a tragedy wherever it happens, and we should be demanding the highest standards of care throughout our healthcare system. We are particularly considering the issue of data sharing, because often clinicians operate in both the NHS and the private sector, and we want to make sure that we do not have two datasets but that we share data in a way that makes patients safer.

Martyn Day (Linlithgow and East Falkirk) (SNP): I thank the Secretary of State for advance sight of his statement, although I am sure that some of the women affected by these medicines or medical devices will be sceptical and might wonder whether the Government have not just announced a review of reviews, especially given the outrage among patients and the wider public over the review process and its outcomes in the past.

Medicines safety and licensing are reserved matters, and although we welcome the fact that the Government are not just doing nothing, it is disappointing that the review will not really consider the scientific evidence on Primodos, valproate and surgical mesh. Given the recent shambles over the Primodos expert working group, everyone needs confidence that this will not turn into a Government whitewash. How can patients be assured of the chair's independence? Who will take a final decision on who advises the chair? Will those affected and those who took part in the initial reviews be able to participate? I am sure the Secretary of State is aware that Professor Alison Britton is already leading an independent review in Scotland of vaginal mesh. Will he and his officials seek to take advice and soundings from her findings and expertise in this process? Finally, having as much information and background as possible on women's experiences is extremely important in getting justice and improving patient safety, so does the Secretary of State think that setting up a mechanism within his Department to collate extensive qualitative research for patients would be useful?

Mr Hunt: With respect to the hon. Gentleman, he is being a little uncharitable in describing this as a "review of reviews". We have announced immediate action in each of these three cases—it will happen right away and will be of huge significance in the use of valproate, help for families who think they have suffered as a result of Primodos and the use of mesh. A lot of things are happening right away. These are complex issues, however, and if we are to step back and look at the systemic failures we think have happened, it is important that we ask what changes are needed. That is why we need someone of Baroness Cumberlege's experience: she has a huge track record of campaigning on women's issues; she was a Minister at the Department of Health for five years; and she did the "Better Births" review for NHS England in 2015. She is hugely experienced and passionate about patient safety and making sure that the patient voice is heard.

George Freeman (Mid Norfolk) (Con): I welcome the review and the announcement of Baroness Cumberlege as its lead. I am sure the whole House will agree that she is, as the Secretary of State said, highly qualified and trusted. I pay tribute to the many hundreds of thousands of women who have suffered in silence and campaigned so effectively. As the Minister who surprised a few in

announcing the Primodos working group, setting up the sodium valproate taskforce, with my right hon. Friend, and brokering the deal on the Saatchi Bill, I have seen the passion and the silent suffering with which so many women have had to live. He is absolutely right that for too long the medical establishment has tended to link arms and act very protectively when challenged, and we need to make sure that the patient voice is put right at the heart of this.

Will the Secretary of State agree with two points? First, does he agree that it is important that this does not become some legal witch hunt, but starts as a review of the evidence, the science and the clinical data in order to avoid future patient suffering? If it is couched in terms of legal liability, everyone will draw in and resist the sharing of evidence that is so key. Secondly, will he look at training? On mesh, the MHRA has licensed the device, but my understanding is that the problem is often with the training of clinicians in its installing. We need an intelligent healthcare system that uses everyday data to support patient safety.

Mr Hunt: I would like to put on the record my thanks to my hon. Friend for the work he did as a Minister in my Department that led to the setting up of the expert working group, which I think has taken this issue forward and which he championed. His experience of the life sciences industry was incredibly helpful. I take on board both his points. It is absolutely right that this needs to focus on patient safety and how we put in place processes that help people suffering now and avoid it happening in the future. His point about training is a very good one.

Mr Ben Bradshaw (Exeter) (Lab): I welcome the Secretary of State's statement, although would have been nice for the victims to have heard a little more about the legal aid and compensation issue. He was absolutely right to describe our regulatory framework as world leading. It is, of course, European and precautionary based. Will he dissociate himself from the Foreign Secretary's comments last week in which he included medicines regulation in the list of those areas for which he favoured full regulatory divergence?

Mr Hunt: As the right hon. Gentleman knows—we have had these discussions at the Health Select Committee—this country makes an enormous contribution to medicines regulation across Europe, because of our extensive scientific base, and we very much hope that those links continue.

Dr Caroline Johnson (Sleaford and North Hykeham) (Con): I welcome the review of the yellow card process. The first responsibility of the doctor is always to do no harm, and every doctor, when making any prescribing decision, always balances the potential improvement in patient care with the known risks. Sometimes, as more drugs are given to more people, rarer side effects will come through, and the improvements in the yellow card system will mean that those are identified earlier.

My other point is about Roaccutane. It is a drug given to treat acne but is known to be exceptionally toxic in pregnancy. I remember from my time working in dermatology that to get a prescription women had to attend monthly and have a negative pregnancy test

[Dr Caroline Johnson]

before the next prescription was issued. I wonder whether that approach could be more widespread in the prescription of some of these drugs, which do provide some benefit but are known to be harmful.

Mr Hunt: My hon. Friend's question demonstrates how useful it is to have people with medical experience in the House. To be honest, I am slightly overwhelmed by the detail in her question, but her broad point is absolutely right. The difficulty with the issues today is how much they affect women, particularly pregnant women. Through the review, we want to establish whether we are doing less well than we should on women's health issues. Given that Baroness Cumberlege has done more campaigning on women's health issues than pretty much anyone else in either House, I think she is the right person to take the review forward. My hon. Friend is absolutely right about strengthening the protections for pregnant women.

Yasmin Qureshi (Bolton South East) (Lab): As the chair of the all-party group on oral hormone pregnancy tests, I am disappointed with the wording of today's announcement. What happened with Primodos was a scandal similar to the Hillsborough, contaminated blood and sexual abuse scandals. Victims of Primodos and their families have waited 40 years for an answer to this grave historical injustice. It was a deliberate criminal cover-up by the statutory authorities of the day. The scientific evidence now shows a link between Primodos and deformities that was known to the drugs companies and our regulatory bodies 40 years ago. Will the Secretary of State ensure that the review—we want a full public inquiry—looks at the regulatory failures that took place 40 years ago? There was a systematic and deliberate cover-up, including the destruction of documents, by our health bodies as well as the drugs manufacturers. Primodos is, therefore, perhaps different from some of the other cases. We demand a proper inquiry and proper compensation and that the victims be put at the heart of the inquiry. They were completely ignored by the expert working group—that document was not worth the paper it was published on.

Mr Hunt: The hon. Lady and I may not agree on every part of my statement, but I thank her for her campaigning on this issue, and for the voice that she has given to thousands of women who believe that they have suffered badly as a result of Primodos. The things for which she has asked were not ruled out in the statement; in fact, what I have announced will create a process during which someone will look very carefully at the issue.

The hon. Lady has made some very serious allegations, and it is absolutely her right to do so as a Member of this House, but they differ from the conclusions reached by the expert working group. It is precisely because of that disagreement that we have asked Baroness Cumberlege to look carefully at the issue and form her own view of the right way forward. However, I assure the hon. Lady that regulatory failures are at the front of our minds, and we are absolutely determined to ensure that victims' voices are heard.

Fiona Bruce (Congleton) (Con): I thank the Secretary of State for the compassionate tone that he has struck today, and for taking account of the years for which many campaigners, such as Janet Williams and Emma Murphy, have tried to make their voices heard, on valproate in particular. If, following the review, various medicines or medical devices are found to be unsafe—or, indeed, to have been taken unsafely—will there be legal consequences for the regulators who should have acted differently?

Mr Hunt: The simple answer to that question is yes: there are legal consequences for regulators who have failed. In that instance, it would be the responsibility of the Government, or of the drugs companies who failed in their responsibility to inform patients of the dangers of taking drugs. The priority is to establish the facts. Some of those are clear now, but some are not, and that is why I think that the review will help us.

Gordon Marsden (Blackpool South) (Lab): Constituents of mine have been affected by both sodium valproate and Primodos. The Secretary of State has already heard the dismay expressed by my hon. Friend the Member for Bolton South East (Yasmin Qureshi) at the outcome of the review by the expert working group, but may I ask him another specific question? What he has announced today will not give a great amount of satisfaction to people, and confidence that his Department will take notice of Baroness Cumberlege's review will be reduced by a written response that I received yesterday which stated that the Department had no plans to fund any independent scientific research on hormone pregnancy tests. We know that Dr Vargesson produced a report last week. Will the Secretary of State ensure that Baroness Cumberlege looks very carefully at this particular issue?

Mr Hunt: I can give the hon. Gentleman an absolute assurance that she will do so. In the case of valproate it is very clear what the next steps should be, because there is no dispute over the science. When there is controversy over the science—and I appreciate how distressing that is for the families involved—the first thing we must do is establish the truth of the situation, and that is why we have given Baroness Cumberlege a free hand to look at the whole issue.

Helen Whately (Faversham and Mid Kent) (Con): I welcome the statement, which is consistent with my right hon. Friend's track record of driving the NHS to stop causing harm to patients. May I ask him to continue to focus on encouraging, requiring and supporting all healthcare professionals to make the shift from a defensive to a learning mindset, so that they listen and learn not just from NHS experience, but from patients as well?

Mr Hunt: My hon. Friend, who has huge experience in healthcare, is right to say that at the heart of dealing with these very complex issues is the need for us to be careful not to inadvertently encourage a culture of defensive medicine. If doctors feel unable to be open about mistakes that may have happened because they are worried about legal consequences, we will not benefit from the learning that is so incredibly important, and one of the purposes of the review is to ensure that we support that open learning culture.

Sir Edward Davey (Kingston and Surbiton) (LD): On behalf of my constituents whose families have suffered from the effects of Primodos, I thank the Secretary of State for taking a step in the right direction. He has announced that there will be another review with another remit. Can he reassure the House that one of the reviews will be able to investigate the cover-up over Primodos that we know has taken place for decades, and that if a crime has been committed, it will be dealt with?

Mr Hunt: I totally respect the right hon. Gentleman for airing his constituents' concerns, but, as he will know from my answers to earlier questions, the difficulty in the case of Primodos—and this is incredibly distressing for the families involved—is that scientists do not agree about the issue, and as a result we do, unfortunately, find ourselves having to review what has happened. The review conducted by the expert working group was our first attempt. We are now giving Baroness Cumberlege a free hand to consider that and any other evidence that has come to light, and to draw her own conclusions.

Huw Merriman (Bexhill and Battle) (Con): Just an hour ago I met my constituent Carol Short and Emma Friedmann, a constituent of the hon. Member for Leicester South (Jonathan Ashworth), to discuss the next stage of the valproate campaign, but because of the statement, that meeting was adjourned. I am happy that they are now in the Chamber, and I am sure that they are pleased to hear about the review.

Is it possible to ensure that GPs are giving out the excellent advice that the Medicines and Healthcare products Regulatory Agency has put together? I am sorry to say that it seems that far too many are not, and there appear to be no regulatory sanctions to ensure that they do.

Mr Speaker: Order. I mean no discourtesy to the hon. Gentleman, but I hope that the people whom he mentioned are in fact in the Gallery rather than in the Chamber. That would be greatly reassuring to us, and quite possibly to them.

Mr Hunt: I can give my hon. Friend the assurance for which he has asked. We have announced today that we are improving the system of alerting both general practices and community pharmacies to ensure that the right advice is given and the right safeguards are in place, so that people who are pregnant or might become pregnant do not take a medicine that is very powerful and very effective in the right circumstances, but incredibly dangerous in the wrong ones.

Maria Eagle (Garston and Halewood) (Lab): I welcome the Secretary of State's intention to look further at these very concerning issues, but I fear that his putting them all in one place means that he may not be giving sufficient attention to the Primodos issue, which is a scandal of very many years' standing. I do not think that the recent report of the expert working group is the basis on which Baroness Cumberlege or anyone else should look further at the matter, because it was a complete whitewash, and the Secretary of State needs to acknowledge that. I think that if he were to do so, the people affected by Primodos over the last 40 years or

more would feel much more confident that the process that he has described today might enable them to secure some resolution.

Mr Hunt: I understand why the hon. Lady has asked her question in the way that she has, but we set up the expert working group after a lot of very careful thought because we honestly wanted an answer. We are faced with circumstances in which scientists disagree, and in those circumstances it would not be right for me, as Secretary of State, to announce a different scientific view. I think that the right thing to do is to allow someone the time and space in which to look at the issues that the hon. Lady has raised, and that is what Baroness Cumberlege will do.

Andrew Selous (South West Bedfordshire) (Con): I have a constituent whose quality of life has been completely ruined by a surgical mesh implant. What reassurance can we have that the Cumberlege review will ensure that the voice of the patient is listened to much more quickly in future, so that when things go wrong, we limit the number of patients who suffer the type of harm that we have heard about this morning?

Mr Hunt: That is the right question to ask. I suggested in the statement that we might need a patients' champion whose job would be to collect the experiences and views of patients who think that they may have suffered as a result of medicine or medical devices. However, we want Baroness Cumberlege to look at the issue in much more detail. The central point is that if we are to avoid the agonies experienced by my hon. Friend's constituents, the patient's voice needs to be as strong as the clinician's in discussions about the efficacy of medicines or medical devices. That clearly has not been happening to date, but I think that we are moving away from the paternalist system that has operated in the past, and the review will constitute a further step in that direction.

Diana Johnson (Kingston upon Hull North) (Lab): The Secretary of State will know the phrase "the patronising disposition of unaccountable power", which applied in the Hillsborough families' fight to get justice, and applies, it seems to me, in what has happened to the groups affected by today's statement. Will the Secretary of State explain why Baroness Cumberlege's report will not come straight to Parliament, so it can make a decision about how patients can get justice quicker than has happened in many cases such as the ones we are discussing today?

Mr Hunt: Those words about the patronising disposition of unaccountable power came from Bishop James Jones, who has made an extraordinary contribution as a voice for people whose voices have been ignored for too long. The House will have every opportunity to debate Baroness Cumberlege's report. The Government will decide their actions and we will put them to the House, which will have every opportunity to listen, make suggestions for improvements, and to become involved at every stage of the process as we take this forward.

Simon Hoare (North Dorset) (Con): With their incredibly moving stories, my constituents Karen, a victim of vaginal mesh, and Angie, with Primodos, will have listened intently

[Simon Hoare]

to what my right hon. Friend has said. May I underscore a point made by colleagues on both sides of the House? There are two key issues apart from the Cumberlege review. First, we must ensure that our medics, from med school up, realise that they are not gods, because that is how many patients feel when they have to deal with them and their concerns are too easily dismissed. That needs to change from the bottom up. Secondly, my right hon. Friend made the point that this is an issue not just for the NHS but for private health care too. It involves patients living in all quarters of the United Kingdom. How will this learning, and the learning of the review, spread, while respecting the devolved Assemblies, in those regions where the health service is not under the control of my right hon. Friend?

Mr Hunt: Those are both important points. I will make one comment about the second one. The spreading of best practice is central. We must ensure that we do not just have a system where we have new NICE guidelines, but that we have confidence that it is being implemented across 30,000 GPs in 250 NHS trusts and so on, and I know Baroness Cumberlege will be thinking about that.

Hannah Bardell (Livingston) (SNP): For my constituents Wilma Ord and her daughter, Kirsteen, the wait for action on this issue and to get truth and justice has been almost unbearable. While I welcome the Secretary of State's candour and tone, the actions outlined today are not enough, and I fear that the baroness, as welcome as she will be to this process, will be doing her job with one hand tied behind her back. The Secretary of State said in his statement that we are not revisiting the science, but then said that we needed to be led by science. Unless I misheard him, there is a contradiction. Will he confirm that the victims affected by all these issues will be at the heart of this, as will the science, because there is an important new study by Neil Vargesson that must be considered in this process in relation to Primodos?

Mr Hunt: I do not accept that there is a contradiction. We have to be open to the science and we have to be led by the science at every stage, and if there is new scientific evidence, we must absolutely take that on board. We must also always be led by patients in what we do, and that is exactly what I am announcing.

Sir Mike Penning (Hemel Hempstead) (Con): It was a pleasure to lead the debate in the House when we secured time from the Backbench Business Committee to discuss this. I really appreciate the tone adopted by the Secretary of State, and by the Prime Minister when I asked her earlier if there was good news. May I also pay tribute to the Minister, my hon. Friend the Member for Winchester (Steve Brine), who is sitting next to my right hon. Friend the Secretary of State, for the work that he did, because I gave him really quite a hard time during the debate?

However, there will be huge disappointment among the Primodos campaign team. The idea of being led by the science from the expert working group is fascinating, because it refused to allow some science to come forward as it had not been peer-reviewed, but then accepted a load of other evidence from the drug companies. On this review going back to the Department of Health

and Social Care, it is implicated in this, in that these drugs were given out by GPs in surgeries without prescription, so that will give no confidence at all. I therefore think that the Baroness will have both hands tied behind her back when doing her work.

Mr Hunt: I commend my right hon. Friend's campaigning, but I am afraid I have to disagree with him. This is an important step forward; we are absolutely going to be led by the science—we have to be led by the science—and we are giving Baroness Cumberlege full rein to look at what the expert working group did, and to challenge it if she thinks fit.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): The expert working group that the Government set up on Primodos changed its own terms of reference. It refused to look at all the scientific evidence and it did not have the confidence of the families affected. How will the Secretary of State's proposals be any different?

Mr Hunt: This is something for Baroness Cumberlege to consider, but the broader point is right. We have for too long in each of these three cases, and in others as well, had processes that have not had the confidence of patients. That is why we are proposing today not just specific measures on each of the three issues, but a broader look at the regulatory structure to make sure that patients' voices are louder and we avoid precisely what the hon. Lady said.

Mark Pawsey (Rugby) (Con): I welcome today's announcement, which I am sure will also be welcomed by my constituent who had surgical mesh implanted in 2008 during a hysterectomy, and, significantly, without her knowledge or consent, which has led her to suffer severe distress and significant pain. When she raised that with her doctors, she was told it was all in her mind and she was imagining it, and she believes that she is still not being taken seriously 10 years later. Does the Secretary of State share my hope that the very existence of the review will encourage a more sympathetic response to people such as my constituent from the medical profession?

Mr Hunt: I very much hope so, and the crucial point that has come out from the contributions of Members in all parts of the House is that the processes we have had in place to date have not had the confidence of the families affected. That applies to a whole range of issues, and I believe medicine is changing fundamentally: people who are passionate about medical innovation and life sciences know that we need to have a very close partnership with patients in order to make proper advances. But we have not always got this right, and that is what I hope Baroness Cumberlege's review will help us to do.

Emma Hardy (Kingston upon Hull West and Hessle) (Lab): I welcome the audit on vaginal mesh and the promised register, but there are a couple of things I want to raise. One is support for victims. My constituent Angie was referred from Hull to Manchester to see somebody, and has now been told she will have to wait months before anybody can properly analyse what has happened to her, so can more resource be given to help the victims of vaginal mesh? Also, will the Secretary of State look into the licensing process on how these things

get into the market and are put out there for use by surgeons? Finally, we should not just look at training, because it is not just about the training for how we put these things in; I believe that the product itself is faulty.

Mr Hunt: We will certainly look at all those things, and the hon. Lady is absolutely right to draw attention to them. Licensing is one thing, but it is also important to ensure that proper information is available to clinicians and patients, because it appears from these cases that there are a number of drugs and devices that are safe but only in certain circumstances, and that knowledge might not have been properly disseminated. The database that the hon. Lady mentioned will help us to get that right.

Derek Thomas (St Ives) (Con): I pay tribute to constituents of mine who have had surgical mesh implants—their campaign has been quite extraordinary and I am humbled by their work. The truth is that there is little prospect of any improvement in their condition. I welcome the statement and I recognise the issue around the ban and why that might not be possible, but will the Secretary of State assure this House and my constituents in west Cornwall that surgical mesh will be used only when there is absolutely no alternative?

Mr Hunt: This is a complex procedure that can go wrong, so it would only ever be used if it was absolutely the right thing for patients. We have looked at this very carefully. Other countries have introduced restrictions on the use of mesh, but we have concluded that that would be disadvantageous to women in certain circumstances. However, that means that we have to take much more care in when it is used so that we avoid those truly horrific complications.

Joan Ryan (Enfield North) (Lab): Those whose lives have been forever changed by the drug Primodos will be very disappointed today, despite there being a step in the right direction. Asking Lord O'Shaughnessy to drive forward the recommendations of the expert working group will not bring any confidence. That expert working group changed its terms of reference: it was asked to examine whether a possible association exists between Primodos and birth defects and it did not do that; it looked at a causal association. That is the crux of the problem, and that is what makes that working group's findings unacceptable, aside from the fact that the scientific evidence not included existed before it even started its investigation. Unless these factors are taken into account in a wide-ranging independent inquiry, I doubt those victims will ever get the satisfaction and justice they deserve.

Mr Hunt: I hear what the right hon. Lady is saying. The reason it was important to ask whether there was a causal link was that it has an implication for the compensation to which people might be entitled, but I would like to reassure her that Baroness Cumberlege will have the freedom to look at all the issues that she has raised.

Bob Blackman (Harrow East) (Con): The pharmaceutical companies have consistently refused to accept a causal link between sodium valproate and autism. My right hon. Friend has now set out measures to warn people

about this in the future, but that does not compensate the victims. What attempts is he going to make to ensure that victims are fully compensated for the dreadful impacts on the lives of their children?

Mr Hunt: In this country, the compensation system works through the courts. There are times when the NHS is liable and there are times when the drugs companies are liable. I hope that Baroness Cumberlege's work will take us closer to understanding where the liability actually lies, so that we can give relief to the families who have suffered for too long.

Mr Ivan Lewis (Bury South) (Ind): Will the Secretary of State join me in paying tribute to my constituents, Emma Murphy and her colleague Janet Williams, for their courageous campaigning to highlight the risks presented by sodium valproate? As he and other hon. Members have acknowledged, victims are incredibly suspicious of the health establishment, and for very good reason. I ask him sincerely whether he is concerned by the fact that Baroness Cumberlege is the director of a company that specialises in advising pharmaceutical companies on how they can most effectively lobby Parliament. What will that do for victims who are already incredibly suspicious of us in this House and of the NHS establishment?

Mr Hunt: I understand the respectful tone in which the hon. Gentleman has asked this question. I do not think that anyone has a better track record than Baroness Cumberlege on campaigning for women's health issues. In her career, she has shown an absolute willingness to take on the medical and scientific establishments when she thinks that that is the right thing to do, and she does so with a great deal of knowledge and a huge amount of passion, so I have every confidence that she will do a good job.

Paul Masterton (East Renfrewshire) (Con): I welcome the statement today. The Secretary of State will be aware that we had a mesh review in Scotland, but unfortunately it quickly lost the confidence of patient groups, who branded it a whitewash after chapters were deleted and evidence was re-presented. Can he assure me that patient groups will not be treated as an inconvenience, and that the real-life personal experiences of these women who have been crippled by mesh implants will be taken fully into account and taken seriously?

Mr Hunt: I wish I could say to my hon. Friend that those people's terrible suffering has been taken as seriously as it should have been, but the truth is that we have a system that has not treated patients' concerns with the seriousness that it should have done. That is why we want to make the important changes that we are announcing today.

Alex Cunningham (Stockton North) (Lab): Forty-four years ago, my constituent Lesley Holmes took two Primodos tablets that had been handed to her by her trusted GP, to check whether she was pregnant. She was, but the consequences for her son have been devastating. With the expert working group's report having been stripped of its credibility, Lesley is still seeking answers and recognition of her family's plight. The Secretary of State appears to agree that we need to recognise that

[Alex Cunningham]

fact and provide the answers, but how long is this going to take? How is he going to ensure that the outcome is actually credible this time?

Mr Hunt: All I can say is that we completely understand those concerns and the despair that many people feel about this issue, but it is difficult to resolve it quickly when there is disagreement among the scientists. What we are trying to do today is to create a process to resolve that disagreement, and that is what I very much hope will happen.

Michelle Donelan (Chippenham) (Con): I welcome the announcement of this much needed safety review. All UK citizens should be confident that the most rigorous safety standards are in place. Can my right hon. Friend confirm that the review will not have an impact on initiatives such as the accelerated access review and the cancer drug fund, which have fast-tracked access to much needed drugs and treatments?

Mr Hunt: I can confirm that, although it is also important to say that if we discover changes in procedures that will improve the safety of medicine use or medical device use, the people who put those new drugs on the market would want to benefit from any changes in regulatory processes, but what we would not want to do is reduce the speed.

Emma Little Pengelly (Belfast South) (DUP): I welcome the Secretary of State's statement. I have met and been contacted by many women in my constituency who continue to suffer excruciating pain and serious detrimental outcomes as a result of surgical mesh implants. I welcome these initiatives, but I suggest that there would be huge value in some of them, such as the database, being established at a UK-wide level. What discussions have he and his Department had, or do they intend to have, with the devolved regions to ensure that this could take place at a UK-wide level?

Mr Hunt: Our approach on safety issues is that we are happy to do anything on a UK-wide basis if that is what the devolved Administrations want, because we do not see any benefit in not sharing data. If the willingness is there among the other Administrations, we would be happy to play ball.

Bill Grant (Ayr, Carrick and Cumnock) (Con): I welcome my right hon. Friend's announcement of a review of these three important medical matters and his securing the much respected Baroness Cumberlege to lead it. I should like to focus on Primodos, which has affected around 1.5 million women throughout the United Kingdom. It has been a terrible long journey for those individuals and their families. They have simply been pursuing truth and justice, but to date they have received neither. I have heard much about the use of data and science in the review, but will my right hon. Friend ask the Baroness to introduce humanity into the review as well, and to take into account the peer-reviewed research carried out by Aberdeen University that is now available? I certainly hope that this review will be a stepping stone to a full public inquiry for Primodos victims. Maybe then, and only then, will they receive the truth and justice that they and their families so richly deserve.

Mr Hunt: That was very eloquently put by my hon. Friend. We also want to get closure on this issue, and that means getting the scientific consensus that has eluded us to date. I will certainly mention the Aberdeen research to the noble Baroness.

Neil Gray (Airdrie and Shotts) (SNP): The Secretary of State was right to say that patients' views have been neglected, and that they need to be central to this review. My constituents who have been impacted by Primodos lost faith in the working group's review, not least because of that concern. How far will this review go? Will it, for instance, look into the fact that there might be a diminished amount of evidence available because the medical records of women who took Primodos were destroyed, including those of my constituents?

Mr Hunt: I am happy to do so, but this review is obviously separate from the things that are happening in Scotland. However, we will certainly look at all those issues.

Mr Philip Hollobone (Kettering) (Con): This is the first chance I have had to thank the Secretary of State for visiting Kettering General Hospital last week, and I do so now. It is a laudable and oft-stated ambition that the NHS should be the world's safest healthcare system. Are we there yet? If not, when will we be?

Mr Hunt: International experts from the Commonwealth Fund in New York say that we are the safest healthcare system in the world, but that gives me pause for thought because there is still so much avoidable harm and death in our system right now. If we are the safest, that says that healthcare everywhere needs to improve.

Margaret Greenwood (Wirral West) (Lab): Campaigners on Primodos will be hugely disappointed by the Secretary of State's statement and his failure to recognise the concerns they have raised about the expert working group. That aside, how many patients does he envisage being involved in the review, and how does he believe that they will be best accessed to ensure that those people who are quiet actually have their voices heard?

Mr Hunt: That is the entire purpose of the review. Obviously, Baroness Cumberlege will want to involve patients in the process right from the start, and I will talk to her about that. I will also write to the hon. Lady to spell out in detail the way in which the Baroness intends to involve patients in the process.

Kevin Foster (Torbay) (Con): I thank the Secretary of State for his statement, which will be of comfort to vaginal mesh implants victims in my constituency. It is right that the review will be wide-ranging, but will he confirm whether those who have been barred from receiving compensation owing to the statute of limitations under the Consumer Protections Act 1987 will be included?

Mr Hunt: Absolutely.

Tony Lloyd (Rochdale) (Lab): The Secretary of State will be aware that many of the women who took Primodos would not necessarily have known at the time that that was what they were taking or what the consequences were, and it is only later that they may have realised

what took place. How will they be brought into the review? If there is to be compensation at some point, what will the test be? It would be unfair for them to have to prove that they were victims of the drug.

Mr Hunt: I wish it was easy to give the hon. Gentleman a straightforward answer, but the truth is that there is much scientific disagreement about whether there is a causal link, which makes it difficult to give clear answers to his constituents and, indeed, to mine. I hope that the review will shed some clarity on the situation, because that is what many people want.

Liz McInnes (Heywood and Middleton) (Lab): What advice has the Secretary of State sought from the Royal College of Midwives, the Royal College of Obstetricians and Gynaecologists and the Royal College of Pathologists? What involvement will those bodies have in the review?

Mr Hunt: Baroness Cumberlege has honorary fellowships at the Royal College of Nursing and the Royal College of Physicians, so she is well connected with all the organisations that the hon. Lady mentioned.

Jim Shannon (Strangford) (DUP): I thank the Secretary of State for his statement. As he indicated, our products are world leading, and China and the UK have come to an understanding on medical device regulation, which is great news. However, does the Secretary of State have any information about further such understandings to ensure that we can export our medical innovations throughout the world safely and with as little red tape as possible?

Mr Hunt: It is fair and important to say that our regulatory system is admired the world over because we do safety extremely well and take it extremely seriously, but that does not mean that we cannot improve it. The lesson of today is that patients' voices have not been strong in that process, and that is what we need to change.

Shared Parental Leave and Pay (Extension)

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

1.52 pm

Tracy Brabin (Batley and Spen) (Lab/Co-op): I beg to move,

That leave be given to bring in a Bill to make provision about shared parental leave and pay for workers, including those that are self-employed; and for connected purposes.

I begin by paying tribute to those who have been campaigning for the provisions in this Bill, which I would not be presenting today were it not for their work and dedication in pushing shared parental leave for all on to the agenda. The campaigners include UK Music, Equity, Parental Pay Equality, Pregnant Then Screwed, the Broadcasting, Entertainment, Cinematograph and Theatre Union, Parents In Performing Arts, the Music Producers Guild, the Writers' Guild of Great Britain, Raising Films, the GMB, the TUC and many more.

The self-employed are clustered not just around the creative industries, however; the whole world of work is changing. More and more people are classed as self-employed or as freelancers working in the gig economy, and 15% of British workers define themselves as freelance. Physios, cleaners, builders, beauty therapists, delivery drivers, journalists, engineers, Uber drivers, plumbers, painters and decorators—literally anyone can be self-employed. However, 9% of women and 16% of men are not eligible for shared parental pay because they are self-employed, and there are 24,000 self-employed mums claiming maternity allowance who would benefit from the Bill.

It is encouraging that the Government know the importance of shared parental leave—that was a positive and radical step introduced by the coalition Government in 2015. Sadly, not enough families are taking the opportunity, because although many employers have enhanced maternity schemes, such schemes do not exist for shared parental leave for most employees. That means that many families would be worse off if they signed up to a shared scheme, and keeping the family finances in the black is a priority for most.

It was therefore good last week to see the Government roll out their advertising campaign “Share the joy” to get more dads to take up their entitlement. That is a welcome push when only a disappointing 2% of employees take shared parental leave. Unfortunately, the problems around take-up will probably never be clearer than when the Minister responsible for shared parental leave, the hon. Member for Burton (Andrew Griffiths), revealed while doing a media round to promote the policy that, as a Minister, he was in fact not eligible for it. I do not mention that to embarrass him in any way; I simply cite it as an example of how the culture around shared leave needs to change. To do that, we need to give more people more choice, and we need parity between the traditionally employed and the self-employed. The Bill would achieve just that.

Self-employed mums who have given birth currently must take their statutory maternity allowance in one go. They cannot return to work for a month or two and then resume their allowance. My Bill would allow freelance partners to decide who receives the allowance so that a mum could take a block when she was ready or wanted

[Tracy Brabin]

to re-enter the workplace, while the family still received a regular income from the maternity allowance. That would be a simple way of replicating shared parental leave for freelancers at no extra cost to the taxpayer. Such a move would send a strong message to the country not only that we understand the changing face of work, but that men and women are valued equally in the home and the workplace.

If the policy was extended to the self-employed and freelancers, I believe that there would be no problem with poor take-up. A survey conducted by Parental Pay Equality found that over 70% of freelancers or those with freelance partners would use the scheme if it was available to them. A change to our cultural norms cannot happen overnight, but the self-employed can blaze a trail, helping us to get to a place where it is assumed that partners can—and indeed should—shoulder a significant amount of the childcare. If the number of freelancers who would take up shared parental leave is significant, why are we holding back?

For those who are not au fait with the rules around parental leave for the self-employed, I should point out that under existing legislation, a self-employed mum is entitled to a maternity allowance of £140.98 a week for 39 weeks if they have paid class 2 national insurance for at least 13 of the 66 weeks before their baby is due. Maternity allowance is paid only to mums, but it is withdrawn if the freelance mum does any work beyond the statutory 10 “keeping in touch” days that she is allowed. For example, if a freelance chiropodist took a short contract job that lasted for longer than 10 days, she would immediately lose her maternity allowance and would be unable to reapply. However, a chiropodist who is an employee on maternity leave can work freelance, so long as she does not break the terms of her employment contract, and still get her maternity pay. That is far from ideal, and self-employed women face a difficult Catch-22 situation: stay off work and keep the allowance for the full 39 weeks; or run the risk of taking a one-off job that might not result in regular money. That would be a stressful decision for anyone, let alone a sleep-deprived new mum.

When 95% of small businesses on the Not On The High Street website are run by women, we know that many families out there might benefit from sharing parental leave. Why is it so important that we do this now? This type of work—freelance; self-employed; contract-based—is on the rise. The Office for National Statistics states that at least 4.7 million people are employed in insecure, freelance or self-employed work, and the Government have stated their desire to tackle the problems that such employment can create: less security, fewer rights and often less pay than more conventional employment. Self-employment and the gig economy have recently been the subject of the Taylor review. After Matthew Taylor heard hours of submissions and many detailed recommendations, he conceded that the Government should address parental leave “where self-employed people lose out.”

This is our chance to get that on the agenda.

Freelance, self-employed or insecure work is not new. It has for decades been a feature of the creative industries, in which 44% of people are self-employed. I worked in the area for over 30 years and my partner still does. It can be tough to pay the bills. Working hours are

flexible, with project-based employment, uncertainty, precariousness, and irregular and often unreliable payment. There is no nine-to-five working and little stability, and looking for work can take up nearly as much time as actually doing the job. Today, however, the working patterns and insecurities of the creative industries are not an anomaly; they are becoming the norm. The idea of starting a family—another mouth to feed and no guarantee of work—can be terrifying for any freelance couple. Obviously, money is tight for any new parent, but it is even more so for those in the gig economy or insecure work.

Employing 2 million people, the creative industries are, of course, a success story, but areas for improvement remain. More often than not, it is the woman who compromises on her career to bring up the family. She is the one who steps out of the industry because two freelancers just cannot make the finances work. Or, once back at work, she is the one who is expected to stay off with the children when they are ill, who goes part time to fit around school hours, or who is expected to dash home early when childcare falls through.

We only have to look at the recent BAFTA awards to see how bearing the bulk of childcare can affect career progression. Women still lag behind men when the gongs are being dished out, and the statistics back that up. According to research from Raising Films, 74% of creative workers surveyed have turned down work because they are a parent, while 22% said that their career had come to a halt or had stopped altogether once they had a child. All that talent, training and dedication is lost because there is not enough support for self-employed families with young children. We need to change the culture, and to do so we need to start right at the beginning, when the baby is born.

As I mentioned at the beginning of my speech—I know how much those on the Treasury Bench appreciate a good deal, so this is worth repeating—the Bill would come at no extra cost to the taxpayer. Maternity allowance is already paid to new mothers; this is a win-win for the Treasury. The Bill would also mean that men would have more chance to spend time with their babies, allowing women to pick up opportunities as they present themselves.

Although I believe that the maternity allowance should be increased, the Bill is not about that. It is simply about giving freelancers and the self-employed the right to share the current allowance.

This Bill is simple but significant. It would allow maternity allowance to be shared in blocks between parents who work as freelancers, replicating the way in which shared parental leave works for those in more conventional employment. The Bill is fair and progressive, and it would complement current Government policy, not disturb it. It would help to close the gender pay gap, proving to the world that Britain is serious. I commend the Bill to the House.

Question put and agreed to.

Ordered,

That Tracy Brabin, Mrs Maria Miller, Mr Edward Vaizey, Alison Thewliss, Caroline Lucas, Jo Swinson, Tom Watson, Kevin Brennan, Emma Reynolds, Luciana Berger, Rachel Reeves and Rebecca Long Bailey present the Bill.

Tracy Brabin accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 11 May, and to be printed (Bill 167).

FINANCE BILL (PROGRAMME) (NO. 2)

Ordered,

That the Order of 11 December 2017 (Finance (No. 2) Bill: Programme) be varied as follows:

1. Paragraphs (10) and (11) of the Order shall be omitted.
2. Proceedings on Consideration shall be taken in the order shown in the first column of the following Table.
3. Each part of the proceedings shall (so far as not previously concluded) be brought to a conclusion at the times specified in the second column of the Table.

TABLE

Proceedings	Time for conclusion of proceedings
New Clauses, new Schedules and amendments relating to the effect of the Bill on equality	Two hours after the commencement of proceedings on the Motion for this Order
New Clauses, new Schedules and amendments relating to the bank levy; new Clauses, new Schedules and amendments relating to the effect of the Bill on tax avoidance or evasion	Three and a half hours after the commencement of proceedings on the Motion for this Order
New Clauses, new Schedules and amendments relating to stamp duty land tax; remaining new Clauses, new Schedules and amendments to Clauses and Schedules; remaining proceedings on Consideration	Five hours after the commencement of proceedings on the Motion for this Order

4. Proceedings in legislative grand committee shall (so far as not previously concluded) be brought to a conclusion five hours after the commencement of proceedings on the Motion for this Order.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion six hours after the commencement of proceedings on the Motion for this Order.—
(*Mel Stride.*)

Finance (No. 2) Bill

Consideration of Bill, as amended in the Public Bill Committee

New Clause 9EQUALITY IMPACT ANALYSES OF CERTAIN PROVISIONS OF
THIS ACT

‘(1) The Chancellor of the Exchequer must review the equality impact of the provisions of this Act specified in subsection (3) in accordance with this section and lay a report of that review before the House of Commons within six months of the passing of this Act.

(2) A review under this section must consider—

- (a) the impact of those provisions on households at different levels of income,
- (b) the impact of those provisions on people with protected characteristics (within the meaning of the Equality Act 2010),
- (c) the impact of those provisions on the Treasury’s compliance with the public sector equality duty under section 149 of the Equality Act 2010, and
- (d) the impact of those provisions on equality in different parts of the United Kingdom and different regions of England.

(3) The provisions specified in this subsection are—

- (a) income tax (in sections 1 and 3 to 6),
- (b) employment (in sections 7 to 10),
- (c) disguised remuneration (in sections 11 and 12 and Schedules 1 and 2),
- (d) pension schemes (in section 13 and Schedule 3),
- (e) settlements (in section 35 and Schedule 11),
- (f) air passenger duty (in section 43),
- (g) vehicle excise duty (in section 44), and
- (h) tobacco products duty (in section 45).

(4) In this section—

“parts of the United Kingdom” means—

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

“regions of England” has the same meaning as that used by the Office for National Statistics.’—
(*Dawn Butler.*)

This new clause requires the Chancellor of the Exchequer to carry out and publish a review of the effects of certain provisions of the Bill on equality in relation to households with different levels of income, people with protected characteristics, the Treasury’s public sector equality duty and on a regional basis.

Brought up, and read the First time.

2.4 pm

Dawn Butler (Brent Central) (Lab): I beg to move, That the clause be read a Second time.

New clause 9 stands in the name of my right hon. Friend the Leader of the Opposition and other hon. Friends.

I thank the previous Minister for Women and Equalities, the right hon. Member for Putney (Justine Greening), for the equality impact assessment response sent to me just before Christmas. Her responses are normally quite upbeat. I found this response a little lacklustre, but it highlighted why we need to support new clause 9. Her letter highlights the weaknesses of “due regard” and goes on to make a somewhat puzzling statement:

[Dawn Butler]

"All Departments carefully consider the equality impacts of individual policy decisions taken on by those sharing protected characteristics in line with our legal obligations and our clear commitment to equality issues."

Therein lies the problem: this Government have not shown a clear commitment to equality issues—far from it. With 86% of the cuts falling on the shoulders of women, and with black, Asian and minority ethnic people and the disabled suffering more than any other group, I find it hard to understand why the Government try to proclaim that they are committed to equalities.

Rachel Maclean (Redditch) (Con): The hon. Lady says that the Government have not made a clear commitment. Does she not agree that compelling companies in our country to publish gender pay gap information—the first time any Government have done that—is a very clear signal that is already making real change for women working in those companies?

Dawn Butler: I agree that it is good to get companies to publish their pay gap information, but there are no teeth if companies fail to do so. That is a real problem that needs to be addressed. We need to tackle the gender pay gap, and there needs to be punishment for companies that fail to address the pay gap—that is an unfortunate failing in the Government's plan.

Luke Graham (Ochil and South Perthshire) (Con): Does the hon. Lady recognise that voluntary publication schemes—such as on participation, as demonstrated by the Crossrail project—show that companies will comply through social pressure? There is a brand equity question, so we do not need a hard punishment. Through brand equity and reputation, there will be punishment enough if companies fail to comply.

Dawn Butler: Again, the problem is that very few companies have actually published, and the deadline is quickly approaching.

The letter from the right hon. Member for Putney went on to say that the Treasury would complete a cumulative impact assessment. I have yet to receive confirmation of that cumulative impact assessment, so will the Minister confirm that it has been done and whether a copy will be placed in the Library?

I know that it is often difficult for the Government to hear the Opposition's views, so I urge them to listen to the voices of Conservative Members, such as the right hon. Member for Loughborough (Nicky Morgan), the Chair of the Treasury Committee. The Committee is obviously a little perplexed by the lack of commitment to equality impact assessments. The Chancellor has complained about the type of data gathered, but when he was asked whether he had asked the Office for National Statistics about the gathering of that data, he replied that he had not. That does not exactly show a commitment to equality, does it?

The Treasury Committee went on to say:

"The Treasury should use ONS and HMRC data to produce and publish robust equalities impact assessments of future Budgets, including the individual tax and welfare measures contained within them. A deficiency of data in respect of some protected characteristics is not a reason for failing to produce an analysis in

respect of others for which data is available. Nor should the risk of misinterpretation or methodological complexity preclude the publication of an Equalities Impact Assessment."

In short, just do it.

The only reference in the Budget to identified gender impact is where it disproportionately affects men. What possible reason could there be for that? I understand that the Treasury Committee would welcome an explanation of the Government's thinking, and so would we. It just does not make sense. The Chancellor alluded to the fact that Ministers see the equality impact assessments for their Departments. That makes me wonder: if Ministers see them, read them and give proper due regard to them, why would they implement the policies they do?

If the Government fail to support this new clause, there can be no public confidence in the Government's commitment to protect and not punish people with protected characteristics. For the record, let me say that the nine protected characteristics are age; disability; gender reassignment; pregnancy; maternity; race; religion or belief; sex; and sexual orientation. I understand that the Prime Minister is a little pre-occupied and weak at the moment and that she is dealing with a serious ransom note, but I honestly believe she will not be pleased that her legacy will be the hindering of women and their life chances.

More children are homeless or living in temporary accommodation now than at any time since the 2007-08 financial crash. Shelter says that homelessness is a national scandal and estimates that 140 families become homeless every day. The estimate of rough sleeping shows an increase of 134%. Every day, we see and hear the damaging effects that this Government's policies have had on people, especially those with protected characteristics. This Government are damaging, not protecting, vulnerable groups in our society. Even when the Government conduct an equality impact assessment, they seem to ignore it. Just two weeks ago, they released an equality impact assessment that revealed more bursaries will be axed—this is for about 1,000 nurses who enter the profession each year. The assessment revealed that the latest change risks discouraging women who are ethnic minority or from poorer backgrounds, but the Government went ahead and did this in any case.

We need a Prime Minister who cares enough to start laying foundations by which we can bring about true equality for women, diverse communities, LGBT+ communities and those with protected characteristics. A Labour Government led by my right hon. Friend the Member for Islington North (Jeremy Corbyn) would do just that. A Labour Government's success will be measured by how they reduce inequality. The next Labour Government will ensure that we publish comprehensive equality impact assessments and conduct them before implementing policies. A Labour Government would have pre-legislative and post-legislative scrutiny to ascertain whether policies are making a situation better or worse. The Labour way will enable us to truly build an economy for the many and not the few. If the Government fail to support this very reasonable new clause, more people will question—

Helen Whately (Faversham and Mid Kent) (Con)
rose—

Dawn Butler: I am sorry, but I am just coming to the end of my speech. If the Government fail to support this very reasonable new clause, more and more people

will begin to question why this Government are so intent on harming and hindering women and those with protected characteristics, as opposed to helping them.

Kirsty Blackman (Aberdeen North) (SNP): It is a pleasure to take part in the final day of debate on this Finance Bill. We have had a lot of debate during the past few weeks. The hon. Member for Oxford East (Anneliese Dodds), the Minister and I have spent quite a lot of time together in the Committee Room, on not only this Bill, but the customs Bill. It is good to be here again to talk about this. It is a great way to start talking about equalities, particularly in respect of this new clause put forward by the Labour Front-Bench team.

The new clause is incredibly important, because the way the Government and previous Governments at Westminster have done Budgets has not been particularly transparent and has not resulted in people knowing what the effects of all the policies will be. I have said before that this is a good new clause and I am delighted to support it on behalf of the Scottish National party. I wish to highlight a number of things in it and to make more general comments about transparency and the processes the Government use to create Budgets and make tax law. The new clause talks about various things, including an analysis of the impact on the different protected characteristics.

2.15 pm

Let me focus on just one of those characteristics, as the issue of age is incredibly important. A number of decisions the Government make on tax policy have a differential impact on people of different ages. We have spoken in this Chamber on a number of occasions about the generational divide that exists. We are seeing “generation rent”, with millennials and those who are younger facing a very different housing situation from those in generations that came before. Therefore, any tax changes that happen affect that group of people differently from how they affected those in the previous generation when they were the same age. It is important that any analysis undertaken by the Government considers the generational divide and examines the impact on not only that group of millennials and younger people, but people of state pension age. It must consider the impact on them of any changes to taxes that are coming through.

The hon. Member for Brent Central (Dawn Butler) mentioned the issues relating to women, and it is clear that a major gender pay gap remains. I recognise that the Government have ensured that companies have to publish this information. That is really important, but the publications I have seen so far from companies have caused me even more concern than the situation we were previously in. One company recently produced a gender pay report that stated that men in the organisation were paid significantly more than women and that this was not an equal pay issue because the men were overwhelmingly doing higher-paid jobs. This was a travel company and men were the pilots whereas women tended to be the cabin crew; 95% of this company's pilots were men and 80% of its cabin crew were women. That is still a major issue, because women are finding it very difficult to become pilots and men are not finding it that easy to become cabin crew either. There is a real issue to address. Even though I welcome the fact that

these data have been published, this has highlighted more structural, institutional issues that need to be solved, as well as simply those relating to equal pay. Any impact analysis that the Government carry out needs to ensure that it takes into account all these things.

Let us look at some of the decisions the Government have taken previously, such as the changes made on the marriage allowance. I welcome the positive changes that are being made to the marriage allowance in the Bill, but the creation of the marriage allowance disproportionately has a negative impact on single female parents. That is still a major concern for the SNP. We still have real issues with the marriage allowance and do not think it has been properly thought through, because of the lack of fairness in that system.

Alison Thewliss (Glasgow Central) (SNP): My hon. Friend is making a good point on the marriage allowance, as ever. Does she agree that it creates a significant inequality, in that I, as a married woman, suddenly get this advantage over an unmarried woman? That is an injustice and an unfairness in the tax system. The Government really should not be in the business of telling people that it is financially beneficial to get married.

Kirsty Blackman: I absolutely agree with my hon. Friend that people should not feel that they should have to get into a marriage, a civil partnership or any kind of signing on a dotted line relationship, to get a tax break. People should have the choice on that. As I said, this allowance has a disproportionately positive effect on people who are married, particularly on men; it is women who tend to be disadvantaged because they cannot receive this allowance.

Turning to other things in the new clause, I have previously talked, particularly during consideration of the customs Bill, about the differential regional impacts that Brexit will have, particularly now that the leaked Government analysis shows that there will be significantly higher negative impact on areas in the north of England, for example, than in London and the south-east of England. Therefore, when the Government make policy they should be making sure they are trying to balance that out and to put in place policies that are more beneficial to those negatively impacted areas, to counterbalance the major negative effect that Brexit will have.

We need to provide the people in those areas, particularly those at the bottom of the pile, with a fairer system that is better for them. Were the Government to analyse that, we would be in a better position and could see more clearly what they thought the impact would be. Part of the problem is that the Government do not know the impact of some of these policies. They do not know what the differential impact will be because they have not looked at it. If they have all this analysis, it should be easy for them to publish it and to give it to Members, so that we can scrutinise it and make the best decisions.

Luke Graham: The hon. Lady talks about regional disparity; does she really think that the Scottish National party policy of increasing taxes in Scotland is a good way to narrow that disparity?

Kirsty Blackman: I have expressed particular concerns about those people in England who earn under £26,000 a year and will pay more tax than they will in Scotland and about whether the Government feel it is fair—*[Interruption.]* I am sorry, Mr Speaker, but I am being shouted at from across the Chamber. Those people at the bottom of the pile who earn under £26,000 a year will pay more tax in England than they would in Scotland. That is not fair, because those people—

John Lamont (Berwickshire, Roxburgh and Selkirk) (Con): Will the hon. Lady give way?

Kirsty Blackman: No thanks.

It is not fair because those are the people who most need Government support, especially given the changes to tax credits and the negative impacts we have seen, with disabled people losing £30 a week. This is a major issue for the most vulnerable people. The Conservatives shout about the fact that tax rates for those who earn a reasonable income will be slightly higher in Scotland than in England, but it is clear that they support a different system that does not involve as much fairness as the system that we are trying to support in Scotland.

On the process of Budget scrutiny and the general process of scrutiny of Finance Bills, I have previously expressed vociferously my concerns about the fact that Finance Bill Committees do not take evidence. It would be much better if they did, and if they did, I would like to see them take evidence from organisations such as the Women's Budget Group that can talk about the gender disparity in some of the tax decisions that are made. But I honestly do not think that that is enough. It is not enough to have scrutiny after the fact. Despite the Government moving to one fiscal event in the year, which is a change that I welcome, there is not the level of consultation that there could be before tax measures are suggested and put in place—before the Chancellor stands up and reveals his Budget.

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): In a Westminster Hall debate this morning, I outlined the benefit that the European Community brought to my constituency through the funding of vital infrastructure projects. Of course, there is a revenue follow-on from that, because road improvements lead to people being able to get to hospital quicker and other things like that. We are grateful for that. Does the hon. Lady agree that, in respect of the Bill, it would have been helpful had some consideration been given to the effect of the reduction of that money and what that will mean for the UK Exchequer? Indeed, it would have been helpful to consider what that would mean in terms of helping the Scottish Government to replace that funding, as and when.

Kirsty Blackman: I agree with the hon. Gentleman's point. I made the point earlier about regional differences and the impact of Brexit. It is important not only in relation to the GDP reduction that areas might see because they will not be able to trade as easily with EU countries, but in respect of the money that came from the EU and was used for things like infrastructure projects. It is important that the Government counter those reductions.

When the Chancellor stands up to give his spring statement, which we hope will be light on tax changes—that is what tax experts and the business community are asking for—and when he delivers his Budget, it is incredibly important that he has done as much consultation as possible beforehand. He should not only speak to business organisations and Conservative MPs, as I know he does, but open the net wider and consult in advance on any tax measures that he wishes to put in place. He should also take on board new clause 9, which would ensure that an impact analysis is carried out afterwards.

John Lamont: Can the hon. Lady explain the consultation that the Scottish Government undertook before they introduced higher taxes for Scottish taxpayers? Many of my constituents do not feel that it was fair and many businesses have expressed concerns. Despite the calls for consultation, the Scottish Government's consultation before the introduction of their own plans for higher tax was not reflected in any changes.

Kirsty Blackman: Before the vote on the Scottish Government's budget, they produced a paper on the rationale behind their proposed changes. They consulted each of the parties in the Scottish Parliament and asked them all to put forward their tax plans, so that they could be analysed. The consultation was first put forward in October or November—I am not entirely sure—and the vote is taking place today. That left a significant length of time between the production of the consultation documents and the first discussions and the actual vote in Parliament.

Here in Westminster, we have the Budget debate and then the votes on the Ways and Means resolutions. We have votes on proposals that are being put in place from that day. That is very different from the situation in the Scottish Parliament, where a length of time is allowed for consultation because the draft budget is produced. All the parties in the Scottish Parliament are welcome to produce an Opposition budget and they are welcome to take that to the Parliament to be voted on. Some of them have chosen to do that and some have not. I suggest that those that have not chosen to do that might be struggling to balance the books, or they might have just decided that ours is clearly the best option.

I do not wish to take up any more time. The call for equality assessments and for more transparency and information would be helpful not only for the Opposition, who scrutinise the Budget, but for the Ministers who take decisions. They would take better decisions if they could see all the impacts, particularly on people with protected characteristics.

Helen Whately: I wish to make a few brief comments, particularly as I was unable to intervene on the shadow Minister, the hon. Member for Brent Central (Dawn Butler). I was quite shocked by some of the accusations she made and by what I consider to be her somewhat unsubstantiated claims about a rather illusory bright future under a Corbyn Government. I felt that she somewhat ignored the legacy of the previous Labour Government, who failed to build homes, thereby contributing to the current housing challenge; who failed on jobs, leaving many thousands of families jobless when the Conservative Government took over; and who increased inequality in our society.

Anneliese Dodds (Oxford East) (Lab/Co-op): The number of home-owning households increased by 1 million under the Labour Government and has fallen under Conservative Governments. I thought it important to correct the record.

Mr Speaker: It may be important to correct the record and I know that the hon. Member for Oxford East (Anneliese Dodds) was led into that by the observations of the hon. Member for Faversham and Mid Kent (Helen Whately)—it is quite easy to elide into disorderly conduct—but it is important that we try to focus the exchanges on new clause 9, to which with laser-like intensity I know the hon. Member for Faversham and Mid Kent will now turn.

Helen Whately: The hon. Member for Oxford East (Anneliese Dodds) made a different point from the one I made. My point stands because it was about the building of houses.

By contrast with the previous Labour Government, the current Government have made progress on the gender pay gap. This is the Government who are requiring companies to publish data on the gender pay gap. As we well know, and as has been said this afternoon, transparency is a huge driver of change. We have seen that in many sectors, including a lot in the health sector, which is where I got most of my experience. This Government introduced and are raising the national living wage, which disproportionately benefits women; this Government have taken the lowest paid out of tax; this Government are making sure that for every £1 that the lowest-income households pay in tax, they benefit from £4-worth of public spending; and this Government have overseen a huge expansion in jobs so that millions more are in work.

On the point that the hon. Member for Brent Central made about children, it is significant that many more children are now in households in which somebody in the family is working; far fewer are in workless households. We know that work is key to getting out of poverty.

Rachel Maclean: My hon. Friend is making a great point about our record on job creation. Does she also recognise that it is this Government who have overseen the greatest expansion of women in work since records began?

2.30 pm

Helen Whately: My hon. Friend makes a very good point. We have put in place policies to help women. The extra free childcare for three-year-olds benefits both parents but, as women are often the main child carer, it particularly helps women who have an ambition to work.

Alex Chalk (Cheltenham) (Con): Does my hon. Friend recognise that, since the last Labour Government were in power, youth unemployment has been cut in half? That generates opportunities, the dignity of work, the chance to get on and the chance for women and children to achieve their best in society.

Helen Whately: I thank my hon. Friend for making such an important point. This Government have given thousands of young people the opportunity to have

a job. It was not that long ago that everyone was always talking about NEETs—the big debate was about all those young people not in education, employment or training. Those numbers have now shrunk phenomenally under this Government's leadership.

Stella Creasy (Walthamstow) (Lab/Co-op): The hon. Lady has mentioned the power of numbers to be able to track progress. Obviously, new clause 9 is about the power of numbers to be able to track progress in tackling inequality. If she thinks that those numbers were so important in the battle to ensure that we did not leave young people behind, why does she not think the same when it comes to women and ethnic minorities?

Helen Whately: I am not surprised by the hon. Lady's intervention. The point is that there is a thorough impact analysis of the Budget. Where does it get us if we endlessly go around these things, again and again?

Bim Afolami (Hitchin and Harpenden) (Con): If we compare 2003 to 2006 under the Labour Government with 2013 to 2016, we will see that the number of women in business and entrepreneurship has grown by more than 40%. Does my hon. Friend agree that that shows the Government's commitment to women in business?

Helen Whately: Another very well-informed point from a colleague about the great progress that women are making in the workplace with the support of this Government.

The headline point that I was keen to make is that this Government have a track record in reducing inequality. I am keen to ensure that we base what we say on the track record—the track record of improving the lives of people on the lowest incomes and of reducing inequality.

Stephen McPartland (Stevenage) (Con): Does my hon. Friend agree that this is about not just incomes, but equality of opportunity and aspiration?

Helen Whately: I agree. We should not just look at the outcomes. The outcomes are a desired end but, in order to get to a better outcome, the key is to give people opportunities to make the most of their lives. In particular, we should help those who have a difficult start, or who find themselves in a difficult situation. They may need extra help to access the opportunities but, absolutely, opportunity is the key.

Rather than painting a picture that can mislead people into believing this illusion of a perfect world, we need to base claims on substantial policies. I know that it is controversial, but universal credit is making a difference in my constituency for people who want to work and who want to work more hours. I have heard many criticisms of the policy, but genuinely it is making a difference and giving people the opportunity to increase the work that they do. Improvements in the standard of education and the opportunities coming through thanks to the industrial strategy—these are the concrete policies that will make life better for people. That is how we reduce inequalities and that is why I am delighted to support the Government throughout this Finance Bill.

Luke Graham: Thank you, Madam Deputy Speaker, for the chance to speak on new clause 9 and more broadly.

As I said when I intervened on the hon. Member for Brent Central (Dawn Butler), I appreciate that we should look at the distribution and at the impacts of some of the Budget provisions. That is what the Treasury already does. At every budgetary event, it does look at the impact on distribution across the United Kingdom. ONS statistics also look at distribution and the impact across different households.

When we talk about making sure that we shine a light on these issues and target equality, for which I and many Members share the hon. Lady's passion, we should recognise that this is the Government who put pressure on companies to produce these publications. Although there is not yet full compliance, I am sure that my right hon. Friend the Financial Secretary to the Treasury will continue to put pressure on the sector—I referred to this matter earlier—to follow other industry-leading programmes such as Crossrail, which use publication and peer review to add pressure and to show companies what best practice is in the UK and internationally.

Let me pick up on some broader points about the pay gap, particularly the gender pay gap. I hope that Opposition Members saw the recent study quoted in the *Financial Times* just a month ago—I would be happy to share it with them—which looked at male and female pay rates. Those rates were actually very equal up to around middle-to-senior manager level, after which there was a big gap. The biggest disparity, and where some of the most uneven gap appears, was at the very senior roles, as in chief executive officer and chief financial officer roles. One of the key drivers for that, as stated in that study, was women taking maternity leave. So we have already identified the pay gap problem, and we should be looking at policies to increase flexible working and to help women back into the workplace after taking maternity leave. I know that colleagues on the Front Bench have been looking into that and have reflected that in the Budget.

More broadly, let me pick up on some of the points made by the hon. Member for Aberdeen North (Kirsty Blackman) about tax and equality. Just to be clear—new clause 9 refers to every part of the United Kingdom—some of the tax increases that have just been made in Scotland are said to produce a much fairer society, but, to clarify this for the House, the tax changes mean that those on the lowest incomes in Scotland get £20 more a year—that is it. That is 38p a week. When Scottish National party Members stand in this House and lecture this Front Bench and this Government on being unfair, let us remember that the tax changes that the SNP has introduced bring in 38p a week, or £20 a year, and the tax changes that the Conservatives have introduced bring in £1,500 a year through the changes to the tax threshold. Let us leave the SNP to bicker on the sidelines while the Conservatives bring about truly transformational change.

I was also amazed by what the hon. Member for Aberdeen North said about the marriage allowance. I am glad that she was pulled up on it, because the party has been in the papers about the marriage allowance just this weekend. The Chancellor of the Exchequer of the UK Government had to stand up and guarantee to people living in Scotland that the Government will bridge the gap created in the marriage allowance by the

tax changes that have been imposed by the SNP Administration in Holyrood. Yet again, it is the UK Exchequer that is having to stump up for SNP failures in Scotland.

When we talk about fairness, it is also important to recognise that it is this Budget that is increasing the block grants in Scotland in real terms. It was even recognised by the Finance Secretary, Derek Mackay, in the Scottish Parliament, that it is a real-terms increase. Therefore, on top of the £1,750 per head spending we get—or Union dividend we get—already, we are getting a further real-terms increase to spend on frontline services in Scotland.

I am conscious of the time, but one important area that impacts on equality issues is tax avoidance, which has been picked up in the Budget. I am talking not only about tax avoidance generally, but about the VAT provision. The Public Accounts Committee, of which I am a member, has been specifically interested in that. The provisions that have been included to target VAT avoidance, especially for international payment platforms and for international marketplaces, give the Exchequer a good opportunity to target those who are not currently paying VAT but who should. Hopefully, that will bring more money into UK coffers and allow us to close the equality gap further still.

Rachel Maclean: I appreciate that we are all concerned with driving equality across the country, but the Government clearly differ from the Opposition on how to achieve that. I am proud to be part of a Government who are one of the most progressive we have seen. Our record speaks for itself. It is not about slogans and words; it is about real progress and real change in people's lives. That is what the Conservative party cares about. Labour Members would like us to introduce a review for every provision in the legislation. It is clear to Conservative Members that this already happens. The Treasury already publishes the impact analysis of these policies.

Wes Streeting (Ilford North) (Lab): The simple fact is that the Treasury does publish the distributional analysis alongside the Budget. To the Chancellor's credit, he brought that back in after his predecessor had decided that it was not politically convenient. The Treasury does not, however, do a breakdown of the Budget's impact along a whole range of protected characteristics defined by the Equality Act 2010. New clause 9 would address that. The Government do not currently do this analysis, but as Conservative Members seem to be saying that the Government do already do it, they will have no trouble voting for the new clause, will they?

Rachel Maclean: I return to the point that we are already publishing the analysis. The Treasury is working on looking at the impact of the policies across a whole range of levels.

My main argument is that we need to look at what the Government have already delivered. As I said to my hon. Friend the Member for Faversham and Mid Kent (Helen Whately), more women are in work under this Government. That is real change. Those women have been able to get into work because of the wide variety of policies that we have introduced including childcare, help to get into work and retraining at all times of life.

We have seen a massive change in income inequality, which, under this Government, is at its lowest level for many years. Since 2010, households across all income deciles have seen growth in their disposable income.

Mrs Kemi Badenoch (Saffron Walden) (Con): This Budget increased the national living wage by 4.4%—well above the rate of inflation—which disproportionately assists people like me, from an ethnic minority background, who often find themselves in low-paying work. Does my hon. Friend agree that this a great testament to the Government's work?

Rachel Maclean: My hon. Friend makes a very important point. As she says, the national living wage helps people from all sectors of society, including those with protected characteristics. Our record on these policies speaks for itself.

Stella Creasy: The hon. Lady is promoting the Government's record. One reason why the Labour party wants to get explicit equality impact assessments—not the tax information and impact notes, which I think is what she has been told the Government do produce—is that the evidence is showing counter to what she suggests. For example, we know that the gender pay gap between women in their 20s and men in their 20s has actually started to grow under this Government. It is now five times what it was six years ago. I do not know where the hon. Gentleman from Scotland got his data. I got mine from the Office for National Statistics, if he wants to have a look. Can the hon. Lady account for that? Does she not understand that having the data—understanding where Government policy is either promoting or helping to deal with the situation—would help us all to make progress?

Rachel Maclean: The hon. Lady is a passionate advocate for addressing the gender pay gap. I will come to the issues she raises shortly.

Alex Chalk: Is not it important to see the wood for the trees here? The wood, so to speak, is to show precisely the point that my hon. Friend has indicated—that women on lower wages now do not start paying income tax until they earn £11,500, instead of paying at £6,475 as they did under former Prime Minister Gordon Brown, and they gain over £1,000 in the process. The suggestion that we need a whole load of impact assessments is rather given the lie to by the fact that a lot of data is already published by the Office for National Statistics. If the hon. Member for Walthamstow (Stella Creasy) wishes to make her point about it in the House of Commons, she is able to do so.

Rachel Maclean: My hon. Friend really reinforces my point, which is that it is about putting pounds in the pockets of people up and down the country. That is what this Government have done, informed by fairness from the day that we came into office.

Stella Creasy: The hon. Member for Cheltenham (Alex Chalk), as ever, needs clarification. There is data that shows us that the gender pay gap is growing. We are asking for analyses of the impact of Government policy so that we can understand it. We are talking about two different things. I hope that clarifies, for him and for the hon. Member for Redditch (Rachel Maclean), why the new clause matters.

Rachel Maclean: I care passionately about addressing the gender pay gap. I chair the all-party parliamentary group for women in Parliament, which does cross-party work on this issue. There is a wider remit that Members on both side of the House take extremely seriously, especially in this—the Vote 100 year. The gender pay gap has been addressed by this progressive Conservative Government, who want to see real change in our country and who want to put an end to the situation mentioned by the hon. Member for Aberdeen North (Kirsty Blackman). She was absolutely right to say that we have men in higher-paying roles and women in lower-paying roles. However, new clause 9 would not fix this situation, as it is a complex issue that requires a range of interventions and a range of changes across the board.

2.45 pm

Luke Graham: The hon. Member for Walthamstow (Stella Creasy) referred to me when she mentioned the figures. I was quoting a study referenced in the *Financial Times* that I would be happy to share. The study did not say that the gender pay gap was closing. It said that men and women up to a certain level of seniority earn pretty much the same amount in most sectors, and that it is the outliers at the senior C-level who skew the data and contribute to a lot of the pay gap. *[Interruption.]* The hon. Lady may shake her head, but she mentioned clarification of figures, asked where they were from and called out my hon. Friend the Member for Cheltenham (Alex Chalk), so I wanted to make sure that she had pure clarification. I also want to make it very clear to her that I am the Member for Ochil and South Perthshire, not all of Scotland.

Rachel Maclean: It is clear that we all take this matter extremely seriously.

Earlier I intervened on the hon. Member for Brent Central (Dawn Butler), who spoke from the Opposition Front Bench. She said that the Government have no teeth to act when companies do not publish the data. It is my understanding that the Government do have teeth to act. We have something called the Equality and Human Rights Commission, which can act when companies fail to publish the data. I urge Treasury Ministers to pay close attention to that.

From the work I have done in the Business, Energy and Industrial Strategy Committee, I am aware that a number of companies have published the data. That is great news because it is now in the public domain. The Conservative Government made that happen, not the Labour Government. Now many more companies are following suit, and it is making a big difference to the employees of those companies. The Equality and Human Rights Commission can issue a notice and require implementation. As my hon. Friend the Member for Ochil and South Perthshire (Luke Graham) said, this is a complex issue.

I draw Members' attention to the work of the 30% Club, set up by Helen Morrissey, who got a load of business leaders together and urged them to take voluntary action to put women on boards. Although there was absolutely no legal right or Government mandate, she found that the business leaders were all worried about reputational damage, culture and their image with their employees, and she saw significant changes across the board. I was an employer before I came into this House,

[*Rachel Maclean*]

so I know that addressing the issue is not simply a matter of passing laws in the Chamber or the Government carrying out a review. It is about a societal and cultural change. I am proud that our Government, led by our Prime Minister—the second female Conservative Prime Minister—are leading from the front on this issue, and that companies and businesses across the board are following suit.

The Government's record speaks for itself. It is not just about slogans. It is about enacting policies that make a big difference. I worry that requiring analyses and placing additional burdens on the Treasury at this time—when it has a massive amount of priorities to deliver in order to make our tax system fairer and to achieve the progress and outcomes that we all want—would have the opposite effect. I have certainly seen for myself the danger of unintended consequences when we regulate and put more burdens on businesses.

I do not support new clause 9 and will not vote for it if there is a Division.

Stephen McPartland: It is a great pleasure to be called in this debate and to follow such wonderful speeches from my colleagues. I understand that the Treasury publishes the distributional analysis of the cumulative impact of the Government's tax, welfare and public services.

I have never been shy about voting with the Opposition if I believe that they are right, but I do not believe they are right in this case. That is because the review that they are asking for, which focuses predominantly on households with different income levels, and issues around Treasury analysis, just provides more data and more analysis, and that is not going to help people on the lowest incomes or those from disadvantaged backgrounds to move forward in life. It seems to be very academic as opposed to actually helping people to push forward and achieve opportunities. For me, the real challenge in this country is inequality in opportunity and in life chances. At the moment, the best way of changing one's life chances is still through getting a great education. I am proud of the Government's record, with millions more children being educated in good or outstanding schools. We should all be proud of that on both sides of the House.

As I say, I am not shy about voting with the Opposition if I believe they are right. I have campaigned on—

Sir Oliver Heald (North East Hertfordshire) (Con): Does my hon. Friend agree that in Hertfordshire we have seen a lot of investment in the schools sector, which is helping to achieve the sort of results that he is talking about, with, for example, Highfield School in my constituency being completely rebuilt recently?

Stephen McPartland: I do agree with my right hon. and learned Friend. I have another colleague from Hertfordshire here as well—my hon. Friend the Member for Hitchin and Harpenden (Bim Afolami). We have seen massive investment in our area. I am very proud of the number of primary schools that have been expanded and rebuilt in my constituency. A couple of secondary schools have also been rebuilt, creating great opportunities for the pupils. I am also very proud that all the primary

schools in my constituency are rated “good” or “outstanding”. It is probably one of the few constituencies in the country where that is the case. Four of my six secondary schools are good, and the other two we are currently dealing with. I hope that by the time of the next election I will be one of the few Members of Parliament where every single child in my constituency will be in a good or outstanding school.

I do not believe that new clause 9 provides equality of opportunity and equality of aspiration. It will do nothing to help people in my constituency from disadvantaged—

Stella Creasy: We are all concerned to see good schools, I think. Does the hon. Gentleman recall a former Prime Minister who argued that sunlight was the best form of disinfectant? Having the numbers to track why, disproportionately, young men from black and ethnic minority backgrounds do worse in our schools, for example, and whether Government policies are influencing that, or whether their parents' income might be an issue, would help him to understand how he gets those better schools.

Stephen McPartland: The hon. Lady and I agree on a lot of things and disagree on others. We have debated issues across this Chamber and in Committee Rooms. I do not think that figures will help those children. Figures are just retrospective and talk about what is possibly happening.

Dawn Butler: I want to clarify something. Equality impact assessment is part of the public sector equality duty. It looks at the implementation of policies, assesses them, and sees whether they have helped or hindered progress. That is all that equality impact assessment does. It is a good thing. It is not an extra burden; it makes for good decision making.

Stephen McPartland: My difference of opinion with the Opposition is that I think that a good teacher probably makes a much bigger difference to a child's education and chances in life than an impact assessment and something from the Treasury. With regard to forecasts from the Treasury and economists, stuff that we have seen over the past couple of years, and the nearly eight years I have been a Member of Parliament, shows that in reality those figures never seem to be right.

This is about equality of opportunity and equality of aspiration. I would like to talk about universal credit. I campaigned on some of the issues on universal credit. I believe that universal credit, as a product, is the right thing to do. It was supported by both parties in the sense of stopping the cliff edge for people who could not take on an extra hour or two of work because they lost all their benefit. The idea behind universal credit was that the benefit would be reduced over a certain period. I know that there are still live issues with the Treasury over the size of the take. I hope that the Minister is taking note of that, because I continue to raise it with the Chancellor. I think that the withdrawal rate is still too high.

Universal credit is doing more than new clause 9 would do to help people's life chances—more than a document saying what has happened and people's opinions of what could or could not have hindered the situation.

Dawn Butler: It is good governance to have a look at the impact of one's policies on society.

Stephen McPartland: The hon. Lady makes a very good point, but I cannot support the new clause because it will not do anything to help people practically. It will just allow academics and economists to argue over moot points, whereas I am interested in actually helping people from disadvantaged backgrounds who want the opportunity to go off and aspire to achieve and to be anything they want to be. It is very sad, in this day and age, that we are discussing the fact that we need to identify whether certain sections of society need more support than others. We should be aiming to get to a society—

Anneliese Dodds: Given that, for example, over 80% of the social security cuts enacted by Conservative Governments have fallen on the shoulders of women, would it not have been helpful for those women, and indeed for us as decision makers, to know about that before the decisions to implement them were taken?

Stephen McPartland: The hon. Lady makes a very earnest point, but I cannot accept those figures.

A huge amount of money has gone into social care. At the moment, there are people in my constituency on fixed and low incomes who are very disappointed about the 3% that is going to be levied on their council tax for social care, because that will have a negative impact on their income, although it helps other sections of society and is the right thing to do. This new clause is about academics and economists as opposed to helping real people on the ground on a day-to-day basis. Some Labour Members are shaking their heads, but they got involved in politics for the same reason that I did, which is to help people to get on in life and achieve the best that they can. That is why I am a Conservative and why most people in this Chamber are Conservatives.

Returning briefly to the welfare system, as that is my area of expertise, we want a system that works. When we look at universal credit, the Treasury's distributional analysis provides an analysis of the cumulative impact on welfare and public services. My view is very much about developing policies to help people get on in life. New clause 9 is just about providing some information on what has affected people in the past over a number of years, and by the time we are focused on the next Budget or other fiscal event, things have moved forward again.

Bim Afolami: My hon. Friend is making, as I think everybody knows, a very powerful speech. Does he agree that new clause 9 is indicative of the fundamental difference between Labour Members and Conservative Members? We care about action and doing things and improving people's lives; they want more analysis.

Stephen McPartland: My hon. Friend makes a very powerful point. We can see why he was selected to be the Member of Parliament for Hitchin and Harpenden. He stands up for his constituency incredibly well, as does my right hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald). I am proud that we have three Hertfordshire MPs who are speaking in this debate because we are interested in helping people to get on in life. As a result, we have incredibly low unemployment in our areas.

Dawn Butler: The hon. Member for Hitchin and Harpenden (Bim Afolami) is absolutely right: this new clause does highlight the difference between the Government and the Opposition. The Government are intent on taking actions, regardless of whether they help, hinder or hurt people, whereas Labour Members want to ensure that we have policies that help society.

Stephen McPartland: The hon. Lady makes a very powerful point that I respect, but I assure her that I only vote for policy that I believe will help people, and if I do not believe that it will help people, I do not vote for it. I have voted against the Government for that reason. I have a record of doing that and will continue to do so.

3 pm

Sir Oliver Heald: I am sure my hon. Friend agrees, as many would, that the Treasury produces excellent research documents, and research is an important thing, but are these further demands for research not indicative of the difference between the parties, which is that they are the researchers, and we are the doers?

Stephen McPartland: I could never disagree with my right hon. and learned Friend. He always makes a powerful point.

One of the biggest challenges in society is intergenerational fairness. I do not think that new clause 9 captures some of the issues we face as a society and the challenges facing different generations. There are some people living in large houses, paying high council tax rates and on very low fixed incomes. There are young people who may be considered quite affluent but still cannot afford to purchase a property in their part of the country. In a different part of the country, they could easily afford to purchase a property but may not be able to get a job, so cannot get a mortgage. Intergenerational fairness is incredibly important, and the Government have tried to spread wealth throughout the country through the northern powerhouse.

I think that the Conservative Government have tried very hard. They have not always got it right, and I have voted against them when I believed they have got it wrong, but they have tried consistently to help people get on in life and provide a welfare system that is a safety net for those who need it in times of difficulty.

In this country, education is still the best way out of poverty and the best opportunity people have to change their life chances. I am proud of what the Government have done to ensure that millions more children are being taught in good and outstanding schools. When it comes to the economy, we have record rates of employment, with people out there earning, paying tax and contributing to society.

David Linden (Glasgow East) (SNP): I am grateful to the hon. Gentleman for giving way. I have listened to him for some time. He seems to be making quite a lengthy speech; I do not know if that is just a thing that is happening on the Government Benches at the moment. He talks about equality and people getting on in life. I respect the fact that he has rebelled against the Government when he sees fit. He spoke about the importance of a good education and people coming out of school and university, but does he share my concern that under-25s are not included in the national living wage? What does he think about that?

Stephen McPartland: From my point of view, there are geographic issues with the national living wage. For instance, it is much more expensive to live in Hertfordshire. One shocking challenge we have in Hertfordshire—I imagine a lot of people in the rest of the country will not understand—is that my constituency is 19 minutes from King's Cross, and as a result, we lose a lot of our young people to London. When I became a Member of Parliament, there were fewer than 200 apprentices a year starting work in Stevenage. We now have nearly 1,000 apprentices a year starting work in Stevenage. That was the only way of holding on to our young people.

On new clause 9 and distributional analysis of the cumulative impact, if a young person in Stevenage becomes an apprentice, the employer pays for them to get a level 4 degree. They will be earning £25,000 a year and not getting into debt in university. It is geographic.

David Linden: I declare an interest: I began my career as a modern apprentice. The reality is that under UK law at the moment, apprentices can still be paid as little as £3.50 per hour. How does that fit with building a country that works for everyone?

Stephen McPartland: In Hertfordshire, £3.50 an hour would not be acceptable. In Hertfordshire, employers have to pay far more than that to attract a young person, otherwise they just will not get them. That is the reality. I think I have the highest unemployment rate in Hertfordshire, at 1.6%.

Madam Deputy Speaker (Dame Rosie Winterton): Order. I think it is quite important that the hon. Gentleman returns to the substance of the debate—new clause 9. Just mentioning it every now and then does not do the trick.

Stephen McPartland: You are very kind, Madam Deputy Speaker. I obviously had no intention of misleading you in trying to mention it now and again. New clause 9 and the Treasury publishing a distributional analysis of the cumulative impact of Government's tax, welfare and public service spending is quite a wide-ranging topic. I was trying to make the point that I do not support new clause 9 because it seems academic, as opposed to helping people from different backgrounds to achieve their life chances. On that note, I shall conclude.

Wes Streeting: The speeches from Conservative Members have been so rousing that I have been moved to speak to take on the sheer absurdity of the arguments we have heard this afternoon. Member after Member has told us that they oppose new clause 9 because the Government already do this. If the Government already do this, why do they not support new clause 9?

The fact is that the Government do not already do this. What the Government do is publish an impact assessment with a distributional analysis of Budget measures by households depending on income. That measure was introduced by a previous Chancellor, until the current Chancellor's predecessor decided it was politically inconvenient and got rid of it. The present Chancellor, to his credit, decided to bring it back. That assessment is interesting and useful. It informs Ministers when they are making decisions, but it does not cover the measures that new clause 9 addresses.

The fact is that the Government's Budget and the Finance Bill are a reflection of their political priorities and tell the country about the problems the Government want to address and how they intend to do so through sufficient provision of resources. The simple fact is that if the Government made an equality impact assessment of their Budget measures, we may not be in a position where women in their 50s are being clobbered by changes to their state pension age at a time in their life when they have little time or opportunity to address it.

As a result of the Government's refusal to listen to argument, evidence and reason, I see constituents in my surgery on a Friday afternoon—women in their 50s—who tell me that they have lost their job and are not able to access their pension when they expected. They had planned for retirement, and as a result, they can no longer make ends meet. There is nothing they can do about it at that stage. Had the Government considered the evidence, they might have made a different decision.

Had the Government assessed the equality impact of their Budget, we might not be in a position where disabled people have been consistently and repeatedly clobbered by changes to welfare and other areas of public policy. If, as local authorities do, the Government looked at the equality impact of their decision, they might seek to take steps to mitigate the impact on disabled people. Instead, nationally and locally, disabled people have too often had the books balanced on their backs, which is totally unjustifiable.

If the Government looked at the impact of their Budget measures on black and minority ethnic people, they might well take a different approach to the provision of resources in education to address the imbalances. They might also find, through analysis and research—words that have become anathema to this Government in their approach to public policy making—some surprises, such as the fact that detrimental changes to small businesses have a disproportionate impact on BME communities. They may choose to do something about it, or they may not, but at least their policy making would be better informed.

In the debate on this Bill, someone has to stand up and make the case for reasoned, evidence-based public policy making. It is a total disgrace that in the democratic discourse of this country, we now see the trashing of experts. We are warned that if we adopt new clause 9, academics may debate it—God forbid that people with some degree of expertise should debate the laws that we pass, because goodness knows it does not happen in this Chamber often enough. What is it about expertise and data that the Government are so afraid of? What is it about information that they find so terrifying?

James Cleverly (Braintree) (Con) *rose—*

Wes Streeting: Perhaps the hon. Member for Braintree will tell us. I look forward to hearing what he has to say.

James Cleverly: I am curious. The hon. Gentleman expresses his desire for experts to have a role in the production of Finance Bills. Does he therefore not regard Treasury officials as experts?

Wes Streeting: Unlike Conservative Members, I have high regard for Treasury officials, and I do not trash the data produced by civil servants in the way that Ministers

of the Crown do. I think civil servants are a very good example of experts, and I would like the expertise of the Treasury and the civil service to be drawn upon to produce exactly the kind of equality impact assessment that Labour is calling for in new clause 9.

It is because I have faith in civil servants' insight and ability to gather and garner evidence to inform Ministers that I would like to see a more evidence-based approach to public policy making. If we had such an approach, we would undoubtedly have a better quality of government—and goodness knows we need that, when we look at the current state of things. We would also have a better quality of debate in the House about what our priorities are, the challenges facing the country and how to tackle them.

Luke Graham: The hon. Gentleman makes a big play of analysis. Can he inform the House of the analysis that Labour has undertaken of the distributional impact of £170 billion of extra borrowing and the interest payments on our communities?

Wes Streeting: I am very grateful to the hon. Gentleman for that intervention because he makes exactly the point I have made since the general election. We put forward policies in our manifesto—by the way, they proved immensely popular across the country and led to a result that a lot of people were not expecting—and I think we should do a distributional analysis of such policies across the board to make sure that resources are properly targeted where they are needed.

In conclusion, we should not fear such information and evidence, which would lead to better-informed government. The greatest tragedy of this Prime Minister is not the fact that she is being held hostage by the hard Brexiteers on the right of her party; it is that she has not delivered on a single one of the sentiments in the fine words she said on the steps of Downing Street about creating a more equal society and tackling injustices that are still burning injustices even in one of the richest economies in the world in the 21st century. Sentiments are all well and good, but we need policies that are backed up by evidence and reason, and we need the ability genuinely to tackle the problems that the Prime Minister set out so long ago on the steps of No. 10, but which I fear she will never be able to implement before they boot her out next year.

The Financial Secretary to the Treasury (Mel Stride): Before I plunge into new clause 9, as indeed I will at some length, may I concur wholeheartedly with the statement made by the hon. Member for Ilford North (Wes Streeting) when he praised civil servants for their impartiality, objectivity and professionalism? In my experience of the Treasury, I have always found them to be exactly that. We should all register that important point.

We have had a fairly wide-ranging debate. I hesitate to add that, on one or two occasions, it has been marginally informative. On one occasion—I will not name the Member—it was very informative because I actually learned something I had not previously known. The reason why it has been wide-ranging is that this is of course an extremely important issue. What I hope unites Members on both sides of the House is that every Member of the House deplores unwarranted inequality. It is not that we are all entirely equal—we are, of course,

different—but we have a right to be treated with equal respect and a right to equal opportunity and aspiration, as it was eloquently termed my hon. Friend the Member for Stevenage (Stephen McPartland).

If I may, I will look at new clause 9 in a little detail. As I have suggested, it has been slightly absent from this debate, so let us bring it back to centre stage. The new clause seeks to require the Chancellor of the Exchequer to provide a

“review before the House of Commons within six months of the passing of this Act.”

In so doing, the Chancellor has to look at a number of aspects of the impact of the Finance Bill now going through the House. Under the new clause, the review would look at

“the impact of those provisions on households at different levels of income”.

As has already been pointed out at length, we have indeed brought back the household distribution analysis that looks at tax, welfare and public expenditure, and at the impact of those elements on different income levels by decile.

Under the new clause, the review would also look at “the impact of those provisions on people with protected characteristics (within the meaning of the Equality Act 2010)”.

This is perhaps a good moment for me to say something very important. Ministers of course always seek to operate within the law, and the Equality Act is very clear about our duties as Ministers when we consider various policies that come before us. Those policies are not just those before us in the context of a major fiscal event, but policies and decisions we take day in and day out, some of which never even pass through this House. We do so not just because of the law, but because we think it is the right thing to do.

Under new clause 9, the review would also look at “the impact of those provisions on the Treasury’s compliance with the public sector equality duty under section 149 of the Equality Act 2010, and...the impact of those provisions on equality in different parts of the United Kingdom and different regions of England.”

The new clause then focuses on the specific taxes covered by the assessment the Chancellor of the Exchequer would be required to present in the report. I want to make one important general point: in looking at regional aspects of spending and tax, it is far easier, for fairly obvious reasons, to consider the spending elements than the regional distribution when it comes to taxation.

3.15 pm

Mrs Badenoch: Does the Minister agree that it would be so impractical to carry out such impact assessments that it would slow down Government business? Perhaps one of the reasons why the Opposition have tabled the new clause is to make it difficult for us to get our policies and the Finance Bill through.

Mel Stride: I thank my hon. Friend very much for that intervention, because she touches on the important point that there is an element of proportionality. As I will come on to argue, one of the difficulties with accepting the new clause is that a lot of the information is not available. That is not an argument for not going out and finding the information, but some of it would be extremely difficult to generate. I would not go as far as my hon. Friend in suggesting that this is a Machiavellian

[*Mel Stride*]

plan to gum up the works of Government, but I am sure some Opposition Members might be pleased to see that happen. I take the new clause in the spirit of the wording in front of me.

Dawn Butler: I just want to help the Minister a bit. The Women's Budget Group, the Runnymede Trust and lots of other organisations, as well as the ONS and HMRC, accumulate the data that would be needed, so the data necessary to carry out equality impact assessments are available. In fact, the Treasury does some assessments anyway.

Mel Stride: The hon. Lady is suggesting that one particular set of analyses is an ideal set to present, and can be seen as in no way misleading, but entirely robust and entirely objective. If we are to reach such a quality of data, we will have to achieve certain specific aims, and one of the aims is to deal with the fact that a lot of the analysis to which she is referring is very selective—it does not look at the entire picture. For example, some of the analysis reflecting changes in income tax may show a benefit for one sex over another, but it may not take into account the impact of increased spending on childcare.

Anneliese Dodds: Will the Minister give way?

Mel Stride: If I may finish this point, I will then certainly give way to the hon. Lady.

A lot of these analyses simply look at the static situation, without taking into account the fact that the measures we are bringing forward will in themselves have a dynamic effect on the economy—for example, by driving up employment. Several Members have spoken very eloquently about the record level of female employment at the moment. That is benefiting women, but the interaction of our policies with that benefit would not be reflected in such an analysis. I have already mentioned that a lot of the information being sought is very difficult to verify and very difficult to obtain, particularly where it pertains to protected characteristics, such as sexuality, gender reassignment and pregnancy. It is very hard to identify those groups and the way in which they are affected, particularly in terms of all the taxes in new clause 9—I will come on to them in a moment—that the Opposition want us to address.

Anneliese Dodds *rose*—

Mel Stride: I will make a final point before I give way to the hon. Lady. It has been a long time since we have jousted, and I have missed it, so I will certainly give way to her. There is a very important point about the impact in particular on households, which is one of the major thrusts of new clause 9. It is very difficult to disentangle the effect of income that may go to one member of the household, but is of course subsequently shared across the household. The Institute for Fiscal Studies has itself highlighted that as a particular barrier to getting robust information. I will now gladly give way.

Anneliese Dodds: I am very grateful to the Minister for his generosity in giving way, and for his kind words. I want briefly to mention that the Department for Work and Pensions does produce this kind of modelling for

social security changes, which may be similarly complex in looking at the interactions of different elements, so why does the Treasury take a different approach? In relation to that, would not the assumptions be spelled out, so that any ambiguity could be made clear?

Mel Stride: I thank the hon. Lady for her intervention, but I bring her back to new clause 9. Whatever the DWP happens to be doing, whether it is right or wrong or whether it works, what we are facing here today and making a decision on is new clause 9. As I am working through new clause 9, I am arguing that it is not a practical way to seek to achieve that which the Opposition, quite genuinely and sincerely, are attempting to achieve.

Sir Oliver Heald: I wonder whether my right hon. Friend would like to say a word about the extent of research the Treasury already undertakes and publishes. It is my understanding that more than 2,500 Treasury papers have been published, so it is really a question, is it not, of where we draw the line? If a piece of research is proving very difficult, and would be very resource-intensive and so on, that will obviously make it less likely to be done than if it is a more straightforward piece.

Mel Stride: Yes. My right hon. and learned Friend makes a very important point. As I have already pointed out, around major fiscal events we have household distributional analysis, which covers welfare, taxation and public expenditure. It takes a cumulative approach to that information and it is often relied upon by Government to take subsequent decisions. We also have, on substantial individual tax and national insurance contribution measures, tax impact and information notes—the so-called TIINs—which were introduced in 2010 and were not there under the previous Labour Government. We are, therefore, doing a number of things, both in the context of major fiscal events and on a tax-by-tax, national insurance-by-national insurance change basis, which look to provide just the kind of information that informs decisions around equality.

The third part of new clause 9 relates to the taxes to which this analysis would apply. On income tax, as I have said, we are looking at impacts on households. We may raise the personal allowance, as we did in the last Budget. That is now up to £11,500. It could be argued that that disproportionately favours one sex over another, but when we look at the effect on the household, income is typically distributed within families, within households and within the family unit. That is extremely difficult—in fact, I would go as far as to say impossible—to capture.

Stella Creasy: The Minister made that point the last time we tried to discuss this issue. Forgive me, but he seems to be presuming that a household is a man and a woman. Has he managed to get his head around single person households and single women, because women's incomes are disproportionately hit by Government policy? At the very least, could he manage to measure the women who are affected by his tax and policy changes who do not live with a man who might confuse him?

Mel Stride: If the hon. Lady can come up with a sure-fire way of identifying women who live with men who do not confuse them, we will probably make some progress. The point I am making is that this area is

riddled with huge complexity, yet new clause 9 seeks to achieve the presentation of reports and assessments that have the imprimatur of Government and the Treasury upon them. They are relied upon to take very important decisions, yet the arguments I am prosecuting suggest that we would actually end up with an incomplete picture. In fact, I would go further than that and say that they could be misleading in a way that would be unhelpful to what I know the hon. Lady is seeking to achieve and indeed what the Government are also seeking to achieve.

Helen Whately: Does the Minister share the view expressed by many of us this afternoon that while those on the Opposition Benches are looking for very complicated analysis that may, unfortunately, be rather misleading, we actually have a very strong track record, if we take a step back, of reducing inequality and making things better for those on the lowest incomes?

Mel Stride: Yes. My hon. Friend makes an extremely important point. We know that the gender pay gap is at its lowest level on record, for example. That is a very substantial achievement and we are making considerable headway in that particular respect.

Some of the other taxes mentioned in new clause 9 include employment and disguised remuneration. Disguised remuneration is a highly complicated area, as the hon. Member for Oxford East (Anneliese Dodds) will know, having discussed it in some detail in Committee. The mind boggles as to how one would possibly unpack the effects on the various protected characteristics of that particular taxation. Pension schemes are also extremely complicated. Settlements and air passenger duty are perhaps a little bit easier than some of the others, but the point is that overall—and we have to look at the new clause in its entirety—new clause 9 is extremely complicated indeed.

Finally, there should be no doubt that those of us on the Government Benches are entirely committed to ensuring that we drive the equality agenda and drive it very hard indeed. We should, as my hon. Friend the Member for Faversham and Mid Kent (Helen Whately) suggested, look to our own record in that respect. We now have more women in work than at any time in our history. In the past year, 60% of employment growth came from female employment. We have the lowest gender pay gap in full-time employment ever. Those companies employing 250 employees or more, as we have said often in this debate, are now required by law to provide a gender wage audit. Contrary to what the hon. Member for Brent Central (Dawn Butler) suggested, there are teeth. Penalties can be applied by the ECHR, and fines can follow where that is not done. For those who are disabled, we spend a record amount in excess of £50 billion a year on benefits. As has been said by a number of Government Members, the national living wage has disproportionately helped some of the most needy in our society. When we talk about equality on this side of the House, we mean it. I urge the House to reject new clause 9.

Dawn Butler: Having a detailed understanding of how policy choices exacerbate or eliminate inequality at every stage of policy making is key to tackling burning injustices and producing good policies. I wish to put new clause 9 to the vote.

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

The House divided: Ayes 265, Noes 304.

Division No. 118]

[3.27 pm

AYES

Abbott, rh Ms Diane
Abrahams, Debbie
Alexander, Heidi
Ali, Rushanara
Amesbury, Mike
Antoniazzi, Tonia
Ashworth, Jonathan
Bailey, Mr Adrian
Bardell, Hannah
Barron, rh Sir Kevin
Beckett, rh Margaret
Benn, rh Hilary
Betts, Mr Clive
Black, Mhairi
Blackford, rh Ian
Blackman, Kirsty
Blomfield, Paul
Brabin, Tracy
Bradshaw, rh Mr Ben
Brake, rh Tom
Brock, Deidre
Brown, Alan
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Richard
Butler, Dawn
Byrne, rh Liam
Cable, rh Sir Vince
Cadbury, Ruth
Cameron, Dr Lisa
Campbell, rh Mr Alan
Campbell, Mr Ronnie
Carden, Dan
Champion, Sarah
Chapman, Jenny
Charalambous, Bambos
Cherry, Joanna
Coaker, Vernon
Cooper, Julie
Cooper, Rosie
Cooper, rh Yvette
Corbyn, rh Jeremy
Cowan, Ronnie
Coyle, Neil
Crausby, Sir David
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
Davies, Geraint
Day, Martyn
De Cordova, Marsha
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
Ellman, Mrs Louise
Elmore, Chris
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Frank
Fitzpatrick, Jim
Fletcher, Colleen
Flint, rh Caroline
Flynn, Paul
Frith, James
Furniss, Gill
Gaffney, Hugh
Gapes, Mike
Gardiner, Barry
George, Ruth
Gethins, Stephen
Gill, Preet Kaur
Glendon, Mary
Goodman, Helen
Grady, Patrick
Grant, Peter
Gray, Neil
Greenwood, Lilian
Greenwood, Margaret
Griffith, Nia
Grogan, John
Gwynne, Andrew
Haigh, Louise
Hanson, rh David
Hardy, Emma
Harman, rh Ms Harriet
Harris, Carolyn
Hayes, Helen
Healey, rh John
Hendry, Drew
Hepburn, Mr Stephen
Hill, Mike
Hillier, Meg
Hobhouse, Wera
Hodge, rh Dame Margaret
Hodgson, Mrs Sharon
Hollern, Kate
Hopkins, Kelvin
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
 Keeley, Barbara
 Kendall, Liz
 Khan, Afzal
 Killen, Ged
 Kinnock, Stephen
 Kyle, Peter
 Laird, Lesley
 Lake, Ben
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Lee, Karen
 Leslie, Mr Chris
 Lewis, Clive
 Lewis, Mr Ivan
 Linden, David
 Lloyd, Stephen
 Lloyd, Tony
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marsden, Gordon
 Martin, Sandy
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stuart C.
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahon, Jim
 McMorrin, Anna
 Mearns, Ian
 Monaghan, Carol
 Moran, Layla
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 Norris, Alex
 O'Hara, Brendan
 Onasanya, Fiona
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillipson, Bridget
 Pidcock, Laura
 Platt, Jo

Pollard, Luke
 Pound, Stephen
 Powell, Lucy
 Qureshi, Yasmin
 Rashid, Faisal
 Rayner, Angela
 Reed, Mr Steve
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Robinson, Mr Geoffrey
 Rodda, Matt
 Rowley, Danielle
 Ruane, Chris
 Russell-Moyle, Lloyd
 Ryan, rh Joan
 Saville Roberts, Liz
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Siddiq, Tulip
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, Angela
 Smith, Cat
 Smith, Eleanor
 Smith, Laura
 Smyth, Karin
 Snell, Gareth
 Sobel, Alex
 Spellar, rh John
 Stephens, Chris
 Stevens, Jo
 Stone, Jamie
 Streeting, Wes
 Stringer, Graham
 Sweeney, Mr Paul
 Swinson, Jo
 Tami, Mark
 Thewliss, Alison
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Twist, Liz
 Umunna, Chuka
 Vaz, Valerie
 Walker, Thelma
 West, Catherine
 Western, Matt
 Whitehead, Dr Alan
 Whitfield, Martin
 Williams, Hywel
 Williams, Dr Paul
 Wilson, Phil
 Wishart, Pete
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Ayes:

**Nick Smith and
 Thangam Debbonaire**

NOES

Afolami, Bim
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Badenoch, Mrs Kemi
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Bebb, Guto
 Bellingham, Sir Henry
 Benyon, rh Richard
 Beresford, Sir Paul
 Berry, Jake
 Blackman, Bob
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Bowie, Andrew
 Bradley, Ben
 Bradley, rh Karen
 Brady, Sir Graham
 Brereton, Jack
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 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, Mr Simon
 Cleverly, James
 Coffey, Dr Thérèse
 Costa, Alberto
 Courts, Robert
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Mims
 Davies, Philip
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Docherty, Leo
 Dodds, rh Nigel
 Donaldson, rh Sir Jeffrey M.
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Duddridge, James

Duguid, David
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellwood, rh Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Mr Nigel
 Evennett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Fernandes, Suella
 Field, rh Mark
 Ford, Vicky
 Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fysh, Mr Marcus
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Ms Nusrat
 Girvan, Paul
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Luke
 Graham, Richard
 Grant, Bill
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gyimah, Mr Sam
 Hair, Kirstene
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Harrison, Trudy
 Hart, Simon
 Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, rh Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Adam
 Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, rh 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, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Keegan, Gillian
Kennedy, Seema
Kerr, Stephen
Knight, rh Sir Greg
Knight, Julian
Kwarteng, Kwasi
Lamont, John
Lancaster, rh Mark
Latham, Mrs Pauline
Leadsom, rh Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward
Letwin, rh Sir Oliver
Lewer, Andrew
Lewis, rh Brandon
Lewis, rh Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Little Pengelly, Emma
Lopez, Julia
Lopresti, Jack
Lord, Mr Jonathan
Mackinlay, Craig
Macleane, Rachel
Main, Mrs Anne
Mak, Alan
Malthouse, Kit
Mann, Scott
Masterton, Paul
May, rh Mrs Theresa
Maynard, Paul
McLoughlin, rh Sir Patrick
McPartland, Stephen
McVey, rh Ms Esther
Menzies, Mark
Mercer, Johnny
Merriman, Huw
Metcalfe, Stephen
Miller, rh Mrs Maria
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, rh Caroline
Norman, Jesse

O'Brien, Neil
Offord, Dr Matthew
Opperman, Guy
Parish, Neil
Patel, rh Priti
Pawsey, Mark
Penning, rh Sir Mike
Penrose, John
Percy, Andrew
Perry, rh Claire
Philp, Chris
Pincher, Christopher
Pow, Rebecca
Prentis, Victoria
Prisk, Mr Mark
Pursglove, Tom
Quin, Jeremy
Quince, Will
Raab, Dominic
Redwood, rh John
Rees-Mogg, Mr Jacob
Robertson, Mr Laurence
Robinson, Gavin
Robinson, Mary
Rosindell, Andrew
Ross, Douglas
Rowley, Lee
Rudd, rh Amber
Rutley, David
Sandbach, Antoinette
Scully, Paul
Seely, Mr Bob
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Simpson, David
Simpson, rh Mr Keith
Skidmore, Chris
Smith, Chloe
Smith, Henry
Smith, rh Julian
Smith, Royston
Soames, rh Sir Nicholas
Soubry, rh Anna
Spelman, rh Dame Caroline
Spencer, Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, rh Mel
Stuart, Graham
Sturdy, Julian
Sunak, Rishi
Swayne, rh Sir Desmond
Swire, rh Sir Hugo
Syms, Sir Robert
Thomas, Derek
Thomson, Ross
Throup, Maggie
Tolhurst, Kelly
Tomlinson, Justin
Tomlinson, Michael
Tracey, Craig
Trevelyan, Mrs Anne-Marie
Truss, rh Elizabeth
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
Wiggin, Bill

Williamson, rh Gavin
Wilson, rh Sammy
Wollaston, Dr Sarah
Wood, Mike
Wragg, Mr William
Wright, rh Jeremy
Zahawi, Nadhim

Tellers for the Noes:
Amanda Milling and
Nigel Adams

Question accordingly negated.

New Clause 3

REVIEW OF OPERATION AND EFFECTIVENESS OF BANK LEVY

“(1) Schedule 19 to FA 2011 (bank levy) is amended as follows.
(2) After paragraph 81, insert—

“PART 10

REVIEW

82 (1) Within six months of the passing of the Finance Act 2018, the Chancellor of the Exchequer shall undertake a review of the operation and effectiveness of the bank levy.

(2) The review shall consider in particular—

- (a) the effectiveness of the levy in reflecting risks to the financial system and the wider UK economy arising from the banking sector,
- (b) the effectiveness of the levy in encouraging banks to move away from riskier funding models,
- (c) the revenue effects of the changes to the levy made in Schedule 2 to the Finance (No. 2) Act 2015,
- (d) the effectiveness of the anti-avoidance provisions in paragraphs 47 and 48 of this Schedule.

(3) A review shall also compare the effects of the bank levy with those of the bank payroll tax (within the meaning given by Schedule 2 to the Finance Act 2010) in relation to—

- (a) revenue, and
- (b) the matters specified in sub-paragraph (2)(a) and (b).

(4) A report of the review under this paragraph shall be laid before the House of Commons within one calendar month of its completion.”.—(*Peter Dowd.*)

This new clause requires the Government to carry out a review of the bank levy, including its effectiveness in relation to its stated aims, the revenue effects of the changes made in 2015 and the comparable effectiveness of the bank payroll tax.

Brought up, and read the First time.

3.45 pm

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

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

New clause 4—Public register of entities paying the bank levy and payments made—

“(1) Schedule 19 to FA 2011 (bank levy) is amended as follows.
(2) After paragraph 81, insert—

“PART 11

PUBLIC REGISTER OF PAYMENTS

83 (1) It shall be the duty of the Commissioners for Her Majesty's Revenue and Customs to maintain a public register of groups paying the bank levy and the amounts paid.

(2) In relation to each group, the register shall state whether it is—

- (a) a UK banking group,
- (b) a building society group,
- (c) a foreign banking group, or
- (d) a relevant non-banking group.

(3) In relation to each group, the register shall state the amount paid in respect of each chargeable period.

(4) In relation to chargeable periods ending between 28 February 2011 and 31 December 2017, the Commissioners must make public the register no later than 31 October 2018.

(5) In respect of subsequent chargeable periods, the Commissioners must make public the updated register no later than ten months after the end of the chargeable period.”

This new clause requires HMRC to prepare a public register of banks paying the bank levy and the amount they have paid.

New clause 5—Bank levy: Part 1 of Schedule 9: pre-commencement requirements—

“(1) Part 1 of Schedule 9 shall come into force in accordance with the provisions of this section.

(2) No later than 31 October 2020, the Chancellor of the Exchequer shall lay before the House of Commons an account of the effects of the proposed changes in Part 1 of Schedule 9—

- (a) on the public revenue,
- (b) in reflecting risks to the financial system and the wider UK economy arising from the banking sector, and
- (c) in encouraging banks to move away from riskier funding models.

(3) Part 1 of Schedule 9 shall have effect in relation to chargeable periods ending on or after 1 January 2021 if, no earlier than 30 November 2020, the House of Commons comes to a resolution to that effect.”

This new clause requires the Government to provide a separate analysis of the impact of Part 1 of Schedule 9 nearer to the time of proposed implementation in 2021 and to seek the separate agreement of the House of Commons to commencement in the light of that review.

Amendment 1, in schedule 9, page 134, line 2, at end insert—

“34A After paragraph 81 insert—

“PART 10

REVIEW OF ENTITIES ON WHICH THE BANK LEVY IS CHARGED

82 (1) Within six months of the passing of the Finance Act 2018, the Chancellor of the Exchequer shall undertake a review of the provisions in this Schedule defining which groups are covered by the bank levy.

(2) The review shall consider in particular—

- (i) the adequacy of those provisions in applying the bank levy to groups that are—
 - (a) not a group in paragraph 4(2) and
 - (b) derive their income from investments in the manner of a group in paragraph 4(2),
- (ii) the adequacy of the groups in paragraph 4(2) in charging the bank levy to lending and investment entities,
- (iii) the degree to which the groups in paragraph 4(2) reflect lending and investment entities that have entered into contracts with public sector bodies,
- (iv) the adequacy of the definition of “investment group” in paragraph 12(9) in reflecting lending and investment entities that have entered into contracts with public sector bodies, and
- (v) the revenue effects of changes to include lending and investment entities that have entered into contracts with public sector bodies within groups covered by the levy.

(3) The Chancellor of the Exchequer shall lay a report of the review under this paragraph before the House of Commons as soon as practicable after its completion.”

This amendment requires a review about the appropriate extent of the bank levy in terms of the lending and investment entities which it covers, considering the extent to which it covers PFI finance groups and assessing the revenue effects of such an extension.

Amendment 5, page 134, line 6, leave out from “in” to end of line 7 and insert

“accordance with the provisions of section (bank levy: Part 1 of Schedule 9: pre-commencement requirements)”.

This amendment is consequential on NC5.

Amendment 2, page 134, line 10, at end insert—

“37 The amendments made by paragraph 34A have effect from the day on this Act is passed.”

This amendment is consequential on Amendment 1.

New clause 6—Analysis of effectiveness of provisions of this Act on tax avoidance and evasion—

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

(2) A review under this section must consider—

- (a) the effects of the provisions in reducing levels of artificial tax avoidance,
- (b) the effects of the provisions in combating tax evasion, and
- (c) estimates of the role of the provisions of this Act in reducing the tax gap in each tax year from 2018 to 2022.”

This new clause requires the Chancellor of the Exchequer to carry out and publish a review of the effectiveness of the provisions of the Bill in tackling artificial tax avoidance and tax evasion, and in reducing the tax gap.

Amendment 3, in schedule 8, page 103, line 41, at end insert—

“21A After section 461 (counter-acting effect of avoidance arrangements) insert—

“CHAPTER 11

REVIEW

461A Review

(1) Within six months of the passing of the Finance Act 2018, the Chancellor of the Exchequer shall undertake a review of the effects of amending the operation of this Part in relation to the excess profits of PFI companies.

(2) For the purposes of the review under this section, it shall be assumed that the operation of this Part would be amended so as to—

- (a) deduct the uncompensated excess profit amount of PFI companies from the aggregate of the interest allowances of the group for periods before the current period so far as they are available in the current period for the purposes of calculating the interest capacity of a worldwide group under section 392 (the interest capacity of a worldwide group for a period of account),
- (b) provide that, for groups that contain a PFI company, the uncompensated excess profit amount for a period is equal to the group excess profit amount less the aggregate amount by which the group’s taxable profit has been reduced in prior periods as a result of such provisions,
- (c) provide that the group excess profit amount for any period will be the aggregate PFI excess profit amount for each PFI company in the group, and
- (d) provide that the PFI excess profit amount for a PFI company for a period will be the amount by which the internal rate of return on shares and related party debt in that company (from inception to the end of

the previous accounting period) exceeds the internal rate of return set in the relevant PFI contract or, if no such return was specified, 10%.

(3) For the purposes of this section, “a PFI company” means a company which has entered into a contract with a public sector body under the Private Finance Initiative or the PF2 initiative.

(4) The Chancellor of the Exchequer shall lay a report of the review under this section before the House of Commons as soon as practicable after its completion.”

This amendment requires a review about the effects of making provision to discount the excess profits of a PFI company for the purpose of calculating the aggregate of the interest allowance of worldwide groups in the provisions of Part 10 of the Taxation (International and Other Provisions) Act 2010.

Amendment 4, page 105, line 17, at end insert—

“26A The amendments made by paragraph 21A have effect from the day on this Act is passed.”

This amendment is consequential on Amendment 3.

Peter Dowd: Let me start by reiterating the sentiments that I expressed in Committee when we were debating the bank levy. I said then that it served no one to

“homogenise the people who work in the banking sector as either saints or demons.”—[*Official Report*, 18 December 2017; Vol. 633, c. 814.]

Such a simplification ignores the complexity of our financial services, the individuals who work in them, and the institutional culture that informs the practices within them. About 2,000 people work in the banking sector in my constituency, particularly in Santander, and many of them are my committed constituents.

Similarly, we cannot ignore the important role that banks play in the smooth functioning of our economy. We should avoid a “one size fits all” approach that lumps all banks together for the purpose of a bank-bashing session. The House should have a grown-up, mature discussion about issues such as the bank levy, the indisputable reasons for its introduction, its effectiveness, and why the Government are now desperate to cut it further. First, however—if I can be indulged slightly—I will say a few words about the political context of today’s debate.

Since we last debated the Government’s proposed changes in the bank levy, there have been several developments. This has continued the long saga of what is now recognised as a divided and directionless Government, and it goes to the heart of the whole question of the Government’s finances. We have seen the resignation of the Prime Minister’s deputy, and a botched Cabinet reshuffle in which the Secretary of State for Health refused to budge, another Secretary of State returned to the Back Benches rather than moving to the Department for Work and Pensions, and the Conservative party headquarters wrongly announced that the Secretary of State for Transport would become the party’s chairman. That goes to the heart of the question of the Government’s competence, which also relates to the bank levy.

During the recent Black and White fundraising dinner, at which the bank levy and our review of it were no doubt discussed, and which was held at the Natural History Museum—evidently live dinosaurs were visiting dead dinosaurs—the Prime Minister, addressing the Jurassic attendees, said:

“we are on a renewed mission to fight and win the battle of ideas and to defeat socialism today”.

How did the Government plan to defeat socialism in our modern age—the age of the fourth industrial revolution and the internet of things? The answer was that they held a raffle. While no doubt discussing the bank levy and issues relating to it, they raffled, at £100 a ticket, an eight-gun, 500-pheasant and partridge shoot donated by a millionaire hedge fund supporter who must know a great deal about the bank levy. That is how the Government will defeat socialism: by slaughtering 500 partridges and pheasants.

To keep Tory MPs’ spirits up, the Chief Whip recently sent them all a letter telling them that their performance in Parliament had been “excellent”, and that

“Remaining united in Parliament is a vital part of ensuring that Jeremy Corbyn remains in opposition”—

I am not sure whether he was trying to convince his colleagues or himself. And so it goes on. It is little wonder that the Secretary of State for Exiting the European Union has suggested that Ministers would have to be locked in a room for any agreement to be reached—that is, if they could all find the same room. I would agree with that suggestion, on the condition that we could throw away the key. Meanwhile, the Treasury has been briefing the press that the spring statement will be scaled back to include no Red Box, no official document, no spending increases and no tax changes—and perhaps no embarrassing U-turns either—as well as, no doubt, an inability, yet again, to talk about the bank levy, what we could do with it, and how we could make progress with it.

Rather than the Government outlining a long-term economic plan, we have yet another Finance Bill engineered for the benefit of the few. There is little in the Bill to tackle our dreadful productivity performance, stuttering growth, high inflation and lack of investment in our infrastructure and people, but if we raised more from the banking levy, we could do something about that. In that context, the Government have come up with the bright idea of offering another tax break to the banks by further limiting the scope of the bank levy. That would ensure that, from 2020, banks will pay the levy only on their UK balance sheets, not their overseas activities.

Our position on the bank levy has been clear: we have consistently argued for a more proportionate levy and pointed out that the levy, which would introduced in 2011, would raise substantially less than Labour’s bankers’ bonus tax. In short, we have always stood against the Government’s divisive austerity fetish.

Chris Philp (Croydon South) (Con): I must gently point out that the Labour party’s position on the bank levy has been anything but clear. Labour Members opposed the levy when it was first introduced. They then called for it to be retained, and their amendments today propose neither retaining nor abolishing it. As the hon. Gentleman’s party’s position is entirely unclear, perhaps he could take this opportunity to clarify it.

Peter Dowd: We opposed the levy because it was a reduction in the taxes that the banks were paying. I know the hon. Gentleman wants to be generous to people who already have money and very ungenerous to those who do not have money, but he should give considerable thought to that before he makes such interventions, because it does not do his party’s reputation any good, as that sort of approach is mean and miserly.

[Peter Dowd]

That was why we voted against the levy during our consideration of the 2011 Finance Bill, which introduced the bank levy along with cuts to corporation tax and tax giveaways for the most well-off—that is the context. It was also why we expressed concern in 2015 about the Government's cuts to the bank levy and the introduction of the corporation tax surcharge, and it is why we will vote against this measure today. We will support my hon. Friend the Member for Walthamstow (Stella Creasy), who will—I suspect forlornly—call for a review of the effects of making provisions to discount excess profits of a private finance initiative company for the purpose of calculating the aggregate of the interest allowance of worldwide groups under the provisions in part 10 of the Taxation (International and other Provisions) Act 2010. We support that as a step in the right direction to tackle the whole construct and operation of PFI schemes, which was a policy announced last September by my right hon. Friend the Member for Hayes and Harlington (John McDonnell), the shadow Chancellor.

The bank levy was not the brainchild of a Conservative Government. It was not introduced because the previous Chancellor had been suddenly moved by public outrage about reckless decisions made by some in the banking sector who plunged us into the world's greatest economic crisis in modern times. That is the context for this issue. The levy was not designed to ensure that banks received enormous and unprecedented bailouts from the taxpayer, such as when the Government purchased £76 billion of shares in RBS and Lloyds. It was instead designed to make banks pay their fair share, and I refer Members to the comments about schedule 9 on pages 83 to 93 of the explanatory notes, where that is laid out clearly and unambiguously.

In fact, the very concept of a bank levy was developed at the G20 summit in Pittsburgh in 2009. It was championed by the previous Labour Government, who subsequently introduced the bankers' bonus tax. In the austerity Budget of 2011, the coalition Government decided to dump the bankers' bonus tax and to adopt the bank levy. At that time, Labour made it clear that the levy threshold was far too low when compared with the money that would have been raised if the Government had stuck with Labour's bonus tax. Ministers folded under pressure from the banks and set the levy at a lower rate of £2.6 billion.

The threshold was established—here we come to the issue of experts and taking expert advice—despite Treasury officials openly acknowledging it to be far too low. Under the original Treasury plans, the levy would have raised £3.9 billion a year, which is nearly £1.3 billion more than the £2.6 billion that has been indicated. But the then Government, lobbied by the privileged few, ensured that the threshold remained low. At 0.078% for short-term liabilities and 0.39% for long-term liabilities, the level that was set was—not to put too fine a point on it—a pretty tasteless joke compared with that of other countries that introduced a similar levy. It was less than a third of the level set in France, substantially smaller than the level in Hungary, which was set at 0.53%, and even lower than that of the United States of America. In 2015, under pressure from some of the Government's friends in the finance sector, the then Chancellor cut the bank levy rate, and the current occupant of No. 11 has

continued on that particular sojourn. In so doing, he has ensured that, by 2020, the UK's biggest banks will have received a tax giveaway worth a whopping £4.7 billion. That £4.7 billion could be spent on our public services, and notably on children's services, which have been cut to the bone.

Chris Philp: The hon. Gentleman says that the banking sector has received a whacking tax cut. I will dispute that further in my later comments, but the figures are these: in 2009-10, the banking sector paid £17.3 billion in tax; last year, it paid £27.3 billion. That represents a 58% increase. So, far from having a tax giveaway, the banks are now paying more in taxes than they were six years ago by some margin.

Peter Dowd: That is not surprising: the banks returned to profitability because the taxpayer bankrolled them. That was how they got back into profitability, and they must pay their fair share of taxes as a result. The constituents of every Member of Parliament paid towards that, and when the profits came back in, the taxes went back up. We have helped the banks out, and they have to help our public services out.

The Government claimed that their introduction of the 8% corporation tax surcharge would offset the cuts to the bank levy. If we look at the autumn's Budget Red Book and the forecasts from the Office for Budget Responsibility, however, we clearly see that the surcharge will not match the fall in the bank levy. According to forecasts, the surcharge is set to increase by £300 million a year, while the receipts that the Exchequer receives from the levy will fall by £1.7 billion a year. That leaves a £1.4 billion gap. That is a fact that is printed in the Government's Red Book and, as John Adams opined, "facts are stubborn things".

In 2018, we are still feeling the economic consequences of the actions of the banks. Every day, the Government tell us that there is no money for productive investment and that austerity must continue, yet they have conspired to undermine and limit any remuneration from the banks that caused this sorry state of affairs in the first place. Once again, the Opposition's ability to amend this Bill has been hamstrung and blocked by the Government's continued use of arcane parliamentary procedure.

Anna Soubry (Broxtowe) (Con): The person who said that there was no money left was actually the occupant of the Treasury who left a note for the incoming Conservative-Liberal coalition Government in 2010. The reality is that of course there is money. We raise taxes and we spend them exceptionally wisely as a Conservative Government, particularly on infrastructure which, as the hon. Gentleman must surely agree, is now at record levels. It is just that we are still having to clear up the mess that was left by the last Labour Government.

Peter Dowd: The right hon. Lady can believe what she wants, but who will pay any attention to the Chief Secretary to the Treasury who took over from a Labour Chief Secretary to the Treasury, but was out of that job within two weeks because of issues around his parliamentary expenses? Does she expect us to pay any attention to that whatever? [Interruption.] That was what happened. David Laws—

Anna Soubry: Will the hon. Gentleman give way?

Peter Dowd: I will not give way. I am going to move on—

Anna Soubry: There's a surprise!

Peter Dowd: The right hon. Lady can come back later on. This is not a dialogue, as you would no doubt tell me, Madam Deputy Speaker.

We have a timid, feckless and self-obsessed Government who are frightened of their own shadow. They continue to give more money back to the banks, notwithstanding the fact that they keep telling us that the resources coming into the Government are insufficient to support our public services.

We are seeking three things by moving new clause 3. First, we want to require the Government to carry out a review of the bank levy, including of its effectiveness in relation to its stated aims. Secondly, we want to establish the extent of the effect of the 2015 cuts on revenues from the levy. Thirdly, we wish to calculate how much would have been raised if the Government had stuck with Labour's bankers' bonus tax. Such a report would put under the microscope for all to see the Government's malpractice—that is what it amounts to—in cutting frontline services while offering tax giveaways to banks that can more than afford them. It would require the Minister to acknowledge that far more would have been raised under Labour's bankroll tax and, just as importantly, that the Government's current bank levy has done little to influence and mitigate the risky banking practices that remain in use in our financial services industry.

4 pm

It is also unsurprising and indicative of this Government that they have failed to keep a record of the banks that regularly pay the levy or a full list of how much they have actually paid. We would like that information, which is why, in the name of transparency—a concept alien to the Government—the Opposition have tabled new clause 4, which would create a public register for the bank levy. Once we can see the true cost of the Government's policies, we can grasp the extent of their choices, and how they have favoured a small privileged group over the many citizens who are in desperate need of support. That goes to the heart of the new clause.

My concerns about the bank levy do not merely relate to how the banking sector is taxed and regulated; they speak directly to this Government's approach. Government is the business of making choices, and in this case the Government have chosen to put in place a giveaway worth billions of pounds for the wealthy few instead of helping to end austerity for the many, or even for a few of the many. Looking at it from any angle, this is a shameful set of affairs, and it becomes even more shameful when it appears that the money foregone to banks through a cut to the levy could have been used to support our children's services, which are in a state of atrophy as a direct result of the Government's choices.

Only in the past two or three days, the Government have admitted to my hon. Friend the Member for Batley and Spen (Tracy Brabin), the shadow early years Minister, that cash-strapped local authorities have been forced to close more than 500 children's centres. Those closures are a direct result of cuts to the funding of children's services. Research published by Barnardo's in December

found that funding for children's centres in England had been halved since 2010 from £1.2 billion to £600 million. That is why we want a review in relation to the bank levy.

The picture is set to worsen. Last week, Norfolk County Council approved plans to halve its £10 million budget for children's centres to try to cope with the cuts being passed to them by the Government. On the same day, councillors in Somerset unanimously agreed to close two thirds of its children's centres. That is why we want to look at the bank levy and why we want a review. We do not yet have an assessment of the specific impact of austerity in Northamptonshire, where the Conservative council faces meltdown as a direct result of the Government's agenda. It is safe to say that children will no doubt be suffering as much as the wider population as public services edge closer to collapse. That is why we want a review of the banking levy.

As services have been decimated over the past seven years, we have seen a doubling of serious child protection cases and twice the number of children put into care protection plans. We want a review so that we can compare and contrast. Last year, 70,000 children were placed into care. Support for foster care, adoption and Sure Start children's centres has all been reduced, and we have to work out how to support such services. Youth centres are closing, and short breaks for disabled children that are provided by local councils to give parents a break are going. Is that what we want? That is why we want to examine the banking levy.

Taken together, the cuts mean that some of the most vulnerable children in our country are paying the price for seven years of the Government's economic strategy. Meanwhile, the bank levy is being cut, so we want to examine that and check things out. That is why we are challenging the Government to support our review. Asking children to pay the price of reducing the levy is unacceptable mismanagement. In fact, Sir Tony Hawkhead has described the "devastating cost" to children's services, which he says have been left

"on an unstable and dangerous footing."

Prevention and protection services, which are vital to the proper care of our nation's children, could be provided for if the banking levy were not cut. That would be a welcome relief to those services.

We demand that the Government change course on the banking levy. That might make them unpopular with some people, but children come first, not the Government's friends. That is why we are asking for this review. A review is the right thing to do for millions of children who need Government support to have the best chance in life. Should the Minister decide to do the right thing and match Labour's plans to invest in children's services, he will receive our full backing.

The anti-avoidance measures in the Bill are feeble and listless when we consider the scale of the problem at hand. Both the Panama papers and the Paradise papers revealed tax avoidance on an industrial scale being operated in British overseas territories and Crown dependencies, yet the Government have responded with feigned interest and a handful of measures. The Minister, in his effort to keep up the appearance of being seen to do something, has instead reinforced the view that this Government are on the side of the tax avoiders, not the taxpayers. *[Interruption.]* I can hear the Minister chatting away from a sedentary position. I am not sure whether that is because he does not agree with me, but he knows it is true. There is no question about it.

For example, only a third of the £1 billion originally forecast from some of the measures the Government presented to the House will be raised, and the gap between the tax take originally expected from the 28 anti-tax avoidance measures introduced since 2010 and the revised forecast is £2.1 billion. That is 25% less than the Treasury previously forecast. It is a complete shambles.

Chris Philp: I thank the hon. Gentleman for being generous with his time. He is trying to suggest that the Government have a bad track record on clamping down on avoidance and evasion. The key measure of that is the tax gap, which was 8% under the last Labour Government and has now fallen to 6%—that is the lowest in the world. Will he congratulate the Financial Secretary to the Treasury on that achievement and acknowledge that this Government are doing a better job in this area than the last Labour Government?

Peter Dowd: That does not take international profit shifting into account, as the hon. Gentleman knows. He should consider that.

The figures I have mentioned not only add to the growing hole in our public finances but demonstrate the Government's complete lack of interest in taking on tax avoiders. I am glad the hon. Gentleman raised the last Labour Government's record. So what was our record on tax avoidance? It might surprise Conservative Back Benchers to hear that Labour brought in anti-tax avoidance measures in the 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010 Budgets. Most notably, in March 2004, the Labour Government introduced a disclosure scheme that required anyone marketing a tax mitigation scheme to give HMRC advance notice, giving the Revenue authorities an opportunity quickly to counter the scheme with new legislation. The Primarolo statement in December 2004 announced that the Government would introduce legislation, with retrospective effect, to counter any future scheme.

Labour's tax transparency and enforcement programme has outlined 16 measures that the Government could take immediately to crack down on tax avoidance, including holding a public inquiry and publishing a public register of offshore trusts. In that fashion, new clause 6 would require the Government to commission a review of the effectiveness of the Bill's anti-avoidance provisions and their impact on reducing the tax gap. I am proud of Labour's measures on tax avoidance, and I am proud to stand here and say that.

Members should ponder this question: how can the Government possibly justify cuts in the banking levy while, on average, 30% of our children—it is even more in some constituencies—live in poverty? That question will not go away, however much the Government want it to.

Chris Philp: As always, it is an enormous pleasure to follow the hon. Member for Bootle (Peter Dowd), whose speeches are always entertaining and occasionally informative. He spent a great deal of time talking about the bank levy and the various new clauses standing in his name on that topic. I wish to start by addressing the central thesis of his comments on the bank levy: his suggestion that banks are not paying their fair share, particularly as two of them received state money from about 2009.

It is a matter of incontrovertible fact that banks, as organisations, are paying more tax proportionately than other kinds of corporates. It is of course right that they do, for the reason that the hon. Gentleman and my right hon. Friend the Member for Broxtowe (Anna Soubry) mentioned: they did receive taxpayer money. They pay this extra money, compared with other businesses, in two ways. The first is through the surplus profit tax of 8%—they pay about a third more corporation tax proportionately than a non-bank corporation does. The second is through the bank levy. Although the bank levy is being reduced, it will remain in force, so banks will continue to pay proportionately more tax than non-bank businesses after the implementation of this Budget. That is a vital point to get across.

The hon. Gentleman also tried to link funding for children's services to the bank levy. In one of my interventions, I gave some figures on the total amount of tax that banks are paying. We can argue about why they are paying that extra tax. Clearly, it is at least in part due to the surplus profits rate and to the bank levy. It may also, in part, be due to the fact that the banks' profits have increased. Whatever the cause, the bare fact is that they are paying £7 billion or £8 billion a year more in tax now than they were some time ago. So suggesting that children's services have been deprived of money as a consequence of changes to bank taxation simply does not bear scrutiny, given that the financial services sector is paying significantly more tax than it was before, whatever the cause of that may be.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): The hon. Gentleman is, as he knows, unfairly paraphrasing my hon. Friend the shadow Chief Secretary. What my hon. Friend has pointed out is that politics is about choices and that this Government have decided, through this set of proposals, to reduce the amount of tax the banks will pay, in a situation where many core services in this country—public services that are supported by Members on both sides of the House—are on their knees. So references to the background situation or attempts to paraphrase what my colleague said are not correct. He is simply making an analysis of the choices this Government have made, which do not bear scrutiny.

Chris Philp: I thank the hon. Gentleman for his intervention but, as I say, the central, key, cold, hard fact, which will not go away, is that financial services are paying £8 billion or £9 billion more in tax now than they were before. That is money that can be spent on children's services in his constituency or in mine, on the NHS or on schools. We should welcome the fact that the sector is producing this extra taxation, partly because it has become more successful and partly because the rate of tax has progressively been increased over the past seven or eight years.

The hon. Gentleman made a point about choices and his intervention was unpinning by an assumption: that if we increase the rate of taxation, we invariably raise more revenue. I challenge that assertion, as the famous Laffer curve clearly does. It is clear to me that it is possible to reduce the rate of taxation and at the same time collect more tax, because we, thus, incentivise investment and growth. There is no better illustration of that than the trajectory of corporation tax, taken as a whole, over the past seven years: the rate of corporation

tax has come down from 28% to 19%—it is heading down to 17% in a couple of years—yet the cash take from corporation tax over that same period has gone from about £35 billion to about £53 billion or £55 billion. That goes to show that we can cut the rate of tax and, by stimulating the economy and investment, actually collect more money. Similarly, it does not follow that putting up the rate of tax necessarily means that more money is collected, because that might disincentivise investment and job creation.

4.15 pm

Jonathan Reynolds: I feel that we have had this discussion in many of the debates on the many Finance Bills we have debated over the past 12 months. No one on the Opposition Benches denies the existence of the Laffer curve; we simply point out, as a point of fact, that the very large reductions in corporation tax that the Government have introduced have cost the country revenue. That is not in dispute. The analysis is clear that it is not the case that, had the corporation tax level remained as it was when the Conservatives came to power, more tax would not have been generated.

On new clause 3, as the hon. Gentleman knows, the bank levy is a levy on the risk-assessed capital that is on the big banks' balance sheets. The Laffer curve would not apply to the calculation of what the return would be if the levy remained the same.

Chris Philp: Let me take each of those points in turn. The hon. Gentleman asserts that, had the corporation tax rate remained at 28%, we would now be collecting more than £53 billion. That is an assertion, and not one with which one can agree without contention. For example, because of the lower corporation tax rate, plenty of businesses have made investments that they would not have made otherwise. Several companies had located their corporate headquarters outside the UK—

Peter Dowd *rose*—

Chris Philp: Just a moment; let me respond to these two points.

Those companies had located their corporate headquarters outside the UK and so paid corporation tax outside the UK, but in response to the Government's cutting the rate of tax, they came back onshore and now pay corporation tax here. It does not follow at all that a higher corporation tax rate—28% in the case mentioned by the hon. Member for Stalybridge and Hyde (Jonathan Reynolds)—would lead to a higher tax yield. The direction of travel shows that, as the rate has come down, the amount collected has gone up. I just do not agree with the suggestion that, if the corporation tax rate were 28%, we would be collecting £60 billion or £70 billion.

Jonathan Reynolds *rose*—

Chris Philp: If the hon. Gentleman will let me answer his second point, I shall happily take an intervention. He suggested that, because the bank levy is a tax on a balance sheet, there is no Laffer curve effect. I dispute that. Banks are mostly international—for example, our largest bank, HSBC, is a very international bank—and they can choose where they deploy capital. Their finance director will sit and decide where to allocate capital around the world. If the taxation or regulatory regime

in a particular jurisdiction leads to the returns in that jurisdiction being unattractive, they will rationally respond to that by allocating their resources—in this case, their bank equity—somewhere else. There is unquestionably a Laffer curve effect in relation to the bank levy.

Before I take the two interventions that I promised to take, and will, let me just say that all that links to a related point mentioned by the shadow Chief Secretary, the hon. Member for Bootle: the disapplication of the bank levy to the non-UK part of a UK-headquartered bank's balance sheet. In these international times, a bank such as HSBC can choose where it is headquartered and domiciled. HSBC was famously thinking about moving two or three years ago. HSBC is a good example because I think the majority of its balance sheet is non-UK—it has huge operations in Africa and the far east. Were we to continue to levy the bank levy on HSBC's non-UK balance sheet, there would be a powerful, perhaps even irresistible, temptation for it to change its arrangements such that those profits and that balance sheet were booked through some other centre, such as Shanghai, or probably more likely Hong Kong, or possibly Singapore.

It is beneficial to the UK to have those HSBC assets booked here, because, of course, we get the corporation tax, including the corporation tax surcharge, booked through London, and there are clearly jobs connected with that. If we leave the bank levy on the non-UK balance sheet—the business is done overseas but booked here—and drive the booking overseas, we will lose that corporation tax and those jobs. The change to the bank levy is a sensible measure that will protect London's status as an international financial centre, because the relevant part of the balance sheet is very internationally mobile.

I think there are two, or perhaps even three, interventions stacking up, so I shall happily take them all.

Jonathan Reynolds: I am extremely grateful to the hon. Gentleman for giving way. This argument is integral to the economic prosperity of the UK. On the point that he has just raised, I say clearly that we should wish to keep that substantial national asset, which is our financial services industry, in the UK, but it is Brexit that will drive it away. HSBC's plans at the minute, in terms of relocating staff, are entirely linked to wholesale banking functions under Brexit. However, if there is one phrase that I would wish to etch on to the door of this Chamber, it is that causation and correlation are not the same thing, and that applies to his corporation tax argument. The average rate of corporation tax in OECD countries is 25%. There is a diminishing return from reducing it. When even Conservative councils are effectively going bankrupt, surely that requires greater reflection and self-analysis of the disastrous trajectory of some of the Government's tax policies over the past eight years.

Chris Philp: A number of points have been raised there. On the point about correlation and causation, of course I understand that they are not the same thing. However, in my remarks about corporation tax reductions, I did point to some of the causal links. The two causal links that I cited were, first, encouraging investment and, secondly, companies choosing to move their domicile—for example, from Switzerland back to the

[Chris Philp]

UK. Therefore, there are two causal explanations as to why a reduction in the rate of tax might lead to an increase in the tax yield.

Peter Dowd: The explanatory statement for new clause 3 says:

“This new clause requires the Government to carry out a review of the bank levy, including its effectiveness in relation to its stated aims, the revenue effects of the changes made in 2015 and the comparable effectiveness of the bank payroll tax.”

The stated aim, as set out in the Government’s own document, is as follows:

“Its purpose is to ensure that banks and building societies make a fair contribution, reflecting the risks they pose”.

We are asking for a review. If the hon. Gentleman is so sure of his facts and his case, why not have the review and see who is right in this debate?

Chris Philp: The Government conduct analyses and reviews the whole time. I am not sure whether we need to put the review into primary legislation. As the hon. Gentleman refers to new clauses 3 and 4, which stand in his name, I will turn to them now.

The new clauses call for various reviews and registers. Of course, analysis is important. That analysis, I believe, takes place in the Treasury already—I am sure that the Financial Secretary will comment on that in due course. What is interesting about the new clauses tabled by the Opposition is not so much what is in them, as what is not in them—it is the dog that did not bark, if I can borrow from Sir Arthur Conan Doyle.

I mentioned in an intervention that the Labour party appears to have taken a number of different positions on the bank levy: it voted against it in 2011; it voted against the surplus tax in 2015; and then it stated in public that it wished to leave the bank levy in place, despite having voted against its introduction, which strikes me as rather confused. I was rather hoping that its new clauses and amendments might enlighten us on what its position actually is on the bank levy. This is primary legislation. This is a finance Bill soon to become, I hope, a finance Act. The Opposition had a chance here in this Chamber today to explain to the House and to the country how they think our tax system should work in relation to the bank levy. They could have tabled an amendment, had they chosen to, saying that they wanted to leave the bank levy in place as it was, or they could have tabled an amendment abolishing it altogether, yet they have done neither of those things; they have simply called for analysis. I am disappointed that their plans have not been elucidated.

Peter Dowd rose—

Chris Philp: However, if I am about to be enlightened, I will of course give way.

Peter Dowd: The hon. Gentleman cannot have it both ways. The Government introduced an arcane procedure, which was first used, I think, by Winston Churchill in 1929, effectively to stop us moving any substantive amendments. Does he not recognise that, whatever we wanted to do, we would not have been able to change things anyway, because the Government were not permitting us to do so?

Chris Philp: I am not sure. This is a moment when my hon. Friend the Member for North East Somerset (Mr Rees-Mogg) is required to advise on such matters. I do not share his expertise in parliamentary procedure. However, the shadow Chief Secretary did not specify in his quite extensive—and, at times, amusing—remarks the official Opposition’s position on the bank levy. There is certainly no parliamentary procedure that prohibited him from doing so, so he could quite easily have chosen to specify his exact view—whether the bank levy should continue as it is, go or do something else—yet he did not do so. I am rather disappointed by the lack of clarity on that point.

The hon. Member for Stalybridge and Hyde said a few moments ago in one of his many interventions that HSBC might contemplate its jurisdiction in the light of Brexit. In fact, HSBC was debating where to domicile itself well before the referendum. If anyone or anything threatens the City of London’s status as a global financial centre, it is not the matters being debated today and it is not Brexit. In fact, it is the right hon. Member for Islington North (Jeremy Corbyn) and the comments he made a day or two ago, which, in the words of one commentator, threatened to turn London into a new version of Pyongyang. That is what he said. It was in the *Evening Standard*—a newspaper edited by a highly reputable journalist.

PwC has done some analysis of the tax contribution made by the financial services sector, finding that it paid £72.1 billion in taxes last year. That is about 9% of the UK’s total tax take. It is no laughing matter when misguided and populist politicians take a cheap shot at the City to get some headlines. If business is driven away, the implications will be very severe for our tax take and for employment. If we lose the tax revenue generated by the City, the people affected will of course be children and the NHS.

I ask the shadow Chief Secretary to convey gently to his dear leader that comments such as those made a day or two ago are very unhelpful to the City. They endanger jobs and jeopardise the £72 billion of tax that the City pays. Whether it is through fiscal measures or through words, it is a very serious matter when we endanger jobs and the tax revenue from the City that funds about two thirds of the NHS’s budget. In this Bill and in our words, we should protect that tax revenue and those jobs.

Peter Dowd: I am more than happy to convey the hon. Gentleman’s comments to the Leader of the Opposition, although I do not accept them. Will the hon. Gentleman also pass on my comments to the Prime Minister? She is making a mess of Brexit, which is far more dangerous to this country than the comments allegedly made by the Leader of the Opposition.

Chris Philp: There is no allegation; they were said publicly. I will of course convey the hon. Gentleman’s comments in a spirit of reciprocation, but I dispute the remarks about Brexit. We saw fantastic progress before Christmas and are moving on to the next stage. I look forward to the series of speeches by my Cabinet colleagues in the coming days and weeks that I appreciate are on a different topic to the one at hand.

Jonathan Reynolds: I must defend the Leader of the Opposition. The comments that he made to the EEF national manufacturing conference were simply that

finance must serve industry and that this country has to find ways to increase lending to businesses, to have more productive outcomes for the economy and to lower regional inequality—all things that were previously said by the former Chancellor of the Exchequer, who now finds work as the editor of the *Evening Standard*. I do not think that that is unreasonable in any sense. The feedback I have had from that conference is that the reception in the room was very favourable.

Madam Deputy Speaker (Dame Rosie Winterton): I call Chris Philp—on new clause 3.

Chris Philp: Well, I am not sure whether I can respond to the hon. Gentleman's comments while adhering to Madam Deputy Speaker's gentle guidance, other than to say that I think that the Leader of the Opposition's remarks went rather further than the hon. Gentleman just suggested.

Perhaps it is time to move on to the measures relating to tax avoidance and evasion, particularly new clause 6. The shadow Chief Secretary made a series of quite serious allegations about the Government's effectiveness over the past seven years in combating tax avoidance and evasion. I disagree quite strongly with the premise of his points. He suggested that the current Government had been slow to act—indeed, had not acted—in these areas. I gently draw his attention to the fact that in the past eight years since 2010 the Government have taken 75 different measures designed to combat tax evasion and tax avoidance that have raised, cumulatively, £160 billion.

4.30 pm

Many of those measures close egregious and glaring loopholes that had been left open by the previous Labour Government. For example, under the previous Labour Government, it was possible to have permanent non-dom status, yet the Bill will end permanent non-dom status. Prior to 2010, we had the ludicrous situation of the so-called Mayfair tax loophole whereby some people in the hedge fund industry ended up paying less tax than their cleaners—a 10% rate—by having their carried interest taxed as capital gains with the benefit of entrepreneurs relief. That loophole has been closed and then progressively tightened up in successive Budgets. The diverted profits tax is raising money. Avoiding stamp duty by placing residential property into corporate wrappers has been tightened up. There is probably more we can do, but things have certainly been tightened up. We have made sure that foreign purchasers of residential property pay capital gains tax on their disposals. Under the Bill, that will shortly be applied to disposals of commercial property as well.

I have listed five or six of the 75 measures I mentioned, all of which have been taken since 2010. That is no accident. There is a causal link, not just a correlation, between those actions and the additional amounts of tax being collected.

Mr Jim Cunningham (Coventry South) (Lab): I am sorry that I was late for the beginning of the hon. Gentleman's speech. He has given us a litany of what Conservative Governments have done over the past seven years. The Conservative Government before the previous Labour Government did not do very much about all the loopholes that he has listed.

Chris Philp: The hon. Gentleman is asking me to comment on the actions of the Government of over 20 years ago. I am commenting on the actions of the Government who have been in office for the past eight years, whose record is one that I am proud of and stand behind.

Because of these measures, our tax gap has reduced, as I said in an intervention, from 8% to 6%—the lowest in the world, and better than under the last Labour Government. When I made that intervention, I heard the shadow Chief Secretary make reference to profit shifting. Profit shifting is a serious matter. That is why I am pleased that the UK Government were at the forefront of the OECD's BEPS—base erosion and profit shifting—initiative. Action 5 of that is specifically designed to clamp down on so-called profit shifting. I accept that this is an issue, and I am pleased that the UK Government have been taking action in that area.

Rachel Maclean: I am delighted that my hon. Friend, from his position of expertise, is reminding us of what a great record we have of collecting tax, rightly—tax that pays for schools, hospitals and police services up and down the country, as well as in Redditch, of course, which I care about the most. Does he agree that we have collected £12.5 billion more than if we had left the tax gap in the same state that Labour left us with? That is £12.5 billion to be spent in everyone's constituency.

Chris Philp: My hon. Friend makes a very important point. The fact that the tax gap is 6% rather than the 8% requested to us by Gordon Brown sounds like a theoretical point, but that two percentage point difference, as she rightly says, amounts to billions of pounds funding the NHS and schools. In debating these avoidance measures, we are not talking about something theoretical and of academic interest: it is precisely these measures that fund our public services, and that is why they are so important.

Turning to the Opposition's amendments and new clauses, I was rather surprised, on looking at the amendment paper earlier today, to see that new clause 6 once again calls for a review and analysis—analysis which, I am sure, is already conducted by the Treasury, as the Financial Secretary will no doubt point out. But there was an absence—a silence and a desert; tumbleweed was rolling across the amendment paper—where I would have expected to see an abundance of ideas that we might have adopted from the fertile mind of the shadow Chief Secretary. If he could not have proposed ideas in an amendment for some arcane parliamentary procedural reason, he might at least have done so in his speech.

The Financial Secretary to the Treasury is an extremely attentive and receptive Minister. Had the shadow Chief Secretary proposed some constructive ideas, I am sure that the Financial Secretary would have listened carefully. I am very disappointed that after all the noise and, I dare say, bluster—I hope that is not unparliamentary—that we heard in the shadow Chief Secretary's speech, we did not hear any concrete ideas. We cry out for and are open to new ideas, yet we did not hear any in what was otherwise an amusing and entertaining speech. I am disappointed.

If the Financial Secretary is in the market for new ideas on avoidance, as I am sure he is, one idea is that we could give some thought to ensuring that the Land

[Chris Philp]

Registry records the ultimate beneficial ownership of property and land. We discussed that yesterday in our debate on sanctions, and it was suggested by David Cameron a couple of years ago. When the ultimate beneficial ownership of those properties changed, we might then levy stamp duty on that change as though the physical property had been transferred. A lot of high-end residential property is held in non-UK corporate wrappers, and when the property is transferred, rather than selling it, as we would sell our properties, ownership of the company is transferred. There is no record of that in the UK and therefore no stamp duty is paid. That idea might well raise some more stamp duty. I could hardly criticise the shadow Chief Secretary for his lack of ideas without proposing at least one myself. I hope that Ministers will give some thought to that idea in due course.

In conclusion—[HON. MEMBERS: “Hear, hear!”] I am glad I have said something that finds favour among Opposition Members. I must have set a record for the number of interventions taken, though there was only one from my own side. The action on the bank levy contemplated in the Bill is the right one. We are taxing banks more heavily than non-banks. We are raising more money than ever before, but we must be mindful of the risk of driving these companies or part of them overseas at a time when they contribute 9% of our total income.

On avoidance and evasion, I am proud that this Government have delivered the lowest tax gap in the world and improved by a quarter the position that they inherited. That pays for public services, as pointed out by my hon. Friend the Member for Redditch (Rachel Maclean). It is a good record, and I am proud of it. I look forward to supporting the Bill.

Stella Creasy: I rise to support the amendments tabled by the Opposition and to speak to my amendments 1 to 4.

I was into PFI before all the cool kids were. These amendments speak to a long-held concern of mine, which is that it is not enough for us as politicians to identify when something has gone wrong and to shrug our shoulders and say, “It’s complicated.” The consequences for the communities we represent and for this country’s public finances are so toxic that it is vital we act.

George Bernard Shaw said:

“Political necessities sometimes turn out to be political mistakes.”

Let me be clear that I am not seeking to blame anyone. Governments of all colours used PFI. It started in 1992 and has gone on to the present day. Absolutely, the last Labour Government used PFI to fund things, and it was not an ideological decision; it was a very simple one about keeping borrowing off the books.

However, we know now just how costly these decisions have been for this country. Every single school, hospital, street lighting system and motorway built was needed, but we know now that the consequence of these costs is that we may not be able to build such things in the future. I am in the Chamber today to propose a way in which Parliament can now act to get money back for our public services, because everyone of us has one of these projects in our constituencies.

We can talk about the numbers involved: £60 billion of capital building, on which we will pay back £200 billion. These companies are truly the legal loan sharks of the public sector, charging an excessive rate of interest in comparison with public sector borrowing for building and running services for us. Conservative Members may say that the cost I am talking about includes services, so it is worth breaking down the charges. Last year alone, this country paid out £10 billion in PFI repayments, over half of which was for interest and charges. The money we are paying for PFI is not paying for schools and hospitals to be run; it is paying the profits of the companies we borrowed from to be able to build them in the first place.

The National Audit Office has done absolutely sterling work uncovering just how bad a value-for-money calculation it was to go for PFI. On average, these projects are 2% to 4% more expensive than Government borrowing at the time. In total, with charges and fees included, they are now, on average, 40% more expensive than having worked with the public sector.

The interest rate matters because the costs are not necessarily about the management of a project; they are about the profits being made. Every single MP who is being lobbied about their schools and hospitals needs to recognise that 20% of the extra money the Government say they are giving to schools and hospitals will not touch the sides of emergency wards or go into the budgets of teachers to pay for the books and classes our schoolchildren need. It will go straight out of our public sector into pure profit for these companies.

The Centre for Health and the Public Interest has gone through the accounts of the few hundred companies running schools and hospitals to identify just how much money is involved. It found that they will get £1 billion in the form of pre-tax profit from NHS deals alone, which total just 125 of the 700 PFI projects. For example, the company holding the contract for University College London has, alone, made £190 million in the past decade out of the £725 million the NHS has paid out. In short, it has made enough in profits to build and run an entire hospital.

We have to talk about the human cost. I became interested in PFI when I saw the damage it was doing to my local hospital, Whipps Cross in Walthamstow, and to schools such as Frederick Bremer School in Walthamstow. Its headteacher is now desperately struggling to balance her budget in the face of this Government’s swingeing cuts to the schools budget, but the one repayment she cannot cut is the PFI one. Barts, the biggest PFI in our NHS—with a £1 billion capital build, and £7 billion repaid—is paying £150 million a year, of which £74 million is interest alone. It is no wonder that the hospital is in such persistent financial difficulty.

Wes Streeting: My hon. Friend is making a powerful case. Whipps Cross University Hospital also serves my constituents. To the east, the cost of PFI at Queen’s Hospital in Romford is such that it is creating enormous financial pressures on the Barking, Havering and Redbridge University Hospitals NHS Trust. Does she agree with me that that underpins the urgency of the need to tackle this issue? We should not stick to the ideological dogma of the past, but look at what has really happened and claw back some of that excessive greed to better fund our public services.

Stella Creasy: My hon. Friend—my next-door neighbour MP—pre-empted my argument. My amendments relate specifically to the 700 existing contracts, because I believe—I am glad my Front Benchers support this—that we can and must do something urgently about the damage these 700 contracts are doing every single day in schools where headteachers are having to consider sacking people but cannot cut the repayments, and in hospitals that are having to cancel operations but cannot reduce the repayments to their lenders.

There is a sixth-form college in Haywards Heath with no sixth form, because nobody will take on the school's PFI debt. We keep talking about Northamptonshire Council, which is selling its own buildings because it is going bankrupt. It will owe £240 million to just five PFI deals in the next two to five years, of which £77 million is interest payment. Surrey Council is also in financial difficulties. It has £386 million of PFI commitments that it will not be able to reduce, of which £51 million alone is interest.

4.45 pm

We now know, from Carillion and the problems at Interserve, that the idea that working with the private sector would somehow transfer the risk of construction and management projects to the private sector has been thoroughly debunked. It is very, very simple: we do not let schools and hospitals go bust, because we know that that would mean that kids would not get taught and patients would not get treated. So why we have got into deals, and why we continue to get into deals that presume we can somehow get out of them if contractors do not deliver, is a mystery to me. Certainly, a debate for another time in this place would be on a better way to borrow when there is so little competition for our business. I believe that that is where the answer lies. When we look at the industry and at what amendments 1 to 4 would do, we are not talking about an industry of hundreds of companies. The work by the Centre for Health and Public Interest found that 92% of all the PFI deals in the NHS were owned or appeared to have equity stakes from just eight companies. This small number of companies have captured a market and are therefore setting a price. We and the public sector are paying the consequences.

I looked at one of the companies, Innisfree, which owns my local hospital, Whipps Cross. It has just 25 members of staff. It is not doing the day-to-day running of Whipps Cross: booking the operations, organising the blood tests or feeding back to patients. It stands to make £18 billion from PFI deals and it has its property based over in Guernsey. Those eight companies—Balfour Beatty, Barclays, Dalmore Capital, Equitix, Innisfree, Interserve, Semperian and Veolia—are making millions of pounds in profit as we watch our councils go bust, our schools close down and our hospitals struggle. Yes, it has got harder under this Government because of the cuts they have made, but under any Government asking our public services to pay back at such excessive rates of interest would be untenable. Let us look at what we could actually do and where my amendments have come from.

I hear and understand the calls from people to cancel these contracts outright: to rip them up and say, “We are not going to pay.” But we know that these contracts are just as expensive to cancel as they are to carry on. They have been drafted specifically to require full-cost

recovery to lenders to make sure that their interests are always protected. As the NAO highlighted, it is not just about repayment charges and covering those costs. We would have to cover the interest rate swaps that were built into the contracts to make sure that they are almost always profitable. It would cost £220 billion to tear up the contracts. Indeed, the Lithgow judgment from the Council of Europe in the 1980s clarifies explicitly the law around nationalisation and the compensation that would be required to be paid to companies were we to cancel the contracts.

Contract law might be on the side of the legal loan sharks to the public sector, but tax law is not. Yes, I have been through the 400 pages of the standard contracts. I have seen those clauses, but I have also seen the clauses that clarify that tax rates can change. Indeed, I know the Government agree, because when I have asked them about the tax rates and the taxes the companies are paying, they seem to think that the benefits from the changes to the tax regime are “to the victors the spoils”. That is why I have tabled my amendments. I believe that Parliament and MPs struggling in their constituencies with these loans would take a very different view. Taxation rates and corporation tax matters. When the value-for-money assessment on using PFI was done, there was an explicit calculation included on how much corporation tax the companies would pay. Most of the 700 existing deals were signed at rates of 30% or more.

I am sure that the hon. Member for Croydon South (Chris Philp), in his advocacy of cutting corporation tax, would not agree that when these companies face rates of 17% and his local schools and hospitals—I know that many south London hospitals are affected by PFI—are not getting the public investment they desperately need to keep going, the companies should benefit in that way. That was the amount of money that they agreed to pay at the point at which the contracts were signed.

We have been through the accounts. The numbers the Centre for Health and the Public Interest can give are small—conservative, because we cannot be clear about when companies might have deferred their tax liabilities, but already, in the NHS alone, the companies have had a windfall of £190 million through the reductions in corporation tax, and in our school system they will have had a windfall of £60 million by 2020. That is money we expected for our public services. In addition, we did not expect to pay excessive rates of interest, but the evidence is there. The question for all of us is: what can we do? What action can we take?

Amendments 1 to 4 speak to what we could do now—this year, within months—to send a clear message to the PFI companies that time is up; we are no longer going to accept that kind of contract and the damage they do to our public services. If that small group of companies will not come forward with a proposal to reduce repayments, I gently urge the Minister, whose Department has resisted some of my questions about how often he has met these eight companies, to agree to getting them around the table, examining their loan portfolios and reducing the costs; then, we can start to generate some real savings. Asking individual hospitals and schools to renegotiate, against the companies' expensive lawyers, will save very little, but if the Government take the lead—I hope the Minister will explain today how he intends to do that—in negotiating with the companies,

we could get money back now. If we cannot get these eight companies to negotiate—if they continue stubbornly to resist any change in the contracts—then yes, let us use a windfall tax to make sure we get cash back for our public services.

Amendment 1 asks for a review. I hope that the hon. Member for Croydon South enjoys as much as I do reading the founding resolutions of legislation such as this Bill and understanding what it is possible to do as a Back Bencher, or as an Opposition Member. The amendment simply asks for a review of how much would be raised were we to apply the bank levy to these financing companies.

If amendment 1 does not tempt the hon. Gentleman, perhaps he could look at amendment 3, which is more explicitly about calculating a windfall tax on the companies. It is designed to enable us to work out how much extra they have made from the original deals, and to claw that back by adjusting their tax allowances. At this point, we are simply trying to clarify how much the measure would raise, to give the Government the negotiating tactic they need to get the companies to do what is right—to get round the table and see how to consolidate their loans, just as we would with people who come to our constituency surgeries having got themselves into debt.

The amendment is about sending a clear message to the industry that Parliament will act—that we will not tolerate another year of listening to headteachers and hospital managers telling us that they cannot cope with these loans. We will do something about it. The Government will claim that the companies are entitled to the bonus because they took on the risk of the buildings, but it is clearly an unexpected bonus, and clearly an opportunity to look at the contracts and make progress. If the Minister will not accept the amendment—if he will not, today, commit to negotiating with the companies to get back the money that hospitals, schools and councils throughout the country that are going bust urgently need—he has to explain how he will get us a better deal on the existing contracts.

I put the Minister on notice. It may be that that we cannot tear up the contracts, but a Labour Government would get those companies around the table and make sure that they paid their dues. We would make sure that the excessive profits are brought back, so that teachers in our constituencies do not have to fund raise to pay for books and pencils for students while the companies report millions, if not billions, of pounds of profit at our expense. George Bernard Shaw was right: sometimes political necessity becomes a political mistake. The necessity here, now, is to act, and I urge the Minister to listen.

Stephen McPartland: I will keep my comments focused on the bank levy, PFI and tax evasion. Results speak far more than rhetoric, and it is important to put on the record that in 2016-17, the banking sector paid £27.3 billion in taxes, which was up 58% from the £17.3 billion that it paid in 2009-10. I understand that under the current proposals, the bank surcharge is expected to raise an additional £1.8 billion for the Exchequer.

I would like to talk briefly about PFI. I have a lot of sympathy for the comments made by the hon. Member for Walthamstow (Stella Creasy), but a one-size-fits-all approach is not appropriate. I have a lot of experience of PFI. In 2012, I launched a campaign because the last

Labour Health Secretary signed a PFI deal for the Surgicentre in Stevenage to be built and operated by Carillion. As a result of the deal, when the centre was fully operational, 8,500 records were lost, leading to damaged eyesight for a large number of patients, and three people died. It was a complete nightmare.

As a result, I ran a long, hard campaign and persuaded the Health Secretary in 2013 to nationalise the facility and return it to my local hospital trust. A Conservative Member of Parliament therefore had a piece of the NHS nationalised that had been privatised by the last Labour Health Secretary, so if there is a specific issue, local Members of Parliament can go in there and create a change. I took Carillion on in 2012 and I won. As a result, I then worked with the GMB union. We launched a campaign to stop blacklisting among construction workers and we won again. It is important that individual Members of Parliament identify problems with PFI in their areas, so we can then work on and tackle those problems as individuals.

Turning to tax evasion, it is very important for people to look at what they can do as individuals. Again, back in 2012—I was obviously incredibly active at the time—I launched a campaign on tax transparency, before it was fashionable. In association with Christian Aid, I wrote to all FTSE 100 chief executives to ask whether they would commit to greater tax transparency and help developing countries around the world. In the drive towards globalisation, the situation is incredibly difficult—it is almost a race to the bottom in some areas—with regard to what each country will offer to allow large multinationals to move around.

I published all those results in *The Daily Telegraph* and on a website. This was all before tax evasion and tax transparency became far more fashionable. The Government got involved and I am very pleased that as a result, £160 billion has been raised since 2010 in additional tax revenue, tackling avoidance, evasion and non-compliance. For me, that is an additional £160 billion that has been invested in my local and national health service, and in my hospital that has been rebuilt and paid for by the Government, not by outside organisations or PFI. That money is being invested in children's futures in my constituency. Individual Members of Parliament have a great opportunity to go out and create change in their areas, if there are specific issues that they can tackle, and it is possible to win on those issues.

Kirsty Blackman: I think that I was as surprised as you were, Madam Deputy Speaker, by the brevity of the speech by the hon. Member for Stevenage (Stephen McPartland). I very much appreciate it—it is great. I was willing the hon. Member for Croydon South (Chris Philp) to keep going for an extra 30 seconds to hit the half-hour mark. He was close, but did not quite get there.

I want to talk specifically about the bank levy, tax avoidance and evasion, and, briefly, PFI. We will support the amendments tabled by the hon. Member for Walthamstow (Stella Creasy). I will not expand on that because she covered the issue broadly. On the bank levy, the position in our 2017 manifesto was that we did not support the reductions in the bank levy; we supported the reversal of those reductions. What the Labour party has proposed is a good way to tackle this, given, as has been said in exchanges across the House, that there is

not an amendment of the law resolution, nor are we able to move some of the more exciting, more interesting things that we would have liked to move. I hope that the next time there is a Finance Bill, the Government choose to do that, and if we end up with the Labour party in charge, I hope that it will make that change and ensure that an amendment of the law resolution comes through in any Budget process and Finance Bill. That is the only way in which we can have a reasonable level of discussion on this issue.

5 pm

As I said, we oppose the reductions in the bank levy. New clause 3, which would tackle this, is the most sensible approach for the Opposition, constrained as we are in this debate. It is about looking at the effectiveness of the bank levy, how much money it brings in and whether there are opportunities to do different things that could bring in more money for the Treasury. We are in a strange position. It was funny to hear people talking about the City. When I speak to people in the City, it seems to me, as a fairly left-wing person in the SNP, that my views accord pretty closely with those of some in the City right now, whereas most of them are incredibly upset about Brexit. I feel that I have more in common with them than ever before, whereas the Conservatives have less in common with them at the moment, given how upset the City is about the issues thrown up by Brexit. It is a very strange dystopian situation right now.

On tax avoidance and evasion, following on from the work of my colleague Roger Mullin, I have mentioned before, and will not stop mentioning, the issue of Scottish limited partnerships. It was welcome that the Government took action and carried out a review of SLPs, but we have yet to see any solid action coming out of that. It would be useful to know when the SLPs will be clamped down on and that loophole closed so that people cannot abuse the SLPs. It would be useful to see that coming forward.

On more creative solutions, the SNP has consistently called for rules around tax avoidance and evasion to be devolved to Scotland. We think we would do it better—we think we would do everything better, if it were devolved to Scotland. Specifically on this, however, our Government have been recognised for the action they have taken through their general anti-avoidance rule, which is stronger than that which is in place down here. We feel we would be in a better position to tackle tax avoidance and evasion were it devolved to Scotland, and we will not stop calling for that.

On the reduction in the tax gap, the hon. Member for Croydon South talked about fairness and how the situation was perhaps fairer than ever, but the point we will continue to make is that, if there is any tax gap, the system is not fair. If, for example, we do not have enough customs officers to make all the necessary checks, people will be able to avoid tax just because there are not enough customs checks. Going forward, this will be a problem. Any tax gap, no matter how it compares with other countries, is a problem. On the issue of comparisons with other countries, a Credit Suisse report in 2014 showed that smaller countries tended to have smaller tax gaps because they were better able to crack down on tax avoidance and to police things coming in and out and so prevent tax avoidance and evasion. That is just another point in the case for Scottish independence.

On that basis, if the Labour party presses new clause 3, we will support it. As I said, we will also support the hon. Member for Walthamstow. I will not speak for much longer, as my points have been made in previous debates, except to say that we support making more changes to crack down on tax avoidance and evasion and to undo the changes to the bank levy.

Rachel Maclean: It is a pleasure to follow the hon. Member for Aberdeen North (Kirsty Blackman) and the other contributors.

I will keep my remarks short as many of my points I wish to make have already been made by colleagues. I want to bust the myth that we on the Conservative Benches are friends of nefarious bankers and bad people trying to swindle money out of the honest taxpayer. Nothing could be further from the truth. We on these Benches want a healthy financial system underpinned by banks, and we want those banks to contribute fairly, as they can and must, and as they have been doing under this Government. The facts speak for themselves, as my hon. Friend the Member for Croydon South (Chris Philp) set out.

We have set out a plan to raise an additional £9 billion by 2022—a significant contribution to the Exchequer that will help to fund the public services on which people rely. The banks are making money out of businesses in this country. They need to make a return—they need to contribute fairly—and the Bill will ensure that that happens.

When Labour Members start to attack us and our policies, they need to look at themselves in the mirror. They need to bear in mind the number of times they voted against the introduction of corporation tax and bank levy measures which, as we have seen, have raised money from the banks. Theirs was the party that allowed the Mayfair loophole to develop, so that hedge fund managers were getting away with not paying tax while their cleaners were paying it. I remind the House that it was this Chancellor, in this Budget, who imposed a tax on private jets. Could any measure indicate more strongly that the Conservatives believe in fairness and taxing the proceeds of profit in the right way to fund our public services?

The hon. Member for Bootle (Peter Dowd) said that the banks were not making a fair contribution. I completely disagree with that narrative and that agenda. The banks are making a fair contribution.

Peter Dowd: When I have made statements and I have been wrong, I do not mind people bringing that to my attention, but I did not say that the banks were not making a fair contribution. We were talking about a fairer contribution in the context of the Government's own definition of what they should be doing. That is the point. The hon. Lady should have a look at the work. She should have a look at the book. She should do her research, and then make an accusation.

Rachel Maclean: I am not making an accusation at all. I apologise if I have misrepresented the hon. Gentleman. I merely wish to make the point that I believe that banks must make a fair contribution, and that the Bill will enable them to do so. Through measures that we have introduced since we have been in government, £160 billion has been raised for the Exchequer.

Nigel Huddleston (Mid Worcestershire) (Con): My hon. Friend is making an important point. Conservative Members do not just obsess about some punitive rate for party-political purposes. The key is to grow the economy and maximise the tax take, so that we can then spend our money on public services. It is important to recognise the increased revenues from tax overall, rather than being obsessed with a particular rate.

Rachel Maclean: My hon. Friend is right. The spectre of the Laffer curve raises its head yet again, but it is a fact that lowering the tax rate increases the tax take. That is a fact that we have observed time and time again, and it has benefited our economy.

Anneliese Dodds: Will the hon. Lady give way?

Rachel Maclean: I am sorry, but I cannot take any more interventions, because time is short.

I hope that, when he winds up the debate, the Minister will touch on the important issues of cryptocurrencies and bitcoin which, I believe, are not currently covered by regulation. I think we would all like to be assured that the Treasury is ensuring that no loopholes can develop that might allow tax evasion and avoidance. There are some alarming reports of people being arrested for money-laundering billions of pounds by that means.

The hon. Member for Walthamstow (Stella Creasy) is very well informed. I recognise the hard work that she has done, and I share a number of her concerns about the private finance initiative. A hospital in Worcester serves my constituents in Redditch. It is in special measures, and it has a financial issue. All of us in Redditch are very worried about that. I do not think that the new clause is the right way of dealing with the situation, but I should like to know what action the Minister will take to reassure my constituents that no one is reaping profits that they should not be reaping.

May I ask the hon. Member for Walthamstow to clarify the position of Labour Front Benchers? Do they not intend to take all the PFI contracts back into public ownership? She said that it would cost £220 billion, but I believe that that is the official position of the Labour party. It is a little confusing. It is difficult to know what the Labour party supports—whether it is the proposals of the hon. Lady or those of the Leader of the Opposition—so some clarity would be welcome.

Coming to my final point, Brexit was mentioned earlier, and we heard remarks about Brexit and the Labour party's position, with claims that somehow Brexit is damaging our economy. *[Interruption.]* Well, Brexit was mentioned in a sedentary intervention. In my experience, businesses fear the spectre of a Labour Government more than Brexit, as a Labour Government would damage jobs and business investment. That is what businesses are worried about.

Jonathan Reynolds: There must be an objective assessment, given the strength of the economic risk that we face from Brexit. In terms of financial services, Brexit could diminish market access; it could take it away and make a situation where there is not a legal right to do the kind of business that currently takes place within the United Kingdom. There is no comparison between that and differences of political opinion over policies, and the Government and Conservative Back Benchers must take the economic risks of Brexit seriously.

Rachel Maclean: I can see that Madam Deputy Speaker is quite cross that we have moved off the point, so I return to the point that I do not support the new clause because I believe what the Government have put forward is already tackling the issues of tax avoidance and evasion, and those measures will ultimately benefit our economy and our constituents.

Christine Jardine (Edinburgh West) (LD): It is an honour to follow the hon. Member for Redditch (Rachel Maclean), and I shall speak in support of amendments 1, 2, 3 and 4.

The PFI system is, as admirably demonstrated by the hon. Member for Walthamstow (Stella Creasy), not working and we need to change it. It is not right that half of the cost for PFI schemes are interest repayments and charges for local services, which are under desperate pressure at the moment.

In April 2016, 17 schools across Edinburgh were closed due to fears that the buildings were structurally unsafe. They included three primary and secondary schools in my constituency. All 17 schools were constructed under PPP and PFI initiatives. In Edinburgh West, Craigroyston Primary School, Craigmount High School and Royal High School all closed. Parents were left worried and frustrated. It is clear to me from what I have heard today and witnessed myself that there is now compelling evidence that the payday loan approach to building is costing us all dearly.

For years, councils in Scotland and across the UK had no choice but to use PPP or PFI agreements to fund capital projects. They now find themselves in the position that interest repayments and charges are detracting from service provision when they are already strapped for cash. This morning at an all-party group meeting I heard evidence of how palliative and end-of-life care for children is being affected by the lack of council funding, and how the integration of health and social care is being restricted. That is outrageous.

In Scotland, PPP and PFI contracts are largely the responsibility of the Scottish Government under devolved competences, but I cannot agree with the hon. Member for Aberdeen North (Kirsty Blackman) that if the Scottish Government took over it would automatically be better; the evidence we have in Scotland counters that argument.

While it would be illegitimate to forcibly take contracts back in-house, it is important that we redress the windfall profits handed to these companies by Tory corporation tax cuts. It is both legitimate and fair for a windfall tax to be imposed on those profits, because, as we have heard, that would hit these corporations where it would get their attention—in their profits.

I ask all Members to put the benefits that we need, and the cash injection we need for our local services across the UK, first on the list of priorities, and find whatever way possible either to get money back or impose a windfall tax on these corporations.

5.15 pm

Madam Deputy Speaker (Mrs Eleanor Laing): I call Peter Dowd.

Peter Dowd: Very little that I have heard from the other side in this debate has convinced me that we should withdraw our new clause—

Madam Deputy Speaker: Order. I beg the hon. Gentleman's pardon. I have made a mistake, in that I thought the Minister had already addressed the House on this group. I also beg the Minister's pardon.

Mel Stride: There was a ripple of dissatisfaction when you failed to call me to speak, Madam Deputy Speaker, but it was almost imperceptible. Thank you for correcting your error.

In this debate we have heard about a range of issues, including the changes the Finance Bill makes to the bank levy, the taxation of private finance initiatives, and tax avoidance and evasion. I will respond to each in turn, starting with the bank levy. Opposition Members have raised a number of objections to the changes to the levy made by the Finance Bill and to the Government's broader approach to bank taxation. These are unjustified. This Government remain committed to ensuring that banks make an appropriate additional tax contribution, beyond that paid by other businesses, that reflects the unique risks they pose to the UK financial system and to the wider economy.

I shall address some of the arguments put forward by the shadow Chief Secretary to the Treasury, the hon. Member for Bootle (Peter Dowd), which I felt focused far too much on the bank levy. It is indeed declining, but there is good reason for that. In 2015, when we took the relevant decisions on this, we recognised that the risks presented by our banks had eased quite considerably. Indeed, the Bank of England has recently carried out rigorous stress testing on the banks, and that was the first occasion on which not a single bank failed its stress test. That is indicative of the fact that one of the *raisons d'être* for the bank levy has started to recede. That is to say that the banks are less of a risk than they were before, and the charges on the assets and liabilities that they hold are therefore becoming less relevant. The hon. Gentleman did not focus so much on the surcharge to the banking tax, which came in from 1 January 2016 and which represents an additional 8% on the profitability of banks at the present time. Whereas corporations are paying 19%, we are now looking at a total rate of around 27% for banks.

Anneliese Dodds: I am grateful to the Minister for that explanation, but as we have said before, when we take both those measures together, we see that the reduction in the levy along with the surcharge results in a lower overall contribution over time. We have spelled out clearly in our previous debates that the overall amount coming from the banks is receding over time, even with the surcharge.

Mel Stride: That is not the case. I will explain some of the figures in a moment, but there are other elements that are not being taken into account. One is that the banks are not permitted to offset against their profits the PPI compensation payments. Also, they are now working to a more restrictive corporate interest restriction regime, under which they are allowed to roll forward only 25% of their interest chargeable to offset against profits. Taking all those measures together, we have raised some £44 billion more from the banks since 2010 than we would have done if we had treated them simply as any other corporate business.

Opposition Members have cited changes in revenue from the bank levy. They argue that this is declining, but it is misleading to consider bank levy changes in

isolation when they form part of a set of wider changes to bank taxes announced in 2015 and 2016, including introducing the 8% surcharge. Overall, rather than reducing revenue, these tax changes are expected to raise £4.6 billion over the current forecast period. I think that the hon. Lady will be interested to hear that figure.

Anneliese Dodds: We have just looked at the projections up to 2022-23. For the current year, we see £3 billion coming in from the levy and £1.6 billion coming in from the surcharge. The projection for 2022-23 is £1.3 billion from the levy and £1.1 billion from the surcharge. That appears to be a significant reduction; in fact, it is almost half.

Mel Stride: Taking into account the respective changes, we will raise £4.6 billion over the forecast period as a consequence. My point is that it is simply not right to focus only on the declining part of the equation—the reduction in the banking levy charge—and not on the fact that we are raising more as a consequence of the 8% surcharge and the increased profitability of banks on our watch.

Anneliese Dodds *rose*—

Mel Stride: Perhaps we can get into the nitty-gritty of this offline.

The average revenue from the bank levy between its introduction in 2011 and 2015-16 was around £2.6 billion. As a result of this package, however, yield from the surcharge and the levy in 2022-23 is forecast to be £3.2 billion. By 2023, as I have said, we will have raised around £44 billion in additional bank taxes since the 2010 election.

Opposition Members have also suggested that our bank levy is set at a low level compared with other countries. In fact, not all financial centres have a bank levy. The USA, for example, chose not to introduce one at all, and while several EU countries introduced bank levies following the financial crisis, it is not possible to make direct comparisons between these levies as the rules for each are different.

We have heard the argument this afternoon that we should reintroduce a tax on bankers' pay. One of the aims of the changes to bank taxation announced in 2015 and 2016 is to ensure a sustainable long-term basis for taxing banks, based on taxing bank profits and the bank levy. By contrast, the bank payroll tax referred to in new clause 3 was always intended as a one-off tax. Reintroducing it would be ineffective and unsustainable compared with the package of banking tax measures that we have introduced. Even the last Labour Chancellor pointed out that it could not be repeated without significant tax avoidance.

Opposition Members also propose that HMRC should publish a register of tax paid by individual banks under the levy. Taxpayer confidentiality is rightly a core principle for trust in our tax system and HMRC does not publish details of the amount of tax paid by any individual business. While the Government continue to consider measures to support transparency over businesses' tax affairs, we must balance that with maintaining taxpayer confidentiality in order to maintain public confidence in our tax system.

Matt Western (Warwick and Leamington) (Lab): Does the Minister accept that the transparency that is being sought is down to the public, demanding it? After all

[*Matt Western*]

these years of difficulty, and at a time when so many communities face council tax increases of 5%, there seems to be an inherent unfairness in the tax system.

Mel Stride: I just do not accept that. This goes back to my point about the balance of measures that we are taking. The Opposition are understandably focusing on the bank levy, which is indeed declining over time, but I point to the additional 8% surcharge, which is 8% more on corporation tax than other non-banking businesses are expected to pay. As I have said, the banks are also not permitted to carry forward interest rate charges to the same degree as other businesses, and they are not allowed to offset against tax the compensation payments that they have been making. All those things add up to additional tax and by 2023 will have raised an extra £44 billion since 2010 compared with what would have been raised from non-banking businesses.

Matt Western: At the same time as corporation tax is being reduced overall—I accept the point about the bank surcharge—does the Minister not accept that we are seeing a significant increase in council tax for the public?

Mel Stride: As my hon. Friend the Member for Croydon South (Chris Philp) pointed out, as we have reduced the overall level of corporation tax from 28% to 19%—corporation tax, of course, applies to banks as it does to non-banking businesses—we have seen the tax take increase by some 50%. We have actually been raising more revenue as a consequence of those changes.

Finally, new clause 5 would require the Government to publish further analysis of the impact of the Bill's bank levy re-scope. The Government have already published a detailed tax information and impact note on the proposed changes, and we have published information, certified by the OBR, on the overall Exchequer impact of the 2015 package of measures for banks. It is important to legislate for such changes now in order to give UK banks certainty on their tax position so that they can plan effectively for the future.

The changes in clause 33 and schedule 9 complete a package of measures that raises additional revenue from banks in a way that delivers a tax regime that is more sustainable, more aligned with regulation and more supportive of the competitiveness of UK financial services. We should pass them without amendment.

In her amendments, the hon. Member for Walthamstow (Stella Creasy) calls for a windfall tax on private finance initiative companies. I pay tribute to my hon. Friend the Member for Stevenage (Stephen McPartland), who outlined his vigorous work in this area in support of his constituents.

There are approximately 700 operational projects that originated under the initial PFI, representing £60 billion in capital investment. The vast majority of those projects were signed between 1997 and the 2010—620, or 86%, of all PFI projects in the UK were signed under the last Labour Government.

This Government have taken action to ensure that PFI contracts deliver better value for money for the taxpayer. That is why in 2011 we introduced the operational public-private partnership efficiency programme, which

has reported £2 billion of savings. Even where it is not possible to find savings in a project, we are working with Departments and procuring authorities to improve day-to-day effectiveness and management of contracts. We have also made improvements through PF2 to offer taxpayers better value for money on new projects.

The hon. Member for Walthamstow argues that a windfall tax on what she sees as the excess profits of PFI companies would help to fund public services; I am clear that it would not. A retrospective windfall tax would instead do damage to any private investment in public services and would tax local authorities and NHS trusts rather than the providers it is intended to target. Even aside from those flaws, her amendments would not work as she intends, and I will set out why in more detail.

First, a windfall tax would cost this and future Governments who try to sign contracts with businesses, whether in PFI or in another area. This country has a hard-won reputation for tax certainty, and that important principle would be undermined by a retrospective tax targeting businesses that have legitimately entered into a contract with the Government. There would be extra cost for the taxpayer whenever the Government next needed to engage the private sector.

Secondly, as the hon. Lady knows, PFI contracts—she said that she has read many—are long-term agreements that typically include anti-discriminatory clauses. This means that when legislation is passed that targets PFI companies without applying to similar projects undertaken by other companies, the tax owed can be recovered from the procuring authorities. A windfall tax would therefore only be a tax on local authorities, NHS trusts and Government Departments that hold such contracts, which I am sure is not the outcome she seeks.

Amendments 1 and 2 propose that the bank levy could be extended to PFI groups, but PFI groups are not banks. Instead, they borrow money to finance projects and earn a return on them, in exactly the same way that many other businesses do. It is simply not possible to bring PFI groups within the scope of the bank levy. Most of the design of the tax could not be applied to such groups.

The changes proposed by amendments 3 and 4 also would not work as a windfall tax. The last Finance Act introduced corporate interest restriction rules to limit the amount of interest expense that a corporate group can deduct against its taxable profits. The amendments propose modifying those rules by limiting the ability of corporate groups to carry forward and offset their unused interest allowance against future profits. The limitation would apply only where the group contains a PFI company that has previously made profits that are deemed to be “excessive,” by reference to a statutory test. The changes proposed in the amendments are convoluted. As I have said, it would fall to the public bodies holding the PFI contracts to pay the extra tax resulting from these changes. But even if one could impose additional tax liabilities on PFI providers, this would not be a sensible way to proceed. It would be unlikely to change the tax paid by the PFI company, but would instead sometimes penalise other companies in the same corporate group. More likely, groups would simply restructure to avoid the tax.

5.30 pm

Turning to new clause 6 and the points raised about tax avoidance and evasion, I have little to add to what I have set out in our extensive debates on these issues at earlier stages of the Bill. A public review is not necessary. This Government have an extremely strong record on tackling tax avoidance, evasion and non-compliance, both domestically and internationally. Since 2010, HMRC has secured and protected £175 billion that would have gone unpaid. The UK is the only country to measure and publish a tax gap covering direct and indirect taxes every year. Our tax gap is, as other Members have pointed out, one of the lowest in the world, at 6%—that has come down from 7.9% under Labour in 2005-06. Despite our demonstrable successes, the Government cannot and will not be complacent. We will continue to keep the tax system under review at all times, and I urge the House to reject the new clauses and amendments.

Peter Dowd: That response from the Minister had complacency running through it like a line through a stick of rock. It contained self-congratulation and a rejection of any suggestion of a review, in any area. Not only have the Government not allowed us to make any significant changes, but they are not even prepared to listen to our asking for reviews, such as that requested by my hon. Friend the Member for Walthamstow (Stella Creasy). It is unacceptable if the Government are not prepared even to go that far, having shackled us this much. That is disgraceful. The Government, in this Parliament, should be ashamed of themselves for shackling the Opposition to this degree. We will push the new clause to a vote.

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

The House divided: Ayes 267, Noes 306.

Division No. 119]

[5.32 pm

AYES

Abbott, rh Ms Diane
Abrahams, Debbie
Alexander, Heidi
Ali, Rushanara
Amesbury, Mike
Antoniazzi, Tonia
Ashworth, Jonathan
Bailey, Mr Adrian
Bardell, Hannah
Barron, rh Sir Kevin
Beckett, rh Margaret
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Black, Mhairi
Blackford, rh Ian
Blackman, Kirsty
Blackman-Woods, Dr
 Roberta
Blomfield, Paul
Brabin, Tracy
Bradshaw, rh Mr Ben
Brock, Deidre
Brown, Alan
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Richard

Byrne, rh Liam
Cable, rh Sir Vince
Cadbury, Ruth
Cameron, Dr Lisa
Campbell, rh Mr Alan
Campbell, Mr Ronnie
Carden, Dan
Champion, Sarah
Chapman, Douglas
Chapman, Jenny
Charalambous, Bambos
Cherry, Joanna
Clwyd, rh Ann
Coaker, Vernon
Cooper, Julie
Cooper, Rosie
Cooper, rh Yvette
Corbyn, rh Jeremy
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
Davies, Geraint
Day, Martyn
De Cordova, Marsha
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
Ellman, Mrs Louise
Elmore, Chris
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Frank
Fitzpatrick, Jim
Fletcher, Colleen
Flint, rh Caroline
Flynn, Paul
Frith, James
Furniss, Gill
Gaffney, Hugh
Gapes, Mike
Gardiner, Barry
George, Ruth
Gethins, Stephen
Gibson, Patricia
Gill, Preet Kaur
Glindon, Mary
Goodman, Helen
Grady, Patrick
Grant, Peter
Gray, Neil
Greenwood, Lilian
Greenwood, Margaret
Griffith, Nia
Grogan, John
Gwynne, Andrew
Haigh, Louise
Hanson, rh David
Hardy, Emma
Harris, Carolyn
Hayes, Helen
Healey, rh John
Hendry, Drew
Hepburn, Mr Stephen
Hill, Mike
Hillier, Meg
Hobhouse, Wera
Hodge, rh Dame Margaret
Hodgson, Mrs Sharon
Hollern, Kate
Hopkins, Kelvin
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, Mr Kevan
Jones, Sarah
Jones, Susan Elan
Kane, Mike
Keeley, Barbara
Kendall, Liz
Khan, Afzal
Killen, Ged
Kinnock, Stephen
Kyle, Peter
Laird, Lesley
Lake, Ben
Lamb, rh Norman
Lammy, rh Mr David
Lavery, Ian
Law, Chris
Lee, Karen
Leslie, Mr Chris
Lewell-Buck, Mrs Emma
Lewis, Clive
Lewis, Mr Ivan
Linden, David
Lloyd, Stephen
Lloyd, Tony
Long Bailey, Rebecca
Lucas, Caroline
Lynch, Holly
Madders, Justin
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Gordon
Martin, Sandy
Maskell, Rachael
Matheson, Christian
Mc Nally, John
McCabe, Steve
McCarthy, Kerry
McDonagh, Siobhain
McDonald, Andy
McDonald, Stuart
 C.
McDonnell, rh John
McGovern, Alison
McInnes, Liz
McKinnell, Catherine
McMahon, Jim
McMorris, Anna
Mearns, Ian
Miliband, rh Edward
Monaghan, Carol
Moran, Layla
Morden, Jessica
Morgan, Stephen
Morris, Grahame
Murray, Ian
Nandy, Lisa
Newlands, Gavin
Norris, Alex
O'Hara, Brendan
O'Mara, Jared
Onasanya, Fiona
Onn, Melanie
Onwurah, Chi
Osamor, Kate
Pearce, Teresa
Pennycook, Matthew
Perkins, Toby
Phillipson, Bridget

Pidcock, Laura
 Platt, Jo
 Pollard, Luke
 Pound, Stephen
 Powell, Lucy
 Qureshi, Yasmin
 Rashid, Faisal
 Rayner, Angela
 Reed, Mr Steve
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Robinson, Mr Geoffrey
 Rodda, Matt
 Rowley, Danielle
 Ruane, Chris
 Russell-Moyle, Lloyd
 Ryan, rh Joan
 Saville Roberts, Liz
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sherriff, Paula
 Siddiq, Tulip
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, Angela
 Smith, Cat
 Smith, Eleanor
 Smith, Jeff
 Smith, Laura
 Smith, Owen
 Smyth, Karin
 Snell, Gareth

Sobel, Alex
 Spellar, rh John
 Stephens, Chris
 Stevens, Jo
 Stone, Jamie
 Streeting, Wes
 Sweeney, Mr Paul
 Swinson, Jo
 Tami, Mark
 Thewliss, Alison
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Twist, Liz
 Umunna, Chuka
 Vaz, Valerie
 Walker, Thelma
 West, Catherine
 Western, Matt
 Whitehead, Dr Alan
 Whitfield, Martin
 Williams, Dr Paul
 Wilson, Phil
 Wishart, Pete
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Ayes:
Thangam Debbonaire and
Nick Smith

NOES

Afolami, Bim
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Badenoch, Mrs Kemi
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Bebb, Guto
 Bellingham, Sir Henry
 Beresford, Sir Paul
 Berry, Jake
 Blackman, Bob
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Bowie, Andrew
 Bradley, Ben
 Bradley, rh Karen
 Brady, Sir Graham
 Brereton, Jack
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 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
 Coffey, Dr Thérèse
 Costa, Alberto
 Courts, Robert
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Mims
 Davies, Philip
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Docherty, Leo
 Dodds, rh Nigel
 Donaldson, rh Sir Jeffrey
 M.
 Donelan, Michelle

Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Duddridge, James
 Duguid, David
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr
 Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellwood, rh Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Mr Nigel
 Evennett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Fernandes, Suella
 Field, rh Mark
 Ford, Vicky
 Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fysh, Mr Marcus
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Ms Nusrat
 Girvan, Paul
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Luke
 Graham, Richard
 Grant, Bill
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gyimah, Mr Sam
 Hair, Kirstene
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Harrison, Trudy
 Hart, Simon
 Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, rh Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Adam

Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, rh 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, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Keegan, Gillian
 Kennedy, Seema
 Kerr, Stephen
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lamont, John
 Lancaster, rh Mark
 Latham, Mrs Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Letwin, rh Sir Oliver
 Lewer, Andrew
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Little Pengelly, Emma
 Lopez, Julia
 Lopresti, Jack
 Lord, Mr Jonathan
 Mackinlay, Craig
 Maclean, Rachel
 Main, Mrs Anne
 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
 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, rh Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Perry, rh Claire
 Philp, Chris
 Pincher, Christopher
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Ross, Douglas
 Rowley, Lee
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Seely, Mr Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, rh Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna
 Spelman, rh Dame Caroline

Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Sir Hugo
 Syms, Sir Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt
 Watling, Giles
 Whately, Helen
 Wheeler, Mrs Heather
 Whittaker, Craig
 Wiggin, Bill
 Williamson, rh Gavin
 Wilson, rh Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
Amanda Milling and
Nigel Adams

Question accordingly negated.

5.47 pm

More than three and a half hours having elapsed since the commencement of proceedings on the programme motion, the proceedings were interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

Schedule 8

CORPORATE INTEREST RESTRICTION

Amendment proposed: 3, page 103, line 41, at end insert—

“21A After section 461 (counter-acting effect of avoidance arrangements) insert—

“CHAPTER 11

REVIEW

461A Review

(1) Within six months of the passing of the Finance Act 2018, the Chancellor of the Exchequer shall undertake a review of the effects of amending the operation of this Part in relation to the excess profits of PFI companies.

(2) For the purposes of the review under this section, it shall be assumed that the operation of this Part would be amended so as to—

- (a) deduct the uncompensated excess profit amount of PFI companies from the aggregate of the interest allowances of the group for periods before the current period so far as they are available in the current period for the purposes of calculating the interest capacity of a worldwide group under section 392 (the interest capacity of a worldwide group for a period of account),
- (b) provide that, for groups that contain a PFI company, the uncompensated excess profit amount for a period is equal to the group excess profit amount less the aggregate amount by which the group's taxable profit has been reduced in prior periods as a result of such provisions,
- (c) provide that the group excess profit amount for any period will be the aggregate PFI excess profit amount for each PFI company in the group, and
- (d) provide that the PFI excess profit amount for a PFI company for a period will be the amount by which the internal rate of return on shares and related party debt in that company (from inception to the end of the previous accounting period) exceeds the internal rate of return set in the relevant PFI contract or, if no such return was specified, 10%.

(3) For the purposes of this section, “a PFI company” means a company which has entered into a contract with a public sector body under the Private Finance Initiative or the PF2 initiative.

(4) The Chancellor of the Exchequer shall lay a report of the review under this section before the House of Commons as soon as practicable after its completion.”—(*Stella Creasy.*)

This amendment requires a review about the effects of making provision to discount the excess profits of a PFI company for the purpose of calculating the aggregate of the interest allowance of worldwide groups in the provisions of Part 10 of the Taxation (International and Other Provisions) Act 2010.

Question put, That the amendment be made.

The House divided: Ayes 265, Noes 305.

Division No. 120]

[5.47 pm

AYES

Abbott, rh Ms Diane
 Abrahams, Debbie
 Alexander, Heidi
 Ali, Rushanara
 Amesbury, Mike
 Antoniazzi, Tonia
 Ashworth, Jonathan
 Bailey, Mr Adrian
 Bardell, Hannah
 Barron, rh Sir Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Berger, Luciana
 Betts, Mr Clive
 Black, Mhairi
 Blackford, rh Ian
 Blackman, Kirsty
 Blackman-Woods, Dr Roberta
 Blomfield, Paul
 Brabin, Tracy

Bradshaw, rh Mr Ben
 Brock, Deidre
 Brown, Alan
 Brown, Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen
 Burden, Richard
 Burgon, Richard
 Byrne, rh Liam
 Cable, rh Sir Vince
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie
 Carden, Dan
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Charalambous, Bambos

Cherry, Joanna
 Clwyd, rh Ann
 Coaker, Vernon
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 Corbyn, rh Jeremy
 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
 Davies, Geraint
 Day, Martyn
 De Cordova, Marsha
 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
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Frith, James
 Furniss, Gill
 Gaffney, Hugh
 Gapes, Mike
 Gardiner, Barry
 George, Ruth
 Gethins, Stephen
 Gibson, Patricia
 Gill, Preet Kaur
 Glindon, Mary
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Grogan, John
 Gwynne, Andrew
 Haigh, Louise
 Hanson, rh David
 Hardy, Emma
 Harris, Carolyn
 Hayes, Helen
 Healey, rh John
 Hendry, Drew

Hepburn, Mr Stephen
 Hill, Mike
 Hillier, Meg
 Hobhouse, Wera
 Hodgson, Mrs Sharon
 Hollern, Kate
 Hopkins, Kelvin
 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, Mr Kevan
 Jones, Sarah
 Jones, Susan Elan
 Kane, Mike
 Keeley, Barbara
 Kendall, Liz
 Khan, Afzal
 Killen, Ged
 Kinnock, Stephen
 Kyle, Peter
 Laird, Lesley
 Lake, Ben
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Lee, Karen
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Linden, David
 Lloyd, Stephen
 Lloyd, Tony
 Long Bailey, Rebecca
 Lucas, Caroline
 Lynch, Holly
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marsden, Gordon
 Martin, Sandy
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stuart C.
 McDonnell, rh John
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahon, Jim
 McMorris, Anna
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Moran, Layla
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame

Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 Norris, Alex
 O'Hara, Brendan
 O'Mara, Jared
 Onasanya, Fiona
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Pidcock, Laura
 Platt, Jo
 Pollard, Luke
 Pound, Stephen
 Powell, Lucy
 Qureshi, Yasmin
 Rashid, Faisal
 Rayner, Angela
 Reed, Mr Steve
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Robinson, Mr Geoffrey
 Rodda, Matt
 Rowley, Danielle
 Ruane, Chris
 Russell-Moyle, Lloyd
 Ryan, rh Joan
 Saville Roberts, Liz
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sherriff, Paula
 Siddiq, Tulip
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, Angela
 Smith, Cat

Smith, Eleanor
 Smith, Jeff
 Smith, Laura
 Smith, Owen
 Smyth, Karin
 Snell, Gareth
 Sobel, Alex
 Spellar, rh John
 Stephens, Chris
 Stevens, Jo
 Stone, Jamie
 Streeting, Wes
 Sweeney, Mr Paul
 Swinson, Jo
 Tami, Mark
 Thewliss, Alison
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Twist, Liz
 Umunna, Chuka
 Vaz, Valerie
 Walker, Thelma
 West, Catherine
 Western, Matt
 Whitehead, Dr Alan
 Whitfield, Martin
 Williams, Hywel
 Williams, Dr Paul
 Wishart, Pete
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Ayes:

**Thangam Debbonaire and
 Nick Smith**

NOES

Afolami, Bim
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Badenoch, Mrs Kemi
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Bebb, Guto
 Bellingham, Sir Henry
 Beresford, Sir Paul
 Berry, Jake
 Blackman, Bob
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Bowie, Andrew
 Bradley, Ben
 Bradley, rh Karen
 Brady, Sir Graham

Brereton, Jack
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burghart, Alex
 Burns, Conor
 Burt, rh Alistair
 Cairns, rh Alun
 Campbell, Mr Gregory
 Cartlidge, 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
 Coffey, Dr Thérèse
 Costa, Alberto
 Courts, Robert
 Cox, Mr Geoffrey

Crabb, rh Stephen
 Crouch, Tracey
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Mims
 Davies, Philip
 Dinanage, Caroline
 Djanogly, Mr Jonathan
 Docherty, Leo
 Dodds, rh Nigel
 Donaldson, rh Sir Jeffrey M.
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Duddridge, James
 Duguid, David
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr
 Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellwood, rh Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Mr Nigel
 Evennett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Fernandes, Suella
 Field, rh Mark
 Ford, Vicky
 Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fysh, Mr Marcus
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Ms Nusrat
 Girvan, Paul
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Luke
 Graham, Richard
 Grant, Bill
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gyimah, Mr Sam
 Hair, Kirstene
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Harrison, Trudy
 Hart, Simon

Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, rh Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Adam
 Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, rh 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, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Keegan, Gillian
 Kennedy, Seema
 Kerr, Stephen
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lamont, John
 Lancaster, rh Mark
 Latham, Mrs Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Letwin, rh Sir Oliver
 Lewer, Andrew
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr
 Iain
 Lidington, rh Mr David
 Little Pengelly, Emma
 Lopez, Julia
 Lopresti, Jack
 Lord, Mr Jonathan
 Mackinlay, Craig
 Maclean, Rachel
 Main, Mrs Anne
 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
 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, rh Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Perry, rh Claire
 Philp, Chris
 Pincher, Christopher
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Ross, Douglas
 Rowley, Lee
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Seely, Mr Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Simpson, rh Mr Keith
 Skidmore, Chris

Smith, Chloe
 Smith, Henry
 Smith, rh Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 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
 Wiggin, Bill
 Williamson, rh Gavin
 Wilson, rh Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
Amanda Milling and
Nigel Adams

Question accordingly negated.

New Clause 7

REVIEW OF RELIEF FOR FIRST-TIME BUYERS

“(1) The Commissioners of Her Majesty’s Revenue and Customs shall undertake a review of the impact of the relief for first-time buyers introduced in Schedule 6ZA to FA 2003.

(2) The review shall consider, in particular, the effects of the relief on—

- (a) the public revenue,
- (b) house prices, and
- (c) the supply of housing.

(3) The Chancellor of the Exchequer must lay a copy of a report of the review under this section before the House of Commons no later than one calendar week prior to the date which he has set for his Autumn 2018 Budget Statement.”—
(Anneliese Dodds.)

This new clause requires a review to be published prior to the Autumn 2018 Budget on the impact of the relief for first-time buyers, including its effects on house prices and on the supply of housing.

Brought up, and read the First time.

6 pm

Anneliese Dodds: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Mrs Eleanor Laing): With this it will be convenient to discuss the following:

New clause 8—*Annual report on relief for first-time buyers*—

“(1) The Chancellor of the Exchequer must prepare and lay before the House of Commons a report for each relevant period on the operation of the relief for first-time buyers introduced in Schedule 6ZA to FA 2003 not less than three months after the end of the relevant period.

(2) The report shall include, in particular, information in respect of the relevant period on—

- (a) the number of first-time buyers benefiting from the relief,
- (b) the number of purchases benefiting from the relief,
- (c) the average age of first-time buyers benefiting from the relief,
- (d) the effects on the operation of the private rented sector,
- (e) the effects on council housing and other social housing,
- (f) the effects on the supply of affordable housing, and
- (g) the effects on the operation of collective investment schemes under Part 17 of the Financial Services and Markets Act 2000.

(3) For the purposes of this section, ‘relevant period’ means—

- (a) the period from 22 November 2017 to 5 April 2018,
- (b) each period of 12 months beginning on 6 April during which the relief is in effect, and
- (c) the period beginning on 6 April and ending with the day on which the relief ceases to have effect.”

This new clause requires an annual report on the operation of the relief for first-time buyers, including information on the beneficiaries and effects on different aspects of housing supply.

New clause 2—*Review of income tax revenue*—

“(1) The Office for Budget Responsibility must review the revenue raised by the rates of income tax within six months of the passing of this Act.

(2) A review under this section must consider revenue raised by the rates of income tax specified in sections 3 and 4.

(3) A review under this section must also consider the effect on revenue of raising each of the rates of income tax specified in sections 3 and 4 by one percentage point.

(4) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”

This new clause provides for a review of the revenue raised at the rates of income tax specified by Clauses 3 and 4 of the Bill and the effect on revenue of raising each of those rates by one percentage point.

New clause 10—*Review of retrospective VAT refunds for the Scottish Fire and Rescue Service and the Scottish Police Authority*—

“(1) Within one month of this Act receiving Royal Assent, the Chancellor of the Exchequer shall commission a review of the potential consequences of allowing the Scottish Fire and Rescue

Service and the Scottish Police Authority to claim VAT refunds under section 33 of VATA 1994 retrospective to the date of their establishment.

(2) The review shall consider—

- (a) the administrative consequences of allowing retrospective claims, and
- (b) the impact on revenue of allowing retrospective claims.

(3) The Chancellor of the Exchequer shall lay the report of this review before the House of Commons within six months of this Act receiving Royal Assent.”

This new clause would require the Chancellor of the Exchequer to commission a review into what the potential consequences of allowing the Scottish Fire and Rescue Service and the Scottish Police Authority to make retrospective claims for VAT refunds would be.

New clause 11—*Analysis of effect of income tax rates on incentives into employment*—

“(1) The Office for Budget Responsibility must review the impact of the rates of income tax specified in sections 3 and 4 in accordance with this section within six months of the passing of this Act.

(2) A review under this section must consider the impact of the rates of income tax specified in sections 3 and 4 on the incentives for individuals to seek employment, including—

- (a) whether those rates create, or detract from, an incentive for those not employed to enter into employment,
- (b) whether those rates create, or detract from, an incentive for those currently in employment entering into new employment at a different level of income, and
- (c) to what degree those rates create, or detract from, any such incentive.

(3) A review under this section must also consider those rates in the context of—

- (a) National Insurance contributions,
- (b) tax credits, and
- (c) social security benefits.

(4) A review under this section must give separate analyses in relation to the impact of the rates of income tax specified in sections 3 and 4 in different parts of the United Kingdom.

(5) In this section—

‘parts of the United Kingdom’ means—

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

(6) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”

Government amendments 6 to 8.

Amendment 10, in clause 44, page 38, line 30, at end insert—

“(4A) In paragraph 1GE (higher rates of duty) after paragraph (3)(c) insert—

‘(d) the vehicle is not a taxi.

(3A) For the purposes of this paragraph, ‘taxi’ has the same meaning as in section 64 of the Transport Act 1980.”

Amendment 11, page 39, line 1, after “section”, insert “(other than those made by subsection (4A))”.

Amendment 12, page 39, line 2, at end insert—

“(8) The amendments made by subsection (4A) have effect in relation to licences taken out on or after the day on which this Act is passed.”

Amendment 13, in schedule 3, page 65, line 32, leave out from “and” to “or” in line 36 and insert

“each of the conditions in subsection (1A) is met”.

This amendment, together with Amendment 14, provides that a pension scheme cannot be de-registered on grounds of the dormancy of a single company within the scheme, but only if conditions are met in relation to the date of first registration and the trading status of participating companies.

Amendment 14, page 65, line 37, at end insert—

“(4A) In section 158 (grounds for de-registration), after subsection (1), insert—

(1A) The conditions in this subsection are that—

- (a) the scheme was registered in the current tax year or in the six preceding tax years,
- (b) no sponsoring employer in relation to the scheme is a body corporate that is actively trading at the time that withdrawal is being considered, and
- (c) no sponsoring employer in relation to the scheme is a body corporate that was actively trading for a period of at least twenty four months.”

See explanatory statement for Amendment 13.

Government amendment 9.

Anneliese Dodds: With permission, Madam Deputy Speaker, I will speak briefly to the SNP's new clause 10 and to amendment 12, which was tabled by my hon. Friend the Member for Ilford North (Wes Streeting), both of which the Opposition support. I will then speak in more detail about our new clauses 7 and 8.

On new clause 10, Labour Members welcome the Government's decision to allow the Scottish Fire and Rescue Service and the Scottish Police Authority to claim retrospective VAT refunds. The measures in the new clause follow the Scottish Government's decision in 2012 to establish a nationwide fire and rescue service for Scotland. The then Treasury Minister, who is now the Justice Secretary, wrote:

“Based on the information currently available it seems that, following the Scottish government's planned reforms, neither the new police authority nor the fire and rescue service will be eligible for VAT refunds under Section 33 of the VAT Act 1994.”

As colleagues will know, that Government decision meant that the Scottish police and fire services lost out on VAT refunds worth more than £30 million, with the Scottish police losing out on about £26 million. To some extent, I would argue it was a sign of recklessness that, at a time of austerity, the Government effectively left Scottish firefighters and police officers to fend for themselves. While Labour Members welcome the Government's change of heart, we recognise the need for a proper process covering retrospective claims for VAT refunds.

The review proposed by the hon. Member for Aberdeen North (Kirsty Blackman) would ensure that the process for VAT refunds was transparent, and that the VAT claims of the Scottish Fire and Rescue Service and the Scottish Police Authority were properly refunded by the Government. The review would also ensure that such an ill-informed decision, backed up by insubstantial reasoning, would not be allowed to happen again. That is why we support the new clause.

Amendment 12 focuses on an issue that I raised in Committee: the fact that taxi drivers with a zero-emission capable vehicle will not be exempt from vehicle excise duty until next year. As we discussed in Committee—I am sure that the Minister remembers this—taxi drivers need to purchase their car over a long period due to its relatively high cost. In many areas of the country, taxi drivers are shifting to lower or zero-emission capable taxis. I asked the Minister whether further changes were

needed to the Bill so that the take-up of zero-emission capable taxis would not be choked off. I was grateful to the Minister for stating that there would be a consultation on the new measures in the spring, but I do not know whether that consultation has yet begun, so perhaps the Minister will enlighten us on that point. In the meantime, it seems sensible, as my hon. Friend the Member for Ilford North proposes, to prevent taxi drivers from taking a hit when they have taken an environmentally friendly choice, which has considerable financial consequences for them because the vehicles are more expensive than standard taxis.

I now come on to Labour's new clauses 7 and 8, which would require a review of the proposed relief on stamp duty for first-time buyers, followed by an annual report on the policy's effectiveness. The review and the report would consider the impact of the new measure on house prices and housing supply, and cover who benefits from the policy. The need for such reviews is very clear. The Office for Budget Responsibility's assessment of the measure is set out in black and white: it is likely to increase prices by 0.3% and benefit a very small number of people. In its words, the main gainers from the new stamp duty policy are people who already own property, not first-time buyers. It added that some potential first-time buyers with smaller deposits might now be able to borrow a little more, therefore allowing them to buy properties that they otherwise could not afford, but that the process would be more expensive. That is in the context in which the average price of a home in England for first-time buyers has gone up by almost £40,000 since 2010. In fact, only about 3,500 additional homes are predicted to be sold as a result of the new incentive.

Sir Desmond Swayne (New Forest West) (Con): Has the hon. Lady spotted that house prices are now falling, notwithstanding the change?

Anneliese Dodds: I do not believe that that is uniform across the country. Of course there would be implications if there were very rapid changes. That would concern many people, but we feel that in this area, when it comes to the cost for first-time buyers, there has not been a significant change. If the right hon. Gentleman has evidence that there has been a change for first-time buyers, I would certainly like to see it. There might have been a change across the whole piece, but it certainly has not had an impact on first-time buyers who are trying to buy the lowest cost houses, as many are struggling more than ever before.

Labour Members say that the situation might be different if the measure was accompanied by others that promoted the production of genuinely affordable homes. As it stands, however, any additional homes—at least those promoted by any Government policy—will not be in place before the stamp duty cut takes place. The funding allocated in this regard is woefully inadequate. Our most recent debate about this matter in this Chamber revealed that the Government's new housing infrastructure fund moneys, such as they are, will not start to come forward until 2019-20, which means that the £585 million cost of stamp duty cuts in 2018-19 will not be accompanied by housing infrastructure measures, and the same will be the case the following year. It is only two years later that extra money for the infrastructure fund will be forthcoming. In any case, that will amount to less than

[Anneliese Dodds]

half of what the public purse will have renounced that year because of the cut in stamp duty. It is extremely disturbing that the Government have chosen to plough ahead with this approach in the absence of measures to significantly boost supply.

I repeat the calls we made in previous debates on the Bill for the Government to come clean on the advice they received about this measure. What do the economists in the Treasury say about this approach in the absence of measures to substantially increase supply? Ministers can claim—we have heard this from the Chancellor—that the OBR has not taken the small clutch of housing measures in the Budget into account in its analysis, but most experts who have taken those very small changes into account concur with the OBR's original assessment. Was that also the case with Treasury officials? We in this House deserve to know, as do our constituents, particularly if they are faced with any rise in house prices for first-time buyers, as anticipated by the OBR. I point out that the Government's own assessment of a previous stamp duty cut, again in the absence of measures to boost substantially the supply of affordable housing, indicated that

"the tax relief has not had a significant impact on improving affordability for first-time buyers."

We also need to know the regional impact of the measure. As colleagues mentioned in our previous debate on this matter, the upper limit of £500,000 in high-cost areas and £300,000 elsewhere means that the change will not have a positive impact in huge swathes of the country, aside from reducing the revenue pot overall, with the result that other taxes on individuals and companies have to take up the slack, unless public services are to be cut further. For many people, home ownership is a distant dream when there is no way they can afford the necessary deposit. Today's figures showing that real wages have fallen for the seventh month in a row should give us all pause for thought about whether the proposed measure is appropriate.

Helen Whately: It is difficult for first-time buyers in my area to afford a deposit and they welcome the help the Government are giving to increase their opportunities when they are competing against people who are selling properties and are therefore more able to afford a deposit. This sort of policy is therefore very welcome, and it goes hand in hand with measures to increase housing supply. We are seeing significant—and not necessarily popular—increases in the housing targets for areas such as my constituency, coupled with work to make sure that houses are built when planning permission has been granted. I therefore contest the hon. Lady's remarks on that point.

Anneliese Dodds: In practice, most of the commentary that I have seen from experts and those working in the housing sector suggests that in areas where there is extreme competition between different types of buyer—for example, first-time buyers, those buying additional properties, investors, and those moving to a second or third property—such a measure may help initially, but the overall cost increase will also affect first-time buyers. They will therefore be buying at a higher price, so most of the impact of the measure—as with previous stamp duty changes without a boost in supply—will help

sellers, not buyers. That was the Conservative Government's own assessment of the impact of their previous cut to stamp duty in the absence of additional measures to boost supply.

Mr Simon Clarke (Middlesbrough South and East Cleveland) (Con): The hon. Lady gave us a tour de force in the Public Bill Committee, but on the narrow point about the proposed changes' impact on prices, the director of the Institute for Fiscal Studies, Paul Johnson, said that although there may be an increase in the price faced by first-time buyers,

"this does not mean first-time buyers are worse off as a result. They are in general better off. Instead of paying, say, £100,000 for £98,000 worth of house plus £2,000 of tax they might be paying £102,000 for £102,000 worth of house."

What is her response to that point?

Anneliese Dodds: I am aware of what Mr Johnson said, but I think he has fallen into the trap of looking only at the impact of the change on an individual buyer and forgetting that it will have an impact on the housing market, particularly in areas where there is strong supply and strong demand, and where such a change is likely to push up prices. I agree with Mr Johnson on many things, but in this case, unfortunately, the context has been missed, and it is important that we bear it in mind.

Michelle Donelan (Chippenham) (Con): The evidence suggests that house prices are not increasing—in fact, the Royal Institution of Chartered Surveyors has echoed the point, saying that although there was scaremongering, the evidence suggests that prices are not rising.

Anneliese Dodds: I am sure the hon. Lady is well versed in the subject, but when it comes to the cost for first-time buyers, there has been an increase. That assertion is supported by the evidence, and that is exactly what we are concerned about. We need to take action. The Government often say they want to help first-time buyers, and I think it is important that we take them at their word. We should also look at what the OBR said in its assessment of the policy. Again, I go back to whether the Government received any advice about the likely impact of their policy. It is disappointing that we have not had any clarity on that matter.

Sir Desmond Swayne: I am struggling with the concept that a price that is available to a first-time buyer differs from the prices paid by anyone else. I can accept that there are segmented markets in which there might be a difference, but if prices are falling marginally, that will be to the benefit of all buyers, whether it is the first or the seventh time that they have bought a property.

6.15 pm

Anneliese Dodds: I am always delighted to hear from the right hon. Gentleman. It might be instructive for us to look at the shape of the market, and at which elements may be reducing in price and which may not. I have seen media coverage suggesting that any reduction seems to have been reversed recently. In any case, it appears that there might have been a price reduction in the highest-cost areas with the most expensive properties, but are those the properties that first-time buyers are likely to be considering unless they are incredibly well off? Some may well be, but most first-time buyers in this country are not looking to move into properties worth

multiples of a million pounds. They are looking to move into properties that are much more affordable, so the lack of Government action to help them is enormously disturbing. That is why we do not support this measure; others would have been more effective. In particular, we do not support the measure in the absence of action to boost the supply of affordable housing.

I should mention that the Government's definition of affordable housing enables a home worth £400,000 to be classified as affordable. I am sure that Members on both sides of the House would not appreciate that definition of affordability.

Mr Mark Francois (Rayleigh and Wickford) (Con): My hon. Friend the Member for Faversham and Mid Kent (Helen Whately) talked about constraints on supply, and she specifically mentioned dealing with land banking by property developers. They are often given planning permission but, because of their financial models, choose not to build for long periods of time. As the hon. Member for Oxford East (Anneliese Dodds) will know, we have proposals to punish developers that continue to work in such a way. What is Labour's view about them?

Anneliese Dodds: I am grateful to the right hon. Gentleman for mentioning that. For some time, Labour has proposed changes in this area, but they were dismissed as "Venezuelan-style socialism," which I think was the phrase that we heard from Government Members. We are concerned about this issue, but we are also concerned about matters in the planning system that the Government have not touched, such as the fact that the rules on viability put all the cards in the developers' pockets. That means that, if someone wants to develop any social supply, there are pressures on the affordability of the rest of that development. We are very aware of that and have worked on it consistently. Sadly, we have not always been supported in that, but I am happy that the right hon. Gentleman has come on board with Labour policy, and that the Government have as well.

There is a general lack of measures and lack of action on other elements of the housing crisis, which is so problematic—the stamp duty change seems to be the only real, significant change in relation to housing policy. Sadly, all of us as Members are seeing the impact of the housing crisis in our postbag, in our surgeries and, very sadly, on many of our streets. Rough sleeping has more than doubled under the Conservatives. It is the No. 1 issue that is mentioned to me on the doorstep in my constituency. I am sure that is the case for many other urban MPs. Even those who do not see it in their constituency probably see it, sadly, when they come to work here. Of course, we had a terrible tragedy in that regard recently.

Mr Simon Clarke: Housing stress is a major driver of homelessness, the causes of which are very complex. Does the hon. Lady accept that the Homelessness Reduction Act 2017 is major step in unlocking the resource that is required and in getting people to focus, crucially, on getting into a home, as the first step towards making a more lasting move forward in their lives?

Anneliese Dodds: I am grateful to the hon. Gentleman for that intervention. I will come later to some of the other contributors to this problem, which are not dealt with in the Bill or the rest of the Budget. I would just say that, although we supported many of the principles

in the Homelessness Reduction Act 2017, again the problem is that, while we can place new requirements and duties on local authorities, if we do not fund them or provide the supply of accommodation to discharge them, local authorities will end up having to make invidious choices between individuals, as my own local authority has discovered. There is support for the principle of the Act, but without the means to deliver it there is considerable concern.

I am grateful to the hon. Gentleman, however, for focusing on that issue. His focus is not reflected, sadly, in the Budget or the Bill. We have only had mention of three small-scale pilots to help to deal with rough sleeping, which is woefully inadequate and no match for Labour's commitment to a proper rough-sleeping strategy. Under Labour Governments, we had one of those and we got rough sleeping down and virtually eliminated it in many areas. We have also said that we would reserve 8,000 units for people with a history of rough sleeping.

The Government have a commitment to halving rough sleeping by 2022, but to do this they have to change their policies. There is huge uncertainty about the funding of supported housing, which has led to a reduction in investment in that area—unnecessarily—particularly following the negative lessons of the Supporting People funding: there was initially a ring fence, but then it was taken away. We hope that that will not happen with supported housing. We have also seen swingeing cuts to council budgets in this area, which has meant that the county council in my area and many others will not be supporting any homelessness places, at least initially. Coupled with reductions in social security and mental health support, this has led to burgeoning numbers of people sleeping on our streets.

This is not just about rough sleeping, of course; it is also about homelessness generally. On housing provision, recent research from the Institute for Fiscal Studies has shown that the Government are still failing to tackle the fundamental problems in our broken housing market, and it does not conclude that the stamp duty change will deal with those fundamental problems. For example, the Government promised to build 200,000 new cut-price starter homes in 2015. Three years on, not a single one has been built. Before Christmas Ministers said they would be working out the definition of "starter home", so they do not even know what their policy is going to deliver. They have not even decided on their definitions, let alone delivered those starter homes. In contrast, Labour would commit to building 100,000 social and affordable homes a year, focus Help to Buy funding on first-time buyers on ordinary incomes and build 100,000 discounted first-buy homes.

Overall, the Government's own figures speak for themselves. The number of home-owning households rose by 1 million under the last Labour Government but has fallen under the Conservatives.

Neil O'Brien (Harborough) (Con): Will the hon. Lady acknowledge that the fall in home ownership began under Labour in 2003?

Anneliese Dodds: I would accept that there have been changes from year to year in the overall level of home ownership, but the cumulative reduction in home ownership under Conservative Governments has been far more substantial. Across the piece, we saw that increase of 1 million—

Neil O'Brien *rose*—

Anneliese Dodds: No, I will not give way, because I think I have answered the point. As I say, it is very clear; the figures speak for themselves, very obviously, on this point. The point is particularly and disturbingly clear in relation to home ownership among under-45 households—so for younger people—where the number of homeowners has fallen by 1 million since 2010.

We had a debate earlier about home ownership, and the hon. Member for Faversham and Mid Kent (Helen Whately) stated, “It’s not just about home ownership. We need to think about other areas as well”. That is absolutely right. We have 1.3 million additional private renters in this country. Many on the Opposition Benches would not necessarily see that as a terrific thing; we would see it as lots of people stuck in private rented accommodation who do not want to be there, and we do not see measures in the Budget or Bill to deal with that problem.

Madam Deputy Speaker (Mrs Eleanor Laing): Order.

Anneliese Dodds: If I can end—

Madam Deputy Speaker: Ah, I was about to draw to the hon. Lady’s attention the fact that we only have an hour for this debate, but she has already counted that.

Anneliese Dodds: Thank you, Madam Deputy Speaker. I do beg your pardon.

Let me end by quoting, very briefly, what I think was a devastating assessment of this policy by my hon. Friend the Member for Wirral South (Alison McGovern), because not every Member who is present now was present then. She said:

“what is really unpopular in our country is having to step over rough sleepers while walking home. What is really unpopular in our country is having to watch other parents taking paper into schools because our schools cannot even afford the basic necessities. And what is deeply unpopular in our country is watching the number of food banks grow because jobs do not pay enough.

People will remember that while all that was going on, the Tories were busy cutting stamp duty for people who could afford to buy houses. I do not think they will ever forget that.”—[*Official Report*, 18 December 2017; Vol. 633, c. 867.]

Colin Clark (Gordon) (Con): The autumn Budget was a triumph for Scotland, and a vindication of the constructive approach of the Scottish Conservatives. I hope that members of the Scottish National party, and other Scottish MPs, will feel able to welcome and embrace it. Unfortunately, however, SNP Members appear to have learnt little. They created the mess over VAT for the police and fire services, and this Conservative Government have had to clear it up. New clause 10 seeks to point the finger, but the mess in the first place was of the SNP’s own creation. That is disappointing.

The SNP Scottish Government messed up. They knew that they were messing up even as they did so, not least because they had been warned. Indeed, when they were estimating the budgetary effects of these centralisation plans, they specifically factored in the great multi-million-pound VAT giveaway. They pressed on regardless. It is extraordinary that Labour Front Benchers are supporting new clause 10.

Alan Brown (Kilmarnock and Loudoun) (SNP): Whatever argument the hon. Gentleman may present about what happened in the past, is he saying that he does not believe that more money should be given to the Scottish police and fire services?

Colin Clark: That is exactly what we are doing, and, as the hon. Gentleman well knows, that is exactly what the Scottish Conservative MPs pressed for from the Treasury.

Alan Brown: If this was all the work of the Scottish Tory MPs, why is it that, when I have asked parliamentary questions to the Chancellor of the Exchequer, the Treasury has been unable to confirm that any meetings have taken place with any of the hon. Gentleman’s colleagues to formally discuss the VAT measure?

Colin Clark: I am afraid that there is photographic evidence, which my good friends Twittered at the time—not that I do Twitter—[HON. MEMBERS: “Tweet!”] I mean tweet. There is photographic evidence that we most certainly did meet the Chancellor to discuss the measure.

Alan Brown: Will the hon. Gentleman give way?

Colin Clark: No. The hon. Gentleman has had his go.

The nationalists made a conscious decision. They were not short-changed, they were not unaware, and the money was not “stolen”. They must accept that culpability for the lost millions lies squarely with them. If they want to raise the money, they should take the responsibility and raise it themselves. I only hope that they do not do so by inflicting further punishment on Scottish taxpayers.

The poorly judged centralisation of Police Scotland is never far from the headlines, but the resignation of the chief constable and the delay in the pointless merger with the British Transport Police have brought it under a fresh spotlight in recent weeks. Surely now is the time for SNP Members, both here and in Holyrood, to stop manufacturing grievances from their own mistakes and join us in working constructively to make Scotland a better place. And they should start that process with a review of the structure of Police Scotland.

Wes Streeting: Amendments 10, 11 and 12 stand in my name and those of a number of Members on both sides of the House. They deal with the vehicle excise duty supplement, and, in particular, with how it applies to the new electric zero-emission taxis. I should probably declare an interest, as chair of the all-party parliamentary group on taxis. I am delighted that the amendment carries not only cross-party support but support throughout the country: in inner and outer London, Brighton, Sheffield, Bradford, Exeter, Huddersfield, Cambridge, Stoke-on-Trent, Bedford, Cardiff, Chesterfield, Sunderland, Leeds and Rotherham. Sterling work has also been done by my hon. Friend the Member for Oxford East (Anneliese Dodds), not just in Committee but in presenting the same powerful case this afternoon. I hope that this is an issue on which we can find common cause with those on the Treasury Bench.

During the debate on the Budget and subsequently the Finance Bill, I welcomed the Chancellor’s announcement in the Budget to exempt zero emission-capable taxis from the vehicle excise duty supplement, but I also cautioned that that exemption would not kick in until mid-2019. Zero emission-capable taxis are already

available for sale and have already hit the streets of this city and others. This new generation of the iconic black taxi not only provides passengers with a new degree of comfort and great surroundings, including the ability to see the sights of London through the roof while driving around but, most significantly and pertinently for the purposes of this debate, it is environmentally friendly. Members on both sides of the House are increasingly aware of how difficult taxi drivers in this city and across the country are finding their trade in the face of aggressive, and in many cases unfair, competitive practices. The Government need to do all they can to stop that great iconic taxi being driven off the streets of this city and others.

6.30 pm

The Government announced significant changes to the VED banding structure in the emergency Budget of 2015, which came into force on 1 April 2017. Under those changes, drivers of the new electric taxi would not have to pay the standard rate of VED based on the vehicle's CO₂ emissions. However, they would pay a supplement for expensive cars of £310 per year for the first five years as the taxi costs over £40,000. This means that drivers of the new zero emission-capable taxi will be stung for the supplement, to the tune of £1,550.

Grants from both the Government through the Office for Low Emission Vehicles and from Transport for London recognise the high costs of the zero emission-capable taxi and the risk that that stops drivers taking up this environmentally friendly vehicle. They have done so by offering grants of up to £7,500 off the taxi for the first 9,000 taxi drivers to buy it. The Government will claim back one fifth of these grants through the VED supplement change.

That reform was counterintuitive and clearly at odds with the Government's intention to make VED fairer for motorists and to reflect improvements in new car CO₂ emissions. I welcome the fact that the Treasury has acknowledged that this was an "unintended consequence" of the VED reforms. In recognition of that, the Chancellor announced the change in the autumn Budget that I have mentioned, but it will not kick in until 2019. That is where these amendments come in.

Amendments 10, 11 and 12 are designed to bring forward the exemption for the new electric taxi to the day that this Bill is passed as an Act. That would show taxi drivers in this city and across the country a clear determination on the part of the Government to help them to drive more environmentally friendly vehicles, but also recognise the significant pressures that the taxi trade is under.

My amendments perhaps go further than the Chancellor's statement in the Budget intended, in that they would apply to all taxis over the value of £40,000. I am happy to debate the merits of that position with the Minister, but I gently say to him, in the hope that we get movement from Ministers, that I have raised this point on the Floor of the House, it was raised in the Bill Committee, and I have raised it formally and informally with Ministers, and I hope the Minister will stand at the Dispatch Box today and give taxi drivers in my constituency and across the country the good news that the Government recognise the issues and are determined to make sure that that exemption kicks in earlier than April 2019. Otherwise, the Government will have created a perverse

incentive for drivers to delay taking up a new environmentally friendly taxi because they know they will get better value from 2019. None of us wants that, which is why so many Members from across the House and the country have signed this amendment.

I will conclude by making a political point. I hope that the Minister and other Conservative Members will take it in the spirit in which it is intended. There are many taxi drivers in my constituency, across London and the country who are not natural Labour voters. In fact, they have in many cases been dyed-in-the-wool Conservative voters. They cannot understand why the Conservative party has seemingly turned its back on a group of people who are arguably the best example of the small business, entrepreneurial spirit that this country embodies. Many of them have looked to the Conservative party as their champion, but they are now feeling badly left behind, not only because of issues relating to tax but because of the way in which the Conservative party has actively lobbied for a company that is destroying the taxi trade not through fair competition but through artificially low fares created by aggressive tax avoidance, low wages and a reckless and irresponsible approach to the management of data. The Conservative party has actively lobbied for Uber. Ministers have an opportunity today to show that they are listening to taxi drivers in London and across the country by making a simple change that would bring forward the Chancellor's intended policy to a point in time that would make a difference to taxi drivers. In so doing, they might be able to rebuild a bit of trust in the Conservative party among taxi drivers.

It is clearly in my interests if the Government do not listen to a word I have said and continue to give taxi drivers in my constituency and across the country the impression that the Conservative party simply does not care. However, I know from talking to taxi drivers in my constituency and their families, and many others across the country, that unless we get this exemption through, they will not be able to afford to take up the zero emission-capable taxis. In fact, it is arguable that many of them will not be able to afford to do that anyway. I am less interested in the party politics of this debate, and far more interested in ensuring that the taxi drivers in my constituency, across my city and across the country get a fair hearing and a fair deal from this Government.

Several hon. Members rose—

Mr Deputy Speaker (Sir Lindsay Hoyle): Order. Can I just try to be helpful? I want to get as many speakers in as possible, and I also need to hear from the Scottish National party spokesperson, so I ask Members to try to keep it short, as at least six more people want to speak.

Neil O'Brien: I am pleased to speak in favour of the reforms to stamp duty for first-time buyers and to speak against the Opposition's new clause. The changes to stamp duty mean that 95% of first-time buyers will pay less tax; in fact, 80% will pay no tax at all. First-time buyers will be getting a tax reduction of up to £5,000, which will be hugely welcomed by younger people in my constituency.

I support this reform for three reasons. The first is that it is part of a wider rebalancing of the tax system towards younger people and people who do not own a home of their own. In that context, it is worth thinking

[Neil O'Brien]

about these measures alongside the measures that we took in 2015 to reform the tax treatment of buy-to-let and second homes. Those reforms increased stamp duty on the purchase of additional properties. So we have this reform, which supports first-time buyers, and we also have a set of reforms that improve fairness and reduce the demand for housing as an investment asset. Together, these reforms tilt the balance of the system towards younger people and first-time buyers. Dare I say that they are redistributive measures, and I am surprised that the Opposition are opposing them? Given that younger people are the most affected by our failure over a generation to build enough houses in this country, it is right that we should tilt the tax system towards them.

Earlier in this debate, my hon. Friend the Member for Croydon South (Chris Philp) offered the Minister a suggestion for a revenue raiser, and I wonder whether I could do the same thing. Perhaps we should go even further in rebalancing the tax system towards young people and consider further reform of the private residence relief. The Minister will recall that, in 2013, we changed the way in which the exemption worked to make the system fairer and to end some of the abuses that happened under Labour, and I encourage him to look again at this issue, particularly given that a number of other countries have tighter restrictions on that important exemption. Such a move would complement the 75 anti-tax avoidance measures that we have already taken, which have raised £160 billion for public services.

The second reason why I support these measures is that, as the Mirrlees review and many other economists have pointed out, stamp duty is fundamentally a bad tax that reduces mobility. Obviously, the Chancellor is unable to abolish it at this stage, given that we are still in the process of cleaning up the biggest deficit in this country's entire peacetime history and the situation in which, disgracefully, the Government were borrowing a quarter of all the money being spent. None the less, we are making important progress on ending this bad tax. These changes follow the ending of the absurd slab system that Gordon Brown had built up and the £300 million tax cut that accompanied that. This further reduction in stamp duty land tax, this time for younger people, is hugely welcome, and I hope that the Treasury will continue to chop away at this bad tax.

The third reason why I support the measures is that, even as we bring about longer-term reforms to increase supply, they can provide immediate support for younger people and those who do not own their own property. I agree with the hon. Member for Oxford East (Anneliese Dodds) that we must have higher supply. France has been building roughly twice as many houses as this country since 1970, so its house prices have gone up half as fast.

Dr David Drew (Stroud) (Lab/Co-op): I am pleased to hear what the hon. Gentleman says, but why are so many of the housing measures, including support for local authorities, being delayed for a year before being properly implemented?

Neil O'Brien: I am afraid that I am not entirely sure what the hon. Gentleman is driving at, and I am conscious of the time.

I support the measures before us because they will provide immediate benefit, and they form part of a wider strategy to support first-time buyers, including Help to Buy, which has helped 230,000 people to get a home of their own, the lifetime ISA, which gives people a 25% bonus as they save for a deposit, the huge support for shared ownership and new supply measures, such as the housing infrastructure fund and the huge increase in funding for affordable housing in the 2015 spending review. My younger constituents will warmly welcome the end of stamp duty for first-time buyers, as will many older constituents—parents and grandparents.

The hon. Member for Oxford East rather made the case against her own measures by drawing on the huge amount of published detail about and analysis of our proposals. I have in my hand the OBR's estimate of residential SDLT elasticities, and it notes the significant degrees of uncertainty. The creation of the OBR was a welcome reform, because it makes things more transparent, and it is right that the OBR is cautious in its forecasts. We created the OBR because Gordon Brown fiddled the figures and changed the economic cycle and led us to disaster by doing so. It is also right to stress the uncertainty around such measures, because it is fundamentally difficult to model things in the housing market.

When we introduced the annual tax on unoccupied dwellings, which I am sure the hon. Lady supports, we raised four times more money than predicted, so things are difficult to predict. However, my hon. Friend the Member for Middlesbrough South and East Cleveland (Mr Clarke) has already made the important point that even if we believe that the £5,000 would be entirely capitalised into the price of a house, my young constituents would be £5,000 better off as a result. In Harborough, Oadby and Wigston, that is still a significant sum of money, so I am hugely glad to be able to support these important reforms today and to oppose the Opposition's amendments.

Kirsty Blackman: I rise to discuss new clause 10, tabled in my name and those of my SNP colleagues. Given that we are tight for time, I was tempted to make an incredibly short speech and just say, "Can you give us our money back, please? Thanks," and then sit down, but I will expand on that a little.

Christine Jardine: Like other parties, the Liberal Democrats supported the SNP's call for an exemption from VAT for emergency services. However, the SNP Scottish Government was warned that this would happen and chose to go ahead anyway, and we now have a police force that the public, many politicians and many members of the police are unhappy with. Would it not be better for the hon. Lady to plead with her colleagues in Holyrood to fix the problem, rather than try to divert attention on to something—

Mr Deputy Speaker (Sir Lindsay Hoyle): Order. Time is short, and Members should not be taking advantage. I want to get the leader of the hon. Lady's party in, but I will not be able to if we have interventions that are speeches.

Kirsty Blackman: I am actually going to talk about why we should be given the rebate and why what happened makes sense.

Scotland's police and fire departments have been paying an annual charge of about £35 million a year in VAT, and we have repeatedly asked for those services to be excluded. The SNP has asked for it 140 times, and several other people have asked for it, too, and we have been given so many excuses why it could not be done. Murdo Fraser said that there was

"no justification for a VAT refund."—[*Scottish Parliament Official Report*, 31 October 2017; c. 77.]

The Chancellor himself said that they would not be able to recover the VAT under EU law. However, the fair thing for the Government to do has always been to give police and fire services access to the VAT rebate. Highways England and the London Legacy Development Corporation have access to the rebate, and both are national organisations. Now, suddenly, the welcome decision has been taken to give us the rebate, but nothing has changed to cause that to happen. The situation is no different from what it was three years ago. The police and fire services are structured exactly the same as they were three years ago, yet somehow the Government have decided that we are now eligible for the rebate when previously we were not.

6.45 pm

The only fair thing to do—I encourage the hon. Member for Gordon (Colin Clark) actually to read the amendment, because it would not do what he suggests—is to have a review. The amendment asks the Government to look at the implications of giving us back the money that our police and fire services have claimed. This is absolutely a matter of fairness. The rebate should always have been available to the Scottish police and fire services. The money should always have been available, so that we could ensure that we had the best possible services and so that we could do things such as tackling the public sector pay cap within those services.

We are asking the Government to consider the consequence that would occur if the money were available to be claimed back retrospectively, and I contend that the consequences would be that we could spend more money on police and fire services in Scotland, we could counter this Government's reduction in the block grant and things would be better for the police and fire services in Scotland. This is a matter of fairness. Nothing has changed except the Government's position, and they should give us back the money that they have always owed us.

Gillian Keegan (Chichester) (Con): I rise to speak to new clause 7. There has been a failure of successive Governments to tackle the issues with our housing stock. Since the 1970s we have, on average, built 160,000 new homes a year in England, and the consensus is that we need to build between 225,000 and 275,000 homes a year to keep up with population growth, to keep up with an ageing population and to tackle years of under-supply. That is why I am pleased the Government are taking steps to address the situation through accelerated house building, resulting in an increase in supply of 217,000 houses in the past year.

Increased demand and an historic lack of supply have inevitably pushed prices up. On average, house prices have risen by 7% a year since 1980, but the rise is not uniform. Areas such as the south-east have suffered

more than others, with a 369% increase in prices since 2005. I see that in my own family, with many of my young cousins in Knowsley buying a home in their 20s on average salaries, as their parents did before them, but that is not the case in the south-east and other parts of the country.

Large price hikes obviously affect young people more, as they are typically on lower incomes and struggle to raise the capital needed to save for a deposit. When I bought my first home in the mid-1990s, around 65% of my friends were doing the same, and we just earned average incomes. Now, less than 27% of 25 to 34-year-olds are home owners, and I would be willing to bet that not many of them are in Chichester, where the average house price is more than £365,000 and the average salary is just £25,000.

The point was highlighted to me by a young couple living in my constituency, whose high rental costs mean they are unable to make any substantial savings towards a deposit. They are grateful for the schemes introduced by the Government to help them save for a deposit. Changes to stamp duty will also help first-time buyers such as my constituents to reduce the savings needed to cover the cost of purchasing a home. They will no longer pay stamp duty on properties up to the threshold of £300,000, and only 5% of the cost over £300,000 on properties up to £500,000, so 80% of first-time buyers should pay no stamp duty at all. This policy removes one of the barriers to the housing market, and it will help to give people the opportunity to reach a dream that many of us achieved in our 20s and 30s.

Sir Vince Cable (Twickenham) (LD): I rise to speak to new clause 2 in my name and in the name of my right hon. Friend the Member for North Norfolk (Norman Lamb), and I will say a few words about amendments 13 and 14 to schedule 3 that address a technical point of some importance raised by my right hon. Friend the Member for Orkney and Shetland (Mr Carmichael), who regrets that he cannot be here to speak to the amendments himself.

New clause 2 would ask the Office for Budget Responsibility to produce an independent, verifiable, non-political estimate of the yield that could be obtained by adding 1p in the £1—a 1% increase—to the standard, higher and additional rates of income tax. We are doing this not to give the Treasury computer some exercise—I am sure that it gets plenty—but to produce an estimate that we can all subscribe to of the revenue base that would exist for an earmarked tax to finance the NHS. This Report stage is clearly not the place to debate the NHS, but I want to raise the basic principle of how the Treasury might finance it.

In the middle of last year, the chief executive of NHS England produced an estimate that about £6 billion was required to keep the NHS on a sustainable footing and to avoid a serious winter crisis—this was about £4 billion for the NHS itself and £2 billion for social care through local councils. In the event, the Treasury, in its November Budget came up with about £2 billion—we can argue about how much of that was real, but let us say it was £2 billion—but we had the winter crisis in any case, and it has been discussed here on many occasions. We have heard about the long trolley waits, the elderly people waiting in hospital for placements and the stress on staff. We hope the winter is now over, although we

[*Sir Vince Cable*]

cannot be absolutely certain of that. The issue I want to raise is how we prevent this situation from happening in the next financial year.

The proposal that we have an earmarked allocation of revenue from a small increase in income tax comes from a commission that my party set up, consisting of not just supporters but a lot of independent people with authority in the NHS. It includes the former chief executives of NHS England, of the Patients Association and of the Royal College of Nursing, and the former chair of the Royal College of General Practitioners, among others of similar status. They argue that the only sensible, practical way now to prevent this endlessly recurring financial and then real crisis in the health service is to have a dedicated source of tax revenue.

There have traditionally been two objections to such a proposal, one of which was public opinion—the public do not like higher taxes—but the survey evidence from a big Sky poll some months ago suggested that if people were absolutely confident that the money would be allocated to the health service, about 70% of them would support such an income tax increase; other polls have suggested the same.

The second objection was a traditional Treasury one, which was that such an approach makes public spending and taxation more difficult to manage. I would cite as a counter to that the recent comments of the former head of the Treasury, Lord Macpherson, who presided over it in the five years when I was in the coalition Government. He is a massively impressive man. I confess that we did not always agree—he tended to regard public spending as some kind of disease—but none the less, he is a very authoritative source, and he appears to have been converted to the idea that such a measure is the only way in which the NHS can be put on a properly sustainable footing.

Looking ahead to the next financial year, which is what we are asking the Government to do, the question is: how are we going to avoid the kind of problems we have had this year? The first way is by the Government simply muddling through on their current spending assumptions, and probably in the next Budget, in the autumn, the Chancellor will come up with another rabbit out of the hat, which will be inadequate and too late.

The other alternative is to hope that there is some kind of advance payment of the “Brexit dividend”. I think that we are all familiar with these arguments about the £300 million a week that was supposed to come back—I think we have been promised £18 billion a year. We now know that this is almost entirely phoney and cannot be relied upon. Of course it was a gross, not a net, estimate, and we now know that we are going to pay out at least £40 billion. There will be continued annual payments through the transition period and possibly additional ad hoc payments on top of that.

Even on a fairly charitable view, we would be talking about five to six years before there is any dividend, and even that depends on a continued constant rate of growth. If growth slows down, as it almost certainly will post Brexit, this dividend may never appear. So if we cannot rely on a Brexit dividend and we are going to get past ad hoc financing, some new mechanism needs to be found, and the purpose of our new clause is to open up that discussion. I do not propose to press the new

clause to a Division, but I am interested to hear how the Treasury currently regards earmarked taxation and whether its thinking has advanced in any way.

Finally, I wish to say a few words in support of the amendments tabled by my right hon. Friend the Member for Orkney and Shetland, one of whose constituents has raised a substantial point about an HMRC proposal in the Bill that relates to dormant companies and their pension funds. The proposal is that such schemes should be de-registered when the companies have become dormant. The reasoning behind it is perfectly sensible: some such funds have been used for scams, to the cost of the public and HMRC, so HMRC proposes to de-register them when such things happen.

My right hon. Friend the Member for Orkney and Shetland's constituent has pointed out some unintended consequences of this apparently sensible proposal, one of which is that there are quite a lot of cases in which the pension funds of dormant companies have been taken over by other companies. There are other cases in which a sponsoring company may be dormant but the trustees have kept it going on a pay-in basis, and it is perfectly sustainable.

The other aspect of the proposal that potentially causes a problem is that de-registration could happen after a closure of one month. A good recent example would be Monarch airlines. As we all know, it takes a lot more than a month to wind up a pension scheme, so it is a bit pre-emptory. I do recognise, as does my right hon. Friend the Member for Orkney and Shetland's constituent, that the power for HMRC would be discretionary. The Minister may say that we should trust HMRC always to get these things right, but it may be more sensible, as amendments 13 and 14 suggest, to have a carve-out to deal with cases that clearly do not fall within its remit.

The purpose of the amendments is to suggest that the de-registration activities should be restricted to the most recent six years, because that is when the scams have occurred and we do not need to go back into history. There should be a specific carve-out for cases in which there may well have been a pension fund succession. The provision would be that there should be at least one dormant employer and that a two-year period should be allowed for pension funds that have been maintained for a substantial time and are therefore clearly viable. Neither I nor my right hon. Friend the Member for Orkney and Shetland would pretend that those are necessarily the perfect solutions to the problem, but I hope the Minister will acknowledge that there is an issue and get the Treasury to reflect on it and perhaps come up with a superior solution.

Mel Stride: Given the limited time remaining, I intend to focus most of my remarks on the amendments and new clauses that have been spoken to in this debate.

I shall begin with new clauses 7 and 8, which seek reviews of the operation of the SDLT exemption for first-time buyers. As we know, housing is one of the great challenges of our age. We all recognise—we certainly have done in this debate—the importance of the supply side, which is why my right hon. Friend the Chancellor, whom I am delighted to see on the Treasury Bench, made such important announcements about funding for more housing. We can now look at hitting 300,000 new build homes in the next decade. The point was

made that the OBR suggested that prices may increase by 0.3% as a result of our SDLT measure, but that observation is based on that measure alone and does not take into account the supply-side measures we are introducing.

Amendments 10, 11 and 12 relate to taxis and the vehicle excise duty supplement.

Julia Lopez (Hornchurch and Upminster) (Con): I wonder whether I might make a suggestion on the amendments to which my right hon. Friend just referred. Cabbies in my constituency have raised legitimate concerns about vehicle excise duty. If I have read them correctly, it seems that the amendments that have been tabled to clause 44 would make all taxis exempt from certain vehicle excise duty rates this year, rather than just the new, electric-capable vehicles. As my right hon. Friend knows from our discussions about taxis, I and other London Conservative MPs have serious concerns about air quality in the capital, so I would appreciate his view on whether it would instead be better if we brought forward by a year—

Mr Deputy Speaker (Sir Lindsay Hoyle): Order. Sit, please. In fairness to the Minister, he has a very short time in which to speak. By all means make an intervention to get on the record, but please do not try to make a speech on an intervention.

7 pm

Mel Stride: Thank you, Mr Deputy Speaker. In response to my hon. Friend—

Mark Pawsey (Rugby) (Con): Will my right hon. Friend give way?

Mel Stride: I will give way very quickly to my hon. Friend.

Mark Pawsey: On behalf of 1,000 skilled workers at the London Electric Vehicle plant in my constituency, will my right hon. Friend look very carefully at the proposals to bring forward the exemption on electric vehicles?

Mel Stride: If we look at bringing forward this exemption, the important thing is that we should look solely at that element that relates to low-emission vehicles, rather than applying it to all taxis, as indeed amendments 10, 11 and 12 do, as tabled by the hon. Member for Ilford North (Wes Streeting). However, having listened to the representations from my hon. Friends the Members for Hornchurch and Upminster (Julia Lopez) and for Rugby (Mark Pawsey) and indeed from the hon. Gentleman who has tabled the amendments, we are minded to look sympathetically at bringing forward the exemption by a year for those taxis that have low emissions, albeit that they cost £40,000 or more. I know that my hon. Friend the Exchequer Secretary will shortly be meeting representatives from the London Taxi Company and that he will be furthering those discussions with them.

In the one minute remaining, perhaps I could turn to new clause 10, which calls for a review of the consequences of not backdating the refund of VAT in respect of the Scottish Fire and Rescue Service. The Chancellor made it clear in the Budget that, after lobbying from our Conservative colleagues in particular, we would allow such refunds going forward. In 2012, when the Scottish

Government entered into those arrangements, they did so knowing what the VAT consequences would be, but we are taking action going forward.

Finally, I understand the desire of the right hon. Member for Twickenham (Sir Vince Cable) to have information on the effects of increases of income tax by 1%. However, there is no need for that now, as information is available on that. Time does not allow me to explain what that is, but I will speak to him after this debate, and on that basis, I hope that he will not press his amendment. I also take on board his comments about dormant companies and pension fund arrangements, but we do have to look to HMRC to make those judgments so that we ensure that these scams are prevented.

Anneliese Dodds: We have no time left, so I will press new clause 7 to a Division.

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

The House divided: Ayes 228, Noes 305.

Division No. 121]

[7.2 pm]

AYES

Abbott, rh Ms Diane	Dakin, Nic
Abrahams, Debbie	David, Wayne
Alexander, Heidi	Davies, Geraint
Ali, Rushanara	De Cordova, Marsha
Amesbury, Mike	Dent Coad, Emma
Antoniazzi, Tonia	Dhesi, Mr Tanmanjeet Singh
Ashworth, Jonathan	Dodds, Anneliese
Bailey, Mr Adrian	Doughty, Stephen
Barron, rh Sir Kevin	Dowd, Peter
Beckett, rh Margaret	Drew, Dr David
Benn, rh Hilary	Dromey, Jack
Berger, Luciana	Duffield, Rosie
Betts, Mr Clive	Eagle, Ms Angela
Blackman-Woods, Dr Roberta	Eagle, Maria
Blomfield, Paul	Edwards, Jonathan
Brabin, Tracy	Efford, Clive
Bradshaw, rh Mr Ben	Ellman, Mrs Louise
Brake, rh Tom	Elmore, Chris
Brown, Lyn	Esterson, Bill
Brown, rh Mr Nicholas	Evans, Chris
Bryant, Chris	Farrelly, Paul
Buck, Ms Karen	Field, rh Frank
Burden, Richard	Fletcher, Colleen
Burgon, Richard	Flint, rh Caroline
Byrne, rh Liam	Frith, James
Cable, rh Sir Vince	Furniss, Gill
Cadbury, Ruth	Gaffney, Hugh
Campbell, rh Mr Alan	Gapes, Mike
Carden, Dan	Gardiner, Barry
Champion, Sarah	George, Ruth
Chapman, Jenny	Gill, Preet Kaur
Charalambous, Bambos	Glendon, Mary
Coaker, Vernon	Goodman, Helen
Cooper, Julie	Greenwood, Lilian
Cooper, Rosie	Greenwood, Margaret
Cooper, rh Yvette	Griffith, Nia
Corbyn, rh Jeremy	Grogan, John
Coyle, Neil	Gwynne, Andrew
Crausby, Sir David	Haigh, Louise
Creagh, Mary	Hanson, rh David
Creasy, Stella	Hardy, Emma
Cruddas, Jon	Harris, Carolyn
Cryer, John	Hayes, Helen
Cummins, Judith	Healey, rh John
Cunningham, Alex	Hepburn, Mr Stephen
Cunningham, Mr Jim	Hill, Mike

Hillier, Meg
 Hobhouse, Wera
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hollern, Kate
 Hopkins, Kelvin
 Howarth, rh Mr George
 Huq, Dr Rupa
 Hussain, Imran
 Jardine, Christine
 Jarvis, Dan
 Johnson, Diana
 Jones, Darren
 Jones, Gerald
 Jones, Graham
 P.
 Jones, Mr Kevan
 Jones, Sarah
 Jones, Susan Elan
 Keeley, Barbara
 Kendall, Liz
 Khan, Afzal
 Killen, Ged
 Kinnock, Stephen
 Kyle, Peter
 Laird, Lesley
 Lake, Ben
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Lee, Karen
 Leslie, Mr Chris
 Lewell-Buck, Mrs
 Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Lloyd, Stephen
 Lloyd, Tony
 Long Bailey, Rebecca
 Lucas, Caroline
 Lynch, Holly
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marsden, Gordon
 Martin, Sandy
 Maskell, Rachael
 Matheson, Christian
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonnell, rh John
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahon, Jim
 McMorris, Anna
 Mearns, Ian
 Miliband, rh Edward
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Nandy, Lisa
 Norris, Alex
 O'Mara, Jared
 Onasanya, Fiona
 Onn, Melanie
 Onwurah, Chi

Osamor, Kate
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillipson, Bridget
 Pidcock, Laura
 Platt, Jo
 Pollard, Luke
 Pound, Stephen
 Qureshi, Yasmin
 Rashid, Faisal
 Rayner, Angela
 Reed, Mr Steve
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Robinson, Mr Geoffrey
 Rodda, Matt
 Rowley, Danielle
 Ruane, Chris
 Russell-Moyle, Lloyd
 Ryan, rh Joan
 Saville Roberts,
 Liz
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sherriff, Paula
 Siddiq, Tulip
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, Angela
 Smith, Cat
 Smith, Eleanor
 Smith, Jeff
 Smith, Laura
 Smith, Owen
 Smyth, Karin
 Snell, Gareth
 Sobel, Alex
 Spellar, rh John
 Stevens, Jo
 Streeting, Wes
 Sweeney, Mr Paul
 Tami, Mark
 Thomas, Gareth
 Thomas-Symonds,
 Nick
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Twist, Liz
 Vaz, Valerie
 Walker, Thelma
 West, Catherine
 Western, Matt
 Whitehead, Dr Alan
 Whitfield, Martin
 Williams, Hywel
 Williams, Dr Paul
 Wilson, Phil
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Ayes:
Thangam Debbonaire and
Nick Smith

NOES

Afolami, Bim
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Badenoch, Mrs Kemi
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Bebb, Guto
 Bellingham, Sir Henry
 Beresford, Sir Paul
 Berry, Jake
 Blackman, Bob
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Bowie, Andrew
 Bradley, Ben
 Bradley, rh Karen
 Brady, Sir Graham
 Brereton, Jack
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burghart, Alex
 Burns, Conor
 Burt, rh Alistair
 Cairns, rh Alun
 Campbell, Mr Gregory
 Cartlidge, 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
 Coffey, Dr Thérèse
 Costa, Alberto
 Courts, Robert
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Mims
 Davies, Philip
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Docherty, Leo
 Dodds, rh Nigel
 Donaldson, rh Sir Jeffrey
 M.
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Duddridge, James
 Duguid, David
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr
 Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellwood, rh Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Mr Nigel
 Evennett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Fernandes, Suella
 Field, rh Mark
 Ford, Vicky
 Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fysh, Mr Marcus
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Ms Nusrat
 Girvan, Paul
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Luke
 Graham, Richard
 Grant, Bill
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gyimah, Mr Sam
 Hair, Kirstene
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Harrison, Trudy
 Hart, Simon
 Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, rh Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Adam
 Howell, John
 Huddleston, Nigel

Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, rh 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, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Keegan, Gillian
 Kennedy, Seema
 Kerr, Stephen
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lamont, John
 Lancaster, rh Mark
 Latham, Mrs Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Letwin, rh Sir Oliver
 Lewer, Andrew
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Little Pengelly, Emma
 Lopez, Julia
 Lopresti, Jack
 Lord, Mr Jonathan
 Mackinlay, Craig
 Maclean, Rachel
 Main, Mrs Anne
 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
 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, rh Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Perry, rh Claire
 Philp, Chris
 Pincher, Christopher
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Ross, Douglas
 Rowley, Lee
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Seely, Mr Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, rh Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Sir Hugo
 Syms, Sir Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 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
 Wiggin, Bill
 Williamson, rh Gavin
 Wilson, rh Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
Nigel Adams and
Amanda Milling

Question accordingly negated.

7.17 pm

More than five hours having elapsed since the commencement of proceedings on the programme motion, the proceedings were interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

New Clause 10

REVIEW OF RETROSPECTIVE VAT REFUNDS FOR THE SCOTTISH FIRE AND RESCUE SERVICE AND THE SCOTTISH POLICE AUTHORITY

“(1) Within one month of this Act receiving Royal Assent, the Chancellor of the Exchequer shall commission a review of the potential consequences of allowing the Scottish Fire and Rescue Service and the Scottish Police Authority to claim VAT refunds under section 33 of VATA 1994 retrospective to the date of their establishment.

(2) The review shall consider—

- (a) the administrative consequences of allowing retrospective claims, and
- (b) the impact on revenue of allowing retrospective claims.

(3) The Chancellor of the Exchequer shall lay the report of this review before the House of Commons within six months of this Act receiving Royal Assent.”

This new clause would require the Chancellor of the Exchequer to commission a review into what the potential consequences of allowing the Scottish Fire and Rescue Service and the Scottish Police Authority to make retrospective claims for VAT refunds would be.—(Kirsty Blackman.)

Brought up.

Question put, That the clause be added to the Bill.

The House divided: Ayes 252, Noes 305.

Division No. 122]

[7.17 pm

AYES

Abbott, rh Ms Diane
 Abrahams, Debbie
 Alexander, Heidi
 Ali, Rushanara
 Amesbury, Mike
 Antoniazzi, Tonia
 Ashworth, Jonathan
 Bailey, Mr Adrian
 Bardell, Hannah
 Barron, rh Sir Kevin
 Beckett, rh Margaret

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
 Brock, Deidre

Brown, Alan
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Richard
Byrne, rh Liam
Cadbury, Ruth
Cameron, Dr Lisa
Campbell, rh Mr Alan
Carden, Dan
Champion, Sarah
Chapman, Douglas
Chapman, Jenny
Charalambous, Bambos
Cherry, Joanna
Coaker, Vernon
Cooper, Julie
Cooper, Rosie
Cooper, rh Yvette
Cowan, Ronnie
Coyle, Neil
Crausby, Sir David
Crawley, Angela
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cummins, Judith
Cunningham, Alex
Cunningham, Mr Jim
Dakin, Nic
David, Wayne
Davies, Geraint
Day, Martyn
De Cordova, Marsha
Debbonaire, Thangam
Dent Coad, Emma
Dhesi, Mr Tanmanjeet Singh
Docherty-Hughes, Martin
Dodds, Anneliese
Doughty, Stephen
Dowd, Peter
Drew, Dr David
Dromey, Jack
Duffield, Rosie
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Ellman, Mrs Louise
Elmore, Chris
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Frank
Fletcher, Colleen
Flint, rh Caroline
Flynn, Paul
Frith, James
Furniss, Gill
Gaffney, Hugh
Gapes, Mike
Gardiner, Barry
George, Ruth
Gethins, Stephen
Gibson, Patricia
Gill, Preet Kaur
Glindon, Mary
Goodman, Helen
Grant, Peter

Gray, Neil
Greenwood, Lilian
Greenwood, Margaret
Griffith, Nia
Grogan, John
Gwynne, Andrew
Haigh, Louise
Hanson, rh David
Hardy, Emma
Harris, Carolyn
Hayes, Helen
Healey, rh John
Hendry, Drew
Hepburn, Mr Stephen
Hill, Mike
Hillier, Meg
Hobhouse, Wera
Hodge, rh Dame Margaret
Hodgson, Mrs Sharon
Hollern, Kate
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Huq, Dr Rupa
Hussain, Imran
Jarvis, Dan
Johnson, Diana
Jones, Darren
Jones, Gerald
Jones, Graham P.
Jones, Mr Kevan
Jones, Sarah
Jones, Susan Elan
Kane, Mike
Keeley, Barbara
Kendall, Liz
Khan, Afzal
Killen, Ged
Kinnock, Stephen
Kyle, Peter
Laird, Lesley
Lake, Ben
Lammy, rh Mr David
Lavery, Ian
Law, Chris
Lee, Karen
Leslie, Mr Chris
Lewell-Buck, Mrs Emma
Lewis, Clive
Lewis, Mr Ivan
Linden, David
Lloyd, Tony
Long Bailey, Rebecca
Lucas, Caroline
Lynch, Holly
Madders, Justin
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Gordon
Martin, Sandy
Maskell, Rachael
Matheson, Christian
Mc Nally, John
McCabe, Steve
McCarthy, Kerry
McDonagh, Siobhain
McDonald, Andy
McDonald, Stuart C.
McDonnell, rh John
McGovern, Alison

McInnes, Liz
McKinnell, Catherine
McMahon, Jim
McMorris, Anna
Mearns, Ian
Miliband, rh Edward
Monaghan, Carol
Morden, Jessica
Morgan, Stephen
Morris, Grahame
Murray, Ian
Nandy, Lisa
Newlands, Gavin
Norris, Alex
O'Mara, Jared
Onasanya, Fiona
Onn, Melanie
Onwurah, Chi
Osamor, Kate
Pearce, Teresa
Pennycook, Matthew
Perkins, Toby
Phillipson, Bridget
Pidcock, Laura
Platt, Jo
Pollard, Luke
Pound, Stephen
Qureshi, Yasmin
Rashid, Faisal
Rayner, Angela
Reed, Mr Steve
Reeves, Rachel
Reynolds, Jonathan
Rimmer, Ms Marie
Robinson, Mr Geoffrey
Rodda, Matt
Rowley, Danielle
Ruane, Chris
Russell-Moyle, Lloyd
Ryan, rh Joan
Saville Roberts, Liz
Shah, Naz
Sharma, Mr Virendra
Sheerman, Mr Barry
Sherriff, Paula
Siddiq, Tulip

Adams, Nigel
Afolami, Bim
Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Badenoch, Mrs Kemi
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Bebb, Guto
Bellingham, Sir Henry
Beresford, Sir Paul
Berry, Jake
Blackman, Bob
Blunt, Crispin
Boles, Nick

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
Stephens, Chris
Stevens, Jo
Streeting, Wes
Sweeney, Mr Paul
Tami, Mark
Thewliss, Alison
Thomas, Gareth
Thomas-Symonds, Nick
Thornberry, rh Emily
Timms, rh Stephen
Trickett, Jon
Turley, Anna
Turner, Karl
Twigg, Derek
Twigg, Stephen
Twist, Liz
Vaz, Valerie
Walker, Thelma
West, Catherine
Western, Matt
Whitehead, Dr Alan
Whitfield, Martin
Williams, Hywel
Williams, Dr Paul
Wilson, Phil
Wishart, Pete
Yasin, Mohammad
Zeichner, Daniel

Tellers for the Ayes:
Brendan O'Hara and
Patrick Grady

NOES

Bone, Mr Peter
Bowie, Andrew
Bradley, Ben
Bradley, rh Karen
Brady, Sir Graham
Brereton, Jack
Bridgen, Andrew
Brine, Steve
Brokenshire, rh James
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
 Coffey, Dr Thérèse
 Costa, Alberto
 Courts, Robert
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Mims
 Davies, Philip
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Docherty, Leo
 Dodds, rh Nigel
 Donaldson, rh Sir Jeffrey
 M.
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Duddridge, James
 Duguid, David
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr
 Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellwood, rh Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Mr Nigel
 Evennett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Fernandes, Suella
 Field, rh Mark
 Ford, Vicky
 Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Fysh, Mr Marcus
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Ms Nusrat
 Girvan, Paul
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Luke
 Graham, Richard
 Grant, Bill
 Grant, Mrs Helen
 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, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Harrison, Trudy
 Hart, Simon
 Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, rh Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Adam
 Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, rh 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, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Keegan, Gillian
 Kennedy, Seema
 Kerr, Stephen
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lamont, John
 Lancaster, rh Mark
 Latham, Mrs Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Letwin, rh Sir Oliver
 Lewer, Andrew
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Little Pengelly, Emma
 Lopez, Julia
 Lopresti, Jack
 Lord, Mr Jonathan
 Mackinlay, Craig
 Maclean, Rachel
 Main, Mrs Anne
 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, rh Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Perry, rh Claire
 Philp, Chris
 Pincher, Christopher
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Ross, Douglas
 Rowley, Lee
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Seely, Mr Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant

Sharma, Alok
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, rh Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Sir Hugo
 Syms, Sir Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt
 Watling, Giles
 Whately, Helen
 Wheeler, Mrs Heather
 Wiggin, Bill
 Williamson, rh Gavin
 Wilson, rh Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:

**Mike Freer and
 Craig Whittaker**

Question accordingly negated.

Clause 9

BENEFITS IN KIND: DIESEL CARS

Amendments made: 6, page 4, line 30, leave out from beginning to end of line 32 and insert
 “it does not meet the Euro 6d emissions standard.”

Amendment 7, page 4, line 38, leave out from “(2A)” to end of line 6 on page 5 and insert—

“A vehicle meets the Euro 6d emissions standard only if it is first registered on the basis of an EC certificate of conformity which indicates that the exhaust emission level is Euro 6d (and it does not meet that standard if it is first registered on the basis of an EC certificate of conformity which indicates that that level is Euro 6d-TEMP).”—(*Chris Heaton-Harris.*)

Clause 44

VED: RATES FOR LIGHT PASSENGER VEHICLES, LIGHT GOODS VEHICLES, MOTORCYCLES ETC

Amendment made: 8, page 38, line 17, leave out from beginning to end of line 28 and insert “it does not meet the Euro 6d emissions standard.

“(5) A vehicle meets the Euro 6d emissions standard only if it is first registered on the basis of an EU certificate of conformity which indicates that the exhaust emission level is Euro 6d (and it does not meet that standard if it is first registered on the basis of an EU certificate of conformity which indicates that that level is Euro 6d-TEMP).”—(*Chris Heaton-Harris.*)

Amendment proposed: 10, page 38, line 30, at end insert—

“(4A) In paragraph 1GE (higher rates of duty) after paragraph (3)(c) insert—

“(d) the vehicle is not a taxi.

(3A) For the purposes of this paragraph, “taxi” has the same meaning as in section 64 of the Transport Act 1980.”—(*Wes Streeting.*)

Question put, That the amendment be made.

The House divided: Ayes 225, Noes 304.

Division No. 123]

[7.31 pm

AYES

Abbott, rh Ms Diane	Coyle, Neil
Abrahams, Debbie	Crausby, Sir David
Alexander, Heidi	Creagh, Mary
Ali, Rushanara	Creasy, Stella
Amesbury, Mike	Cruddas, Jon
Antoniazzi, Tonia	Cummins, Judith
Ashworth, Jonathan	Cunningham, Alex
Barron, rh Sir Kevin	Cunningham, Mr Jim
Beckett, rh Margaret	Dakin, Nic
Benn, rh Hilary	David, Wayne
Betts, Mr Clive	Davies, Geraint
Blackman-Woods, Dr Roberta	De Cordova, Marsha
Blomfield, Paul	Dent Coad, Emma
Brabin, Tracy	Dhesi, Mr Tanmanjeet Singh
Bradshaw, rh Mr Ben	Dodds, Anneliese
Brown, Lyn	Doughty, Stephen
Brown, rh Mr Nicholas	Dowd, Peter
Bryant, Chris	Drew, Dr David
Buck, Ms Karen	Dromey, Jack
Burden, Richard	Duffield, Rosie
Burton, Richard	Eagle, Ms Angela
Byrne, rh Liam	Eagle, Maria
Cadbury, Ruth	Edwards, Jonathan
Campbell, rh Mr Alan	Efford, Clive
Carden, Dan	Ellman, Mrs Louise
Champion, Sarah	Elmore, Chris
Chapman, Jenny	Esterson, Bill
Charalambous, Bambos	Evans, Chris
Coaker, Vernon	Farrelly, Paul
Cooper, Julie	Field, rh Frank
Cooper, Rosie	Fletcher, Colleen
Cooper, rh Yvette	Flint, rh Caroline
Corbyn, rh Jeremy	Flynn, Paul

Frith, James	McCarthy, Kerry
Furniss, Gill	McDonagh, Siobhain
Gaffney, Hugh	McDonald, Andy
Gapes, Mike	McDonnell, rh John
Gardiner, Barry	McGovern, Alison
George, Ruth	McInnes, Liz
Gill, Preet Kaur	McKinnell, Catherine
Glendon, Mary	McMahon, Jim
Goodman, Helen	McMorrin, Anna
Greenwood, Lilian	Mearns, Ian
Greenwood, Margaret	Miliband, rh Edward
Griffith, Nia	Morden, Jessica
Grogan, John	Morgan, Stephen
Gwynne, Andrew	Morris, Grahame
Haigh, Louise	Murray, Ian
Hanson, rh David	Nandy, Lisa
Hardy, Emma	Norris, Alex
Harris, Carolyn	O'Mara, Jared
Hayes, Helen	Onasanya, Fiona
Healey, rh John	Onn, Melanie
Hepburn, Mr Stephen	Onwurah, Chi
Hill, Mike	Osamor, Kate
Hillier, Meg	Pearce, Teresa
Hobhouse, Wera	Pennycook, Matthew
Hodge, rh Dame Margaret	Perkins, Toby
Hodgson, Mrs Sharon	Phillipson, Bridget
Hollern, Kate	Pidcock, Laura
Hopkins, Kelvin	Platt, Jo
Howarth, rh Mr George	Pollard, Luke
Huq, Dr Rupa	Pound, Stephen
Hussain, Imran	Qureshi, Yasmin
Jardine, Christine	Rashid, Faisal
Jarvis, Dan	Rayner, Angela
Johnson, Diana	Reed, Mr Steve
Jones, Darren	Reeves, Rachel
Jones, Gerald	Reynolds, Jonathan
Jones, Graham P.	Rimmer, Ms Marie
Jones, Mr Kevan	Robinson, Mr Geoffrey
Jones, Sarah	Rodda, Matt
Jones, Susan Elan	Rowley, Danielle
Kane, Mike	Ruane, Chris
Keeley, Barbara	Russell-Moyle, Lloyd
Kendall, Liz	Ryan, rh Joan
Khan, Afzal	Saville Roberts, Liz
Killen, Ged	Shah, Naz
Kinnock, Stephen	Sharma, Mr Virendra
Kyle, Peter	Sheerman, Mr Barry
Laird, Lesley	Sherriff, Paula
Lake, Ben	Siddiq, Tulip
Lamb, rh Norman	Skinner, Mr Dennis
Lammy, rh Mr David	Slaughter, Andy
Lavery, Ian	Smeeth, Ruth
Lee, Karen	Smith, Angela
Leslie, Mr Chris	Smith, Cat
Lewell-Buck, Mrs Emma	Smith, Eleanor
Lewis, Clive	Smith, Jeff
Lewis, Mr Ivan	Smith, Laura
Lloyd, Stephen	Smith, Owen
Lloyd, Tony	Smyth, Karin
Long Bailey, Rebecca	Snell, Gareth
Lucas, Caroline	Sobel, Alex
Lynch, Holly	Spellar, rh John
Madders, Justin	Stevens, Jo
Mahmood, Mr Khalid	Streeting, Wes
Mahmood, Shabana	Sweeney, Mr Paul
Malhotra, Seema	Tami, Mark
Mann, John	Thomas, Gareth
Marsden, Gordon	Thomas-Symonds, Nick
Martin, Sandy	Thornberry, rh Emily
Maskell, Rachael	Timms, rh Stephen
Matheson, Christian	Trickett, Jon
McCabe, Steve	Turley, Anna

Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Twist, Liz
 Vaz, Valerie
 Walker, Thelma
 West, Catherine
 Western, Matt
 Whitehead, Dr Alan

Whitfield, Martin
 Williams, Hywel
 Williams, Dr Paul
 Wilson, Phil
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Ayes:
Nick Smith and
Thangam Debbonaire

NOES

Adams, Nigel
 Afolami, Bim
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Badenoch, Mrs Kemi
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Bebb, Guto
 Bellingham, Sir Henry
 Beresford, Sir Paul
 Berry, Jake
 Blackman, Bob
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Bowie, Andrew
 Bradley, Ben
 Bradley, rh Karen
 Brady, Sir Graham
 Brereton, Jack
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 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
 Clark, Colin
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Clarke, Mr Simon
 Cleverly, James
 Coffey, Dr Thérèse
 Costa, Alberto
 Courts, Robert
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Mims

Davies, Philip
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Docherty, Leo
 Dodds, rh Nigel
 Donaldson, rh Sir Jeffrey M.
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Duddridge, James
 Duguid, David
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellwood, rh Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Mr Nigel
 Evennett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Fernandes, Suella
 Field, rh Mark
 Ford, Vicky
 Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fysh, Mr Marcus
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Ms Nusrat
 Girvan, Paul
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Luke
 Graham, Richard
 Grant, Bill
 Grant, Mrs Helen
 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, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark

Harrington, Richard
 Harris, Rebecca
 Harrison, Trudy
 Hart, Simon
 Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, rh Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Adam
 Howell, John
 Huddleston, Nigel
 Hughes, Eddie
 Hunt, rh Mr Jeremy
 Hurd, rh Mr Nick
 Jack, Mr Alister
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, rh Boris
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Keegan, Gillian
 Kennedy, Seema
 Kerr, Stephen
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lamont, John
 Lancaster, rh Mark
 Latham, Mrs Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Letwin, rh Sir Oliver
 Lewer, Andrew
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Little Pengelly, Emma
 Lopez, Julia
 Lopresti, Jack
 Lord, Mr Jonathan
 Mackinlay, Craig
 Maclean, Rachel
 Main, Mrs Anne
 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, rh Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Perry, rh Claire
 Philp, Chris
 Pincher, Christopher
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Ross, Douglas
 Rowley, Lee
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Seely, Mr Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, rh Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain

Stewart, Rory
 Streeter, Mr Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Sir Hugo
 Syms, Sir Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh

Vickers, Martin
 Villiers, rh Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt
 Watling, Giles
 Whately, Helen
 Wheeler, Mrs Heather
 Wiggin, Bill
 Williamson, rh Gavin
 Wilson, rh Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
Jo Churchill and
Craig Whittaker

Question accordingly negated.

Schedule 3

SAFETY REGULATIONS: FURTHER PROVISION

Amendment made: 9, page 67, line 2, leave out “(1)” and insert “(1)(a)” — (*Chris Heaton-Harris*.)

Mr Deputy Speaker (Sir Lindsay Hoyle): Consideration being completed, I will now suspend the House briefly in order to make a decision about certification. The Division bells will be rung for two minutes before the House resumes.

7.43 pm

Sitting Suspended

7.46 pm

On resuming—

Mr Deputy Speaker (Sir Lindsay Hoyle): I can now inform the House that I have completed certification of the Bill, as required by the Standing Order. I have confirmed the view expressed in the Speaker’s provisional certificate issued on 20 February. Copies of my final certificate will be made available in the Vote Office and on the parliamentary website.

Under Standing Order No. 83M, a consent motion is therefore required for the Bill to proceed. Copies of the motion are now available.

Does a Minister intend to move the consent motion?

The Vice-Chamberlain of Her Majesty’s Household (Chris Heaton-Harris) indicated assent.

The House forthwith resolved itself into the Legislative Grand Committee (England, Wales and Northern Ireland) (Standing Order No. 83M).

7.47 pm

The Chairman of Ways and Means (Sir Lindsay Hoyle): I remind Members that if there is a Division, only Members representing constituencies in England, Wales and Northern Ireland may vote. As the knife has fallen, there can be no debate.

Motion made, and Question put forthwith (Standing Order No. 83M(5)).

That the Committee consents to the following certified clauses of, and schedules to, the Finance (No. 2) Bill:

Clauses and Schedules certified under Standing Order No. 83L(2) (as modified in its application by Standing Order No. 83S(4)) as relating exclusively to England, Wales and Northern Ireland and being within devolved legislative competence

Clauses 3, 40 and 41 of, and Schedule 11 to, the Bill as amended in Public Bill Committee (Bill 151).—(*Mel Stride*.)

Question agreed to.

The occupant of the Chair left the Chair to report the decision of the Committee (Standing Order No. 83M(6)).

The Deputy Speaker resumed the Chair; decision reported.

Third Reading

7.48 pm

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

The Bill makes a number of vital changes to our tax system, helping people to buy their first homes, working towards improving productivity in our country, and making our tax system fairer and more sustainable. This Government believe in

“a nation-wide property-owning democracy.”

That conviction is as strong now as it was when Anthony Eden first said those words in 1946, but it is obvious to all of us in the House that the ideal has been eroded, and that the next generation of potential homeowners are being shut out. In London, prices are nearly 13 times the average wage, and in the rest of England they are eight times the average wage. Home ownership has decreased by 20 percentage points among young people in just the last 15 years. This Government know that the most sustainable way to improve affordability is by increasing supply. That is why at the autumn Budget we took steps to address this. We announced the Letwin review to look at why planning permissions are not turning into homes, and we increased Government funding for new housing to £44 billion over the next five years.

But there are also things we can do in the short term to help young people in particular to get a foot on to the ladder, so this Bill provides for a stamp duty cut for first-time buyers. First-time buyers tend to be more cash-constrained than others, with stamp duty representing a key financial obstacle, on top of a deposit and conveyancing fees for purchases over £125,000. This Bill will help more people to negotiate these challenges and exempts first-time buyers from stamp duty for houses worth up to £300,000, and it provides discounts for houses worth up to £500,000. This will save homebuyers up to £5,000 and will mean 80% of first-time buyers will not pay any stamp duty.

This Government have presided over 20 successive quarters of economic growth, record levels of employment and a significant decrease in the Budget deficit, as well as among the lowest levels of unemployment in over 40 years. This has been achieved only because of fair and sustainable fiscal and economic policy, but Britain’s productivity growth is subdued and has been since 2008, and I hardly need to tell the House why this should concern us, for productivity is intimately linked to real incomes and to living standards. That is why in this Bill we are increasing the research and development expenditure credit from 11% to 12%, thereby increasing incentives to businesses to invest in R&D. We also need to encourage our entrepreneurs and help their bright ideas to become productive business, but, as Sir Damon

Buffini pointed out in the “Patient Capital Review”, it is often those companies at the forefront of technological and knowledge-based development with the most productive potential that struggle for necessary capital. In this Bill we are therefore increasing the lifetime investment limit for knowledge-intensive companies through our venture capital schemes from £5 million to £10 million, and we are doubling the yearly amount an investor can put into these schemes to £2 million, provided that everything over £1 million is invested in knowledge-intensive businesses. Building an economy fit for the future relies on our harnessing technology, new ideas, and the expertise we already have; these changes will help to make that happen.

The Government will continue to work relentlessly to make our tax system fairer and more sustainable, and this Bill continues the Government’s work on tax avoidance and evasion, making sure that people pay their fair share. Since 2010 the Government have introduced over 100 avoidance and evasion measures, which have helped to secure and protect over £175 billion of additional tax revenues to go towards our vital public services. But the work is not done, and this Bill furthers that agenda, cracking down on online VAT evasion, making online marketplaces joint and severally liable for the unpaid VAT of their sellers, and preventing companies from claiming unfair tax relief on their intellectual property. Taken together, the measures in the Bill to tackle avoidance and evasion raise further vital funds for our public services.

I thank Members for the quality of the debate during the passage of this Bill, and I thank in particular the Bill Committee and those on the Opposition Front Benches, both Labour and Scottish National parties, for their professional scrutiny and the fair and effective way in which they conducted themselves.

This Bill is one of which this Government can be proud. It gives first-time buyers renewed hope of a place on the housing ladder, puts measures in place to boost productivity, and takes another step along the path towards an equitable and sustainable tax system. I commend the Bill to the House.

7.53 pm

Peter Dowd: The only thing I agree with the Minister about is that I too thank everyone who has taken part in the proceedings. The Bill is not up to the challenge. It contains nothing of substance on public services, on the productive investment that we need, on housing, on tax avoidance or on the scandal of private finance investments. It is an insubstantial Bill from an insubstantial Government, with more tax cuts for the richest. I shall sum up by saying that the Tory party is financially bankrupt in Northamptonshire and morally bankrupt in Westminster. That sums up this Bill, and we will vote against it.

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

The House divided: Ayes 301, Noes 218.

Division No. 124]

[7.54 pm

AYES

Adams, Nigel	Allen, Heidi
Afolami, Bim	Amess, Sir David
Afriyie, Adam	Andrew, Stuart
Aldous, Peter	Argar, Edward
Allan, Lucy	Atkins, Victoria

Bacon, Mr Richard	Fallon, rh Sir Michael
Badenoch, Mrs Kemi	Fernandes, Suella
Baker, Mr Steve	Field, rh Mark
Baldwin, Harriett	Ford, Vicky
Barclay, Stephen	Foster, Kevin
Baron, Mr John	Fox, rh Dr Liam
Bebb, Guto	Francois, rh Mr Mark
Bellingham, Sir Henry	Frazer, Lucy
Beresford, Sir Paul	Freeman, George
Berry, Jake	Freer, Mike
Blackman, Bob	Fysh, Mr Marcus
Blunt, Crispin	Garnier, Mark
Boles, Nick	Gauke, rh Mr David
Bone, Mr Peter	Ghani, Ms Nusrat
Bowie, Andrew	Girvan, Paul
Bradley, Ben	Glen, John
Bradley, rh Karen	Goldsmith, Zac
Brady, Sir Graham	Goodwill, Mr Robert
Brereton, Jack	Gove, rh Michael
Bridgen, Andrew	Graham, Luke
Brine, Steve	Graham, Richard
Brokenshire, rh James	Grant, Bill
Bruce, Fiona	Grant, Mrs Helen
Buckland, Robert	Grayling, rh Chris
Burghart, Alex	Green, Chris
Burns, Conor	Green, rh Damian
Cairns, rh Alun	Greening, rh Justine
Campbell, Mr Gregory	Grieve, rh Mr Dominic
Cartledge, James	Griffiths, Andrew
Cash, Sir William	Gyimah, Mr Sam
Caulfield, Maria	Hair, Kirstene
Chalk, Alex	Halfon, rh Robert
Chishti, Rehman	Hall, Luke
Chope, Sir Christopher	Hammond, Stephen
Clark, Colin	Hancock, rh Matt
Clark, rh Greg	Hands, rh Greg
Clarke, rh Mr Kenneth	Harper, rh Mr Mark
Clarke, Mr Simon	Harrington, Richard
Cleverly, James	Harris, Rebecca
Coffey, Dr Thérèse	Harrison, Trudy
Costa, Alberto	Hart, Simon
Courts, Robert	Hayes, rh Mr John
Cox, Mr Geoffrey	Heald, rh Sir Oliver
Crabb, rh Stephen	Heapey, James
Crouch, Tracey	Heaton-Harris, Chris
Davies, Chris	Heaton-Jones, Peter
Davies, David T. C.	Henderson, Gordon
Davies, Glyn	Herbert, rh Nick
Davies, Mims	Hinds, rh Damian
Davies, Philip	Hoare, Simon
Dinenage, Caroline	Hollingbery, George
Djanogly, Mr Jonathan	Hollinrake, Kevin
Docherty, Leo	Hollobone, Mr Philip
Dodds, rh Nigel	Holloway, Adam
Donaldson, rh Sir Jeffrey M.	Howell, John
Donelan, Michelle	Huddleston, Nigel
Double, Steve	Hughes, Eddie
Dowden, Oliver	Hunt, rh Mr Jeremy
Doyle-Price, Jackie	Hurd, rh Mr Nick
Drax, Richard	Jack, Mr Alister
Duddridge, James	James, Margot
Duguid, David	Javid, rh Sajid
Duncan, rh Sir Alan	Jayawardena, Mr Ranil
Duncan Smith, rh Mr Iain	Jenkins, Andrea
Dunne, Mr Philip	Jenrick, Robert
Ellis, Michael	Johnson, rh Boris
Ellwood, rh Mr Tobias	Johnson, Dr Caroline
Elphicke, Charlie	Johnson, Gareth
Eustice, George	Johnson, Joseph
Evans, Mr Nigel	Jones, Andrew
Evennett, rh David	Jones, rh Mr David
Fabricant, Michael	Jones, Mr Marcus

Kawczynski, Daniel
 Keegan, Gillian
 Kennedy, Seema
 Knight, rh Sir Greg
 Knight, Julian
 Lamont, John
 Lancaster, rh Mark
 Latham, Mrs Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Letwin, rh Sir Oliver
 Lewer, Andrew
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Little Pengelly, Emma
 Lopez, Julia
 Lopresti, Jack
 Lord, Mr Jonathan
 Mackinlay, Craig
 Maclean, Rachel
 Main, Mrs Anne
 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, rh Caroline
 Norman, Jesse
 O'Brien, Neil
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Pawsey, Mark
 Penning, rh Sir Mike
 Penrose, John
 Percy, Andrew
 Perry, rh Claire
 Philp, Chris
 Pincher, Christopher
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Purslove, Tom

Quin, Jeremy
 Quince, Will
 Raab, Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Ross, Douglas
 Rowley, Lee
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Seely, Mr Bob
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, rh Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, rh Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Sir Hugo
 Syms, Sir Robert
 Thomas, Derek
 Thomson, Ross
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, rh Mr Ben
 Warburton, David
 Warman, Matt
 Watling, Giles
 Whately, Helen
 Wheeler, Mrs Heather
 Wiggin, Bill
 Williamson, rh Gavin
 Wilson, rh Sammy
 Wollaston, Dr Sarah
 Wood, Mike

Wragg, Mr William
 Wright, rh Jeremy
 Zahawi, Nadhim

 Abbott, rh Ms Diane
 Abrahams, Debbie
 Alexander, Heidi
 Ali, Rushanara
 Amesbury, Mike
 Antoniazzi, Tonia
 Ashworth, Jonathan
 Barron, rh Sir Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Betts, Mr Clive
 Blackman-Woods, Dr Roberta
 Blomfield, Paul
 Bradshaw, rh Mr Ben
 Brown, Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen
 Burden, Richard
 Burgon, Richard
 Byrne, rh Liam
 Cadbury, Ruth
 Campbell, rh Mr Alan
 Carden, Dan
 Champion, Sarah
 Chapman, Jenny
 Charalambous, Bambos
 Coaker, Vernon
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 Corbyn, rh Jeremy
 Coyle, Neil
 Crausby, Sir David
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 David, Wayne
 Davies, Geraint
 De Cordova, Marsha
 Debbonaire, Thangam
 Dent Coad, Emma
 Dhesi, Mr Tanmanjeet Singh
 Dodds, Anneliese
 Doughty, Stephen
 Dowd, Peter
 Drew, Dr David
 Dromey, Jack
 Duffield, Rosie
 Eagle, Ms Angela
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Field, rh Frank
 Fletcher, Colleen
 Flint, rh Caroline
 Frith, James

Tellers for the Ayes:
Craig Whittaker and
Jo Churchill

NOES

Furniss, Gill
 Gaffney, Hugh
 Gapes, Mike
 Gardiner, Barry
 George, Ruth
 Gill, Preet Kaur
 Glindon, Mary
 Goodman, Helen
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Grogan, John
 Gwynne, Andrew
 Haigh, Louise
 Hanson, rh David
 Hardy, Emma
 Harris, Carolyn
 Hayes, Helen
 Healey, rh John
 Hepburn, Mr Stephen
 Hill, Mike
 Hillier, Meg
 Hobhouse, Wera
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hollern, Kate
 Hopkins, Kelvin
 Howarth, rh Mr George
 Huq, Dr Rupa
 Hussain, Imran
 Jarvis, Dan
 Johnson, Diana
 Jones, Darren
 Jones, Gerald
 Jones, Graham P.
 Jones, Mr Kevan
 Jones, Sarah
 Jones, Susan Elan
 Kane, Mike
 Keeley, Barbara
 Kendall, Liz
 Khan, Afzal
 Killen, Ged
 Kinnock, Stephen
 Kyle, Peter
 Laird, Lesley
 Lake, Ben
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Lee, Karen
 Leslie, Mr Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Lloyd, Tony
 Long Bailey, Rebecca
 Lucas, Caroline
 Lynch, Holly
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marsden, Gordon
 Martin, Sandy

Maskell, Rachael
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonnell, rh John
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahon, Jim
 McMorris, Anna
 Mearns, Ian
 Miliband, rh Edward
 Morden, Jessica
 Morgan, Stephen
 Morris, Grahame
 Murray, Ian
 Nandy, Lisa
 Norris, Alex
 O'Mara, Jared
 Onasanya, Fiona
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillipson, Bridget
 Pidcock, Laura
 Platt, Jo
 Pollard, Luke
 Pound, Stephen
 Qureshi, Yasmin
 Rashid, Faisal
 Rayner, Angela
 Reed, Mr Steve
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Ms Marie
 Robinson, Mr Geoffrey
 Rodda, Matt
 Rowley, Danielle
 Ruane, Chris
 Russell-Moyle, Lloyd
 Ryan, rh Joan

Saville Roberts, Liz
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sherriff, Paula
 Siddiq, Tulip
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, Angela
 Smith, Cat
 Smith, Eleanor
 Smith, Laura
 Smith, Owen
 Smyth, Karin
 Snell, Gareth
 Spellar, rh John
 Stevens, Jo
 Streeting, Wes
 Sweeney, Mr Paul
 Tami, Mark
 Thomas, Gareth
 Thomas-Symonds, Nick
 Thornberry, rh Emily
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Twist, Liz
 Vaz, Valerie
 Walker, Thelma
 West, Catherine
 Western, Matt
 Whitehead, Dr Alan
 Whitfield, Martin
 Williams, Hywel
 Wilson, Phil
 Yasin, Mohammad
 Zeichner, Daniel

Tellers for the Noes:

Nick Smith and
 Jeff Smith

Question accordingly agreed to.

Bill read the Third time and passed.

BUSINESS OF THE HOUSE

Motion made, and Question put forthwith (Standing Orders Nos. 15 and 41A(3)),

That, at this day's sitting, the Motion in the name of Secretary Chris Grayling relating to the Space Industry Bill [*Lords*], may be proceeded with, though opposed, until any hour; and Standing Order No. 41A (Deferred divisions) will not apply.—(*Amanda Milling*.)

Question agreed to.

Space Industry Bill [*Lords*]

8.6 pm

The Minister of State, Department for Transport (Joseph Johnson): I beg to move,

That

(1) a Message be sent to the Lords requesting that they will be pleased to return the Space Industry Bill [*Lords*] because the privilege amendment made to the Bill in the Lords was not removed in this House;

(2) when the Bill has been returned by the Lords, it shall be further amended, in Clause 72, by leaving out subsection (2); and

(3) when the Bill has been so further amended, it shall be returned to the Lords, with the Amendments made in this House.

I will not detain the House too long. Owing to an administrative error, the privilege amendment in clause 72(2) was not removed during our deliberations on the Bill. The privilege amendment was inserted in the House of Lords to ensure the provisions contained in the Bill do not infringe the privileges of this House, which is standard procedure.

The motion before us asks the Lords to briefly return the Space Industry Bill to the Commons to allow us to remove the privilege amendment. The amended Bill will then be sent back to the House of Lords, which will consider all the amendments made by the Commons.

I apologise on behalf of the Government that this administrative error occurred, and I hope that hon. and right hon. Members will support the motion.

Question put and agreed to.

Business without Debate

DELEGATED LEGISLATION

Mr Deputy Speaker (Sir Lindsay Hoyle): With the leave of the House, we shall take motions 5 and 6 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

SOCIAL SECURITY

That the draft Mesothelioma Lump Sum Payments (Conditions and Amounts) (Amendment) Regulations 2018, which were laid before this House on 15 January, be approved.

That the draft Pneumoconiosis etc. (Workers' Compensation) (Payment of Claims) (Amendment) Regulations 2018, which were laid before this House on 15 January, be approved.—(*Amanda Milling*.)

Question agreed to.

UK Research Centre for Ceramics

Motion made, and Question proposed, That this House do now adjourn.—(Amanda Milling.)

8.7 pm

Jack Brereton (Stoke-on-Trent South) (Con): I am grateful to have secured this debate. This is an exciting time for the manufacturing industry, and particularly so for ceramics. In raising a debate on the Adjournment, I follow in the footsteps of Ida Copeland, my illustrious Conservative predecessor as a Member for Stoke-on-Trent, who in the 1930s handed a trayful of ceramic ware around the Chamber and invited Members to guess which pieces were made authentically in Stoke-on-Trent and which were imported knock-offs.

I am sorry to say that I do not have a tray of chinaware for Members to inspect tonight, but that is because the goods I want to talk about have yet to be researched, designed, realised and put into production. It is also worth saying that not enough of the ceramics in our public buildings these days are actually made in Stoke-on-Trent.

It is true that British makers, our manufacturers, are leading the way in realising the new economic opportunities open to global Britain, with output and exports both on the rise. The Library informs me that the UK ceramics industry—in which I include the manufacture of refractory products and bricks, tiles and construction products in baked clay—contributed £824 million to our national economic output in 2016, up from £566 million in 2009. In real terms, the industry's economic contribution has increased by 44% since 2009.

Meanwhile, according to the British Ceramics Confederation, the global market for ceramics totals more than \$150 billion per annum. UK-based ceramics manufacturers' exports have grown by 6% since 2011, to about £410 million in 2016. However, the BCC calculates that if the UK ceramics manufacturing sector is to maintain its share of the global market in the coming years, the industry's sales must grow by 9% a year. Let me be clear: that is 9% growth just to stand still.

The sector's ambition goes much further than just treading water in the international pool. It is confident that if we embrace the opportunities presented by the advance in technical ceramics, annual growth of 15% is possible, with an annual £1.5 billion of gross value added from ceramics possible by the mid-2020s. My ambition is to see £1 billion annual GVA from ceramics in Stoke-on-Trent alone.

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): I am very grateful to the hon. Gentleman for his reference to the excellent work that the BCC does. In that same vein, will he put it on record this evening that, when we leave the EU, he will be supporting the efforts that Labour Members will be making when the Taxation (Cross-border Trade) Bill comes back to this House to support the amendments coming from the BCC to protect those manufacturing bases from, as he says, cheap, knock-off imports?

Jack Brereton: I thank the hon. Gentleman for that point. I agree that there is a need to ensure that our industries are protected, and the Trade Bill and the customs Bill, which he cited, provide an opportunity to do that. I would like to see a continuation of measures

that we have seen in the EU—a continuation of those trade remedies that would ensure that the ceramics industry continued to receive those protections.

I wish to set out two key arguments. The first is that a UK research centre for ceramics is a vital addition to global Britain. The second is that, obviously, such a research centre should reside in the global home of ceramics, Stoke-on-Trent. Why do we need a research centre? For thousands of years, ceramics have been valued for their unique properties of durability, strength and resistance to corrosion. Thanks to hundreds of years of technological advances in ceramics manufacture, we now, regrettably, take for granted the affordability and ubiquity of ceramic products.

Jim Shannon (Strangford) (DUP): I asked the hon. Gentleman beforehand whether he would agree to my intervention. Does he agree that there is a need to keep alive the skills and the lessons he referred to, which have been handed down through generations, so as to ensure that those with an interest and desire to learn this beautiful, wonderful ability can access the tools and know-how to do so? Does he further agree that although it is wonderful to have the worldwide web at our fingertips and all the information it holds, there is something to be said for having the clay in your hands and the skills to mould it?

Jack Brereton: I thank the hon. Gentleman for that point and I totally agree that it is incredibly important that those skills come through. I have spoken to people from a number of businesses in my constituency, and they need more of those skills coming through, because we have the jobs and opportunities needed to absorb them. It is incredibly important, therefore, that we continue to see those skills coming through, and this research unit is about part of that.

We are all familiar with household ceramic goods, both functional and ornamental, but the ceramics sector is much wider than just the market for household goods. Increasingly, advanced and technical ceramics are being used across the global economy: thermal barrier ceramic coating is used in jet engines; ceramic armour is used in the defence industry; ceramics are used in semiconductors needed in electronics; bio-ceramics are making important advances for the medical sector, in operations and, in particular, prosthetics; solid oxide fuel cells are radically benefiting the energy market; and in the world of digitalisation and virtual reality, the concrete reality of ceramics still reigns, including in digital printing materials. We need to make sure that global Britain leads this industry—that it is our nation and Stoke-on-Trent that harness the power of the 21st century ceramics revolution. Global Britain should not be saddled with a £900 million annual trade deficit in ceramics, given that the products we make are the best in the world.

A UK research centre for ceramics would be a magnet for research, skills and design talent. It would support and expedite the journey from inspiration and early-stage research, right through to fully commercialised products and processes. It would be the go-to place for firms seeking to source and exploit the latest ceramic technologies.

Currently, the UK lacks the R&D infrastructure for seamlessly researching and exploiting the range of novel sintering technologies. That cannot go on. Sintering is the process of using heat or pressure to compact materials

such as clay without the risk of liquefaction, which would destroy the material completely. It is a process that has long required a high level of expertise. Now, with advanced sintering—flash sintering—revolutionising the industry's ability to transform the properties of input materials, and using significantly less energy across the process, we stand at the threshold of a new era of high productivity and exceptionally fine goods.

To be globally competitive, we need to provide the environment to facilitate that process, not least in respect of Stoke-on-Trent's Lucideon, the development and commercialisation organisation that specialises in materials technologies and processes and is leading the sintering revolution. This is not about picking winners; it is about unlocking the doors for winners to walk through.

Ruth Smeeth (Stoke-on-Trent North) (Lab): I congratulate the hon. Gentleman on securing this debate. As chair of the all-party group on ceramics, I think there is no more important issue to discuss in the House than the future of the sector—

Gareth Snell: Six hundred and forty people disagree.

Ruth Smeeth: Well, they are wrong!

What are the hon. Gentleman's views on celebrating the work that is already being done by the Ceramic Innovation Network, which is leading in this area? It is led by Lucideon, which is based in the constituency of my hon. Friend the Member for Stoke-on-Trent Central (Gareth Snell), and is supported by organisations such as Steelite, Churchill and Dudson—I have to get my local companies on the record—which secure more than 20,000 jobs in our great city.

Jack Brereton: I thank the hon. Lady for that intervention. As she says, the work that the industry is doing to ensure that the skills, technologies and advances we are seeing come through is critical. We need to continue that work and to do more to ensure that the whole industry is realising this technology revolution.

A UK research centre for ceramics would house an advanced ceramics campus, which would in turn house a national advanced sintering centre to bring together world-leading higher education institutions and industry, to create a hub for UK sintering R&D. That would deliver the step change that we need in the UK's research capacity for pioneering advanced ceramics.

A ceramics campus could also encapsulate the recently formed AMRICC—the Applied Materials Research, Innovation & Commercialisation Company—which envisages pilot lines in field-enhanced sintering, ceramic construction materials, combined process and product-batch trials, and mainstream ceramics sector processing techniques. The pilot lines are designed to boost productivity, commercialise research, encourage disruptive technologies and, at the same time, support decarbonisation through waste-heat capture and the electrification of the industry's considerable heat production.

A ceramics campus could be the new home for Lucideon, which is looking to expand considerably, aiming to nearly double its workforce. Together, the companies advocate the further development of specialist equipment and technicians for the benefit of the wider industry.

The ceramics campus would not be alone at the UK research centre for ceramics. It is envisaged that there would also be an international ceramics centre on the

site—a hub for design, fine art and crafts, and for ceramics that would draw in designers, artists, architects and materials scientists from all over the world for expert training in the ceramics field. The ideas generated could be expected to provide some of the most eye-catching public art in history, making the research centre come alive for a much wider audience than just ceramics professionals. It would be an asset in the UK's business tourism offer and would complement the city's already blossoming tourism industry.

If the industry is to continue its current export success, it needs to be ready for the opportunities that will come from leaving the European Union and championing British products around the world. For this, a research centre could house an in-house ceramics sector expert in international trade. In addition, a facility for skills development, education, apprenticeships and training could keep UK ceramics internationally competitive and in high demand as the world-leader in products and technology. It is anticipated that as many as 600 people would find employment on the advanced ceramics campus directly, with several thousand jobs created in ceramics start-ups and spin-outs, and through the expansion of existing enterprises throughout the wider industry.

So why Stoke-on-Trent? It is the only natural home for a UK research centre for ceramics—it is the home of world ceramics and globally renowned potteries. Indeed, the plans and calculations for a research centre for ceramics are predicated on that centre being based on regenerated brownfield land in the city. The site would become a ceramics park, and would coincide with other developments that are coming to make Stoke-on-Trent a city that is truly on the up: development investment and civic renewal; a cultural renaissance including the British ceramics biennial; the BBC's "Great Pottery Throw Down"; and our oh-so-nearly successful bid to be UK City of Culture in 2021. Historic England has announced a heritage action zone in my constituency to enhance our local industrial heritage and give it a commercial future, particularly through gains from the visitor economy. Massive transport investment is planned, including HS2, roads, wider rail and the rebirth of our city's historic canal network.

No other city is better placed for access to the major cities of both the northern powerhouse and the midlands engine, not to mention international markets, with four international airports within an hour's drive of the city. Both the BCC and Lucideon are already based in Stoke-on-Trent and, despite the truly shocking roll call of major names lost under the Blair and Brown years, the Potteries are still home to a huge number of world-leading brands in the industry, such as Steelite, Portmeirion, Burleigh, Wade, Dudson, Duchess, Churchill, Dunoon, Ibstock, Johnson Tiles, Emma Bridgewater and Wedgwood. Those are aside from the array of smaller-scale producers across the city tapping into and enhancing our identity as the place to be for ceramic artists and craftspeople.

The industry is also a massive draw to the city, with a burgeoning tourism sector focused around ceramics from the iconic Gladstone Victorian Pottery Museum to the award-winning World of Wedgwood, which I am pleased to inform the House has recently won the VisitEngland gold accolade. Stoke-on-Trent is home to the Potteries Museum and Art Gallery, housing the world's largest collection of British ceramics.

[Jack Brereton]

Staffordshire University has a strong legacy with the institutions from which it was formed; the colleges of art, which came from across the Potteries, trained the likes of Clarice Cliff and Susie Cooper. The university has been awarded £200,000 to support growth and innovation in the ceramics industry from the Higher Education Funding Council for England catalyst fund. Partners include the BCC, AMRICC, Lucideon and Wade Ceramics. Although that goes a significant way, and there is much that our city can give, there is still much that our city needs in support. Our record on social mobility is not good enough, our educational outcomes lag behind, we are not yet matching the productivity rates of our competitors, and, despite recent herculean efforts to improve, we still do not have enough of the high-skill, high-value jobs that a world manufacturing centre should enjoy.

Historically, the ceramics industry has provided women with opportunities that other industries have failed to provide. Today, the name of Emma Bridgewater is well known, and so too are the names of artists such as Anita Harris, Emma Bailey, Susan Rose and Denise O'Sullivan. Over the past century, there were many more famous woman potters, including Charlotte Rhead, Clarice Cliff, Edith Gater, Susie Cooper and more. We need to encourage more great names of the future. I am grateful to the Crafts Council for highlighting the fact that the numbers of students taking ceramics bachelor degree courses, and design and technology GCSEs, have reduced significantly in recent times. By enhancing and signposting the clear high-value career paths of the ceramics industry, it is hoped that a future ceramics park will encourage a much greater take-up of courses and get more of the skills that people need back into this growing sector.

As well as opening up careers for all in manufacturing and art and design, the ceramics industry offers career paths in everything from marketing to accountancy, and from information technology to customer services. It is, as the Ceramic Skills Academy says, an industry full of opportunity, and this fits very well with the industrial strategy.

I am particularly delighted to let the Minister know that the ambition for the UK's research centre for ceramics, based in Stoke-on-Trent, has been tested against all 10 pillars of the Government's modern industrial strategy. It will manifestly invest in science, develop skills and provide training opportunities. In terms of upgrading infrastructure, the ceramics park will convert a brownfield site into a thriving, publicly accessible research park. Businesses will be supported to grow and start up, ensuring that research and development is commercialised to the advantage of the UK firms on and off site. A research centre will help the industry to ensure that public sector procurement processes recognise the excellent benefits from UK-manufactured ceramics products. The ceramics park, equipped with an international trade expert, will encourage trade and inward investment. Through heat capture and other technologies, the park can deliver affordable energy and clean growth. It will be directly connected to the new district heating network.

The ceramics park will cultivate the UK's ceramics sector and help to restore it to the health that it has previously enjoyed in some of the sub-sectors that have

suffered acute decline. By strengthening the industrial cluster of ceramics in and around the Potteries, the ceramics park will be hugely beneficial in rebalancing our country's economic geography. Finally, the ceramics park will bring together in one place the institutions and sectoral innovators that the UK's ceramics sector needs to face the future as a dynamic contributor to a global Britain.

My appeal to the Minister is that he helps us to deliver this ambitious and exciting vision. In the short term, support is needed to develop and fully specify the proposals for the ceramics park in line with the process for similar centres of excellence supported by the Government. There will be a need for limited funding from Whitehall to support such things as infrastructure, but that will in turn leverage much greater investment locally and nationally from businesses, public bodies and academic institutions.

My hon. Friend the Member for Stafford (Jeremy Lefroy) has previously corresponded with the Department about the early stages of this vision. I was delighted that a ministerial response in November last year spoke of "active consideration" and "an initial response", assuring us that

"it is pleasing to see the Ceramic Sector being so positive about the future opportunities."

I would be grateful for an update on the Department's welcome input and its intent.

I want Stoke-on-Trent to be a city for ideas, ambition and achievement. I want Stoke-on-Trent to enjoy a £1 billion a year ceramics economy, and for our visitor economy to be boosted with ceramics-related and ceramics-inspired tourism. It is a UK research centre for ceramics, based in Stoke-on-Trent, that can make my dream come true. It can unlock our true potential for innovation and success, giving us a competitive edge internationally. I look forward to the Minister's support tonight.

8.27 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Richard Harrington): I congratulate my hon. Friend the Member for Stoke-on-Trent South (Jack Brereton) on securing this debate. I congratulate other Stoke-on-Trent Members on their carefully crafted interventions, and I paid particular attention to the chair of the all-party parliamentary group on ceramics. Despite various party political comments with which I could take umbrage, it is right that most of this discussion is really of a cross-party nature, and I shall attempt to respond to the debate in the same way. As far as my constituency is concerned, I suppose that the only interest I have to declare, without having a pottery, is that I do have Harry Potter—that is about the nearest to it. [Interruption.] Mr Deputy Speaker, you are not supposed to laugh at these jokes; Mr Speaker might get to hear.

The Potteries have made an enormous contribution to this country, but we should not simply recognise the ceramics sector for its role in the country's industrial past, as it is very much a linchpin of today's modern UK manufacturing economy. There is significant potential for it to increase its contribution to our industrial landscape. I accept—this point was very eloquently made by my hon. Friend—that we should be doing all we can to help the ceramics sector to continue to thrive and grow, because things move on.

Ceramics has become a vital part of the supply chain for a range of advanced manufacturing sectors, including electronics, aerospace, automotive and healthcare, so we do not take it as just one industry on its own. That is very important. I pay tribute to Laura Cohen who, if she is not here, I suspect is hiding somewhere. I was speaking outside the Chamber to the right hon. Member for Doncaster North (Edward Miliband), who remembers her very well from when he was in government, so he has a long memory. She is clearly a very effective lobbyist for the organisation that she works for, and I know we all respect that.

With regard to the industrial strategy and the ceramics sector, we know that just short of 9,000 people work in the ceramics sector in Stoke and Staffordshire—a concentration just over 22 times greater than the national average. The Government's industrial strategy White Paper, which we published at the end of November last year, recognised the ceramics cluster based in north Staffs and the leadership shown by local partners across industry, education and local government in working together to target growth in this important sector. Clusters are a major contributor to growth. The McKinsey report commissioned by Centre for Cities identified 31 economically significant clusters in the UK. These clusters contain only 8% of the UK's businesses but generate 20% of the country's output. The Government are therefore committed to ensuring that the ceramics sector continues to go from strength to strength. The White Paper highlighted our ongoing support for sector deals.

Stakeholders have welcomed our proposals to extend this successful model of collaborative working on sectors. My job is to deal with most of those sectors and to encourage those that have not come forward with proposals to do so. A number of sectors have signalled their interest in developing a sector deal. I welcome the proposal from the ceramics sector for such a deal. My officials have provided initial feedback, and I know that the sector is responding positively. The White Paper sets out criteria that sectors should consider when formulating their proposals. We have to strike the right deal: one that is balanced between the asks of Government—typically around skills, cost reductions and so on—and commitments from the sector, and one that will have a real impact on productivity for these industries. I look forward to opening formal negotiations in the coming months with sectors that meet these requirements and have submitted ambitious proposals for a sector deal with the Government. As part of that, I look forward to working with the ceramics sector.

My hon. Friend mentioned the proposed UK research centre for ceramics. I thank him and others who have sent me the details about the ceramics park, called "A deal for ceramics in the UK", which is extremely interesting—particularly the picture of the giant Grayson Perry pot. It will be a pleasure to pass it on to you, Mr Deputy Speaker, for your night-time reading this evening—or whenever you choose to do it.

Investment in our science, research and innovation base is critical, as I have said. In 2016, we announced a £4.7 billion increase in R&D investment between 2017-18

and 2020-21. We have also committed to raising investment in R&D to 2.4% of GDP by 2027, which is the biggest-ever increase in public funding of R&D. The EPSRC materials engineering in ceramics portfolio is currently worth just over £12 million. The ambition of the UK ceramics sector is to be at the forefront of research and innovation, and that is exactly what we want.

The ground work is already being done by companies such as Lucideon, based in Stoke-on-Trent, which is recognised the world over. It will be leading the research for the new Faraday Centre on the application of field-enhanced sintering of novel ceramic electrodes for a sodium battery alternative to lithium. Again, while that is about ceramics, it has much wider aspects for big parts of the industrial sector. It is vital that we in the UK retain such expertise, and develop the future research and design talent that will ensure that we continue to lead the world.

The sector deal proposal from the ceramics sector sets out a compelling vision of how that might be achieved via an advanced ceramics campus. We welcome the proposal set out by the industry and are working closely with the sector to explore ways in which we can ensure that the sector continues to go from strength to strength.

I love the fact that the ceramics sector deal proposal has a strong place element. The industrial strategy White Paper recognised that while the UK has a rich heritage, with world-leading businesses located around our country, some places are not fulfilling their potential. We want to build on the strong foundations of our city, growth and devolution deals by introducing local industrial strategies. We want to introduce new policies to improve skills in all parts of the country and create more connected infrastructure.

Sector deals such as this, with a strong place-based focus, have a role to play in that. That is why the aim of this ambitious proposal is welcome. It rightly recognises the need to improve productivity by addressing the commercialisation of ideas, training and skills, science and technical innovation. It also recognises the role that culture can play in regeneration and local growth.

I end by reminding my hon. Friend that we are introducing a new £115 million a year Strength in Places fund to build excellence in research, development and innovation all the way across the UK. We are working closely to deliver that with Research England. I encourage the sector deal partners to consider bidding for that when it is launched.

I wish the ceramics sector the absolute best for the future, and not only for itself and locally, because all these different aspects of its development, as I have tried to explain, have really good implications for many other sectors. I am very happy to meet Members who have contributed to the debate, and particularly my hon. Friend, if I get the opportunity to do so.

Question put and agreed to.

8.36 pm

House adjourned.

Westminster Hall

Wednesday 21 February 2018

[MR VIRENDRA SHARMA *in the Chair*]

Leaving the EU: No-deal Alternatives

9.30 am

Antoinette Sandbach (Eddisbury) (Con): I beg to move,

That this House has considered alternatives to a no-deal outcome in negotiations with the EU.

It is a pleasure to serve under your chairmanship, Mr Sharma.

Up until now we have focused on the binary choice between the Government successfully achieving a good Brexit deal or a departure on the terms of the World Trade Organisation that almost nobody wants. That stands in stark contrast to the promises of senior leavers prior to the referendum. We were promised that Britain would have access to the single market and told that the idea that our trade would suffer is silly. Now we face leaving the single market and, in the worst-case scenario, on WTO terms. We were promised that there would be no change to the border between Northern Ireland and the Republic. Now we see that there are huge uncertainties about the issue of the Irish borders, with a few hon. Members even going so far as to criticise the Good Friday agreement.

We were promised that an EU trade deal would be the easiest in human history. Now we see just how ambitious that claim was. This is why I am calling this debate: we were promised a smooth and simple exit from the EU, and instead we have complexity and the risk of chaos. It is even more important now in light of the leaked letter from a small minority of my colleagues. These hard-line Brexiteers have a very strange view of what WTO rules or terms would mean. This is in marked contrast to the views of the vast majority of my colleagues, who would prefer to assess all the options available.

First, I would like to outline why a no-deal or WTO-terms Brexit would be quite so chaotic. A WTO-terms hard Brexit is greeted by some of my colleagues with considerable sangfroid. My right hon. Friend the Member for Wokingham (John Redwood) told the “Today” programme last year that

“we will do just fine”

if we leave on WTO terms. He was joined earlier this week by my right hon. Friend the Member for Clwyd West (Mr Jones), whom I see in his place, who told the *Daily Express*:

“I’m entirely happy to continue trading with the EU on WTO terms.”

I am afraid that I and many others are not entirely happy with this. Some 43% of UK trade is with the EU and I am not willing to see that prosperity put in jeopardy. It would be economically catastrophic to simply walk away from the negotiating table, crashing out.

Crashing out with no deal would lead to a reduction in EU trade of between 40% and 60%. That translates into between 4.8% and 7.2% of GDP. The impact of new tariffs on our trade would be hugely damaging.

Around 45% of UK exports of goods and 54% of UK imports of goods would become newly subject to tariffs. While the simple average tariff is 5.1%, in some sectors this can be much higher: for dairy products—a key sector for my constituency—it is 39%; for preparations of meat and fish it is 40%; and for cars it is 10%. Tariffs would drive up prices for ordinary consumers. A Credit Suisse report last year said that food prices could rise by 8%, with UK dairy warning of a staggering 51% increase in the cost of Cheddar. Credit Suisse also said that car prices could rise 15% and predicted a 20% drop in sales as a consequence.

Non-tariff barriers would also have a significant impact on industries where the supply chain is deeply integrated across borders. A KPMG study for the Dutch Government cites a number of concerns. It estimates the costs of customs formalities to be between €78 and €126 per shipment. These costs would likely be passed on to consumers in addition to tariff costs. They also have concerns about the capacities of ports, both here and on the continent, stating:

“Even brief delays will probably lead to long queues at terminals in the Netherlands and the UK.”

This is not just a matter of physical capacity either, as we will need to ensure that our workforce develops customs expertise that has not previously been necessary. There are also questions about the capability and capacity of regulatory authorities. A National Audit Office report last year estimated:

“The number of decisions that have to be made over whether to permit people and goods to cross the border could increase significantly (potentially 230% and 360% respectively).”

I will make one final point about the border. There has been a recent push to suggest that an EU-UK hard border in Northern Ireland would not be an issue, as technology would solve every problem. These advocates cite the US-Canada border as an exemplar. I cannot agree. I refer colleagues to the evidence heard by the Business, Energy and Industrial Strategy Committee in which Dan Mobley of Diageo said explicitly:

“It is not completely frictionless.”

If the Government are convinced that this is an approach that can work and meet the need for a frictionless border, I would press Ministers to publish detailed plans of how it would work. Overall it is easy to see why the Treasury estimates that the cost of a WTO-terms Brexit would be around 8% of GDP over the next 15 years. It is also easy to see why it is important that we assess the alternatives to this disastrous course of action.

Nigel Huddleston (Mid Worcestershire) (Con): I congratulate my hon. Friend on securing this debate. Does she share my concern about not only the potential of tariffs, but the fact that the WTO is unsatisfactory in many other ways? For example, it is simply non-existent or silent on swathes of industry, including the aviation sector. It is either WTO or nothing, but in the aviation sector, for example, there is not a default to WTO. That is the same in several other industry sectors and that is causing alarm and concern for business.

Antoinette Sandbach: I absolutely share my hon. Friend’s concerns. There are concerns in relation to intellectual property and the vast majority of our service industry,

[*Antoinette Sandbach*]

which is a huge contributor to our balance of trade. He is quite right to outline the deep flaws that a WTO Brexit would bring.

The most preferable option in terms of a Government deal is the Government successfully completing their negotiation with the EU and securing the “deep and special partnership”. I support the Government’s work and the comments by the Brexit Secretary in his speech yesterday that we need to ensure a broad base of mutual recognition of standards. Without those, we would risk many of the drawbacks that we would face under a no-deal Brexit, especially with regard to the non-tariff barriers that are in fact the biggest concern for our economy. However, I press the Government to ensure that the service sectors are included in the deal that they strike. Services make up nearly 80% of our economy. Service industries such as legal services, insurance services, consultancy services, the music industry and the aviation industry contribute to our balance of payments surplus in service trade with the EU. A failure to strike a deal could cost us about 75,000 jobs and £10 billion in tax revenue.

Some hon. Members may think that simply remaining in the EU is an option. Rather than pressing for this currently unachievable choice, I would encourage hon. Members to see if we can deliver a Brexit that removes us from ever closer union and the political institutions of the EU, while seeking to maintain our prosperity and our trade links, which brings me on to my final option. This final option is the one that, aside from the Government’s plan, would be the best for Britain. Re-joining the European economic area/European Free Trade Association would be a bold step towards preserving our prosperity and provide many answers to the questions that are currently vexing Ministers.

EEA-EFTA would give us access to its free trade agreements spanning 27 countries. EFTA has free trade agreements with, among others, Turkey, Canada, Columbia, Mexico, Egypt and Israel. There are ongoing negotiations with India, Indonesia and Vietnam. These agreements, as well as EEA membership, would give a market of over 900 million customers for our products and services.

Kevin Hollinrake (Thirsk and Malton) (Con): I congratulate my hon. Friend on securing this important debate. Is she proposing EFTA-EEA membership as a transition or a permanent safe harbour?

Antoinette Sandbach: I am proposing a permanent safe harbour. If we went into EEA-EFTA, we would have an opportunity to shape and influence that trade body going forward. It delivers what many of my constituents originally voted for in the 1970s, an economic free trade area, but its great benefit and advantage is that it removes us from the ever closer union, which is what many of my constituents who voted leave were concerned about.

Heidi Allen (South Cambridgeshire) (Con): Will my hon. Friend give way?

John Stevenson (Carlisle) (Con) *rose—*

Antoinette Sandbach: I will give way to my hon. Friend the Member for South Cambridgeshire (Heidi Allen), and then to my hon. Friend the Member for Carlisle (John Stevenson).

Heidi Allen: At the end of the day we have to try to find some peace on both sides of this argument. This could be the common market. It could, in some ways, be what many people who voted leave were hoping that we would go back to, and it could actually be the best compromise for everybody.

Antoinette Sandbach: I completely support and endorse my hon. Friend’s comments.

John Stevenson: My hon. Friend the Member for South Cambridgeshire (Heidi Allen) raised my question. In the referendum our country was divided between 52% and 48%. Does my hon. Friend the Member for Eddisbury (Antoinette Sandbach) agree that the EFTA solution potentially unifies those two groups?

Antoinette Sandbach: I certainly do. It delivers what many people voted for, which was to leave the political institutions of the European Union while continuing our prosperity and building on our common links with the European Union. It would enable us to be in that common market that so many people originally voted for, with all the benefits that it entails for our businesses and constituents.

Mr Dominic Grieve (Beaconsfield) (Con): My hon. Friend makes a powerful and compelling argument. Does she agree that we cannot ignore the fact that we are now 20 months down the road from the referendum? Whatever people might have voted for in the referendum, the reality of our current negotiating position will have to dictate the public’s acceptance of what we are eventually able to deliver. To simply live in the past as to what people’s views were in the middle of 2016 is to fly in the face of the reality of the evolving picture at a European level and what we can in practice achieve that is best for our country.

Antoinette Sandbach: I am grateful for my right hon. and learned Friend’s intervention. He calls to mind the comments of Bismarck, who said that

“politics is the art of the possible.”

It is my view that this is a possible and realistic achievement. It should be the Government’s plan B. We should be looking at this option as a realistic alternative. I cannot understand why, when we talk about a no-deal Brexit, we discuss only WTO rules and this eminently sensible, common-sense option, which would help to preserve economic prosperity in this country but deliver leaving the EU’s political institutions, is not treated with more seriousness by the Government.

My right hon. and learned Friend has rightly made the point that we are 20 months into the negotiations. We need to ensure that our plan B is credible and deliverable in a way that does not damage this country’s future, our shared values or the prosperity with the EU that has delivered for us over our 40 years of membership. The EFTA option gives us a huge opportunity not to throw the baby out with the bathwater, which nobody voted for.

Mr David Jones (Clwyd West) (Con): As my hon. Friend knows, membership of EFTA-EEA connotes membership of the single market, which was rejected by the British people when they voted to leave the European Union. Is it her proposal that membership of EEA-EFTA also be put to the British people in a referendum?

Antoinette Sandbach: I am interested by my right hon. Friend's comments. The quote that I referred to at the beginning of my speech—

“Britain will have access to the Single Market”—

came from the Vote Leave paper, “‘Leave’ looks like...”. So I would argue that the British public were promised that we would stay in the single market by Vote Leave.

Vicky Ford (Chelmsford) (Con): I recall listening to the wonderful BBC's “Today” programme on the eve of the referendum and the leading Brexiteer Daniel Hannan MEP describing the EEA as an economic free trade area that stretched from Iceland to Turkey, and how possible it would be for the UK to consider staying part of that even if Britain voted leave. Does my hon. Friend recall that type of message?

Antoinette Sandbach: I certainly do recall that type of message. It was one of the big messages that was being sent out: our prosperity would not be threatened, we would be able to stay in the single market and we would have the “exact same benefits” as before.

Mr Bernard Jenkin (Harwich and North Essex) (Con): I am intrigued because I thought the whole basis of my hon. Friend's very fear-based analysis of Brexit is that the EU wants to stick tariffs on trade between the UK and the EU. Which leader around the European Union has said that they want to put tariffs on trade between the UK and the EU?

Antoinette Sandbach: The consequences of a WTO—

Mr Jenkin: Not one!

Antoinette Sandbach: No. The consequences of a WTO Brexit mean that we fall back on rules that require the imposition of tariffs, unless we waive them as a most favoured nation status for all other countries. That would then expose our manufacturing, farming and other industries to competitors with far lower standards than us, some of which have far cheaper labour costs, when we have very high quality products in this country. That is the consequence of WTO terms.

Stephen Kinnock (Aberavon) (Lab): I congratulate the hon. Lady on securing this debate. One of the common misconceptions is that the EEA and the single market are exactly the same thing. That is not the case. There is no common fisheries policy and no common agricultural policy. The writ of the European Court of Justice does not run to the full EEA; there is the EFTA arbitration court. Articles 112 and 113 of the EEA agreement allow for safeguard clauses suspending things such as free movement of labour. So it is important that in this debate we clarify that the European economic area and the single market are not synonymous.

Antoinette Sandbach: I entirely concur with the hon. Gentleman. My hon. Friend the Member for Wimbledon (Stephen Hammond) is in his place, and in a previous debate he eloquently outlined the benefits of and difference between EEA-EFTA membership and full membership of the European Union.

Mr Grieve: Does my hon. Friend agree that there seems to be a misconception about the nature of the European Union? Listening to the intervention made by my hon. Friend the Member for Harwich and North Essex (Mr Jenkin), I picked up the idea that the EU is some sort of sovereign entity. But it is not; it is an international treaty organisation, and therefore to ask it to change its rules base to accommodate the kind of access that was wanted, but which comes without subscribing to the rules, will be impossible in practice.

Antoinette Sandbach: I fear that my right hon. and learned Friend may be right, but I am very happy to give the Government the benefit of the doubt in their negotiations and to seek to achieve the aims that they aspire to. However, I am outlining the consequences of a no-deal, and if the Government are unable to achieve their aims, EEA-EFTA membership should be the plan B, alternative option, which the Government need to give greater consideration to.

Heidi Allen: It seems to me that whatever side of the argument the public started on, what they want from Parliament more than anything is to find a way through this and to secure the best outcome. That involves compromise, which my hon. Friend's suggestion of EFTA-EEA could be. On behalf of the country, as Parliament we should get behind the Prime Minister and offer that as a solution. No side gets absolutely what they want, but that is the nature of democracy. It is about compromise.

Antoinette Sandbach: I entirely agree with my hon. Friend. My personal view is that I would much rather remain in the European Union. That is what I voted for and believe in, but in seeking to honour the result of the referendum, we need to look at this credible and deliverable option that removes us from ever-closer union. As my hon. Friend the Member for Wimbledon outlined in his debate two weeks ago, this option has significant advantages in terms of taking us out of the jurisdiction of the European Court of Justice and delivering on many of the issues that concerned the UK public.

I was talking about the potential access to 900 million consumers for our products, which I would say is an optimistic, not a fear-based outlook. When compared to EU membership, EEA-EFTA membership is significantly cheaper. In 2015, Norway's net contribution was €115 per person, compared to €214 per person from the UK.

An EEA-EFTA agreement would protect our services industry, as it would give us continued access to the common market. The impact on our GDP and trade would be barely a quarter of that of a WTO-terms departure, which would cause a drop in trade of between 40% and 60%. EEA-EFTA would substantially reduce that.

Some hon. Members insist that EFTA membership would not respect the referendum result, but I disagree. The referendum told us that we should leave, but not how. If we value prosperity above ideology, and pragmatism

[Antoinette Sandbach]

above all, there is a clear case for an EEA-EFTA-style agreement. We would be free of the risk of ever-closer union; the organisation is clear that it is strictly an economic grouping. We would be rid of the prospect of ever having to join the euro. EEA-EFTA decisions require the agreement of all members rather than the votes of a qualified majority, so the risk to sovereignty would be reduced. Disputes would be resolved through the EFTA court, not the European Court of Justice. We would be free to set our own agriculture and fisheries policies.

My hon. Friend the Member for South Suffolk (James Cartledge) put my argument in its most succinct form:

“if EFTA-EEA is such a bad idea, why are its four constituent countries among the richest and most successful on the face of the planet?”—[*Official Report*, 7 February 2018; Vol. 635, c. 560WH.]

None of my proposals regarding EEA-EFTA are incompatible with the Government’s ambition. In the previous debate about EFTA, the Under-Secretary of State for Exiting the European Union, my hon. Friend the Member for Worcester (Mr Walker) said that the Government seek

“a partnership that in many ways goes beyond the EFTA arrangements we have discussed.”—[*Official Report*, 7 February 2018; Vol. 635, c. 569WH.]

I would welcome such an end point and I am sure many colleagues would too. All we seek is the reassurance that if the Government fail in that laudable aim, we will fall back on an EEA-EFTA arrangement, rather than no arrangement at all.

Several hon. Members *rose*—

Mr Virendra Sharma (in the Chair): Order. Before I call hon. Members to contribute, I note that there is a huge interest. Priority will be given to hon. Members who have already requested to speak in writing. The time limit will be four minutes, because I want to accommodate as many people as possible. I call Stephen Kinnock.

9.53 am

Stephen Kinnock (Aberavon) (Lab): It is a pleasure to serve under your chairmanship, Mr Sharma. I congratulate the hon. Member for Eddisbury (Antoinette Sandbach) on securing this important debate.

As the Government’s own analysis shows, a no-deal outcome would mean that growth would be 8% lower nationwide, 10% lower in Wales and 12% lower in the midlands, Northern Ireland and the north-west—and the north-east would take a huge 16% growth hit. Tariffs would be 10% on every movement along the supply chain of an industry such as the automotive industry, which is so vital to the steel industry in my constituency. It would crush not only that industry but connected industries.

Kevin Hollinrake: Anybody—any hon. Member—can see those figures in the Treasury report, but the report caveats them by saying that that is without any other Government interventions or reaction of businesses in adjusting to a new world of trade with the European Union. Does the hon. Gentleman accept that?

Stephen Kinnock: Clearly, the figures are a forecast, which is more of an art than a science, but the fact is that leaving our largest market—where 43% of our exports go—will inevitably have a negative impact on growth. Whatever remedial measures businesses attempt to take, they will always be playing catch-up with the impact of that seismic event. It seems inevitable to me, therefore, that there will be a contraction in the economy.

At the end of last year, the head of HMRC told the Brexit Committee that preparing for Brexit is set to cost £1 billion over the next five years—and that is on the basis of our securing some kind of deal. That tells us that no deal is simply not an option, as the hon. Member for Eddisbury so eloquently set out. It also underscores the importance of the final part of the Brexit negotiations, in which the framework for the future relationship will be set out. If this House wishes to shape that, we must move quickly.

Today’s debate could not be more timely, because we are in a race against time. Later this month, the EU will publish the legal text of December’s joint progress report. In mid-March, the European Parliament plans to publish a resolution to be adopted ahead of the European Council meeting on the future relationship. That will be akin to the 3 October resolution, which made it clear that there would be no regulatory divergence across the Irish border, and that transition could

“only happen on the basis of the existing European Union regulatory, budgetary, supervisory, judiciary and enforcement instruments and structures”.

That must sound familiar to hon. Members, and it means that we cannot dismiss it as just white noise. The October resolution was effectively the blueprint for the deals that have followed. That will also be the case for the resolution that will be passed in March about the negotiating guidelines for the future relationship.

When it comes to the future relationship, Michel Barnier has been clear: our options are a deal based on the Canada model or one based on the European economic area. Once that basic model has been agreed, there will be some scope during the transition period to add or subtract from it, but to all intents and purposes the choice will be made, and it will be binary—and it is coming very soon. That matters because the Canada model offers little on services, which make up 80% of the UK economy and almost 40% of our exports. As Mr Barnier has said, there is no place for services, because

“There is not a single trade agreement that is open to...services. It doesn’t exist.”

The Canada model also leaves us without a customs partnership, which is incompatible with the desire to have a frictionless border in Ireland.

Our conclusion must be clear: our preferred model—the only conceivable model, in fact—for the future relationship is one based on EEA-EFTA membership. EEA-EFTA offers the best possible terms of exit by providing the maximum possible access to the single market from outside the EU while allowing for differences that preserve our desire for greater control and self-determination. The EEA ends the principle of direct effect, so this House would have to pass all rules relating to the EEA internal market into law. It ends the jurisdiction of the European Court of Justice. Instead, we would move to

the governance of the EFTA court, which frequently forges a path different from that of the ECJ, and which would have British judges on its bench if the UK were an EEA-EFTA member.

In EEA-EFTA, we could shape the rules of the single market, of which only 10% are relevant to the EEA. With the right of reservation, we would possess a veto over anything we considered inappropriate. That is not being a vassal state; that is not an empty vessel. The Norwegians have used their veto almost 20 times, most recently in rejecting the third postal directive, for which they suffered absolutely no repercussions.

Articles 112 and 113 of the EEA agreement allow for suspension—

Mr Virendra Sharma (in the Chair): Order. I call Paul Masterton.

9.59 am

Paul Masterton (East Renfrewshire) (Con): It is a pleasure to serve under your chairmanship, Mr Sharma. A Brexit that put trade restrictions and tariffs between us and the continent would be an unacceptable outcome; it would make us an island off the coast of northern Europe, rather than a truly global trading nation. That is why we must support the Government in their aim to achieve the best possible free trade deal with the EU. However, a deal is by no means certain; we still have plenty of hurdles to jump.

Even if we have heads of terms by October, it will be some time before a formal, fully fledged deal is signed and in place. That interim period will be rife with uncertainty, because a contract simply cannot be managed and run on heads of terms, however well drafted. We are now negotiating with 27 nations at once, with 27 different opinions. Diverging interests among the EU28 have led to frequent delays and dilution in previous EU trade deals, or even their collapse, and the new deal with the UK may be no exception. Although I have no doubt that the UK can and will form new trading partnerships across the world, I am not convinced that a full suite of shiny new trade deals with key markets will be in place and ready to go on day one.

For me, for my constituents and indeed for my children, the alternative to a deep and special free trade agreement cannot be no deal. Only seven countries trade on WTO-only terms; most nations trade with the EU via trade facilitation, customs co-operation and bilateral standards. Independent WTO membership would require agreements on division of EU import quotas from the EU27 and consensus, if not unanimity, from the other 164 members. If we start unilaterally reducing tariffs, “most favoured nation” rules will also come into play.

Of course, WTO barely covers services. Some 24% of people in the general insurance, life assurance and pensions sector in the UK work in Scotland. Many of them are in my constituency, East Renfrewshire, because of its access to the burgeoning Glasgow financial district and the central belt, and its easy links to London and the continent. Having no deal would mean that banks, insurance companies and fund managers could not provide services across the UK from the EU. Contracts that run over exit day, particularly for derivatives, could simply become unenforceable. Business liability insurance contracts often stretch decades ahead, so a no-deal

Brexit could result in insurers losing their licences in a customer’s jurisdiction. Cross-border pension payments between the UK and the EU simply could not be paid.

Numerous investment funds used by pension providers are set up under Irish law or other EU-based jurisdictions; in fact, more than 150 UK managers are managing Irish funds right now. More than 2,000 Irish-domiciled funds have been sold in the UK—more than €600 billion in fund assets is managed by UK managers in Ireland on behalf of UK investors. Collective investment schemes are established and authorised under a harmonised EU legal framework. Whatever route we choose, there will be huge issues with authorisation, with passporting under the alternative investment fund managers directive and with maintaining the ability to distribute, say, Irish funds into the UK post-Brexit, but under a no-deal scenario those issues will be absolutely magnified.

Securing country-by-country authorisations for each business line will be time-consuming and expensive, which is why the Association of British Insurers said very clearly last summer that a no-deal Brexit would be “unacceptable”. The Pensions and Lifetime Savings Association was even more blunt:

“WTO-only would cause major disruption. On no account could the pension fund industry support a regime based only on WTO rules. This would be likely to cause economic harm, create regulatory barriers and undermine essential pensions support services.”

The impact of a no-deal Brexit on the economy would have significant issues for pension funds. Not only would it lead to weaker investment return—it might put defined-benefit schemes at additional risk by weakening employer covenants, because sponsoring employers in the sectors worst hit under a WTO scenario would struggle to meet their deficit reduction payments.

I accept that Government contingency planning for all scenarios must cover a no-deal Brexit, but it should never advocate it as a preferred outcome. It must also cover a range of other possibilities, including entering EFTA with the EEA bolt-on, as I have said before. I will not repeat the arguments I raised in our debate on 7 February. Instead, I will conclude by saying that I will not allow my constituents to face the choice between a deal on the table and a no-deal quagmire on the floor. If a deal cannot be reached or is rejected, our plan B can and must be EFTA-EEA. I urge the Minister not to dismiss that out of hand.

10.3 am

Peter Grant (Glenrothes) (SNP): I am grateful for the chance to speak in this debate. I congratulate the hon. Member for Eddisbury (Antoinette Sandbach) on securing it and on her forensically detailed devastation of the prospects of a no-deal Brexit. Sadly, 62 of her colleagues are not listening, but I hope that the Prime Minister and her Cabinet are.

Yesterday, among other Brexit hyperboles, the Environment Secretary announced that his colleagues the Foreign Secretary and the Brexit Secretary were the Lionel Messi and Cristiano Ronaldo of the UK Government. I had never thought of Ronaldo before when thinking about Brexit, although the word “messy” has crossed my mind on a number of occasions over the past couple of years. However, it strikes me that they are two people who perform all over the world, but always on opposing sides—never on the same team.

[*Peter Grant*]

They also have a very clear vested interest in getting the Brits out of Europe as quickly as possible; with apologies to Chelsea fans, Messi did his wee bit for that last night. I assume that neither of the Cabinet Members in question can copy the tax evasion conviction that Señor Messi acquired a few years ago, so perhaps the analogy breaks down there.

Crispin Blunt (Reigate) (Con) *rose—*

Peter Grant: I hope the hon. Gentleman is not about to contradict me on that point.

Crispin Blunt: No, although as a Chelsea fan I feel the pain of the hon. Gentleman's Messi remark.

Since we are talking about the movement of people and services, what is the hon. Gentleman's understanding of the implications of an EEA-EFTA arrangement—if that turns out to be the deal—for free movement of people post-Brexit and for the United Kingdom's contributions to the European institutions?

Peter Grant: I am not actively promoting the EEA-EFTA option. Although it is significantly less bad than the no-deal option, it is still not good enough. For the record, I repeat that the position of the Scottish Government and the Scottish National party has always been that free movement of people is a good thing, not a bad thing that we have to accept in return for the benefits of free movement of goods, services and capital. It is a good thing for Scotland and—I believe—for the rest of the United Kingdom; I am disappointed that so many people in the rest of the United Kingdom do not accept that point of view. The contribution that EU foreign nationals have made to my constituency is far too important even to attempt to measure in purely financial terms.

The hon. Member for Aberavon (Stephen Kinnock) commented that this debate could not be more timely. That is certainly true, especially given the publication yesterday of a letter by the 62 out of 650 MPs who have taken it upon themselves to dictate to the Prime Minister what to do. It is interesting that the demands of 62 out of 650 have to be followed, but the expressed wish of 62 out of 100 people in Scotland in the EU referendum can simply be swept aside and ignored.

I commend the hon. Member for Eddisbury for reminding us that there is no democratic mandate for leaving the single market or the customs union. There is a mandate for two of the four nations in the UK to leave the European Union, but there is no mandate for leaving the single market.

Luke Graham (Ochil and South Perthshire) (Con): Will the hon. Gentleman give way?

Peter Grant: I am sorry, but I really do not have much time and many other hon. Members wish to speak.

It is significant that the 2015 election, in which the Conservatives stood on a manifesto that said yes to the single market, was the only one in the last 25 years in which they secured an overall majority in Parliament. Two years later, they entered an election with a 20% lead in the opinion polls, published a manifesto to leave the

single market and then lost their overall majority. That does not mean that single market membership was the only thing that mattered, but as an indication of a mandate from the public it certainly does not point to a hard no-deal Brexit.

We always talk about WTO terms as if they would solve all our trade problems. However, apart from the fact that international trade deals cannot be created overnight—the transition period gives the opportunity to complete them, either substantially or totally—it is against the treaties of the European Union to agree to allow the United Kingdom or any other member state to sign and implement trade deals unilaterally or bilaterally outside EU deals.

That part of the 62 Brexiteers' demands simply will not be accepted by the European Union, and I think they know that; I think that demand is the wrecking amendment with which they are trying to wreck any deal whatever. WTO terms do not cover the single sky agreement: if we leave without a deal, the planes will stop flying. Nor do they cover Euratom: if we leave without a deal, the life-saving medical isotopes will stop coming across the channel in time to be of any use.

A lot has been said about Northern Ireland. I am frankly terrified by the number of hard Brexiteers who are prepared to sacrifice the peace process in Northern Ireland for their ideological obsession with a hard Brexit. I hope that they genuinely do not understand what they are putting at risk, but I fear that they are prepared to risk it all.

If we go for a no-deal Brexit, we will be getting rid of a lot of the boxes on Mr Edmonds's table. It may well be that the only box left is the one with the penny in it.

10.9 am

Kevin Hollinrake (Thirsk and Malton) (Con): It is a pleasure to serve under your chairmanship, Mr Sharma. I congratulate my hon. Friend the Member for Eddisbury (Antoinette Sandbach) on securing this debate.

The alternative to no deal is, of course, a deal, and that is what the Prime Minister has set out to get. I was pleased to hear her support a deal that will mean free and frictionless trade in goods and services between the UK and the European Union.

That is a perfectly sensible position. Why would the European Union not want to adopt it? We have a trade deficit with the EU, particularly with Germany, of course, so it is sensible economics that the EU would give us a deal. That is a win-win situation, as Dr Stephen Covey said in his book, "The 7 Habits of Highly Effective People", which is a habit that I aspire to but will probably never achieve. Nevertheless, win-win is hugely important.

Stephen Covey also refers in his book to the "dialogue of the deaf". That is when one negotiator is speaking one language—I am not talking about foreign languages—and the other negotiator is speaking a different language. The difficulty is that we are, quite rightly, talking sensible economics, yet the EU is talking politics. It is talking about the politics of survival of the EU. For us to leave with a good deal would almost undermine the very fabric of the EU, which calls into question the EU's ability to agree a deal. Therefore, it is difficult to get the deal that the Prime Minister is setting out to achieve.

It is possible—politics is the art of the possible—but it will require compromise on all sides. That has to be the key to this negotiation.

None of us should accept being locked into the EU or it holding us to ransom by threatening us, for its own reasons. That is not an emotional point; it is simply a point of the negotiations. We cannot be held to ransom in achieving and delivering on the objective that the British public gave us of leaving the EU.

That is the reason I did not support the “meaningful vote” amendment to the European Union (Withdrawal) Bill. We have to accept at all cost the deal that the Prime Minister negotiates with Europe, and the EU needs to understand that. We will then give effect to the decision of the British people.

Nigel Huddleston: On the question of a meaningful vote, does my hon. Friend agree that we may as well at least discuss the EEA option? The political reality is that, at either the 2022 or the 2027 general election, one of the major political parties is highly likely to adopt it as a potential option, depending on how the scenario plays out in terms of the Brexit deal. Why not have that discussion now, because it is almost certainly going to come back to us in a future election?

Kevin Hollinrake: My hon. Friend makes an interesting point. My point is that I will accept the deal that the Prime Minister negotiates. We will get a deal. I guess that it will not be the deal that we are all hoping for, but we will get a deal and I will accept it in Parliament. However, others may not and that is where plan B possibly comes in.

We should look at other options. Clearly, EFTA and the EEA have been discussed as an option and promoted by my hon. Friend the Member for Eddisbury as a return to the Common Market. There are difficulties, however, with regard to timescales and non-tariff barriers, which would still be an issue in terms of customs checks, border checks and sanitary and phytosanitary checks. The Northern Ireland situation has improved to some extent but it is still an issue, with the potential for a hard border. We are potentially rule-takers, of course, but there are fewer rules—we currently have to take 20% of the rules, according to the House of Commons Library. Free movement of people is a consideration, of course, although there are potentially some ways to control that, using articles 112 and 113. Another question is: is the proposal a transitional arrangement or a permanent state?

Ultimately, leave we must and therefore compromise we must, in order to deliver on and honour the decision made by the British public. I call on all sides in this debate—by which I mean Members of our party and of the Opposition—to look at all possible options, be willing to compromise over a deal that comes back, and consider where we will get to. Hopefully we will get the deal we want, but if we do not we have to consider a sensible plan B and I think that is what my hon. Friend the Member for Eddisbury was alluding to.

10.14 am

Dr Rupa Huq (Ealing Central and Acton) (Lab): I congratulate the hon. Member for Eddisbury (Antoinette Sandbach) on her speech. She spoke much sense, as she has done throughout this whole process, which neither of us ever wanted to be in.

I share the hon. Lady’s dismay at waking up this morning to see that leaked letter by 62 of her colleagues—the hard Brexiteers—who have, in effect, written a ransom note. However, they are holding a gun not only to the head of an enfeebled Prime Minister but to the whole country’s head, given that the Government no longer have a majority.

What is at risk here? First, there is 20 years of peace in Northern Ireland, which is one of the proudest achievements of the last Labour Government, through the Good Friday agreement. Also, the Prime Minister made a speech last week about security arrangements; if we leave the European arrest warrant system, all the things that follow would make us less safe. And as has been mentioned by right hon. and hon. Members from both the Government and the Opposition today, leaving the customs union and the single market would make us less prosperous, because those two things are our passport to the world’s biggest single trading bloc. We would lose the unfettered access that we have enjoyed. I completely understand, appreciate and support the hon. Lady’s arguments for taking the EFTA-EEA route as a form of damage limitation if we are to leave the EU.

The motion states:

“That this House has considered alternatives to a no-deal outcome in negotiations with the EU.”

That is what we are being asked to do. To my mind, a no-deal option would be the worst possible outcome. The Minister has enjoyed a rapid rise. We are from the same intake and she is a nice person who I get on with, but I am curious to know this: if no deal appears to be a likely outcome, even if we are not making projections for it, will the Government reconsider altogether their position on the withdrawal of the article 50 application?

I am a London MP, so other Members will know more about issues such as fisheries. I want to talk about London. It is often said that the EU referendum result was the biggest electoral event that this country has gone through. The politician in this country with the biggest personal mandate ever is the Mayor of London, Sadiq Khan, and the independent research by Cambridge Econometrics that he commissioned has produced some quite scary figures. It projects that 87,000 jobs will be lost in London, with 27,000 of those in the creative industries alone. The research also mentions a “lost decade”, with £5 billion of lost investment by 2030 and GDP dropping by 3%.

For a London MP such as me, who knows about the economic powerhouse that is our financial services sector and in which many of my constituents are employed, a no-deal scenario seems unthinkable. We were promised a land flowing with milk and honey, with sunlit uplands ahead; now the best that we can hope for is not to have a Mad Max-style dystopia. The bar is being set rather low.

The complete lack of preparation is irresponsible. Yesterday’s debate on sanctions and anti-money laundering showed that even leavers want to transpose into our law what we already have, with the fifth anti-money laundering directive coming our way. Surely, therefore, if we must leave the EU, we must aim for the most prosperity-ensuring and pragmatic approach, and not a damaging and dogmatic exit, if we are to ensure that the road to Brexit is not—to use what I think is the Government’s own phrase—paved with broken glass.

10.18 am

Vicky Ford (Chelmsford) (Con): I had not intended to speak in this debate. The Prime Minister has set out her intention to have a smooth, orderly Brexit, delivering stability on security and maintaining trade. That is key for many jobs in the UK, but it is challenging to deliver.

In my constituency of Chelmsford, people voted 50:50—almost exactly—and I have always said that we need to try to find an outcome to the EU-UK negotiations that works for both sides, respecting those who voted to leave but also reassuring those who voted to remain.

Delivering that deep and special partnership is important for my constituents, many of whom work in the service sector. The insurance sector is the largest employer in the city and many of my constituents commute to work in the City of London, but we also have people involved in science, research, advanced manufacturing and other areas.

I was prompted to speak this morning after reading the letter signed by some of my colleagues last night, because instead of helping the Prime Minister it seeks to tie her hands. I genuinely believe that some of the people who put their names to that letter did not fully understand the potential consequences, particularly the limitations and restrictions that would be imposed on an implementation period, which would make it much more difficult to have a smooth bridge between where we are today and that deep and special partnership.

Let me be clear: no deal is not an attractive deal. Falling back on the WTO pushes up tariffs, which pushes up the costs for consumers for food and shopping, and it brings in checks at customs, and I am fearful especially for Northern Ireland and Ireland. WTO rules would bring delays for producers, and they do not cover key areas, such as aircraft.

The Canada deal is also not an attractive deal. When I talk to key sectors of the British economy about what they want from a new UK-EU relationship, they tell me that it is about much more than just eliminating tariffs. A year ago I wrote that,

“for the digital entrepreneurs, it is access to cross-border data flows; for the car manufacturers, it’s knowing that once a vehicle has passed its safety...tests”

in this country, they can sell it across Europe;

“for the creative sector, market access includes being able to have a joint action to stop...infringements of copyright; for pharma companies, it is being able to continue to run cross border clinical trials”

and, once a drug has passed, to sell it across Europe;

“for scientists, it is being able to take part in collaborative research”.

Banks and financial services want to know that once a product has been approved by the regulators here they can sell it across Europe, and high-value manufacturing wants to be able to source parts “from all across Europe” and to sell and manufacture them easily. All of those are covered by our current trading relationship with the EU, but not by the Canada free trade agreement. We need to be able to put the pluses on CETA.

The Norway EEA-EFTA option is also not particularly attractive, because it would mean that we would need to have common rules in many areas to keep a frictionless border. Having said that, I believe that Britain will want to continue to have high standards on many products. There will be very few areas where we would be likely to

choose to diverge, because I do not see it being a race to the bottom in standards. That is not in our interest or that of consumers. The WTO is not attractive. CETA does not have enough pluses. The EEA is not perfect, but let us at least use it as a starting point. Fundamentally, any new trade deal is not in our hands alone. We need to agree it with all 27 other countries, and we need to give our negotiators space to talk.

10.22 am

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): It is a pleasure to serve under your chairmanship, Mr Sharma. I congratulate the hon. Member for Eddisbury (Antoinette Sandbach) on bringing forward this hugely important debate. I want to go off at a slight tangent, Mr Sharma, but it will become apparent why as I do so. As usual, I want to use examples from my constituency and from history.

Members will have heard of the highland clearances, which depopulated vast chunks of the highlands, but the fact is that throughout the following years, the depopulation continued. The export of our youngest and best was the most dismal feature of the history of the highlands. Indeed, if we look at the populations of towns and villages in my constituency in the far north of Scotland, we see populations falling steadily during the 19th and 20th centuries. Indeed, my father said to me in the late 1960s, “Young man, when you are grown up, you will go south and you’ll work”, because that was what happened in the past.

Someone travelling to the west of my constituency today will see very large signs saying, “This stretch of road was built with the assistance of the Scottish Government and the European Union.” I cannot overemphasise how important that infrastructure investment was to my constituency and to remote parts of the highlands. Members may have heard of objective 1. It was a deliberate targeting by the Common Market or the EU—call it what you will—of the most deprived parts of Europe. Additional funds were put in. To that end, new harbours were built, town centres were completely revamped and we saw a completely new, positive approach. In the early to mid-1980s, the population decline in my constituency and neighbouring constituencies in the highlands had halted and reversed. That strikes me as being hugely important.

I will not only mention what was good about the EU, but it is against that candle that I will hold all proposals in all their complexity. What do they mean for my constituency? Where will the replacement investment come from, whether we have hard Brexit, soft Brexit, membership of one organisation or membership of another? I need to know what will happen. Let us put it this way: my constituents voted remain by a majority and they can see that change is probably upon us, but they want to know where we are going, who is taking us where, and why all these people signed that letter to the Prime Minister. It seems slightly dotty to my constituents.

As has been said, we need to find our way through this. I for one will always be watching closely to see what things mean for my constituents. Without the EU, the tragic depopulation of the highlands would have continued. It is a fact on the record for history that the EU halted that and helped turn the situation around. That has made a huge difference to my constituents. It means

that young people are being brought up and educated where they come from, rather than being sent south. The final question my constituents ask is, "What are you saying down in Westminster? Can you get people in the south to understand where we are coming from? The EU was not always a bad thing—it has done us good." I leave Members with that question. It is hugely pertinent to me, and I mean every word of it.

10.25 am

Stephen Gethins (North East Fife) (SNP): It is a pleasure to serve under your chairmanship, Mr Sharma. I congratulate the hon. Member for Eddisbury (Antoinette Sandbach) on securing this important debate, and I thank her for bringing it forward. I am sure she will not mind me saying that we do not always see eye to eye on everything, but the thoughtful way she has gone about the contributions she has made in this and other debates is a credit to the House. I am grateful to her for that. I am also grateful to her for bringing some facts into the debate. With some elements of her parliamentary party, those facts are so often sadly lacking.

The right hon. and learned Member for Beaconsfield (Mr Grieve) is not in his place at the moment, but he made a strong and good point that we should all reflect on. We are now 20 months—almost two years—on from the EU referendum. If people outside this place think we are going round in circles, I have some sympathy for them, but those who voted leave and those who were central to the Vote Leave campaign bear a huge amount of responsibility for that. It was grossly irresponsible to go into an EU referendum that everyone knew could have gone either way without setting out a White Paper, a manifesto or any detail of what leaving the European Union could actually mean.

When there is a referendum, those of us who are elected have a responsibility that we are held to by those who have elected us. That lack of detail means that the mess we are in at the moment sits at the door of the Vote Leave campaign. I have some sympathy—they will not hear it often from this side of the House—for Ministers for the mess in which they have been left, but not that much given that senior members of the Vote Leave campaign are in senior positions in Government and have been since the day after the EU referendum. They need to bear some responsibility for the devastation and uncertainty we are facing.

As usual, the hon. Member for Aberavon (Stephen Kinnock) made some pertinent points. It is worth reflecting on the devastation in every part of the United Kingdom. That is not just something that those of us who backed remain or who want to have a closer relationship with the European Union think; it is borne out by the Government's own analysis and by the Scottish Government's analysis. Incidentally, the Scottish Government had no problem with publishing their analysis. The Scottish Government's and the UK Government's analyses appear to be very similar, which is interesting. It was reflected by the hon. Member for East Renfrewshire (Paul Masterton), who rightly highlighted some of the problems that his constituents face.

The hon. Member for Eddisbury was correct when she mentioned Northern Ireland. Some Members of Parliament have been utterly and grossly irresponsible in their talk about the Good Friday agreement. I give

credit to the previous Labour Government, John Major's Government and Members across the House for their work on that agreement. I give credit to the bravery and far-sightedness of politicians across the island of Ireland, but in particular in Northern Ireland. The agreement was endorsed by a referendum on both sides of the border. That gross irresponsibility is something that those seeking to unpick the Good Friday agreement should reflect upon, and reflect upon well.

One thing that we can learn from Northern Ireland is the need for compromise, however hard won. I back the compromise set out by the Scottish Government to remain a part of the single market. As somebody whose constituency and nation voted overwhelmingly to remain part of the European Union, I might not like that very much—I want to remain part of the European Union—but that is the nature of compromise. It is tough on everybody. I am not saying that this is the end point in compromise—that can never be the case—but what has been very striking is the Government's lack of willingness to engage with different parties, with the exception of the Democratic Unionist party, perhaps. That again is an irresponsibility that two years on we should all reflect on.

Moving away from the Government for a moment, I appeal to colleagues on the Labour Front Bench. We might think we are looking at an internal Conservative party squabble at the moment, but it is not. I wish it was only an internal Tory party squabble. A fierce one it is—I do not deny that—but one that impacts on each of us and on every constituent. My appeal to the Labour party is this: the Government are on the ropes and there are people and reasonable voices we can reach out to. I appeal to the Labour party to look again at the customs union and the single market and perhaps listen to their Back Benchers.

Luke Graham: Does the hon. Gentleman recognise that more people in Scotland voted leave than voted SNP at the general election? The issue is not a Conservative one. There are plenty of issues in the Labour party and in the SNP as well. We have to work across parties to try to get the best solutions to avoid what might be a WTO exit.

Stephen Gethins: The hon. Gentleman is right; we have to work across parties. It is a great pity that the Government will not do that. They will not sit down with the other parties, apart from the DUP, which is a great pity. He talks about the number of people who voted SNP and voted leave. A lot more people voted SNP than voted Conservative, and many more people voted remain than ever voted Conservative.

I want to ask the Minister a few questions. What happens to issues such as REACH and Horizon 2020? The hon. Member for Caithness, Sutherland and Easter Ross (Jamie Stone) made an excellent point about immigration. Scotland, like other parts of the United Kingdom, is losing people. We need freedom of movement. My hon. Friend the Member for Glenrothes (Peter Grant) made an extraordinarily powerful point about the need for freedom of movement and the benefit that EU nationals bring us, and also how young people and others from across the UK have benefited from freedom of movement. I am one of them. I benefited from freedom of movement and was able to come back.

[Stephen Gethins]

What happens to seasonal workers? James Orr, who farms next door to my house, relies on seasonal workers to pick broccoli, which has to be picked by hand. What happens in universities? The excellence of the University of St Andrews relies on EU nationals. Finally, does the Minister think that the implementation period should be based on WTO principles?

10.33 am

Paul Blomfield (Sheffield Central) (Lab): It is a delight to wind up for the Opposition with you in the Chair, Mr Sharma. I join other Members in congratulating the hon. Member for Eddisbury (Antoinette Sandbach). A large majority in this House respects the outcome of the referendum, but wants to ensure that we leave the EU on terms that protect the economy and people's jobs and livelihoods, as well as the rights and protections that we gained through 43 years of membership. It is a majority that recognises our future lies in a close and collaborative relationship with the European Union. The hon. Lady is very much part of that majority, and she has done us all a service by securing this debate and in the way she opened it.

There is a heavy responsibility on this Parliament, on all our shoulders. We face the most important choices in our lifetimes that will affect generations to come. That demands that we are honest and open in evaluating the decisions we face. That is why Labour has consistently pushed for the publication of impact assessments and economic analyses so that we have the information we need to inform our decisions. We need to avoid what the Prime Minister's former deputy, the right hon. Member for Ashford (Damian Green), described on Monday as the

"problem of politicians who won't accept evidence."

He was also right when he said:

"If analysis is being produced, then publish it. And frankly there will be a big political debate...Let's have this argument in public, that's what democracies do."

The referendum was a clear decision, but it was a painfully close vote that we should implement in a way that unites the country, which involves the sort of compromise that many Members have talked about. Whether people voted remain or leave, they will not thank politicians who lead them into a Brexit on a false prospectus that fails their expectations and damages their prospects. We need to be honest about the expectations created by the referendum. Everybody now recognises that £350 million will not be released for the NHS, or for anything else, as the Chancellor confirmed in his 2016 autumn statement.

Nor will taking back control mean a significant change in migration. As the Environment Secretary told the National Farmers Union yesterday,

"agriculture needs access to foreign workers...both seasonal and...permanent."

He echoed the Brexit Secretary who said in Estonia last year that the door will not "suddenly shut" on EU immigration, as it will take "years and years" for British citizens to fill the employment gaps.

On the ECJ we need to recognise that any trade agreement will involve ceding sovereignty to bilateral or transnational bodies. People need to know that trade

deals will have consequences. The US Commerce Secretary, Wilbur Ross, has made it clear that a

"critical component of any trade discussion"

with the UK would be the scrapping of EU food rules. And for what? For 0.2% growth anticipated by the Government. So open discussion of all the options is vital as we move forward.

I have been to the reading room and I should make it clear that I am complying with the confidentiality requirements, so I quote from information in the public arena. We should pay attention to the Government's own analysis that EEA membership would see 2% lower growth than otherwise projected over 15 years. A comprehensive free trade agreement with the EU would result in 5% lower growth, and no deal would almost double that: an entire 8% lower growth.

No deal is, of course, the most damaging of all the options. The hon. Member for Eddisbury made that case extremely clearly and well. We should look at everything. The Labour party wants to keep a customs union and a new relationship with the single market on the table. We want to consider the EEA-EFTA model, as my hon. Friend the Member for Greenwich and Woolwich (Matthew Pennycook) argued when we last debated the issue.

Vicky Ford: Did the hon. Gentleman say he wants to keep membership of "a" customs union or "the" customs union on the table?

Paul Blomfield: I really love the pedantry of this. I was clear that we are talking about a customs union that serves the needs of the British economy and British manufacturing.

As my hon. Friend the Member for Greenwich and Woolwich argued previously, the EEA-EFTA model raises challenging issues and would need to be supplemented by customs arrangements, but it should not be lightly discounted, because there are features of the EEA-EFTA model that we would want to see as part of any final deal.

Kevin Hollinrake: Will the hon. Gentleman give way?

Paul Blomfield: I was just about to mention the hon. Gentleman, so I am delighted to give way.

Kevin Hollinrake: I await with anticipation what the hon. Gentleman will say. When he said he would not lightly discount EFTA and the EEA, does that mean the official Opposition are not discounting it as an option?

Paul Blomfield: I think that is fairly clear: we want to keep options on the table, in an economy-first Brexit negotiation. I was going to say that the hon. Gentleman's points about the political ideology of the EU27 were reflected, ironically, at the weekend in Munich by the Prime Minister, when she warned the European Union not to let "political doctrine and ideology" stand in the way of a good deal on security—the hon. Gentleman is nodding. She was right, but if that is good enough for security, why is it not good enough for the economy? Political doctrine and ideology from the European Research Group has framed the Government's approach from

day one, ignoring not simply the 48%, but so many of the 52% who did not vote for an extreme and destructive Brexit.

We have now had two of the series of Cabinet speeches apparently defining the “road to Brexit”, and they highlight the depth of divisions. We had the Foreign Secretary’s damp squib, setting out his ambition for regulatory divergence, contradicted yesterday by the Brexit Secretary, who tried to reassure everybody that little would change. Tomorrow, of course, the Cabinet will try to resolve the differences.

At this moment, out of the shadows, comes the European Research Group again, with a letter echoing the one co-ordinated by the Minister when she was its chair, seeking to derail the Government’s policy on the transitional period, and with it to ensure that the country stumbles towards the extreme and destructive Brexit that the vast majority of people simply do not want. Perhaps the Minister will take the opportunity, having not yet replied to my letter of several weeks ago, to reject that approach, and make it clear that she supports Government policy on the transition.

There has been a lot of common ground in today’s debate. The Opposition hope, even at this late stage, that the Government can reach out to the common ground in Parliament and in the country, with a sensible approach to the negotiations that face us in the few short months that we have left, seeking a Brexit that puts the economy first and keeps all options on the table.

10.42 am

The Parliamentary Under-Secretary of State for Exiting the European Union (Suella Fernandes): Thank you, Mr Sharma, for your chairmanship of today’s very interesting, fascinating and useful debate. I am grateful to my hon. Friend the Member for Eddisbury (Antoinette Sandbach) for raising this issue and securing a debate on the alternatives to a no-deal outcome in the EU negotiations. She has raised this topic on many occasions in the House, both in Westminster Hall and in the main Chamber. I gladly respond to her points, and those raised by many hon. Friends and hon. Members this morning.

My hon. Friend raised a number of ways in which the UK could leave the EU, including becoming a member of EFTA, having a Canadian-style deal with the EU, the Government’s preferred objective of creating a deep and special partnership with the EU, and the very unlikely scenario where we leave the EU without a deal. The Government are confident that we can negotiate a close relationship with the EU that is mutually beneficial to the UK and the EU. Alternatives, such as EFTA and the EU-Canada comprehensive economic and trade agreement, are not outcomes that the UK is pursuing. As the Prime Minister set out in her Florence speech, we want to

“be creative as well as practical in designing an ambitious economic partnership”

that works for both the UK and the EU. We believe that that is a reasonable expectation.

Stephen Gethins: Does the Minister support the implementation period, or does she back the letter, published this morning by her colleagues, that said that the implementation period should be based on WTO principles?

Suella Fernandes: The hon. Gentleman pre-empted my comments. The implementation period has been set out and explained in considerable detail by the Secretary of State, and I will come to it later. If he will bear with me, I will deal with his point in my later comments.

We believe that it is reasonable to expect that we can secure an ambitious new economic partnership with the EU, because we start from an unprecedented position: one of convergence. We have the same rules, regulations and values as the EU. That starting point is unmatched by any of the other options explored today—a vital distinction, which makes the prospects of securing a mutually beneficial agreement high. That is why the Government continue to seek that new deep and special partnership with the EU.

Given that much of this morning’s debate has centred on the scenario where the UK leaves the EU without a deal, it is worth setting out the Government’s position on that. As the Secretary of State and my colleagues have clearly explained, the Government are not aiming for—nor do we want—a no-deal outcome. We want to secure a new free trade agreement with the European Union that benefits both parties, our citizens and our economies, and that respects the result of the EU referendum.

There are grounds for optimism that that is eminently possible. We have achieved considerable success in the first phase of the negotiations. We have secured joint agreement on issues previously thought to be insoluble. I am confident that we can build on that success with an agreement about the implementation period, as set out recently by the Secretary of State in his speech at Teesside, and agree on the future relationship with the EU.

As my departmental colleague, my hon. Friend the Member for Wycombe (Mr Baker), the Under-Secretary of State, said in response to a question asked by my hon. Friend the Member for Eddisbury in the House:

“We approach the negotiations anticipating success and a good deal for...the UK”.—[*Official Report*, 1 February 2018; Vol. 635, c. 957.]

However, let me be clear: although it is in the interests of both the UK and the EU to secure that good deal, we have a duty to plan for all outcomes, including one where no agreement is reached. The Government continue to prepare responsibly for a range of results from the negotiation, including the unlikely scenario in which no agreement can be reached. In reflection of those preparations, the Treasury has already given Departments nearly £700 million to prepare for Brexit, and is making an additional £3 billion of funding available over the next two years to ensure that we are prepared for every outcome.

Stephen Hammond (Wimbledon) (Con): The Minister remarked that the Government are, quite rightly, looking at all potential outcomes. In the unlikely scenario that there is no deal, the Government must surely prepare for what would ameliorate the economic damage that has been shown by the Government’s economic impact studies. Would it not be sensible to make sure that we have preparations for other solutions as well, one of which could be EFTA-EEA?

Suella Fernandes: As I will come on to, the Government do not think that the EFTA-EEA option meets the objectives that my hon. Friend sets out, because it falls short of what we are seeking in our new arrangement with the EU on many fronts. I will elaborate on that in a few moments.

The first alternative to a no-deal scenario, and the Government's preferred outcome, is a new settlement with the EU, as set out by the Prime Minister in her Lancaster House and Florence speeches. As she explained, we seek

"a new framework that allows for a close economic partnership" between the two parties and that honours the instruction of the British people to take back control of our laws, borders and money.

As an existing member state, we share fundamental beliefs in fair competition, consumer rights and strong regulatory standards. Our position as the EU's largest trading partner means that finding a meaningful deal along those lines is in both our interests. As my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) pointed out, the current trade deficit between the UK and the EU means that tariff-free trade benefits not only UK businesses and citizens, but EU businesses and employees who benefit from cross-channel commerce.

Antoinette Sandbach: Will the Minister explain what the Government's approach is towards the service sector and non-tariff barriers?

Suella Fernandes: As my hon. Friend rightly pointed out, 80% of the UK economy is based on services, so it is important that we seek an agreement that will further enhance the possibility for our services to be exchanged, and for collaboration to continue. Reducing non-tariff barriers is, of course, a priority in any agreement that we seek with the EU, and is something I believe would be possible.

We will agree a comprehensive economic partnership, underpinned by high standards and a practical approach to regulation, that ensures continued trade and prosperity between the UK and the EU, based on mutual recognition. Again, the Secretary of State set that out in his speech yesterday. That partnership will aim for as frictionless as possible trade between the parties and will ensure access to each other's markets, so that our consumers and businesses can benefit.

On security, the Prime Minister said last week that we are proposing a new partnership on future security, law enforcement and criminal justice co-operation—a strategic agreement treaty that will allow us to work together with the EU to promote our shared interests globally. That new partnership is ambitious and will not only reflect our history and the practical benefits of co-operation in tackling shared threats, but demonstrate the UK's genuine commitment to maintaining a secure and prosperous Europe.

We are not pursuing EEA membership or aiming simply to copy the Canada-EU free trade agreement. The Norway option is not for the UK. We seek a collaboration on trade and security. We want to enable control over migration, autonomy over our laws and regulations, and the freedom to implement our own independent trade policy with the rest of the world. Only the deal that this Government are aiming for strikes that balance, which is why that is the best outcome for the UK and the EU.

As part of the deal between the EU and the UK, we are seeking a strictly time-limited implementation period.

Antoinette Sandbach: The Minister seeks to rule out a Norway option as not satisfactory. Will she also rule out a WTO option?

Suella Fernandes: We are not working towards a no-deal scenario, if that is what my hon. Friend is implying. As I have set out just now, we want an agreement based on tariff-free access, reducing our non-tariff barriers and with the ability to strike our own free trade agreements, but it is clear that we are a founding member of the WTO and plan to take up our seat at that organisation in due course.

Stephen Kinnock: The Minister has set out all the reasons why the Norway option does not work, but has also said that the UK wants collaboration on trade and security; access for services, which are a vital part of the economy; the ability to strike our own free trade agreements; and no ECJ jurisdiction. The Norway option ticks every one of those boxes.

Suella Fernandes: I disagree with the hon. Gentleman because Norway, although part of the EEA and EFTA, does not have much say on rules and regulations that come to it through the EEA agreement.

Vicky Ford: Will the Minister give way?

Suella Fernandes: One last time—I am running out of time and need to finish my comments.

Vicky Ford: Norway does have a say on rules and regulations. It sits in various standard-making bodies, for example, and contributes to legislation. It does not have a full vote, but then we are leaving the single market so we will need to have a new relationship with that single market. It gives market access, which is, as the Minister has said, so attractive. Will she again consider that that may be worth investigating—perhaps not in its entirety, but elements could be of interest?

Suella Fernandes: Norway does not have a seat in the European Parliament. It does not have a vote on whether regulations coming through the EEA agreement apply to it or not. It generally has to follow those obligations in line with its obligations under the EEA agreement. To diverge from that agreement would be a breach and would therefore lead to questions about its membership and subscription to that agreement. That is a fundamental point that makes membership of the EEA and the Norway option not attractive for the UK.

In response to calls from business, the implementation period is there to benefit businesses and individuals, so that they avoid the need for two sets of changes. It will also give them more time to adjust to the new future partnership.

Paul Blomfield: Will the Minister give way?

Suella Fernandes: I will not, unfortunately. I have only six minutes and I have quite a lot to get through. I am sorry; I cannot.

The implementation period will also ensure that businesses have time to adapt to the new relationship between the UK and the EU. Crucially, only under a deal with the EU and the UK can this essential period take shape. None of the alternatives suggested in today's debate can offer that level of continuity and clarity to businesses and citizens in the short term. That is why the deal that the Government are seeking is the best alternative to a no deal and is an alternative that we are confident of securing.

On EFTA—

Paul Blomfield: Will the Minister give way? There is a tradition of accepting an intervention from a shadow Minister.

Suella Fernandes: I must continue because I do not have much time, and EFTA has been a big issue in this debate. I will give way if I have time after my comments—I hope the hon. Gentleman will have patience with me.

Several hon. Members have raised EFTA membership today as the main alternative. Although we recognise the benefits of ensuring continuity in our relationships with the EFTA states, we have no plans to seek membership of the EFTA agreement for four key reasons.

First, EFTA is a trading bloc of four countries. Membership of EFTA does not in itself deliver any market access to the EU. Norway, Iceland and Liechtenstein effectively participate in the EU single market by virtue of the EEA agreement. That would not deliver more direct control over decisions affecting the UK, nor would it deliver control over migration, which is a key aspect of our leaving the EU.

Switzerland participates in some areas of the single market through a series of bilateral agreements with the EU, but many of those do not cover the areas in which the UK has interests. In any case, the Government have made clear on a number of occasions that we are not pursuing an off-the-shelf arrangement; we are not copying and pasting other agreements. We are seeking a particular bespoke agreement relevant to the UK's economy. The model I have been discussing does not strike the right balance on democratic control and mutual market access that we want in our future partnership with the EU.

Secondly, our ambition as a global trading nation goes beyond the scope of EFTA's existing free trade agreements with third countries. EFTA's FTAs are not suited to the size and type of the economy in Britain.

They are not with the larger economies of the world—countries and economies with whom we would wish to be pursuing new economic partnerships. They are not in the sectors where our economy has strengths, which are areas in which we would want to pursue new agreements. Leaving the EU offers the opportunity to negotiate our own free trade agreements and to be a positive and powerful force for free trade in the world.

It is also worth mentioning that membership of EFTA would not be the quick and easy solution that some here have argued. Even if EFTA members were to welcome us back into EFTA, we would not have immediate or automatic access to their 27 FTAs. Our entry into each one would need to be negotiated individually with the third countries involved.

Thirdly, membership of EFTA means accepting free movement between EFTA member countries, as the EFTA convention provides for free movement of EFTA nationals. Liechtenstein has been raised as a derogation, but it is not a comparable example. Liechtenstein is a country with a population that numbers less than that in almost every constituency in the UK, at 37,000. It is very difficult to see how the example of Liechtenstein can be applied to the UK, with its population of 65 million.

Finally, although we want to maintain our deep and historic relationships with the EFTA states, the UK is in many ways different from those countries. The EFTA states have a combined population of 14 million people, compared with our population of 65 million. The EFTA bloc's combined GDP in 2015 was around £710 billion, in comparison with the UK's £1.9 trillion. The UK's participation in EFTA would fundamentally change the nature of that group.

Mr Virendra Sharma (in the Chair): Minister, would you bring your remarks to a close?

Suella Fernandes: I note your comments, Mr Sharma. I thank my hon. Friend the Member for Eddisbury for raising this issue for debate today.

10.59 am

Antoinette Sandbach: I thank all right hon. and hon. Members who have contributed to the debate today.

Question put and agreed to.

Resolved,

That this House has considered alternatives to a no-deal outcome in negotiations with the EU.

Coventry City Football Club

11 am

Mr Marcus Jones (Nuneaton) (Con): I beg to move,

That this House has considered the future of Coventry City Football Club.

It is an absolute pleasure to serve under your chairmanship, Mr Sharma. I thank the hon. Members for Coventry North East (Colleen Fletcher) and for Coventry South (Mr Cunningham), my hon. Friend the Member for Rugby (Mark Pawsey), my right hon. and learned Friend the Member for Kenilworth and Southam (Jeremy Wright) and my hon. Friend the Member for Solihull (Julian Knight) for attending this important debate. I also thank a Coventry City supporter exiled in Torbay—my hon. Friend the Member for Torbay (Kevin Foster)—and my hon. Friend the Member for North Swindon (Justin Tomlinson).

It is clear from the number of MPs here today that there is significant strength of feeling in the Coventry and Warwickshire community and the wider area about the issues relating to Coventry City football club. Before I proceed, I must declare that I am a lifelong supporter of Coventry City football club. That is among my reasons for securing this debate, in addition to the fact that many of my constituents support the club.

My hon. Friend the Minister is no stranger to this issue. When she received notification for this debate, she will be forgiven for having thought, “Here we go again”—such is the importance of this issue. To set the scene for the Minister, the football club started as a factory team at the Coventry-based Singer bicycle factory in 1883. It has a proud 135-year history. It has played in every division of English professional football, and has a proud record of a continuous 34-year run in the top flight of English football. It is an FA cup winner, and it recently won the English Football League trophy.

Sadly, after a demise in the club’s fortune since its relegation from the premier league in 2001, it now occupies a place in the bottom tier of English league football. Despite that, 43,000 Sky Blues fans followed the club to Wembley when it won the FL trophy last year; just two weeks ago a reported 28,000 fans attended a match against Accrington Stanley at the Ricoh Arena; and last week 4,500 fans took the long trip to Brighton for the FA cup.

Football clubs are clearly businesses, but they would not exist, particularly if they do not get premier league television money, if it were not for the ordinary—I should say extraordinary—fans who make huge sacrifices to follow their team. Those people deserve a voice.

A lot has been said about the Coventry City saga. The hon. Member for Coventry South has secured several debates to discuss the dire state of the football club’s ownership and its tenure as custodian of Coventry City. A lot has been said about the legal disputes between the football club ownership, Coventry City Council and the Wasps rugby club, which now owns Coventry’s home ground, the Ricoh Arena, on a long lease.

I will not go over old ground or go into the rights and wrongs of where we are today. My intention is not to be political or to favour one organisation over another, but to focus on the football club’s future in the city of

Coventry. This debate is the result of fan groups speaking to local MPs. Many of my comments and questions have been endorsed by seven supporters’ groups, which have also issued a unified statement.

At the point of securing this debate, the football club had until May this year before its agreement with the owners of the Ricoh Arena expired. In the intervening period, the owners of the stadium, the Wasps, granted the football club an extension of a further year, which is extremely welcome news. That said, ongoing legal matters between the football club owners and the Wasps mean that the long-term future of Coventry City’s ability to play at the Ricoh Arena is far from clear, which is worrying because there is no other obvious place for it to play within the city of Coventry.

Supporters’ groups are anxious about the future, and want to ensure there is no repeat of the situation in 2013, when Coventry City played its home fixtures more than 30 miles away in Northampton. I give way to my hon. Friend, who is on the Digital, Culture, Media and Sport Committee.

Julian Knight (Solihull) (Con): I congratulate my hon. Friend on securing this important debate and on his championing of local supporters’ groups. The supporters’ groups unity and their willingness to work together to come to a solution is in sharp contrast to the behaviour of many of the other parties involved. The loud message we must send today is that those parties must come together to sort out this situation for the benefit of the sport and the people of Coventry.

Mr Jones: I completely agree. That brings me to the four issues I want to raise: the current mediation process, at the direction of Court of Appeal judge Mr Justice Irwin; the role of the English Football League; the informal mediation process instigated by my hon. Friend the sports Minister; and future cases of crisis in the management of football clubs.

On the mediation process, Court of Appeal judge Mr Justice Irwin was quoted by the *Coventry Telegraph* on 28 November last year as saying:

“There is a long standing relationship between the parties, there needs to be working relationships in the future, it seems to me desirable that all parties go into mediation seeking to resolve all of those disputes relating to those relationships.

That would include any future civil proceedings. It would be futile to enter meditation without considering that.

By the end of the mediation process, if it is successful, all parties should be able to walk away with all issues resolved... This is a case crying out for an honest attempt at mediation.”

I could not agree more. All parties involved have an obligation to their own organisations, but they also have a significant moral responsibility to mediate in the spirit that Mr Justice Irwin advocated. They must realise that that famous club’s 135 years of history and its future are at stake, as is what the club means to the community and the economy of the city of Coventry and the surrounding areas. I wish the parties well, and I urge them all to heed that advice.

Justin Tomlinson (North Swindon) (Con): My hon. Friend is making a typically thoughtful and passionate speech of great importance. As the co-chair of the all-party group for sport, I want to highlight just how important this issue is. Lessons need to be learned from

what happened to Wimbledon. Nothing was resolved, and now that football club has been moved to Milton Keynes Dons and its history has been robbed.

Mr Jones: My hon. Friend is a great advocate for all sports, and he certainly knows his football. I thank him for his support.

We must not prejudge the formal mediation process, but if it fails to clarify where Coventry City will play its home games, I want the Digital, Culture, Media and Sport Committee to ask the parties, including the English Football League, to attend a hearing of the Committee to explain how the issue of the football club's future can be resolved.

Mark Pawsey (Rugby) (Con): I congratulate my hon. Friend on securing this very important debate, which is of interest to many of my constituents, who are naturally Coventry City supporters. He is talking about the parties involved, one of which is Wasps rugby club, which acquired the stadium a while ago. Does he agree that it is incumbent on Wasps to do what it can, as it is doing, to provide a home for Coventry City to ensure that the football club can continue to play in the city that bears its name? Elsewhere in the world, two sports operate out of one venue. So far, Wasps has been sympathetic and has allowed a further year. Does he agree that it needs to be encouraged to continue its very generous offer?

Mr Jones: I certainly agree with my hon. Friend. That is why I set out at the start of the debate that I would not favour any particular organisation or relive old battles, because a solution to the situation is needed.

Returning to the role of the English Football League, I would like the EFL to explain its earlier role in the club moving to Northampton and to explain to Coventry City supporters its view of the future. In my view, the EFL should not again allow the club to move outside the city of Coventry.

I echo the point made by my hon. Friend the Member for Solihull in his intervention by raising the issue of the start of an informal mediation process. The Minister has been very helpful in that, and I would be grateful if she will explain the work done by my hon. Friend the Member for Daventry (Chris Heaton-Harris) in that regard.

Finally on the approach of the EFL, we need to look at situations similar to that of Coventry's—clubs like Blackpool and Charlton, which are recent notable examples. Coventry City supporter groups have felt that the EFL should in such circumstances be able to appoint someone independent to make recommendations to the league on how to proceed and on the parties.

I will conclude, because I am splitting the speaking time to allow two Coventry Members of Parliament the opportunity to speak in the debate. I appreciate entirely that the Minister will not have all the answers for us today, but I ask her to consider our points seriously and to work with the football authorities to ensure that we do all that we can to secure a future for Coventry City in the city of Coventry. Football and its authorities must send a message to owners of football clubs that where a club is embedded in a community we must ensure that it stays in that community. The issue is important not only for fans of Coventry City football club, but as a marker

to be put down because we do not want other football clubs and other groups of supporters to be in this situation in the future.

11.12 am

Mr Jim Cunningham (Coventry South) (Lab): I congratulate the hon. Member for Nuneaton (Mr Jones) on securing the debate. As he rightly said, we have had many debates on the subject over the past six or seven years. I agree with near enough everything he has said, so I do not intend to cover that, but I have some other points to make, the first of which is to thank the sports Minister for her help. She appointed a mediator—for want of a better term—and the hon. Member for Daventry (Chris Heaton-Harris) did a very difficult job to the best of his ability. I can find no fault in that.

Another interesting point is that, as I have been arguing for a long time, we should have as a mediator someone from outside football—possibly a judge, if need be—to adjudicate. It has to be someone of substance to take the heat out of the situation. I am glad to see that the Court has now finally come to that conclusion, rightly or wrongly.

I have one or two other observations. I have met successive sports Ministers over the years and I have had no doubt that they have a difficult job dealing with the football league. In my view, that is because of the absence of strong regulation of it. In the Bundesliga, for example, very few clubs have gone bankrupt or out of business. Perhaps we can learn a lesson from that—although others in the Chamber probably know more about the Bundesliga than I do.

I have had a number of discussions with the Chair of the Digital, Culture, Media and Sport Committee, the hon. Member for Folkestone and Hythe (Damian Collins). Incidentally, he came to one of our debates and he was very helpful, so in fairness I pay tribute to him for that.

Julian Knight: Will the hon. Gentleman give way?

Mr Cunningham: I do not have very long, so I will give way very quickly to the hon. Gentleman.

Julian Knight: To reiterate the hon. Gentleman's point, I am a member of that Select Committee—its second longest serving Conservative member—and in our discussions we have considered what has happened to Coventry to be a stain on football. It needs to be resolved.

Mr Cunningham: I agree with the hon. Gentleman. All of us, including different sports Ministers, have been trying to do that for the past six or seven years.

The Chair of the Digital, Culture, Media and Sport Committee has agreed to meet the interested MPs, as I am sure the hon. Member for Nuneaton knows. Subject to us getting a date—[*Interruption.*] I can see you signalling for me to finish, Mr Sharma, so I will emphasise the point that the club has to stay in Coventry. It has another 12 months at the Ricoh, so let us hope that in a shorter period we will resolve the problem.

11.15 am

Colleen Fletcher (Coventry North East) (Lab): It is a pleasure to serve under your chairmanship, Mr Sharma.

[Colleen Fletcher]

I commend the hon. Member for Nuneaton (Mr Jones) on securing this timely debate. Like my hon. Friend the Member for Coventry South (Mr Cunningham), I would reiterate most of what has already been said today.

The ongoing saga at CCFC raises many pertinent questions. How should a football club be run? For whom should it be run? Who should be allowed to own a football club? How can responsible and transparent club ownership be ensured? When should the footballing authorities intervene in poorly run or failing clubs? Those are all extremely important questions that need to be answered. But the most pressing question of all for Sky Blues supporters—the one that would have had the greatest immediate impact on the club's future—was: where would the team play their home games once the Ricoh Arena deal expired at the end of the season?

We now have confirmation that an agreement has been reached to extend the Ricoh deal by a year, until May 2019, which gives supporters certainty about where they will be watching their team play, at least in the short term. Any agreement that provides a degree of certainty for the supporters while ensuring that the club remains in its home city is, of course, most welcome. Ultimately, however, all the club's owners have done is to kick the can down the road. The club still has neither a permanent home nor any tangible long-term stability, and it is likely once again to face the prospect of homelessness in 12 months' time.

To my mind, there are two ways to avoid a repeat of the situation: the club's owners sell up and leave; or they fundamentally change the way they do their business. The latter would require them to use the next 12 months to repair the relationships that they have systematically dismantled over the past decade; to make a commitment to the club and its traditions; to provide decent investment on and off the pitch; to engage in frank and open communication with the fans; and to acquire a social conscience by considering the impacts of their actions on supporters and the wider local community in Coventry.

Either way, we need to see a step change in the way the club is run in order to ensure greater long-term stability and an improvement in the club's fortunes on and off the pitch. I, too, know that the Minister has been following the situation for some time, and I look forward to some answers from her today.

11.18 am

The Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport (Tracey Crouch): As always, Mr Sharma, it is a pleasure to serve under your chairmanship.

I am grateful to my hon. Friend the Member for Nuneaton (Mr Jones) for securing the debate and for the passionate and insightful contributions he and others have made—although I shall breeze over any reference to Coventry's FA cup success. That aside, I sympathise with the points made by colleagues. They have re-emphasised the case that football clubs up and down the country remain of great importance to their local communities. Coventry City is no exception. Without question, every care should be taken by club owners and stakeholders to respect their club's history, and they should seek to preserve their club's long-term status.

The issue surrounding the Ricoh Arena and where Coventry City plays its home games is familiar to us all—in fact, it seems like only yesterday that I was stood in this very place responding to the hon. Member for Coventry South (Mr Cunningham) on this very subject. It was in October 2016; Members present might recall that I urged the various parties with a vested interest in Coventry's future to come together and to provide that much-needed stability to the club and its loyal supporters. Since then, it has been a rather anxious wait to hear what progress has been made.

I want to take a moment to say how extremely grateful I am for the efforts made by my hon. Friend the Member for Daventry (Chris Heaton-Harris) to bring the relevant parties together. I am also grateful to the EFL for keeping me abreast of the situation at regular intervals. It was a time-consuming and on occasions frustrating process for my hon. Friend, but I am in no doubt that his efforts while refereeing between the two parties delivered some progress in mediation.

As my hon. Friend the Member for Nuneaton pointed out, the clock was ticking for the club to come up with a solution. I can only imagine how those associated with the club—the players, the staff and the fans—were feeling given the uncertainty hanging over them. It came as some relief when, earlier this month, news emerged that a new one-year agreement had been concluded with Wasps Group for the club to continue to play its home games at the Ricoh Arena until May 2019, providing immediate stability for everyone at the club. However, I recognise what the hon. Member for Coventry North East (Colleen Fletcher) said—that is a short-term solution and we need to find a long-term one.

Although I recognise that those longer-term plans were not outlined, the deal demonstrates that there is a mutual interest in the two clubs working together, which will hopefully stretch much further into the future, for the good of the city of Coventry. At the same time, I want to be clear that future arrangements at the Ricoh Arena between Wasps and Coventry City remain a commercial negotiation between private parties. I am sure that my hon. Friend the Member for Nuneaton and the hon. Members for Coventry South and for Coventry North East will fully understand that it is not a matter in which the Government can—or should, in my opinion—intervene. That said, I am always willing to try to help facilitate. I care passionately about the future of football clubs and their importance in local communities and I am willing to support and help where I can, although the actual intervention is slightly beyond the remit of a Minister.

Mr Cunningham: Will the Minister urge the Football League to meet Members of Parliament for Coventry and Warwickshire to discuss this issue? The League seems elusive when it comes to trying to get meetings with it.

Tracey Crouch: I do not need to ask the EFL to meet Members from Coventry and those who have an interest in the future of Coventry City football club, but I am willing to try to facilitate that meeting if Members are finding it difficult to do so. Yes is the direct answer to that question; that invitation should be extended not just to Members for Coventry, but Coventry City supporters and those in the wider Warwickshire area who have a vested interest in the future of the club.

The ongoing dispute between the owners of the football club and Coventry City Council is rightfully a matter for the courts. Given the protracted history between the parties, the Court of Appeal has taken the sensible decision to begin a period of mediation. I hope that it will result in all parties resolving their issues once and for all. It is sometimes easy to forget that the majority of football fans in this country follow clubs outside the premier league, and that those clubs operate on a completely different financial scale.

The reality for clubs such as City is that they cannot rely on huge sums of money from broadcasters or sponsors; they must rely on private investment from owners and the support of local businesses. They need the watchful eye of the English Football League to ensure that owners abide by the rules and that clubs are living within their financial means. Clubs need the help of their local councils for the use of stadiums, and of course they need the fans as a regular source of income and ongoing appeal.

Football clubs need to be run as businesses, but if a company cannot guarantee a product, its customers go elsewhere. Clubs are not like that. They are built on fan loyalty passed through families and generations; they are wedded to their local communities and they have a social heartbeat.

Mark Pawsey: What is exceptional about the Coventry situation is how there has been a falling out between the club and its supporters. Coventry is a big city, with 300,000 residents. A lot of people are excited by football, but the football club under its current ownership does not seem to have motivated those people. They are more motivated to support the club when it plays away than when it plays at home. That is the bit that needs to be worked on.

Tracey Crouch: A bit later in my speech I will come to the importance and the value of fans. The fan base across the whole of English football is growing. In fact, attendance at the English game is the highest it has been for a very long time. Fans have not lost that local connection. All-important revenues are coming into clubs and helping to keep them financially viable. Ensuring long-term financial sustainability must remain the primary responsibility of all club owners. They are the custodians of that club and wherever possible they should aim to leave the club in a better state than how they found it. That is relevant not just to Coventry City but to a whole host of clubs across English football.

Working with clubs, the football authorities must continue to set the parameters for financial sustainability. Through the owners' and directors' test, the EFL—and,

indeed, the premier league—must keep under review the framework governing the conduct of club owners and directors, engaging with supporter groups in the process. Where there are breaches of the ODT, they take action, and I would expect them to continue to do so.

As my hon. Friend the Member for Rugby (Mark Pawsey) just pointed out, supporters have a crucial role in the fortunes of their football club, and club owners must remember that. From time to time, there may be a breakdown in the relationship for a variety of reasons, but if or when that happens, it is imperative that club owners engage openly with fans. Through the work of the Government expert working group on football supporter ownership and engagement, rules are in place that require open dialogue between senior club executives or owners and fans on the most important issues for the club. These rules are not prescriptive, but they will usually include its financial standing, the identity of its owners and future plans. In the case of Coventry, without question that should include plans for where the club plays its football.

Last December, I reported on the progress being made by the vast majority of clubs to engage with fans, but I am well aware that this needs to be a continuous process. My hope and expectation is that the relationship will grow over time as trust builds; clubs feel more at ease sharing information and fans realise the many facets involved in running a club. As this progresses, as I believe it will, fans will become much more involved in the running of their clubs, and that can only be a good thing.

In conclusion, it is my belief that the Government should not involve themselves in the commercial or legal affairs of any individual club, including Coventry City. The responsibility for ensuring the future of a football club sits with the incumbent owner. As outlined, the football authorities have a role to play, too, and I encourage them to work with supporters as well as owners to ensure their ownership rules remain robust. It goes without saying that those with a direct say or influence over the club's future must continue to work together to provide the clarity needed.

In the case of Coventry City and the city of Coventry, I remain hopeful that through the mediation process the long-running disputes off the pitch can be resolved quickly, so that this proud club with a wide and varied fan base can concentrate solely on matters on the pitch. I wish them the best for the rest of the season.

Question put and agreed to.

11.27 am

Sitting suspended.

Carillion: TUPE

[SIOBHAIN McDONAGH *in the Chair*]

2.30 pm

Eleanor Smith (Wolverhampton South West) (Lab): I beg to move,

That this House has considered the application of TUPE to Carillion workers.

It is a pleasure to serve under your chairmanship, Ms McDonagh. I thank the House for finding the time for this important debate, which I am pleased to have secured. I am grateful for the opportunity to speak about the application of TUPE to Carillion workers, which is a necessity due to Carillion's collapse. I do not intend to speak for long, because I want to allow all Members to express their views about this important issue and to leave the Minister sufficient time to respond to the many questions and concerns that I know Members on both sides of the House have about how the Government claim they are dealing with this important and complex issue.

We are all aware of the history of Carillion plc's £1.3 billion deficit and the irresponsibility of its directors. I remind Members of the redundancy of tens of thousands of workers who were employed directly by Carillion or indirectly by contractors.

Nick Thomas-Symonds (Torfaen) (Lab): I congratulate my hon. Friend on securing the debate. Does she agree that it is important that we ensure that Carillion apprentices are appropriately looked after? Although about 400 of the 1,400 have been found alternative placements, we must find alternatives for them all.

Eleanor Smith: My hon. Friend is correct: this is about apprentices as well as all the other Carillion workers.

Vital contracts for delivering urgent public services are under threat. Their maintenance is an essential part of the way this country is managed under privatisation. Many long-awaited building projects, such as the Midland Metropolitan Hospital in Smethwick, are under threat and may never restart. Above all, however, I want to focus on the crucial issue of what specific assistance the Government will give to the tens of thousands of workers who have been made redundant and to the contractors whose contracts are now in doubt.

In January, my right hon. Friend the Member for Wolverhampton South East (Mr McFadden), my hon. Friend the Member for Wolverhampton North East (Emma Reynolds) and I met the Minister. At that meeting, I put to him four questions, which I ask him again today. First, will he bring Carillion public sector contracts back in house? If so, when and how? Secondly, what protections will he put in place for employees' pensions, and will the Government meet union pension officers to address the many issues arising from liquidation? Thirdly, what guarantees can he give employees who were directly affected by the collapse of Carillion, and what programmes will the Government put in place to assist all those who have lost their jobs in this crisis? Fourthly, in view of the national significance of Carillion plc, will the Government set up a taskforce to deal with its collapse and all the associated fallout, and will that body include union involvement?

In response, the Minister told me that a lot of work had been done to prepare for Carillion's liquidation. I have to say that it does not look like it. He told me that all public sector contracts would receive a smooth transition. What assurances can he give me that that will happen? He told me that the plan was to transfer the contract for the Midland Metropolitan Hospital to another company. What is the latest on that urgent matter? The Government have promised to set up a taskforce comprising the unions, business organisations and construction companies. What steps are being taken to protect transferred workers?

I refer the Minister to the letter from Frances O'Grady of the TUC on 30 January requesting protection of transferred workers' terms and conditions. As the letter states, the transfer of workers employed on Carillion contracts in both the public sector and the private sector creates a significant risk of detrimental impacts on the pay, pensions and terms and conditions of all those staff. The letter calls on the Government to protect the livelihoods of Carillion workers and to ensure that they suffer no detriment from finding themselves employed by alternative providers of services.

The Government should, as a priority, look at ways of compelling public bodies to protect the terms and conditions of workers transferring to alternative providers. For example, the Cabinet Office should adopt a statement of practice on staff transfers that applies to all public bodies, including central Government and local government, the NHS, Transport for London and Network Rail. In that spirit, staff involved should be treated no less favourably than if the TUPE regulations had applied, and appropriate arrangements should be made to protect the occupational pensions and the redundancy and severance terms of staff in all types of transfer.

I call for voluntary TUPE agreements with new employers and for workers to be treated contractually as if they have continuous service. Will that be done? Will the Minister confirm that the Government's objective is to ensure that Carillion workers' rights remain the same, without any detriment?

Jo Stevens (Cardiff Central) (Lab): Does not the sorry story of Carillion's collapse illustrate exactly why there should be proper oversight of public sector contracts that are put out to private companies? We have seen problems in the Ministry of Justice with G4S and in the Home Office with Clearsprings. We should set the standard for employment terms and conditions through procurement. Does my hon. Friend agree that this is a real opportunity to do that?

Eleanor Smith: I agree. I have finished my speech. I would now like to give my colleagues a chance to speak and to hear the answers to my questions.

2.38 pm

Stephen Kerr (Stirling) (Con): It is a pleasure to be called to speak in this debate. I intend to be brief. I congratulate the hon. Member for Wolverhampton South West (Eleanor Smith) on securing this important debate. As a member of the Business, Energy and Industrial Strategy Committee, which is conducting an inquiry into the collapse of Carillion, I assure her and other Members present that a thorough investigation is ongoing. I am sure that Members are aware of the proceedings of that Committee.

As has been said, Carillion's collapse was a complete commercial disaster, and one that could have been prevented with proper corporate governance. It is right that we focus our attention on the people most directly affected by the failure of Carillion—namely, the employees. It is not their fault that there was a failure of leadership and culture at the top of that business. They are made to suffer the consequences of a situation not of their making.

I recognise that this debate is not about the business model—we could talk about that endlessly—or the business strategy, how the business was run in terms of the standards adopted, or the culture of the business. In other circumstances we would review all of those carefully, to learn what must be learned from such a catastrophe. The decision making of the most senior executives has been mentioned. Having spent 30 years of my life in business before coming to this House, I can honestly say that I have never met such a sorry bunch of directors as the Carillion directors we had before us.

Chris Stephens (Glasgow South West) (SNP): The hon. Gentleman and I are on the joint inquiry into Carillion. Will he say something about how the pension scheme was managed? Does he agree that dividend payments appeared to be a higher priority than funding the pension scheme for Carillion workers?

Stephen Kerr: Although that is not directly relevant to the debate, I agree with the hon. Gentleman. When we look at the facts, we see that there is no doubt that when the board faced choices about how to use money that, frankly, it did not have, it chose to pay dividends rather than to make payments into the pension fund. Those things need to be scrutinised, and lessons must be learned.

This debate is about the employees: decent, hard-working men and women—and their families—who brought their very best to work and did their very best for a company that many felt great fealty to and enjoyed working for. I know that, because just a few days ago a constituent approached me in the street and, in introducing himself, told me that he was a Carillion employee—in fact, he had been a manager. He spoke highly of the people he worked with and of the business he had spent some time at, which, as I have said, he felt some loyalty to. Graciously, he wanted me, as a member of the Select Committee looking into the failure of Carillion, to know that he and his colleagues—former Carillion employees—appreciated the thorough manner in which the Committee was conducting its inquiry. He said, “I know it won't change anything, but it is right that the directors should be openly held to account. It's about getting some form of justice, really, isn't it?” That is what has brought me to my feet today. I needed to come to the debate to stand up and ask the Minister for some form of justice for the Carillion workers.

I congratulate the Government on the actions they have taken on the failure of Carillion, because they have managed to deal with the failure of the business. They could have been tempted to bail out the failing company by putting large sums of public money into it, but thankfully they resisted that temptation. They could have stood back and done nothing at all, but that would have been an abrogation of responsibility. In fact, the Government acted pragmatically, given the circumstances.

Jo Stevens: The hon. Gentleman mentions the Government taking responsibility and not standing back and doing nothing. Does he agree that, given the company's three profit warnings, the Government should have done something before the collapse?

Stephen Kerr: Many issues relating to those profit warnings and the circumstances leading up to them need to be thoroughly investigated. Yes, at some point all of the stakeholders involved in this rather sorry story will have to explain and account for their decisions. That is right and proper and the way in which we run things in this country. We will learn from what we discover as we go through the process of inquiry. However, I congratulate the Government on acting pragmatically.

I now ask the Minister to act pragmatically on behalf of those workers who have moved from employment with Carillion to employment with a new private employer. We all know of the limitations of the regulations as things stand: TUPE applies only when a worker is transferred to a new company from an existing functioning company; it does not apply in the event of bankruptcy proceedings or analogous insolvency proceedings. I therefore ask the Minister to consider steps to provide, as my constituent said, some form of justice to Carillion workers who are transferred—thankfully, at one level—to another private company. Surely something can be done to protect the pay and conditions of those workers, because that is what would have happened had the contract changed hands: they would have been TUPE-ed across, as the saying goes. Instead, they have been caught up in the failure of Carillion.

It is wrong that these workers, through no fault of their own, should pay the price of lower pay and lesser conditions for doing the same job for a new company as they did for Carillion. When the Minister replies, I very much hope to hear that the Government will insist, at least in the transfer of public sector contracts from Carillion to new private companies, on a transfer of undertakings for the workers affected.

2.46 pm

Mr Pat McFadden (Wolverhampton South East) (Lab): Ms McDonagh, it is traditional at the start of these debates to say what a pleasure it is to serve under the Chair, and today it is really true. I begin by congratulating my parliamentary neighbour, my hon. Friend the Member for Wolverhampton South West (Eleanor Smith), on securing the debate and by thanking the Minister for his close engagement in this issue in recent weeks, since the company went into liquidation.

As the hon. Member for Stirling (Stephen Kerr) just said, many aspects of Carillion's collapse are the subject of the inquiries by the Work and Pensions Committee and the Business, Energy and Industrial Strategy Committee, including how the company got itself into such financial trouble, why so many big contracts went wrong at the same time and why the company kept paying out dividends while the pension deficit built up, among many other questions. Today, we focus on one in particular: Carillion and its staff.

At the time of Carillion's collapse, the company employed roughly 20,000 people in the United Kingdom and a similar number abroad, with 450 employed in its Wolverhampton headquarters. Since then, more than 1,000 of those workers have lost their jobs. Many of them would have had access

[Mr Pat McFadden]

to the various voluntary redundancy schemes that the company put forward in the 18 months or so running up to its collapse.

That raises a moral dilemma. Workers who had 20 or 30 years of service would have got quite generous voluntary redundancy payments had they pursued that option in the run-up to the company's collapse. Therefore, the first question is: what was the gap in knowledge between the workers who were simply doing their jobs—perhaps thinking that there might be another couple of rounds of voluntary redundancy, so there was no urgency—and those at the top of the company, desperate to keep the company afloat? What did those at the top know about the prospects for the company's collapse, compared with the workers, who perhaps did not? That gap in knowledge could result in a loss of tens of thousands of pounds—the difference between what someone would have got under voluntary redundancy and the bare statutory minimum they are now entitled to if they lose their job.

Louise Haigh (Sheffield, Heeley) (Lab): My right hon. Friend is making a really important point. A constituent of mine came to see me about the lack of information from Carillion and, frankly, the downright lies they have been told by their management and leadership. They were told that they would be made redundant on 31 January, and the goalposts have been moved time and again.

Now, staff in Sheffield are being made redundant on a rolling basis—they do not know when it will happen. Staff who have been there for 20 or 30 years, as my right hon. Friend said, run the risk of losing out on significant redundancy payments or are choosing to leave the company and find extra work. I hope the Minister will respond on information and transparency in the company.

Mr McFadden: My hon. Friend makes a good point. The first thing I will raise is the question of redundancy and the payments available to those 1,000 or so people who have lost their jobs, but the second issue is about the workers who are left.

Carillion was, of course, a complex web of contracts, covering sectors as diverse as the Ministry of Defence, construction, prisons, school maintenance, cleaning and a whole number of other things. The official receiver is now going through those contracts and looking for alternative suppliers to take them over. The central question before us in this debate is on what terms those will be taken over, and what the pay levels and conditions will be for the workers who find themselves transferred.

Stephen Kerr: The right hon. Gentleman is making a valid point about the terms and conditions. I wonder whether he was as concerned as I was to read the reports about Serco picking up the contracts at, I think, about 50 NHS sites somewhere in England—I cannot remember exactly where—and the chief executive saying that it had saved £20 million on the contract. Does the right hon. Gentleman agree with my concern: that that £20 million might be coming from the terms and conditions and the wages of the workforce?

Mr McFadden: I quite agree; that is a concern. Of course, the context is that a company went into financial collapse while running those public sector contracts, so

it hardly looks as though it was making a big killing out of them—frankly, if it was, it would not have gone bust. The margins were already thin, and the public sector has proven itself over the years to be more adept at driving narrow margins. My concern is that somebody who takes over will drive that down further in precisely the way that the hon. Gentleman said and that the people who will pay the price will be workers, some of whom are on quite low pay to begin with.

The legal position is that TUPE does not normally apply in an insolvency; I think hon. Members here understand that. But the point being made in this case is that such a complex web of contracts is involved and there is such a significant public interest: if there is a proliferation of new suppliers, there is a strong case that TUPE should apply, at least where employment is rolled over.

Given Carillion's collapse into liquidation, it is hard to say that it was earning very heavy margins on the contracts in the first place. The Minister for the Cabinet Office seemed to agree with that point when he told the House, shortly after the company's collapse, that the official receiver was

"looking at...whether it can offer arrangements whereby workers are no worse off than they were under the terms of their Carillion employment."—[*Official Report*, 24 January 2018; Vol. 635, c. 347.]

I agree with what the Minister for the Cabinet Office said on that occasion. That is the point I stress today.

I think we all understand that, sadly, in a case of insolvency there may be some job losses; part of the reason why, legally speaking, TUPE does not apply in situations of an insolvency is that there will be job losses. The question to the Minister is a slightly different one. Even if we understand that there are job losses, can the Government and the official receiver not insist that, when we are talking about not job losses but employment being rolled over from Carillion to an alternative supplier, on this occasion, given the public interest, the existing terms and conditions should apply as though under TUPE? That would be reasonable, fair to those workers and fair in terms of the public interest. On this occasion, it is the right thing to do.

2.54 pm

Jim Shannon (Strangford) (DUP): It is a pleasure to speak in this debate; it is one that I have a particular interest in because of my own constituency and the workers there and across Northern Ireland. First, I congratulate the hon. Member for Wolverhampton South West (Eleanor Smith) on bringing the debate forward, presenting the case, and giving us an opportunity to participate. I thank her for that. It is nice to see the Minister in his place. I spoke to him beforehand. We are looking for substantive responses from him; we are not putting any pressure on him, but we are here to highlight the issues. He knows what the issues are and he knows what we are seeking.

Carillion is undoubtedly one of the biggest shakes in the construction industry in recent years, and yet as one delves deeper one can see that it was not a shock to those in the know but an inevitability. The hon. Member for Cardiff Central (Jo Stevens) said in her intervention that there were two or three warnings along the way. I cannot quite understand why nothing happened. What we are seeking, in as gentle a fashion as possible but with firm determination, is to ensure that those warning

signs that were clearly there among some businesses are warning signs that the Government are able to take notice of and do something about.

When we hear about other big businesses—hon. Members will forgive me this, because we are probably all the same; I do not think I am any different from anybody else—and hear the names, we say, “Are they okay? What’s their pension fund like?” Those are the questions we ask automatically, right away. If the pension fund is run down, that should be a warning sign of what is happening. I am not sure what powers the Government have on this, but I would be keen to ensure that they have the power necessary to check pension funds and see whether they are being run down.

When I ran my own business, I quickly learned that a business cannot survive with outstanding invoices. A 30-day pay period was my ultimate rule, and for good reason: if the retailer went bust, I would have a loss of £1,000 for one month, perhaps, but if it went for three months it would be £3,000. When the latest diktat from Carillion advised that 120 days could be an invoice period, something major was wrong.

Although we could and should go into a major investigation into how it all could have happened and how Carillion continued to be awarded Government contracts, that is not my most pressing concern. My most pressing concern, and the subject of this debate, is the workers—those with redundancy or uncertainty looming, a mortgage to pay, a family and children to look after and debts creeping up around them. How will the small businesses survive? My hon. Friend the Member for South Antrim (Paul Girvan), who is not here today but in a meeting of a Committee he is involved with, has a company in his constituency that finds itself in exactly that problem, with very deep troubles.

Carillion, as we know, employed some 43,000 staff worldwide and provided services for schools, prisons and hospitals, which have been well illustrated—we all know what they are—across the United Kingdom of Great Britain and Northern Ireland. Reports suggest that Carillion had over 200 jobs in Northern Ireland, but sometimes we need to look at what that means, because 200 jobs does not mean 200 employees. That is 200 jobs with contractors, with subcontractors and with suppliers. There is a domino effect on many other companies. They are all hanging in the balance, and that is not a balancing act that any of us would want to sit back and watch.

There were many contracts, including repair and heating services for the Northern Ireland Housing Executive and for Power NI. Boy, do I know that there was a period in which the Housing Executive in my constituency and across Northern Ireland was struggling under the burden of uncertainty! Constituents were ringing up about repairs not being carried out and fearing that their long-awaited and desperately needed maintenance work would not be done, disabled adaptations would not be made or unsafe stairs would not be repaired. The list is endless—we all have such issues in our own constituencies.

The latest news is that the Housing Executive is transferring its Carillion contracts to the UK division of ENGIE, a French energy and outsourcing company. That is great, but it begs the question whether the workers who have the contract continue in their employment. There is no doubt in my mind that the answer should

be yes. I, along with other MPs and elected representatives across Northern Ireland, raised those concerns and we were fortunate to be given the assurance that ENGIE was the preferred bidder: identified by PwC’s special managers as a specialist in the field. It was appointed following Carillion’s liquidation.

There is good news there again: the existing terms and conditions of the legacy Carillion contracts, including costs and service delivery, will remain. I noticed in the media that ENGIE confirmed that all staff working on the Housing Executive contracts would keep their jobs on the same pay and conditions.

We have had some good fortune in Northern Ireland, and we are pleased to report that in this debate. That is wonderful for Northern Ireland, but is it happening UK-wide? Perhaps some contributions will indicate that it is not. If it is not, it needs to be. It is time to address this. It must happen UK-wide, and if it does not, we in the House must take the lead. We look to the Minister to give us that reassurance, and I think all Members participating in the debate seek that assurance as well.

It seems to me that in a similar scenario, when the bankers messed up and small businesses paid the price, we did not do the best job in holding those bankers to account. Ensuring that TUPE happens for all existing contracts and contractors will ensure that we step up in the right way for those who are blameless and yet will carry the burden. I always say this—I am sure we are all the same—but my job here is to speak out for the wee man and the wee woman: those who are down there with big business trampling on the backs of their heels and the backs of their necks. That is what we do in the House: we speak out for those people and make sure we can be a voice for them.

There is waiving of fees and extensions of overdrafts, but how long will the banks continue with that without the guidance of this place? Has the Minister had any discussions with the banks on how they can assist and help small businesses? This is a national concern and must be addressed in this place, to stop the little man from drowning in the wake of the cruise liners that have continued to sail on through the storm that they created. We need Government intervention and Government help, and it is important that we receive that assurance today.

Enough is enough. I, for one, have no issue in supporting this motion and the thrust of why we are here today, which is to try to help those who are concerned about their wages, contracts, pensions and all the other things. They are concerned about putting food on the table and looking after their families. The contractors—the men and women who have outlaid money for materials and who have staff to pay and mortgages to pay—are the innocent. They have done no wrong but have been grossly wronged.

We are elected to this place to speak out for what is right and to ensure that we do what is right. At the same time, we ask the Government to ensure that right is done as well. We are called to bring in legislation that benefits our constituents and society as a whole, and that is what the debate represents. While the major players mopping it up in Northern Ireland have confirmed that that is the case, it must also be the case across the whole of the rest of the United Kingdom—in England, Scotland and Wales.

3.2 pm

Justin Madders (Ellesmere Port and Neston) (Lab): It is a pleasure to serve under your chairmanship, Ms McDonagh. I congratulate my hon. Friend the Member for Wolverhampton South West (Eleanor Smith) on securing this extremely important debate. She clearly has a significant constituency interest in the matter, but as we have heard, such is the reach of Carillion that no part of the country is unaffected by its demise.

I will not repeat the stories of greed, arrogance and, probably, negligence that have led us to where we are today, except to say that it is a bitter irony that many of those culpable for the current state of affairs are the least affected by it. We know the company ramped up dividends, borrowed more and more money to effectively hand it over to shareholders, delayed payments to creditors and generally behaved as if there was no tomorrow, with no thought of the consequences of its actions.

Stephen Kerr: On that point, the hon. Gentleman did not mention—it is worth mentioning—the salaries and bonuses the directors were awarding each other, which should bear on our minds as we consider the wee people who the hon. Member for Strangford (Jim Shannon) described and who we should all be thinking about.

Justin Madders: Absolutely. This is a tale of a corporate system out of control. It sends a real message about how not to run a company responsibly. I hope that some concrete action will come to prevent these kind of scandals happening in the future. Comparing the pension deficit to the bonuses paid really brings home how unfairly and avariciously certain people have behaved in this case.

While it is hoped that, in the short term, there will be some protection for jobs—as we have heard today and as I will go on to explore, there are some questions about the precise arrangements—we must not forget those who work for subcontractors and those who have already been made redundant who need our support as well.

I am told that there is an issue with the liquidators providing termination numbers to redundant Carillion staff. Some of those staff have given a lifetime to the company but have been told by the liquidator that, until that number is issued, their claims for notice pay and redundancy pay cannot be processed. Those who have received those details have been told that they may have to wait up to six weeks for the Redundancy Payments Service to actually process the payments.

As we know from the universal credit discussions we have had in here in recent times, expecting people to wait six weeks for payment after losing their job is far too long, so I do not see why we should allow that situation to occur here. I hope that, when the Minister next speaks to the liquidator, he will raise these issues and ensure that those who have been made redundant are able to access their statutory entitlements as soon as possible. Will the Minister inform us what resources have been allocated to the Insolvency Service to ensure that those payments are processed as quickly as possible?

Stephanie Peacock (Barnsley East) (Lab): I congratulate my hon. Friend the Member for Wolverhampton South West (Eleanor Smith) on securing this important debate. On apprenticeships, it is hugely important that apprentices are given alternative apprenticeships. However, in answer

to a written question of mine, the Government said that apprentices who are not found an alternative apprenticeship will be paid after 31 January. Does my hon. Friend agree that clarity over how long they will be paid for is important, and that, when they are given a placement, a reasonable travel time is also crucial?

Justin Madders: I absolutely agree. While there has been some progress in finding apprenticeships for some of those who have lost theirs, there are still a huge number who have yet to be found one. We should not underestimate how important it is to get people trained in those skills that we will need in the economy in the future. I hope that more effort goes into that.

On the other companies in the supply chain and subcontractors, is the Minister able to tell us what analysis he has made of the number of companies in these sectors at risk of insolvency and the number of employees whose employment is in jeopardy as a knock-on effect of the liquidation? Has he done any analysis of the numbers affected who are perhaps working in another capacity on Carillion contracts—either through agency arrangements or zero-hours contracts? They are really little more than bystanders in this process and are powerless to do anything but accept their fate. I hope we are able to do something to assist those individuals.

As we know, when a particular function transfers, it is normally the case that staff are transferred over under the TUPE regulations. No one is suggesting for a minute that that is not a preferable situation to redundancy, but it seems that there are questions to be answered about the exact basis on which people will transfer over to their new employers. There should be no ambiguity from the Government on this. People's existing contracts should be honoured in full. We should not have state-sponsored watering down of terms and conditions. The Government should not be a willing partner in the chipping away of employee rights.

Jo Stevens: Does my hon. Friend agree that this is an ideal opportunity for the Minister to confirm that TUPE, which obviously derives from the European Union's acquired rights directive, will be maintained after Brexit, and that voluntary TUPE in these circumstances, to protect Carillion workers, could be offered as a commitment of that for the future?

Justin Madders: I certainly agree, and I would certainly like some clarity from the Government on a whole range of issues on the impact of Brexit. The acquired rights directive has been in place for some 30-plus years now. It is not perfect by any stretch of the imagination, but it is particularly important in situations like this.

Even if there is a full TUPE transfer, we should not pretend that it will be happily ever after. The reality is that, in the majority of occasions when people transfer over to their new employers, sooner or later that employer will look to change the terms and conditions. When they say they are changing terms and conditions, they mean they are watering them down. We have already heard from some of my hon. Friends that there is considerable anxiety about that. It is a practice that has to stop.

The Government should stipulate that any company running a contract providing public services should respect agreed terms and conditions and look to adhere to the highest standards possible that a responsible

employer could adopt—proper rates of pay that provide a living wage, trade union recognition and collective bargaining rights and an occupational pension that is not paid into only when the employer feels like it but is there, as it should be, as part of deferred pay and as an essential part of the contract.

So TUPE applies a certain level of protection. It is far from perfect and often misunderstood, but, contrary to what many people think, it does not provide unlimited protection against changes to terms and conditions. It certainly has more than enough loopholes in it to allow a determined employer to ultimately do as it wishes. Because of the way in which our employment rights system works in this country, changing the terms and conditions of employees is easier to do than finding savings elsewhere. However, in these circumstances it is preferable to redundancy. Let us protect the jobs and get as many transferred as we can, but let us not for a second think that that is the end of the matter. Let us not perpetuate the merry-go-round of misery. Let us take the opportunity to say to whoever ends up running the contracts, “Please respect and protect the terms and conditions of the people who do the day-to-day work.”

The Prime Minister has said that the Government are a customer of Carillion, which is of course true, but we should be much more than a customer. We should be the champion of public services, the defender of the highest employment standards and an exemplar for the private sector of the kinds of companies that we want to see succeed in the country. Perhaps people thought Carillion was a success story at some point, but it was a success built on sand, on deception and on avarice. We should be and we can be much better than that.

3.11 pm

Chris Stephens (Glasgow South West) (SNP): It is a pleasure to see you in the Chair, Ms McDonagh. I congratulate my Unison comrade, the hon. Member for Wolverhampton South West (Eleanor Smith), on securing this debate. As a member of the inquiry into these matters, along with the hon. Member for Stirling (Stephen Kerr), I assure everyone that there will be pertinent questions tomorrow to the auditors and the Pensions Regulator. Clearly there are significant and very real questions for them as to how the company collapsed.

If a politician advocates the outsourcing model of public service delivery—for many reasons I do not subscribe to that theory—they have a duty and a responsibility to protect the workers who deliver those public services using that model. We have heard many examples in the speeches so far about the duty and responsibility that the Government should have in protecting the workers’ terms and conditions, wages and so forth. I gently say to the Minister that there is an immediate solution that he could take up now. He could agree to the provisions that can be found in the Workers (Definition and Rights) Bill, an excellent piece of legislation sponsored by me, which foresees the possibility of a company collapsing. Indeed, it was lodged and printed the day before Carillion collapsed.

A general point applies not only to Carillion, but to all sectors of the economy where there is a contractor relationship with a principal employer and where that contractor absconds, as happened in one case I am aware of. A hairdresser with a business in a Hilton hotel in Scotland absconded—to Portugal, I understand—leaving

the workers there with unpaid wages and in search of answers. In the case of Carillion, where the public sector contracted Carillion to do work, the contractor should pick up the employment and wages of the workers. That can be found in clause 3 of my proposed piece of legislation, which is of course available in all good Vote Offices on the estate.

Such issues come up too often, which is why I propose legislation. Companies go bust or abscond, and leave workers exposed with nothing. We need to address that issue, so I hope the Government will take that up. I am sure the Minister will respond to that.

There should be a voluntary TUPE arrangement. Certainly in Scotland workers have been transferred to other companies to complete contracts. The hon. Member for Cardiff Central (Jo Stevens) raised the issue of why contracts were issued after profit warnings were announced. The Scottish Government did not agree any contracts with Carillion after the first profit warning in July 2017. The UK Government awarded £2 billion of contracts after that profit warning was issued, including for HS2 and for Ministry of Defence bases. The second profit warning was on 29 September and yet the Government appear to have contracted work worth £62 million after that. Then there was a third profit warning on 17 November and the Education and Skills Funding Agency awarded a £12 million school building contract to Carillion. Will the Government tell us why? After the first profit warning, alarm bells should have sounded in Whitehall about why the company had secured such work.

There is a real issue with the pension scheme. As someone who has negotiated TUPE transfers, I am aware of the provisions under TUPE. New contractors like to wriggle out of putting in as much money as the public sector did—usually to 6%—and a lot lower than what the public sector put in. Has the Minister looked specifically at occupational pension scheme provision? That will be a real issue for this Parliament to deal with. When we see the Pensions Regulator asleep at the wheel—in this case fast asleep at the wheel—occupational pensions will be a real issue. The Work and Pensions Committee looked at the issue this morning. Will the Minister make a statement today on what occupational pension scheme provision will be given to workers who have transferred?

I again congratulate the hon. Member for Wolverhampton South West on securing this debate. I hope the Government will listen to all hon. Members who have spoken today. I look forward to the Minister’s offer of a meeting with me to discuss my legislation.

3.17 pm

Laura Pidcock (North West Durham) (Lab): It is fantastic to have you chairing this debate today, Ms McDonagh. I congratulate my hon. Friend the Member for Wolverhampton South West (Eleanor Smith) on securing it and on working so hard for her constituents. I know that her eagerness to secure this debate comes from a real anxiety about what will happen to all the workers.

What is wrong with the model of directly employed workers delivering contracts on behalf of the Government on such vital projects as school and hospital builds and prison maintenance; workers who have access to trade unions and vice versa; employers who afford rights and protections to their workers; and work that allows them to live a good life in security? Why not have a model whereby any profits made from the worker’s labour are

[*Laura Pidcock*]

reinvested in the wages of the workers and the projects that the nation needs? What we saw at Carillion was the absolute opposite of that.

Carillion is not only a well-known blacklister. From 2009 to 2016, it paid out £554 million in dividends—in other words, three quarters of the cash it made from operations. In the five-year period from January 2012 to June 2017, it paid out £333 million more in dividends than it generated in cash from its operations. We know that in the past six months Carillion issued three profit warnings. We also know that during that same period, as has been mentioned, and following those profit warnings, Carillion was awarded three contracts worth nearly £2 billion.

I know that Conservatives and those wedded to freedom of the market would maintain that a business does what it wants with its profits. It is up to them and there should be very little state intervention, but surely even those people—

Stephen Kerr: Will the hon. Lady give way?

Laura Pidcock: If the hon. Gentleman will let me finish, he might agree with what I say next. Surely even those people can see that paying out more in dividends to shareholders than the amount made in profits—paying out three quarters of cash made from operations—is not a healthy way to run a business.

Stephen Kerr: I agree with the hon. Lady's last point, but her description of what Conservatives generally believe about the marketplace is a fallacy. We believe very much in the operation of markets, but within the framework of law. Directors of companies have serious responsibilities, both legal and moral, for the conduct of their affairs. That accountability is framed by the law that regulates the marketplace.

Laura Pidcock: Thanks for explaining the nature of conservatism. That was very welcome. I think the contracts made after three profit warnings tell their own story.

That way of doing business is catastrophic for workers, and damages progress on desperately needed public infrastructure. Imagine all the investment that could have been made if even half the money that went to shareholders had been invested in public projects and workers. That is why the Labour party calls on the Government to bring the contracts back in house. The situation today, with potential mass job losses, is not the fault of the workers, so a degradation of workers' rights as a result of Carillion's collapse—which threw 20,000 workers into a future of chaos and worry—is a price they should not have to pay.

The Government are not powerless in this situation, given that they have 450 contracts with Carillion. They were a major customer of the company, with a considerable stake in the future of the contracts and what the new jobs will be like. If there is any doubt that TUPE applies—particularly regulation 4 on protection of contractual rights and regulation 7 on protection from dismissal—I should hope at the very least for a Cabinet Office statement of practice to be issued to ensure the transfer of all employees in Carillion public sector contracts as if TUPE applied. That statement of practice should

also apply to all contracts relating to central Government, local government, the NHS and all public bodies. Similarly, could the Government instruct the official receiver to transfer employees in private sector contracts as if TUPE applied? They gave an instruction to prioritise the continuation of public sector contracts, which was a good thing. It is right, in addition, to issue similar instructions on behalf of private sector workers, whose livelihoods are, as we know, no less important than those of people in the public sector.

It is extremely important that when workers transfer to a new employer, their individual contracts of employment and trade union recognition arrangements should follow them. So far, 980 workers have been made redundant and 7,500 have been transferred, but after all these weeks thousands of workers still face great uncertainty, as has been recounted in personal stories from constituencies. The Government, alongside the official receiver and special managers, must provide certainty.

The Government have said that the majority of employees who have already been transferred are on similar terms and conditions. What does "majority" mean—is it 51% or 99%—and what does "similar" mean? With three Conservative Members in the Chamber, I do not want to be accused of being overly sceptical, but the Government are hardly seen as a bastion of workers' rights, and it is therefore unlikely that in this instance "similar" would equate to an upgrading of workers' rights. As to those who were not transferred with similar conditions, what degradation was there of their terms?

The full scale of the catastrophe cannot just be forgotten as another failure of outsourcing, especially when, rather than resorting wholesale to an alternative model, the Government are simply allowing a similar operation to bid for contracts. That makes me very concerned about the long-term security of the jobs. How will the Government track the long-term outcomes for Carillion workers in their new employment and training places, as well as those for the self-employed and employees of subcontractors?

As the Government know, regulation 13 of TUPE, which places a duty on the official receiver and the special manager to inform and consult employee representatives in relation to TUPE transfers, is still a requirement even if regulations 4 and 7 do not apply. It is therefore important in setting workers' expectations and giving clarity about their future. It relates to information about whether there will be a transfer—and the transfer date—as well as the legal, social and economic implications for any affected employees. Have the official receiver and special managers been complying with that duty? That is not clear. Are those representatives being informed and consulted? Worryingly, I read yesterday that Unite the union has discovered that Carillion did not pay into the NHS pension scheme in December 2017, even though deductions were made from employees' salaries. I should like to know what happened to those pension contributions.

My final point is that there could be an argument that regulations 4 and 7 of TUPE apply in the case of Carillion. I understand that the usual position when a company is put into compulsory liquidation is that trading ceases and operations come to a complete halt. In an ordinary liquidation, priority is given to paying off creditors, and therefore regulations 4 and 7 of TUPE do not apply. In Carillion's situation, the Government made it clear that the official receiver should instruct

some of the Carillion companies to continue with their operations—especially those relating to public sector contracts—so that the services being provided by Carillion could continue without a break. The Minister for the Cabinet office said:

“Let me be clear that all employees should continue to turn up to work confident in the knowledge that they will be paid for the public services they are providing.”—[*Official Report*, 15 January 2018; Vol. 634, c. 624.]

The official receiver’s decision that some Carillion companies should carry on trading to safeguard and maintain the services that they are providing means that the liquidation has been conducted in the same way as an administration, in which regulations 4 and 7 of TUPE would undoubtedly apply.

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Andrew Griffiths) indicated dissent.

Laura Pidcock: The Minister shakes his head; if he does not believe me, I point out to him the d’Urso case—that was my northern Italian pronunciation and I am happy to provide the Minister with my notes afterwards. The case considered whether the Italian version of TUPE applied to transfers effected by a company that was subject to a special administration procedure for large undertakings in critical difficulty. The special administration procedure had many of the features of a compulsory liquidation. None the less, the European Court of Justice decided that the business transfers directive could apply if it had been decided that the undertaking should continue trading, for so long as the decision to continue trading continued in effect.

3.27 pm

Sitting suspended for a Division in the House.

3.44 pm

On resuming—

Laura Pidcock: When you suspended the sitting, Ms McDonagh, I thought that I had done something wrong or was being outrageous, but in fact there was a Division. I was pointing the Minister to the case in Italy. I urge him to look at it and consider the application in Carillion’s case, because there are so many similarities.

Where there is a will, there is a way. The political questions highlighted by the Carillion case are crucial. The model of outsourcing to companies that essentially leak taxpayers’ money to make rich people even richer has had its day. The same taxpayers who fund the obscene wealth of the shareholders face joblessness, degradation of their terms and conditions and a race to the bottom on what rights they will have left. We know that that model has had its day, but I am not sure that the Government do. However, the critical question today is what happens to the workers, their jobs, their pay, their terms and conditions and their security. I urge the Government to take decisive and reassuring action for thousands of these workers and to answer some of the critical questions that we have all posed here today.

Siobhain McDonagh (in the Chair): Let me clarify that the debate will end at 4.16 pm; I do not want the Minister to feel that he has to abbreviate his contribution.

3.46 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Andrew Griffiths): Thank you, Ms McDonagh; it is great to have time to breathe and to think about what I will say. It is a great pleasure to serve under your chairmanship. This is only my second Westminster Hall debate as a Minister, so please be gentle with me as we go.

I congratulate the hon. Member for Wolverhampton South West (Eleanor Smith) on securing the debate. I know that she has been incredibly concerned about her constituents. We have spoken. I called her on the very day when Carillion went into insolvency. We have met and spoken on a number of occasions. I know that she brings this matter to the House because she is deeply concerned about the impact that the Carillion insolvency will have on her constituents and the people who work at the Wolverhampton headquarters.

We all recognise the impact that the Carillion insolvency has had and the weight of it. The Government have taken decisive action to mitigate the effects of the Carillion insolvency on employees and firms in the supply chain since it became clear that the company was in severe trouble. Although our No. 1 priority was to protect the vital public services delivered by Carillion, we have also sought to minimise the impact on the private sector and all the jobs that rely on it. Where private sector clients want services to continue, pending transition to another supplier, and have agreed to pay for those services, the official receiver has agreed to maintain them. Through the official receiver and the appointment of special managers, we have ensured that vital public services have been maintained.

There was some suggestion earlier of public services being at risk. We have actually seen an orderly, smooth transition. We have managed to protect the hospitals, prisons and schools—all the public services that rely on the services that were being provided by Carillion. That was our major priority, but of course we have an added interest in doing all we can to protect not only all the thousands of employees employed by Carillion, but the many thousands of jobs in the supply chain—the contractors who, through no fault of their own, find themselves in a difficult position because of the Carillion insolvency.

To date, as I think has been mentioned during the debate, 7,610 of Carillion’s UK employees have transferred to new employers and 1,141 employees have, sadly, been made redundant. I will come on to the support that we are putting in place for those who are made redundant. Carillion had more than 18,000 UK employees, and we hope that the special managers will announce further transfers of jobs and contracts in the very near future.

On 26 January, the Ministry of Justice, for example, announced the creation of a new, Government-owned facilities management company. There has been some suggestion, raised earlier in the debate, that we should transfer wholesale all of these contracts back into public ownership, back into administration by the state. Our approach has been pragmatic: when we can have a smooth transition to new private sector providers that maintains jobs and services, and returns money for the creditors—we must not forget that one of the main jobs for the special manager is to protect the interest of all those creditors owed money by Carillion—we will do so.

[*Andrew Griffiths*]

But when it is right that we take contracts back into public ownership and management, we will also do that. We have a pragmatic rather than a dogmatic approach.

Laura Pidcock: I thank the Minister for giving way so soon into his speech. I want to stress this point. The Government have essentially underwritten public sector contracts, so that they can continue, which I support. However, does he agree that that is not a usual feature of a compulsory liquidation? It is more like an administration procedure, and therefore TUPE regulations could apply.

Andrew Griffiths: That is the point the hon. Lady made in her speech. Let us be clear: Carillion is in insolvency, not in administration—there is a distinct difference in law. While the Government have stood behind Carillion to ensure that those public services continue to be delivered by the company during that smooth transition, in law, Carillion is in insolvency. I commend the hon. Lady on her Italian, but the point she makes is not relevant to the Carillion case, unfortunately. Later in my speech, I will explain why TUPE does not apply in this case.

The new company that I referred to, the GovCo from the Ministry of Justice, will ensure the delivery of, for example, prison facilities management previously provided by Carillion, including things such as cleaning, reactive maintenance, landscaping and planned repair building work. Those jobs have been taken in house to a GovCo. We have also seen positive signs regarding Carillion's larger contracts.

As I said, a number of jobs have already been secured, but, as hon. Members will have seen, the media have recently reported on Serco's and Brookfield's interest in purchasing a number of contracts and transferring roughly 4,000 workers, although that is not yet confirmed. I understand that the official receiver and the special managers are working hard with customers to try to secure agreements, which will secure further jobs.

We also have to remember that some of these contracts are in the private sector and some are in the public sector. The Government were a customer of Carillion. We did not own Carillion. My hon. Friend the Member for Stirling (Stephen Kerr) rightly pointed out that we did not ride to the rescue and bail Carillion out. Our intention was to protect public services and, wherever possible, protect the jobs that relied on them.

The hon. Member for Barnsley East (Stephanie Peacock) has had to leave because of the Division, and I understand that. She mentioned in particular the issue of apprenticeships, which was also raised by other hon. Members. The Construction Industry Training Board, the CITB, has now conducted face-to-face discussions with all of the 1,400 Carillion apprentices and has so far found new employers for 725 of them. In addition, 180 of those were level 1 pre-apprenticeships, and those have been transferred to new training providers. The CITB is working to ensure that remaining apprentices are supported to find new employers and training providers. We are confident—the CITB is confident—that there will be opportunities and new apprenticeships for all of those apprentices who wish to continue with their studies.

As I said, we have had the question of whether TUPE should apply. While we welcome the protection of Carillion's employees, and I fully understand the desire of the hon. Member for Wolverhampton South West to protect the terms and conditions of the staff that she represents, it might just help if I explain to hon. Members that there are over 300 companies in the Carillion group, of which around 200 are based in the UK. Currently, 27 companies are subject to compulsory liquidation proceedings in the UK. When these companies are responsible for employing Carillion's 18,000 employees, it is simply a matter of law that some elements of TUPE do not apply. Protections for transferring employers is a well-established principle that, as we have heard today, derives from EU legislation dating back to the 1970s. However, there are good reasons why key TUPE provisions do not apply when a company goes into liquidation.

The reason why TUPE is not applied in various insolvency situations, including liquidation, is that it is considered an obstacle to rescuing the businesses and saving jobs. That has to be our priority, of course. We want to rescue and secure these jobs. A decision taken by policy makers and Governments of all colours not to apply TUPE provisions in these cases is well understood, as are the reasons behind it. As a result, regulation 8 of the TUPE regulations 2006, covers insolvency proceedings and provides that these provisions do not apply

"where the transferor is the subject of bankruptcy proceedings or...insolvency proceedings which have been instituted with a view to the liquidation of the assets of the transferor and are under the supervision of an insolvency practitioner."

That is exactly the case that we see here with Carillion.

There are two good reasons why the Government do not want to apply TUPE. First, it would undermine the intention of rescuing jobs, as I said. Secondly, to apply TUPE specifically to the present liquidation scenario would require an emergency Act of Parliament, creating a special statutory scheme for those named companies, having retrospective effects. That would cut across fundamental principles at the heart of our democracy. I am sure that no colleagues in Westminster Hall today would wish to do that. The compulsory application of TUPE to Carillion companies is not, therefore, a matter that can simply be agreed between the liquidator and the unions. There is legal precedence here that we cannot simply ignore.

Stephen Kerr: My hon. Friend is giving the position as it is, which is what has brought us to this debate. However, is it not possible for the Government, in relation to the public sector contracts, to stipulate, as the customer, that certain aspects of the contract roll over to the new company, such as the voluntary TUPE that has been referred to? Could they not insist on that?

Andrew Griffiths: My hon. Friend makes a fair point. As we heard previously, the Secretary of State for the Cabinet Office has explicitly said that we wish to ensure that, wherever practical and possible, workers are not worse off. In fact, I can share with the House that the Secretary of State for Business, Energy and Industrial Strategy has had conversations with the special manager to implore him, wherever possible, to protect workers in that way.

However, as I said, we also have to be aware that a large proportion of these contracts are actually private sector. Of course, the legal requirements and stipulations

on the special manager, in order to be able to fulfil his duties and protect the interest of the creditors, are paramount here. It would be inappropriate for Ministers or any politician to try to interfere with that. As a result of agreements that we have seen in the press and entered into over the past few weeks to purchase contracts held by Carillion, we have secured those 7,500 jobs.

The hon. Member for North West Durham (Laura Pidcock) mentioned that we are on record as saying that most employees who have transferred so far have done so on existing or similar terms. The official receiver has worked to do that. I know that she would like more details—she would like an exact percentage, but she will also understand that given Carillion's size, complicated governance and business structure and the difficulties in relation to managing the smooth transfer of these contracts, we do not yet have those exact figures. However, I am sure they will be available to her as soon as we have them.

In her speech, the hon. Member for Wolverhampton South West raised the issue of support for employees. Understandably, this remains a very troubling time for employees and we will do everything we can to help those affected. Unless told otherwise, employees who are working will continue to be paid by Carillion during the liquidation. My hon. Friend the Member for Stirling used the phrase “justice”—he wanted there to be justice for Carillion workers. It is not their fault that they find themselves in this perilous situation. I can say to him that those employees transferring across will still be eligible for redundancy payments. So if he is looking for justice, he may find that those payments go some way to delivering that.

Through the special managers, the official receiver has contacted all employees to explain the action being taken by Government and where they can seek advice and support. For example, the special managers and the Pensions Advisory Service have set up dedicated telephone support services. The special managers have a process in place to inform employees being made redundant in a timely fashion, and to give information about their employment status.

There was some suggestion earlier about delays in people being given the required information to be able to claim redundancy. We are in close contact with the special managers, and while we cannot guarantee that everybody has had the information as quickly as we would hope, there is a great imperative in these very difficult times for workers to ensure that they get access to the money that they have a right to receive. So we are working incredibly hard to try to ensure that happens as a matter of urgency.

We are also ensuring that practical support is available from Jobcentre Plus's rapid response service. Hon. Members might be interested to know that so far Jobcentre Plus reports that it has had 34 claims by Carillion staff and 65 claims by individuals made redundant by firms in the Carillion supply chain. So thus far we have seen a small number of people turning up at Jobcentre Plus and claiming benefits.

I think the reason for that, in reality, is that these workers are incredibly valuable. They are a skilled, trained workforce in a tight jobs market. We have seen today that we have record employment in this country—unemployment is at levels not seen for 40 years. That is

a great economic success, but it means that as the jobs market tightens the workers who we are talking about are greatly in demand.

Eleanor Smith: I have heard from my constituents that they have not received proper communication; I think that has been said across the different workforces. The fact that there are over 20,000 and only 20 have gone says something about the communication, which is not going to everybody.

Andrew Griffiths: I can honestly tell the hon. Lady that the rapid response team are exactly that. They give a report to the taskforce, which she asked about and I will come to. The rapid response team are working alongside the special managers. When people are made redundant, the team have all the details of the people involved and are proactively doing that. In addition, they are going into Carillion offices and, without causing concern, proactively advising people about opportunities and jobs that are available, and helping those people to prepare should they be made redundant.

In addition, the team are offering help with job searches, help to identify transferrable skills and training to update skills. This is a Rolls-Royce service. I can say hand on heart that the rapid response team are really excellent. If the hon. Lady has specific examples, I would be delighted to take those up on her behalf and to ensure that if somebody has been missed, we get in touch with them as quickly as possible.

Finally, I would like to set out the support that we are giving to those businesses affected by Carillion. We recognise that while the mass and the attention is on Carillion, the impact in the supply chain is huge. As hon. Members, we will probably all have people working in the supply chain in some way. As the hon. Member for Wolverhampton South West mentioned, we have set up a taskforce; I think it was set up three days after Carillion went into liquidation. The taskforce includes representatives of small business and the TUC. She referred to a letter from Frances O'Grady; Frances sits on the taskforce, which meets at least weekly. We have the Federation of Small Businesses, the Department for Work and Pensions, the Cabinet Office, the Local Government Association and the Construction Industry Training Board. We are working across Government to address the challenges and to come up with solutions that will support affected businesses.

The Business Secretary and I are in regular contact with the construction industry and all of the relevant trade bodies. I meet them weekly to properly understand and respond to their concerns. Following the Business Secretary's meetings in the aftermath of Carillion's insolvency, when we called in the banks to ensure that they were providing the necessary support and help to the supply chain, the banks made nearly £1 billion available. That was from lenders such as HSBC, Lloyds, the Royal Bank of Scotland and Santander in the form of loans, credit facilities and further financial support, to ensure that the contractors in the supply chain that are affected get the help and support that they need.

For those companies that may have lost money as a result of Carillion's collapse, the most important thing is their ability to continue earning. While they may have lost sums as a result of Carillion's collapse, by standing behind Carillion we have allowed certainty for those

[Andrew Griffiths]

businesses. I assure the House that while there have been some concerns about the payment terms of up to 126 days that we saw with Carillion, the special manager has entered into an agreement that he will pay contractors still providing services to the Carillion network in 30 days. That will go a long way towards helping those businesses—small businesses, in particular—that are struggling for cash flow. Her Majesty's Revenue and Customs is also helping businesses with its Time to Pay scheme.

The hon. Member for Ellesmere Port and Neston (Justin Madders) mentioned apprenticeships, which we have covered. The hon. Member for Glasgow South West (Chris Stephens) made a number of points, but most importantly referred to two things. He referred first to the contracts awarded to Carillion after the profit warnings. The first thing to understand is that issuing a profit warning does not mean that a business is on the verge of imminent collapse; if that were so, we would have seen the collapse of Tesco and of Marks and Spencer. It is exactly that: a profit warning to the City and to investors to say that the profits that the company is about to issue will not be as large as expected.

In relation to the award of contracts after those profit warnings, Carillion announced that it had won eight public sector contracts after its first profit warning in July last year. Three of those, for facilities management, were for defence establishments. They were actually awarded before the profit warning, but Carillion chose to make its announcements some weeks later.

Two of the remaining five contracts were awarded by HS2 Ltd to a joint venture including Eiffage, a major French construction firm, and Kier, as well as Carillion. The three companies bid together as a consortium, and as a result all shared responsibility for completing the work. After the profit warning, we asked each partner's board for written assurances that if one partner failed, the others had a contractual obligation to pick up the work. Those assurances were given. Since the announcement of Carillion's liquidation, Eiffage and Kier have confirmed that the contracts will continue uninterrupted and that the former Carillion employees working on those contracts have been offered jobs with those new partners.

Following the announcement of the profit warning, a further assurance came from external due diligence commissioned by HS2 Ltd. That revealed that at the time of the award in July last year, Carillion had the financial capacity to continue with its part of the contract. HS2 Ltd let the two contracts to the joint venture because it was confident that the joint venture arrangements were robust. That has proved to be the case.

The remaining three contracts were with Network Rail. They were not new contracts, but variations of contracts let some three years earlier, in 2014. Two were for electrification work. In a similar construct to the HS2 network, they were let to joint ventures between Carillion and the electrification specialist, SPL Powerlines.

Chris Stephens: Some of the information that the Minister has given will be helpful for tomorrow's Select Committee inquiry, and I thank him for that. When a company that is applying for a Government contract issues a profit warning, what checks do the Government put in place and what checks is a public body expected

to put in place to ensure that that company is solvent? We now know that after the first profit warning, the alarm bells should have been louder than they were.

Siobhain McDonagh (in the Chair): Order. I wish to point out that the debate will finish at 4.16 pm and I hope to give Eleanor Smith, as the mover of the motion, a couple of minutes to sum up at the end.

Andrew Griffiths: Thank you, Ms McDonagh. I reassure the hon. Member for Glasgow South West that stringent checks are consistently carried out by the Cabinet Office and across Government. That preparedness ensured that there was a smooth transition, that contracts have been maintained and that public services have not been put in jeopardy.

I congratulate the hon. Gentleman on the important work that the Select Committee has done. We have written to the Financial Reporting Council to ask it to look at the audit process to ensure that it is rigorous and fair, and to the Insolvency Service to ensure that it looks at things such as bonuses paid to current and previous directors so that, if necessary, we can claw them back.

In relation to pensions, the Pensions Regulator has oversight of pension schemes. As the Pensions Regulator is independent, it would be inappropriate for me, as the Business Minister, to comment, but I am sure the Select Committee will do further work to get to the bottom of the issue.

Finally, I reassure the hon. Member for Wolverhampton South West that we in Government have done all we can to protect public services, support businesses in the supply chain that have been put in peril and secure jobs for all the hard-working people employed by Carillion. In terms of procurement and payment for small businesses, we will learn the lessons to ensure that we protect them as best we can in future.

4.13 pm

Eleanor Smith: I welcome the fact that 668 jobs have been saved so far. Nearly 1,000 workers have already been made redundant, however, and 11,800 are still hanging in the balance—we do not know what will happen to them.

I welcome the Government's assurance that they will look into the situation, but I am a little disappointed that they could not assure me of protection for the workers under TUPE. The hon. Member for Strangford (Jim Shannon) said that that had already been done in Northern Ireland, and I had hoped that the Minister would say that he had followed suit. Obviously, he has not. I encourage him to look at the Bill sponsored by the hon. Member for Glasgow South West (Chris Stephens) to see whether there is a way for us to do it. We do not want to be in this situation again with another company.

I thank hon. Members for their contributions to the debate and for raising concerns about the protection of the Carillion workers. I also thank the Minister for responding to me, and I hope the Government will continue to look at protecting the Carillion workers.

Question put and agreed to.

Resolved,

That this House has considered the application of TUPE to Carillion workers.

Child-to-Parent Violence

[GERAINT DAVIES *in the Chair*]

4.16 pm

Toby Perkins (Chesterfield) (Lab): I beg to move,
That this House has considered child-to-parent violence.

It is a great pleasure to serve under your chairmanship, Mr Davies. Child-to-parent violence is a very significant issue that, too often, is not spoken about. A parent in Chesterfield first raised the issue with me as part of a wider discussion about the paucity of support that they had received from Derbyshire County Council. As an adoptive parent, I was alarmed to learn of Adoption UK's recent survey to which 3,000 of its 8,000 members responded. The survey revealed that as many as 63% of parents said that their adopted child had displayed aggressive behaviour. That followed Al Coates' survey, which showed that 30% of adopters have experienced regular child-to-parent violence. The issue also affects around 3% of all families—some 330,000 children.

I will take this opportunity to highlight this important issue and invite the Minister, and all of us, to consider the extent to which current local authority interventions equip social workers and parents to tackle CPV. I will reflect on recent research in more detail and on the role that local authority funding cuts play in our ability to support successful adoptions. I will also ask whether the balance between protecting children and supporting their families is appropriately weighted. Finally, I would like to learn more about the specific steps that the Government are taking to investigate the scale of the issue and the support that they could put in place to help families.

Much of my contribution will focus on violence in families with adopted children, but clearly this is not purely an adoption issue. Families who have not adopted and do not have social services' input or a diagnosis that explains why there are such problems can be even more isolated and alone, but my focus is predominantly on child-to-parent violence in adoptive families.

As parents, many of us worry that we are failing to live up to a media ideal of the perfect parent—I say that as the parent of a 19-year-old and a 15-year-old. As a nation, we are ludicrously time poor. The pressure on families to make ends meet and the demanding working environment that many families face, coupled with competing demands on our children, mean that modern parenting is a fraught business under the best of circumstances.

For adoptive parents, those pressures are often magnified. Three quarters of adopted children enter the care system because of abuse or neglect. Babies and children who have been victims of violence or physical, sexual or psychological abuse or have witnessed it routinely, who have been left to scavenge in bins because of neglectful or substance-dependent parents, or who have been left in the appalling situation of having to take over the parenting role at a very young age because of the inadequacy of their parent, will have experienced a level of trauma that can stay with them all their lives. Even in the womb, many children have disadvantages such as foetal alcohol syndrome or foetal alcohol spectrum disorders placed in their way. Chaotic, disruptive and disorienting experiences in the early years of children and babies, when they are at their most vulnerable,

inevitably stockpiles future crises. It is a truism that hurt children hurt, and many adopted children have been badly hurt by the time they are adopted.

Adopting a child is not much like the brochures would have us believe. Adoption is not a silver bullet that takes children away from a bad situation and places them in a benign and friendly one that washes away all the scars of the past. One third of adoptive parents surveyed said that their local authority had withheld important information about their child before the adoption. Of course it is important that adopters are encouraged to come forward, and it is gratifying that despite all these problems, 88% of adoptive parents say they would still adopt and are glad they did. However, attracting adopters should never come at the expense of a pragmatic and realistic description of what life for an adopting parent can be like and of the many challenges that their children and family are likely to face. An appalling statistic that should give us all pause for thought is that children who have been adopted are 20 times more likely to be excluded from school and twice as likely not to achieve five good GCSEs.

Our starting point in countering child-to-parent violence must be to recognise the scale of the issue and ensure that it is widely discussed within the social work profession and more widely among adopter families. Parents who experience child-to-parent violence often question their own parenting and start to blame themselves. They wonder whether it is because of something that they have done, and whether if they had only taken a different strategy things would have been different. They take all sorts of steps to try to prevent it and they think it is a mark of their own failure. What they need is a support network that offers them strategies and understanding, rather than reinforcing the idea that they are to blame and that they and their families have become victims of violence as a result of their parenting.

We need a culture in which social workers realise that their work is not finished the minute the care order is signed and that adopted children need more support than other children. Supporting the family is part of that. After my wife and I adopted in 2004, we had a couple of cursory meetings in the run-up to getting the care order but, broadly speaking, that was it. After that stage, unless parents phone the social workers to say that there is a problem, they often get no further contact.

Many parents who experience violence from their children worry that if they highlight the extent of the problem, their parenting ability will be questioned and they will be taken down the route of child protection and investigations into their parenting, rather than the supportive environment they should have. Al Coates MBE—an adopter, a qualified social worker and a member of the Adoption Support Fund expert advisory group to the Department for Education—has interviewed many social workers and discovered that very few had had any formal training about child-to-parent violence.

The work of Al Coates and Dr Wendy Thorley, based on a survey of approximately 260 adopters, has led to a report called “Child-Parent Violence (CPV): an exploratory exercise”, which uncovered that as many as 30% of adopters had experienced violence. It also undermined the preconception evident in the Home Office report on adolescent-to-parent violence that this is an issue that relates to adolescence. It exposed the fact that the incidence of violence to parents is higher among seven

[Toby Perkins]

to 11-year-olds than among children aged 12-plus. It also revealed that child-to-parent violence is at the heart of many families in crisis and is a growing problem that, like many other forms of domestic violence, is hugely under-reported. Highlighting the issue and ending the culture of parental blame will help to address that under-reporting. It is important that we all play a role in ensuring that adoptive parents recognise that child-to-parent violence is a common challenge faced by many others, not a sign of their own failure. The Government should commission or support much more detailed studies of child-to-parent violence in adoptive families.

CPV will not begin to be addressed until there is wider acceptance of the scale of the crisis in child social work. A combination of growing caseloads, shrinking budgets, higher public and Government expectations, a more violent society and more family breakdowns is stretching the system to breaking point. A BBC freedom of information request has revealed a 25% increase in long-term sick leave among social workers since 2012-13. In the 135 councils that responded to the request, 1,911 social workers had been off sick for more than a month. That mirrors my own experience and that of many adopters whom I have supported or met: when we try to pursue issues or get support, the social worker dealing with the matter is often off sick and the person who comes in instead has only a very scant knowledge of the case history. They take an immediate look at whether the child is in danger, but if that is not the case, the support the family receive is very small.

The scale of social worker absenteeism and sickness is simply unsustainable. It inevitably means that corners will be cut, warning signs will be missed and the quality of interactions with families will be diminished. An obvious impact is that social worker caseloads will grow and many of the interventions that would support families and prevent them from reaching crisis point will play second fiddle to addressing immediate crises. Children who hurt others but who are not themselves at risk of being hurt will be seen as less of a priority.

Recent research by the British Association of Social Workers showed that social workers put in an average of 10 hours of unpaid work each week to try to manage their case loads. The scale of local authority cuts makes tragedies inevitable. The Joseph Rowntree Foundation found that English councils faced a 27% cut in their spending power under the five years of the coalition Government and that the pace of those cuts has continued since then. In the early years, there may have been fat for councils to trim, but that fat has now gone. Every day, social workers battle with life-and-death decisions that undermine their ability to provide the service that their clients have a right to expect.

Councils in the areas of greatest deprivation have faced the largest cuts, which is indefensible. In recent weeks, we have seen the dam start to burst, with Tory councils in Northamptonshire and Surrey sending out warning signals about their finances. If those councils are struggling, imagine how difficult it is for councils in areas of greater deprivation. To continue to deliver spending cuts of the size currently being implemented is to accept that social worker absence will continue to rise, and more children and families will fail to receive the support they need. I make a real plea for future local

government spending rounds to recognise that further council cuts will cost vulnerable children their lives and leave far too many families in crisis.

In addition to addressing the funding issues, the Government should look closely at the direction provided to social workers and to all those involved in the support of children and families. Child protection and the needs of the child are at the core of the Children Act 1989, but using them as the guiding principle often leaves families outside the room when key decisions are being made about their future.

I question whether a relentless focus on protection of the child that overlooks the needs of their families is actually advantageous to the children who we seek to protect. Often the prioritisation of social work case loads will be based on whether a child is at immediate physical risk. Often, children who are violent to their parents or siblings are not themselves seen as being at risk, even though such violence can often be the cause of an adoption breaking down. A more holistic view, which recognised violent children within a family unit as a crisis in itself, would lead to better outcomes.

Given the scale of adoptive families who are affected by this issue, as suggested by the research I have cited, there is an argument for greater counselling and therapies for children post-adoption before the crisis manifests itself, and a much more substantial commitment to adopter support would prevent families from reaching crisis point and may well save money in the long run.

The Government's Adoption Support Fund is a welcome development, but the cap on funding and the number of councils refusing to match fund therapies demonstrate the limitations of the current approach. When the Minister responds to the debate, can she say what representations she will make to the Treasury about the scale of the financial crisis facing councils, and the difficulty that crisis places on the Home Office in supporting local authorities to keep people safe?

I was very conscious in calling for this debate that this issue goes across three different ministerial Departments: the Department for Education, which has a child social work purview; the Department for Communities and Local Government, which deals with local authorities and their funding; and of course the Home Office itself. That was why I specifically focused my speech from an education point of view, although the Government have chosen to respond to it from a Home Office perspective. Nevertheless, all those different Departments have an important role in relation to this issue and inter-departmental work will obviously be very important.

I wonder to what extent the Minister, who is a Home Office Minister, accepts that local government finances will inevitably have an impact on the quality of child social work and the outcomes for adopted children. What steps will the Government take to ensure that new generations of social workers receive better training on the occurrence of child-to-parent violence, particularly among adopters, and ensure that parents are supported and not blamed? Will there be mandatory training for child social workers on child-to-parent violence, and will future continuous professional development of child social workers place an emphasis on child-to-parent violence?

In addition, will the Government ensure that there is skilled and appropriate therapy available to children who have been removed from violent or neglectful family situations at the start of the adoption, rather than

waiting for a crisis to manifest itself? Will there be an assumption that children who have experienced early trauma are likely to become violent themselves if that trauma is left untreated? Why do we wait for the crisis to grow until it is too large, when it could be more easily treated if it was addressed earlier? What steps can the Government take to ensure that the founding principles of the Children Act 1989 do not prevent the impact of violence by children being investigated because the child is not seen to be at risk?

What more can be done to ensure that the link between attachment difficulties and the education system is closer? Will the Minister commission a report to identify the scale of this issue and expressly recognise that this is not purely or even primarily an issue of adolescent violence but one that affects families with children of all ages?

Child-to-parent violence blights the lives of too many families; it must be a hidden problem no more.

4.33 pm

The Parliamentary Under-Secretary of State for the Home Department (Victoria Atkins): It is a pleasure to serve under your chairmanship, Mr Davies.

First, I congratulate the hon. Member for Chesterfield (Toby Perkins) on raising this important issue and on doing so in a very thoughtful way. Obviously, this issue affects him and his family, given his experience of adopting children. I pay tribute to him and to everyone across the country who finds the time and space in their families to give love and support to looked-after children, and the opportunities that those children deserve.

Last week, I attended an international conference on tackling violence against children. The Swedish Prime Minister spoke very movingly of his own experience of foster care. He had been looked after by foster parents and he talked about the opportunities that they had given him, which enabled him to become Prime Minister of his country. It was the most incredible story of love, support, opportunity and ambition. Perhaps in due course the hon. Gentleman's children will follow in the footsteps of the Swedish Prime Minister.

I am responding to this debate on behalf of the Home Office. As the hon. Gentleman has rightly pointed out, this is an issue for which several Government Departments have responsibility. I hope that he will forgive me if I respond from a Home Office perspective, and of course I will ensure that my ministerial colleagues in the Department for Education and the Ministry of Housing, Communities and Local Government respond to the specific points that relate to them.

The reason the Home Office is responding to this debate is that while of course we have responsibility for crime, we are also very conscious that child-to-parent violence is an issue that is often neglected, even though it can have a devastating impact on the families concerned. Currently there is no legal definition of child-to-parent violence, but it is increasingly recognised as a form of domestic abuse. Indeed, the hon. Gentleman spoke very thoughtfully about the impact of babies and children witnessing domestic abuse in their homes, including the impact it can have on them developmentally, not only in childhood but in adulthood.

That is precisely why the Government hope to include in the draft domestic violence and abuse Bill, which we will seek to introduce in this Session, a measure that

reflects the impact that domestic abuse has on children. That will be one of the most important measures in that Bill. We want to make it an aggravating feature of any domestic abuse offence if there are children present in the home when that abuse is carried out, to try to draw out and show the terrible effect that it has on young people.

It is very important to understand that, as with other forms of domestic abuse, child-to-parent violence is not only about physical violence. It is also likely to involve a pattern of behaviour that can encompass, but is in no way limited to, psychological, emotional, economic and physical abuse. It is an incredibly complex problem that presents a number of challenges to families who experience it. Family members may feel isolated and stigmatised, and they may even feel shame for being the victims of violence at the hands of their children. They may not know where to go for help and, as the hon. Gentleman has articulated, they may worry that if they do reach out for help, judgments will be made about their parenting skills and the children may be removed from them.

That is why the Government commissioned a 2015 report, "Information guide: adolescent to parent violence and abuse", which provides materials and advice to support professionals in the police, the health system, the justice system, the education system, youth services and so on, when someone comes to them for help. I hasten to add that although the title refers to adolescent violence, the advice does not just apply to adolescents; it can of course apply to children under the age of 16 as well.

There are also at least two charities that can offer help and support to family members who are suffering from this kind of violence, including the free and confidential helplines that are run by Family Lives and the National Society for the Prevention of Cruelty to Children. Child-to-parent violence includes not only violence by young people living in the family home, but adult children's violence towards their parents. Sadly, that issue is similarly hidden and equally poorly understood.

Because of issues such as stigma and the worries that people may have about reaching out for help, there are no specific national statistics on child-to-parent abuse. However, we know that there are approximately 2 million victims of domestic abuse every year. Family Lives, a national charity, reported that over a two-year period its helpline received more than 22,500 calls from parents reporting aggression from their children. Also, the Office for National Statistics has shown that in the year ending March 2017 there were 11 recorded parricides, which gives an indication of how serious these cases can become and the number of families who are torn apart by this type of abuse.

Such abuse can affect all levels of society. There may be a history of domestic abuse within the house, but equally there may be other factors that exist alongside the abuse, including substance misuse, behavioural problems, learning difficulties and mental health issues. There is no single explanation for the abuse to which some parents are subjected.

In terms of the complexity, it is important to break the silence on this abuse, which is why I am grateful to the hon. Gentleman for raising the issue. Also, we know that exercises such as the recent storyline in the soap opera "Hollyoaks" have helped draw the issue to the public's attention.

[Victoria Atkins]

What have we done? The hon. Gentleman rightly and understandably asked for action. We have committed £920 million towards the troubled families programme, which aims to achieve significant and sustained progress for 400,000 families with complex needs by 2020. I fully appreciate that the adopted families he spoke to may not fall into that category, but none the less we have invested that significant sum of money to help families who are troubled. The programme works to support families through a dedicated key worker who works with them to draw up an action plan. It can include support for families where there is child-to-parent violence.

The hon. Gentleman asked about social care. In addition to the troubled families programme, the Government have identified that we need to support councils to identify improvements to children's social care. We have made £200 billion available for local services, including children's social care, up to 2020. In addition, the Department for Education has funded a number of projects with a specific focus on tackling domestic abuse as part of our children's social care innovation programme, which is backed by £200 million. As part of the Government's domestic violence and abuse Bill agenda this year, there will I hope be lots of national conversations about domestic abuse in its various forms. I would welcome the hon. Gentleman's help in raising this issue so that we can see whether there are other measures we should be employing.

We are conscious that domestic abuse is not just about physical violence. It can be about emotional and mental abuse as well. That is why we introduced the new domestic abuse offence of controlling or coercive behaviour in an intimate or family relationship in the Serious Crime Act 2015. We know that safeguarding is critical to helping families where there is child-to-parent abuse, rather than necessarily criminalising the child, with all the repercussions that has for their future career prospects and so on. We want to help and support professionals in identifying and dealing with the earliest signs of abuse, to stop violence before it happens and to prevent abusive behaviour from becoming entrenched. Critically, we want to provide victims and their families with support before a crisis point is reached. That is why we have the information guide I mentioned. I encourage Members to read it if the issue has come to them through their constituency casework. It provides guidance for practitioners.

In conclusion, we must and will do more to tackle the tyranny of domestic abuse and, in doing so, promote greater awareness of the different forms it takes. Our forthcoming consultation on the domestic violence and abuse Bill, which will be launched shortly, and the package of non-legislative measures that will sit alongside that Bill provide an opportunity to transform agencies' responses to domestic abuse, to make tackling it everyone's business and to promote a national conversation to bring this abuse out of the shadows. I hope I have reassured the hon. Gentleman of the Government's commitment to tackling this terrible form of abuse, and I thank him very much for raising the issue.

Question put and agreed to.

East Midlands Ambulance Service

4.44 pm

Ruth George (High Peak) (Lab): I beg to move,

That this House has considered the performance of East Midlands ambulance service.

It is a pleasure to serve under your chairmanship, Mr Davies. The ambulance service is the glue that holds our health service together, and it does an incredible job. I have heard some harrowing examples in recent weeks of ambulance waits, but I want to start by putting that into context. Last October, my constituent Vinnie fell down stairs in the early hours and hit his head so hard that his heart stopped. The 999 call handler talked Vinnie's partner Jo through cardiopulmonary resuscitation to keep him alive until the ambulance arrived 15 minutes later. That crew literally saved his life. Vinnie and Jo want to say thank you to those people, but they do not know their names. On behalf of Vinnie and Jo and everyone for whom our ambulance services have done amazing things, thank you.

Ambulance crews do amazing things every day, but they are struggling, especially in the east midlands. Our response times have consistently been below the average and near the bottom of the regional tables. In January, the east midlands came ninth out of the 10 regions in responses to category 1, 2 and 3 calls. On category 2 emergency calls, which have a target average response time of 18 minutes, East Midlands ambulance's average was 37 minutes—more than twice as long.

Sir Edward Leigh (Gainsborough) (Con): We used to have a Lincolnshire ambulance service, which I thought provided a very good service, but we were told that the way to get a better service was to regionalise and effectively centralise. We now find that many ambulances are taken off to Leicestershire or Nottinghamshire—no doubt for a good cause—and they do not come back to Lincolnshire. Does that not underline the need for localism and local services run by local people?

Ruth George: To be honest, when I was at East Midlands ambulance HQ, the waiting time at Lincoln hospital was seven hours for patient handover. Unfortunately, in those situations ambulances are diverted to where patients who need help urgently can get the care they need. Part of the problem is the handover times, particularly at Lincoln.

The longest 10% of urgent responses took more than 82 minutes, which is twice the target of 40 minutes. For category 3 urgent calls, 10% of East Midlands calls took more than three hours 22 minutes against a target of two hours. In practice, that means that people who are very seriously ill or in pain are waiting hours and hours for an ambulance. My constituent, Debbie, contacted me on Saturday night at 10 o'clock. Her 82-year-old mum had a hairline fracture of her hip. It had not been diagnosed, and suddenly her mum found herself in excruciating pain and unable to move. Despite calls to 111 and then 999, there was simply no ambulance available.

It was only when Debbie called at midnight and said that her mum was passing out of consciousness due to exhaustion and pain that the call was upgraded to category 2 and the ambulance arrived 20 minutes later. By then her mum had been waiting in agony for more

than nine hours. The ambulance crew apologised, but they had been on more urgent calls the whole time. Debbie and many other constituents have contacted me to ask, “Why is this happening?”

A few weeks ago, I visited the ambulance control centre at Nottingham to see the management of East Midlands ambulance calls across the whole region. It was a Friday lunchtime, but even at that time the emergency calls and urgent calls were stacking up. I listened in as people were calling back to find out how long an ambulance would take. Health professionals, families, neighbours and shop assistants were all caring for someone who was seriously ill and needed an ambulance. They were undergoing hours of pain, worry and uncertainty.

From that experience and from speaking to local paramedics and East Midlands ambulance managers, it seems that there are four key reasons for the issues. The first is our geography. East Midlands ambulance covers a huge area, from the border of Manchester in my constituency to the shores of Lincolnshire. It has the second lowest population density in England after the south-west, but also the second-lowest investment in transport infrastructure after the north-east. It is not only a large region; it is hard to get around.

Secondly, when ambulances do get their patient to hospital, they encounter some of the longest waits for transfers. In 2015-16—the latest figures that we can obtain—only 44% of handovers in the east midlands were completed within 15 minutes, compared with 58%, on average, across England. This winter, handover times in some hospitals have got much worse. At my constituents’ local A&E at Stepping Hill, ambulances were waiting for more than three hours. At Lincoln hospital, it was more than seven hours. When vulnerable people are waiting in severe pain for an ambulance, to have them queued up outside hospitals unable to hand over their patients is incredibly frustrating.

The third issue is the level of demand. In the east midlands, the number of responses rose from 222,000 in 2011-12, to 335,000 in 2016-17—an increase of more than 50%.

Melanie Onn (Great Grimsby) (Lab): I thank EMAS for coming to meet with the northern Lincolnshire and Lincolnshire group of MPs last year, when we were concerned about ambulance provision. Subsequent to that, paramedic Lee Hastie gave an account to the local *Grimsby Telegraph* about his experiences, particularly in relation to demand for ambulance services, saying that most of his calls on an everyday basis now relate to drug and alcohol abuse. Does my hon. Friend consider that cuts to local government drug and alcohol services have gone some way to increasing the demand on our ambulance services? They are essential services that, at a community level, simply are not there any longer.

Ruth George: I would certainly concur with that statement. It is one of many areas in which the lack of services at an urgent level is creating an increased demand—but in no way has East Midlands ambulance service’s funding increased to cover that level of demand, as we will see later.

Part of the increase is due to the 111 service. We saw the chaos that 111 created when the coalition Government brought it in to replace Labour’s NHS Direct with a much cheaper service with hardly any clinicians. Things have improved, but at busy times the 111 service still

does not have enough qualified staff to make decisions, so the call-handlers have to be risk-averse, follow their script, and call out an ambulance if there is any doubt at all.

We have seen the number of 111 calls resulting in an ambulance call-out gradually increase from 100,000 in 2011-12 to 1.3 million across England in 2015-16. That is almost 14% of all ambulance call-outs going to people who did not request an ambulance in the first place—people such as my constituent Gemma. She suffered abdominal pain and called 111 for an out-of-hours doctor to come and see her. Even though Gemma told the call-handler that if she needed to get to hospital she would drive herself there, they still sent an ambulance to her. Gemma was diagnosed with gallstones, and next time she had an incident and needed pain relief urgently she again called 111 to tell them that she knew what the problem was and to ask for a prescription. Instead, they again insisted on an ambulance and would not accept a refusal. Gemma actually drove herself to A&E because she was so determined not to use ambulance time.

The ambulance service says that it is not allowed to reassess 111 calls that have been allocated for an ambulance response, so even if it expects that it is not necessary, it cannot use its expert clinicians to provide the telephone advice and decide whether an ambulance is really necessary. I will get on to the question of resources shortly, but besides resources, my local paramedics have asked whether the ambulance service can reassess 111 calls that it is given if it is in any doubt. I put that question, from them, to the Minister.

Alex Norris (Nottingham North) (Lab/Co-op): I thank my hon. Friend for the very strong case that she is making; she is an outstanding campaigner for our region. Nottingham city MPs are very concerned about this issue; I am the only one present because my two colleagues are on other parliamentary business. We would like to see real evidence of the provider coming together with unions, clinicians and service users to try to iron out some of the issues that my hon. Friend is talking about. Does she agree that that would perhaps be a good way to manage better the resources that we have?

Ruth George: We can always seek to manage resources better, but East Midlands ambulance service has been seeking to manage resources for a very long time, working with Unison and the unions there.

Karen Lee (Lincoln) (Lab): Does my hon. Friend agree that the closure of Lincoln’s walk-in centre, despite the fact that 94% of the people who responded to the consultation said that they did not want it to close, cannot fail to have a further impact on EMAS and local services? We are told by the clinical commissioning group that it will not have an impact and that there will be other provision, but the local ambulance teams—I will come to this point when I give my speech—told me that it will absolutely have an impact. I wonder what her thoughts are on that.

Ruth George: Walk-in centres were established by the last Labour Government to reduce the demand on the ambulance services and to give people the services that they actually needed on their doorstep. Every cut of every walk-in centre is hugely worrying, both for patients and the ambulance service.

Dr Caroline Johnson (Sleaford and North Hykeham) (Con): Demographically, patients attending A&E, which treats accidents and emergencies, not anything and everything, are the very sickest patients, or those patients requiring treatment such as X-rays that cannot be delivered in centres such as a general practice. The review into the walk-in centre, as I understand it, and as it has been explained to me, was actually done by clinicians rather than politicians. The clinicians are telling us that it will not have an effect because, demographically, the patients going to the walk-in centre are those who are relatively well. If the walk-in centre was closed, they would be making their own way to the hospital, a general practice or a pharmacy, rather than calling 999.

Ruth George: The fact is that walk-in centres are open late in the evenings and at weekends, and in most GP practices it is not possible to get an urgent appointment without phoning at 8 am exactly. In my constituency, people have to wait at least two weeks to get an appointment.

Karen Lee: When I went out with the ambulance team, one of the people who called and got an ambulance was an elderly gentleman of 91 who had breathing problems. He called an ambulance because he could not get a GP appointment or get to the walk-in centre at that point. It is not always people who are desperately ill who call ambulances; lots of people call ambulances in sheer desperation because they cannot get anything else.

Ruth George: That illustrates the point completely. We have seen a lack of primary care services, and doctors' appointments are far harder to get than the 48 hours it took under a Labour Government. In consequence, we have a hugely overburdened ambulance service.

Now we come to funding. East Midlands ambulance service is already one of the most efficient in all the regions. In spite of the relatively sparse population and demanding geography, EMAS's costs per face-to-face response are the third-lowest of all the regions—9% lower than the average across England. The costs per call are, again, the third lowest and more than 10% below the average.

By any measure, East Midlands ambulance service is very efficient, with 99% of its staff working on the frontline. Almost all managers take shifts so that they know exactly what is going on. It has cut all that it can, and it has had to make cuts, because EMAS has the second-lowest funding of all the regions—8% lower than the average across England. Only the North East ambulance service, which serves a more densely populated area, has lower funding than the East Midlands ambulance service.

The funding has not kept pace either with inflation or with the increased demand—in fact, it has barely increased at all in the last six years. In 2010-11, EMAS received £160 million for patient care activities. By 2016-17, we had seen over 16% inflation and a 50% increase in activity. Funding should be at least two thirds higher—£105 million extra would be the proportionate cost. Instead, East Midlands ambulance service received less than £5 million extra compared with 2011. That is less than 3% extra funding when it needed 66%.

East Midlands ambulance service has never been well funded—our region has always been the poor relation, as colleagues on both sides of the House often concur—but

the cuts over the last seven years have made it impossible for it to meet its targets, and to deliver the right standard of service and care to some of the most sick and injured people, and the most at risk. That is what the Nottinghamshire coroner concluded in May 2016. In an urgent case review, she said:

“Demand is clearly greater than the resources they have most of the time”.

That is not the fault of any of the staff at EMAS. Last summer, the Care Quality Commission found that although the service was in need of improvement, it was caring and responsive—but it could not be safe or effective. The report states that there were

“caring, professional staff delivering compassionate, patient focussed care in circumstances that were challenging due to the continued demand placed on the service.”

The increased demand for primary care, emergency care and ambulance services is not being resourced. Our ambulance service is on the frontline. Our crews do their very best, but it is tough. Yes, staff sickness is slightly higher than average at EMAS, but I am not surprised. It is not just what the crews deal with; it is the constant stress and pressure, and the distress and anger that they sometimes face when they can finally arrive.

Mr John Hayes (South Holland and The Deepings) (Con): The hon. Lady is making a very articulate and compelling case, but I think she would be the first to acknowledge that, while there may well be a resource challenge of the kind she described—she has already made that clear—there are issues around administration, management, process and protocols. She has already mentioned ambulances waiting outside hospitals for a very long time because they cannot or will not admit patients. Those are systemic problems, not just resource problems.

Ruth George: It might not be a resource problem at EMAS, although EMAS has been trying to fix that with staff put on especially to try to reduce the handover times at hospitals. A&E departments are struggling at absolute capacity. My local hospital had 97 A&E patients in need of a bed last weekend, and they had seven beds. The fact that the number of beds in the NHS has been reduced by 14,000 since 2010 is a resource issue. It might not be an EMAS issue, but it is very much a resource issue, and I put that to the Minister along with the issue of EMAS.

The situation is not fair on our ambulance crews. It is not fair on our patients. Our ambulance service is holding emergency care together. East Midlands is doing it with more pressure and less resources than almost anywhere else in the country. It needs support from us and it needs the resources to meet its targets. I call on the Minister to commit to that today.

Several hon. Members rose—

Geraint Davies (in the Chair): Order. Five people want to speak, so I am going to impose a time limit of five minutes so that there is enough time for wind-ups. I call Dr Caroline Johnson.

5.2 pm

Dr Caroline Johnson (Sleaford and North Hykeham) (Con): It is a pleasure to serve under your chairmanship, Mr Davies. I thank the hon. Member for High Peak

(Ruth George) for securing this debate, on an issue that is incredibly important to her, to me, and to all of our constituents. As a children's doctor, I have been required to deliver full intensive care to children, particularly babies, who are being transferred in East Midlands ambulance service ambulances through the night, through the day, hurtling along in the back of the ambulance as it travels on our rural country roads, round corners and down the hard shoulders of motorways at great speed, so I understand some of what they do. It has given me a deep appreciation of the work of ambulance crews and has also highlighted to me the unique challenges and pressures that they face, particularly in our rural areas.

My constituency of Sleaford and North Hykeham in north Lincolnshire has a dispersed population, a rural road network and some NHS staffing challenges, all of which have contributed to the ambulance service failing to meet its national targets. As the overnight closure of Grantham A&E, which is just adjacent to my constituency, requires ambulances to now travel greater distances to Boston, Nottingham and Lincoln, every few weeks I receive a letter from a constituent who has waited an unacceptable amount of time for an ambulance. Indeed, I myself, as a member of the public, have been at the side of the road trying my best to treat casualties, waiting a long time for an ambulance. One gentleman died, although it is likely that that would have been the case anyway.

There is no quick fix to improving ambulance response times in rural areas. It is easy to identify and talk about the problem, but we also need to talk about potential solutions. One example would be the effective cohorting of patients when they arrive in A&E to allow ambulance crews to get back on the road sooner.

We have heard about the problems faced by ambulance crews waiting a long time to hand over in A&E, and it is right and proper that the care of patients is properly handed over before the ambulance crew leave, but it is worth noting that when a crew is with a patient, that patient is effectively receiving two-to-one care. I appreciate that paramedics and nurses have different skills, but that is higher than the dependency level provided for intensive care, where there is a one nurse to one patient ratio. Many of those patients, since they are waiting in corridors—unacceptably, I would say—are at the lower level of dependency as compared with the patient that has been taken straight into resus and received immediate treatment. So when three consecutive ambulance crews come in with three patients, there are six members of staff caring for them, and that is not necessary. One crew could care for them while the other two crews go out and see patients.

It is also worth noting that the patient who is at home is at a greater level of risk than the patient in the hospital. In the circumstance I have described, we have six ambulance crew looking after three patients in a hospital. The patients are of moderate ill health—they need to be in hospital and need to be seen, but they do not need to go into resus right at this moment. Equally, they are at a lower level of risk than the person sat in their home in a rural area of my constituency, say in Nocton, waiting for an ambulance to come, who has no access to medical care at all. If the person at home deteriorates, they cannot be wheeled round the corner immediately into resus, while being continually observed by a paramedic in the meantime.

Following my work in A&E over the Christmas period—I still practice as a paediatrician—I met the Secretary of State for Health and Social Care to discuss that point. I understand he and the civil service are looking at it, and I would be grateful for an update from the Minister on how that work is progressing. I believe that it would improve not just patient care but also the ambulance response times in the community.

The second issue I want to talk about is the type of ambulance crew. Many people are of the view that when an ambulance crew arrives, it contains the same level of skill mix, regardless of which ambulance comes, but that is actually not the case. There are highly trained specialist technicians and there are paramedics, who have additional levels of skill. There can be situations where, because we need to direct the correct crew to the correct problem—for example a particularly ill patient might need a paramedic and another patient might need a technician—there might be two crews near two patients going in opposite directions, taking longer to get to somebody. That is because they are not all paramedic crew. Although that probably makes little or no difference to response times in a city centre, in a rural area, where response times will always be longer because of the geography involved, we should increase the number of paramedics, perhaps having all paramedic crews. If we were in a position where all crews were paramedic crews, an ambulance would always go to the nearest casualty and not necessarily the matched one, which would improve response times. In addition, we can increase the number of patients who receive care en route.

We hear a lot about the golden hour—patients that need treatment within that first hour of care. If they get treatment in that first hour, we know they get better outcomes in the long term. If we are sending a technician crew who are perhaps not able to provide some of the treatments that a paramedic crew can, the patient is not getting that. Again, in a city centre where the transfer time might be five minutes, perhaps that does not matter as much as it does in a rural area, where once the ambulance has got to the patient, simple geography may mean that it takes 40 or 30 minutes to get back to the hospital.

In summary, we hear a lot about the problems that the ambulance service has. I agree with my hon. Friend the Member for Gainsborough (Sir Edward Leigh) that a Lincolnshire service would provide a better solution than one that covers such a wide geographical area as the east midlands, but I would be grateful if the Minister could look at the other potential solutions.

5.8 pm

John Mann (Bassetlaw) (Lab): I have three points to put to the Minister. No. 1—will the Minister commission a report into the locations that have disproportionate numbers of ambulance call-outs by East Midlands ambulance service? I have highlighted one previously—Sports Direct in Shirebrook, which was getting more than a hundred a year. What was going on there was that the workforce was not allowed to make GP or other appointments in work time and therefore were continuing at work, fearful of taking any time off when sick, until they required an ambulance to be called. That could have been solved in very simple ways, but EMAS did not investigate the fact that there was an extraordinary level of call-out there.

[John Mann]

A more common example is a care home that does not have properly qualified nursing staff, and therefore over-uses ambulances. I suggest to the Minister that if there are more than, say, 20 call-outs to one location, EMAS ought to be required to go in to see exactly what the solution is. The solution is not to send ambulances there expensively if they ought to be elsewhere saving lives. It is a simple process. It is amazing that that was allowed to happen at Sports Direct. The stats were there, but there was no intervention.

No. 2 is privatisation. One of the problems with EMAS—

Mr Hayes: Will the hon. Gentleman give way before he rushes from No. 1 to No. 2?

John Mann: I will.

Mr Hayes: The hon. Gentleman is again making a compelling case. He is actually arguing that demand varies, and that we need to look at the character of demand, at how we respond to it, and at the drivers of demand. It is of course always about resources, but it is not just about resources. The hon. Gentleman is making that case in his typically sophisticated way.

John Mann: A very wily intervention by an experienced Member. I look forward to such a commission, which I think would be very helpful to the Government and residents of the east midlands.

The absurd privatisation of the non-emergency ambulance service in the east midlands—Arriva is responsible for it in Nottinghamshire—was cross-subsidised. The £5 million that it really cost EMAS came from, in essence, ambulances that were diverted. Put simply, if there was an emergency call, an ambulance ferrying somebody routinely to hospital would be diverted, and the patient waiting would wait an hour longer. That was a rational cross-subsidisation. The moment it was privatised—sadly in 2009 by a Mr Burnham, under EU procurement rules—there was a serious deterioration. It is obvious in an area that is rural, but not just, that an ambulance going from point A to point B that could be immediately diverted into being an emergency ambulance would increase the capacity significantly. Reversing that privatisation with the freedoms we are about to have once we have left the European Union would be a significant improvement for the NHS.

No. 3, most controversially, is geography. Why is the ambulance service based on the east midlands? I am not exactly sure where the east midlands is. The South Yorkshire ambulance service operational base is actually in the east midlands—it is across the border in Chesterfield. Senior managers were clear to me in private that for certain areas, including mine, given that ambulances go to hospitals in Bassetlaw, Chesterfield, South Yorkshire, Doncaster and Sheffield, which they do—all heart attack patients in my area go directly to Sheffield and all stroke patients go directly to Doncaster—rationally we should be part of the South Yorkshire ambulance service. It makes no sense to have this historical, arbitrary divide, given that in the practical, real NHS world any business would have reorganised it in that way. The fact that the major response centre for South Yorkshire is actually in the east midlands demonstrates that point vividly. We need a bit of common sense here.

We need a reversal of privatisation. As it was an absurd Labour-inspired proposal initially, it will be easier for the Minister to agree to that and to whack Mike Ashley and other misusers of the service. Rather than simply respond to the people who are wrongly using the service, they could be, if necessary, publicly embarrassed so they change their systems. I offer those three easy options to the Minister.

5.14 pm

Matt Warman (Boston and Skegness) (Con): It is a pleasure to serve under your chairmanship, Mr Davies. I pay tribute to the workers on the frontline of the East Midlands Ambulance Service NHS Trust. At a constituency event, I met one who had had two teeth knocked out by a patient he was trying to help. He said, literally, “It is all in a day’s work.” Those dedicated people are doing great work. I want everything I say after this to be taken in that context.

EMAS receives a call every 34 seconds. It has been keen to embrace innovations—for example, it has done work in Lincolnshire on sepsis—which complements some of the challenges we face at United Lincolnshire Hospitals NHS Trust. It is telling that six of the seven Lincolnshire Members of Parliament are here in this Chamber. Lincolnshire faces the greatest challenges, although I do not want to diminish the challenges that EMAS faces elsewhere.

Originally, we had a Lincolnshire ambulance service. As my hon. Friend the Member for Gainsborough (Sir Edward Leigh) has said, EMAS was created to fix some of the problems we had in Lincolnshire, but I suggest to the Minister that it has palpably not done that. Some of the problems relate to handover. Only yesterday, a constituent informed me that there were 10 ambulances queuing outside Pilgrim Hospital, and he has informed me that at one point today there were 11. I make that point not to criticise a single member of the ambulance service but to endorse the point made by my hon. Friend the Member for Sleaford and North Hykeham (Dr Johnson). It is clear that we face problems, and we should look at how to solve them.

My right hon. Friend the Member for South Holland and The Deepings (Mr Hayes) made a fair point when he said that there are problems with the management at EMAS. To give but one example, I have raised problems with EMAS every time I have attended health debates in this place, and EMAS has not made a single proactive attempt to reach out to explain even what it is trying to do. I suggest that the waiting times and the service we get from management indicate that the ambulance service is not serving us, as the elected representatives of patients, or patients themselves. This is a serious situation.

I have a number of suggestions to put to the Minister. First, he should support the Lincolnshire County Council manifesto commitment to create, or at least to explore, a Lincolnshire ambulance service. In various parts of Lincolnshire—particularly in my coastal, sparsely populated constituency—there is a huge drain on resources as ambulances inevitably go westwards and do not come back. A Lincolnshire ambulance service, using sensible modern technology, could achieve a great deal more than what was possible under the previous regime, and would address some of the challenges we face simply due to the rather random creation of EMAS—as the

hon. Member for Bassetlaw (John Mann) has said, the east midlands is an area that does not really exist in the mind of the public.

To go slightly further, it would be good to see the Minister continuing the work that was done prior to the reshuffle, looking at what we can do sensibly to combine blue-light services. We already do some creative work in Lincolnshire with the fire brigade. We do some really important, sensible things that allow the fire brigade to save lives. Indeed, in some cases, they are saving lives that, under previous, unreformed systems, would not have been saved. There is good work to build on.

Karen Lee: Does the hon. Gentleman agree that if we ask firefighters to extend their role, that should be properly resourced and funded and not just given as an extra job on top of what they do already?

Matt Warman: I agree, of course, that we need the resources and reform package that will put us where we need to be. As my right hon. Friend the Member for South Holland and The Deepings has said, the issue is not solely about money—though to be fair to everyone present, I do not think that anyone is pretending otherwise—but of course proper resources are a big part of the equation.

Sensible moves on a blue-light combination would be a logical thing to do. I also think that one of the problems we face—this relates both to the issue of handover and to the number of ambulances waiting outside hospitals—is in large part due to the recruitment and retention challenges we have in Lincolnshire. A medical school in Lincolnshire would play a part in solving some of those problems. I say that in part because we need to recognise that this is a system problem, not solely an EMAS problem.

In conclusion, I was all set before the debate to stand up and say that successive Governments have not managed to get a grip on this problem—

Geraint Davies (in the Chair): Order.

Matt Warman: Do I not get an extra minute?

Geraint Davies (in the Chair): It was a five-minute limit and I did give you some 45 seconds' discretion.

5.20 pm

Karen Lee (Lincoln) (Lab): I personally have witnessed how hard EMAS staff work. I pay tribute to their professionalism and dedication.

On 18 January my right hon. Friend the Member for Islington North (Jeremy Corbyn) came to Lincoln and we visited the call centre up at Bracebridge Heath. We saw at first hand what was happening. We were told that the single biggest problem in the increase in response times is when the ambulances get to hospital and cannot hand patients over. The day before I went out with an ambulance crew, there had been a seven-hour wait to hand over and at 7 am the next morning 22 patients were still waiting in A&E for a bed. As I have said, during my right hon. Friend's visit we talked to ambulance crews and the handover time at hospital is causing the problem and increasing response times.

On 3 January I went out on my own with a crew—I, too, am a healthcare professional: a nurse. Ordinary people were phoning for ambulances. An elderly gentleman called one because he could not breathe and was terrified—he actually had a chest infection, so he was given a nebuliser and did not have to go to hospital, but he had not been able to get a GP appointment. We went to an old lady who had fallen and was on the floor. The paramedics dealt with her and within an hour we left her—she stayed at home and did not need to go to hospital. Our ambulance services deal with all sorts of cases.

A more personal example is my mum, who has mental health problems—she had a breakdown a few years ago. The Friday before Christmas, at half-past 4 in the afternoon, I was called from my office to go to her. I went, called 111 and got her assessed by about 6.30 pm or 7 o'clock. I did not get an ambulance until quarter to 1 in the morning. She just had to wait. There was a bed at Witham Court, but we could not get an ambulance. My mum was getting increasingly distressed—she was in a right state and I had to sit with her. If I had not been there, my stepfather would have had to deal with her, and he has dementia. I was wandering around Tesco at 2 am on the Saturday before Christmas because I had had to stay in to look after my mum—another ambulance wait.

Other examples are personal to me because I am a cardiac nurse. When my right hon. Friend the Member for Islington North came to Lincoln, we went to the heart centre. I am also aware of stuff that has come through my post bag about people with chest pains waiting two and a half hours for an ambulance. The figures for issues such as door-to-balloon time are all going up at Lincoln County Hospital because people who are actually having heart attacks cannot get an ambulance. They are at risk of going into an arrhythmia, whether it be VT or VF—ventricular tachycardia or ventricular fibrillation—because they are having a heart attack. They are not getting the treatment they need, because they are waiting for an ambulance.

Our NHS is in crisis. It is time that the Government acknowledged that. If A&E is so packed that ambulances cannot hand over, the NHS is in crisis—please admit that and let us do something about it. What is happening with EMAS is symptomatic of the situation. NHS workers are underpaid right across the board, with a pay cap, and they are understaffed. All those things work together. I feel sorry for EMAS—at the moment it is set up to fail and there is nothing it can do about that. I am sorry, but this is utterly political: why do we starve public services of resources? It is all right to say that we are giving them money, but we are not giving them enough money. When we do not give them enough money but cut taxes, frankly that is immoral.

Geraint Davies (in the Chair): I call Ben Bradley. Is he here? He has just walked out, has he? He was here. I am sorry about that. I will call the first Front Bencher instead.

5.24 pm

Justin Madders (Ellesmere Port and Neston) (Lab): Thank you for calling me to speak, Mr Davies. Perhaps the hon. Member for Mansfield (Ben Bradley) had a call from his lawyers.

Geraint Davies (in the Chair): He has called an ambulance, I should think.

Justin Madders: I congratulate my hon. Friend the Member for High Peak (Ruth George) on securing this debate. She has again shown that she is a strong advocate for issues in her constituency. She described the ambulance service as the glue that binds the NHS together; I would go further and say that all the staff are that glue who bind the service together.

My hon. Friend reeled off a whole range of statistics about performance in EMAS. The ones that stuck out for me were the nine-hour wait for an ambulance and the queuing times at hospitals, which were also mentioned by a number of other hon. Members. She talked about the risk-averse approach of 111; although clearly no one wants that to go too far the other way, I know that more clinicians are now working for 111. I will be interested to hear whether the Minister feels the balance between clinicians and non-clinical staff in that service is now right.

We heard from a number of Members, but unfortunately I will not have enough time to go through all the contributions. In a very thoughtful and relevant speech, the hon. Member for Sleaford and North Hykeham (Dr Johnson) made some interesting points about whether staff are utilised as effectively as we might like.

My hon. Friend the Member for Bassetlaw (John Mann) made some interesting points about geography—he should look at some of the sustainability and transformation plans too, to see whether the geography there makes any sense—and privatisation, which probably got a fairer hearing from Members on our side of the Chamber than those on the Government Benches, but that is something we need to examine closely.

We also heard from my hon. Friend the Member for Lincoln (Karen Lee), who spoke movingly and passionately from her personal and professional experience. We heard about people with chest pains waiting two and a half hours for an ambulance—we can only begin to imagine how stressful that must be.

As a number of hon. Members said, geography is clearly a big issue. As we also heard, the trust is one of the most poorly performing in the country. The sparsity of population is clearly driving that problem. The staff are not to blame. Last year the Care Quality Commission report expressed serious concerns but also commented on “caring, professional staff delivering compassionate, patient focussed care in circumstances that were challenging due to the continued demand on the service.”

It is important to remember that across the whole of the NHS, providers struggle to meet the demands.

The financial squeeze has been pointed out on more than one occasion, not only in this debate but by many politicians, patients and staff, and by the assistant coroner for Nottinghamshire, Heidi Connor, in her comments in the regulation 28 reports to prevent future deaths, all of which have been sent to the Department of Health and Social Care, NHS England and NHS Improvement. As Members know, the reports are made when a coroner believes that action should and can be taken to prevent future deaths. In May 2016, in the second of two reports expressing concern, she said:

“The issue in this case...was essentially a matter of resource. In essence, I found that there is only so much an ambulance service can do where they simply do not have an ambulance to send. Demand is clearly greater than the resources they have most of the time”.

We have heard that echoed by Members.

We know that there will be occasions when demand peaks, but Heidi Connor makes it clear that that is not an exceptional spike in demand but a situation that exists most of the time. She goes on to say:

“I consider that there is a risk of future deaths...unless an urgent review of resources is undertaken”.

Will the Minister confirm what specific steps were taken by the Department in response to the regulation 28 reports issued on 11 and 26 May 2016?

Those statements are not the only ones we have heard about the resource situation. After the 2017 CQC report, the chief executive of the service said:

“EMAS was not commissioned to meet the national performance targets during 2016/17, and therefore was not resourced to do so”.

As my hon. Friend the Member for High Peak said, there can be no doubt that finance is the root cause of the issues we are hearing about today. We are in the longest and most sustained financial squeeze in the history of the NHS, and that is having real consequences. The fact that EMAS receives the second lowest urgent and emergency income per head of population in the country is a challenge, in particular given the sparsity of the population and the geographical challenges, as we have heard.

Despite the pressing need to invest more in frontline services, I am concerned that EMAS is having to service debts that have increased from £35,000 to £376,000 in the past year as a result of a loan taken out from the Department of Health in 2015-16. How can the service deliver the improvements we all want when it has to divert money to repay debts, just to keep things on the road?

It is true that EMAS's performance is below average; it is also true that trusts have deteriorated significantly in their performance since 2010. The same is true of all targets in every part of the NHS. This Government have failed to hit any of their NHS ambulance targets since May 2015. The truth is that underfunding of the NHS has pushed ambulance services to the brink and left record numbers of patients everywhere suffering in discomfort and in terrifying circumstances, as we have heard today.

New performance standards are an opportunity to build a system that has the support of paramedics and patients alike. I conclude by asking the Minister to give an assurance that the new series of standards are based on the best clinical evidence and not just designed to obtain what is achievable with the money that the Department has allocated.

Geraint Davies (in the Chair): Minister, we will end at a quarter to, so you will have time to allow a couple of interventions should you wish.

5.31 pm

The Minister for Health (Stephen Barclay): It is a pleasure, as always, to serve under your chairmanship, Mr Davies. I am very keen to allow a little time for the hon. Member for High Peak (Ruth George) to speak at the end, should she wish to do so.

I begin by congratulating the hon. Lady on securing this debate and welcoming the opportunity to discuss the performance of the East Midlands ambulance service. My hon. Friend the Member for Boston and Skegness (Matt Warman) mentioned that six out of the seven

Lincolnshire Members of Parliament were present; this issue generates considerable interest both among Members and the constituents that they serve. I assure the hon. Lady that we are taking her concerns seriously. We recognise that the trust's performance needs to improve. A range of local and national actions are under way to support it in doing so, and I will set out more details about that.

Key measures include the implementation of a new urgent care transport service, to take pressure off emergency ambulance responses; action to address handover delays at hospitals across the east midlands area; and a demand and capacity review of the trust, to ensure that it has the right levels of resource.

5.32 pm

Sitting suspended for Divisions in the House.

6.2 pm

On resuming—

Geraint Davies (in the Chair): Order. Minister, over to you; if you would like, you could allow a couple of minutes at the end for the mover.

Stephen Barclay: I will be happy to, Mr Davies. As I was setting out before the votes, a number of key measures have been announced. I will elaborate on those further, but, before I do, I will address some of the points raised by colleagues across the House in this constructive and well-supported debate.

The hon. Member for High Peak very reasonably opened her remarks by putting some of the challenges in the context of the good work being done. She cited in particular the case of her constituents, Vinnie and Jo, which illustrates the fantastic work done alongside some of the challenges that we will come on to. She also mentioned specific issues faced in terms of geography and low population density.

The hon. Lady mentioned empowerment of 999 call staff as a specific issue. My understanding is that revalidation can be done by call handlers where they are clinically trained, but not where they are not. Even where they are clinically trained, it cannot be done if the initial 111 call is either a life-and-death call—a category 1 or category 2 call—or where the initial assessment has been done by someone from 111 who is clinically trained. There is a framework there, but I am happy to have a further conversation with the hon. Lady if she has areas of specific concern about how that guidance is operated. She will be aware that, in any event, only 12% of NHS 111 calls are referred to ambulance trusts, so the 12% is a subset initially; within that, there is a subset of those who are clinically assessed and what power there is. I am, however, very happy to have a further conversation.

The hon. Lady also mentioned funding, which I will come on to specifically. The trust has had additional funding, but on the challenges set out by colleagues from across the House, the trust is undertaking a demand and capacity review that will determine the level of additional resourcing required. That will inform the commissioning for 2018-19. Of course, it will have taken note of the concerns raised.

The hon. Member for Great Grimsby (Melanie Onn), who is no longer in her place, raised a point about whether there are peaks of demand linked to drug and alcohol-related calls. I am happy to pick that up as a specific action and investigate that further.

As so often when we debate matters of health, my hon. Friend the Member for Sleaford and North Hykeham (Dr Johnson) brought a much-valued practical experience to the debate. I was particularly struck with her comparison between the one-to-one staffing rate in intensive care and her concern about the number of crews, and how that interplays with the handover at hospital. As she will be aware, a lot of work is happening on hospital ambulance liaison officers and how hospitals deal with ambulances. NHS Improvement and NHS England are looking at that issue specifically in relation to this trust, but again she made a helpful contribution. I know she mentioned that she had spoken to the Secretary of State about the issue.

Mr Hayes: I, my wife and our 17 and 13-year-olds have all been at A&E at Pilgrim Hospital, on two occasions by ambulance in an emergency, so I speak with that knowledge. The Minister will appreciate the problems in rural Lincolnshire; he knows it very well, as he represents a seat just on the border of my own. Will he apply the work he has just described specifically to Lincolnshire and ask for his officials to look at the circumstances in Lincolnshire? It might well apply to other rural places, by the way. We feel particular pressure, as he has acknowledged, and that kind of reappraisal would be welcome in the county.

Stephen Barclay: My right hon. Friend makes a pertinent point. As he mentioned, he is my constituency neighbour and I am very aware of the specific challenges posed by the geography and the road network in Lincolnshire. I am happy to take that specific point forward. It will not surprise him that I have already zeroed in on some of the challenges in Lincolnshire, particularly around United Lincolnshire and Northern Lincolnshire and Goole, how that interplays across the spectrum of primary care, how the patient pathway goes through, the various blockages in the system and how we look at that in a more systemic way.

That issue interplays with a much wider debate, outside the scope of this one, but to give my right hon. Friend one statistic, 43% of beds are occupied by 5% of patients. If we take the average length of stay from 40 to 35, that is the equivalent of 5,000 hospital beds, each at £100,000 per year. We can see how there is an interplay between what we are debating with the ambulance services and the wider Lincolnshire health economy, which is a specific point. I am happy to have further discussions with him on that.

The hon. Member for Bassetlaw (John Mann) raised three points about the report on the disproportionate calls, which were pertinent to a conversation I had just this morning about spikes in care homes and what action might be taken. For example, to what extent can we improve GP access into specific care homes in Lincolnshire through Skype, as one of the mitigations of ambulance demand? We are looking at how we assess the return on investment between the cost of ambulances and emergency admissions and what that investment might do if it were put into a more preventative role—care homes, for example.

[*Stephen Barclay*]

On the specific matter of Sports Direct, which I was not aware of, the hon. Gentleman makes a valid point, which I will be keen to look at with officials—where there are peaks of demand, what is driving those peaks and how to mitigate them. He also mentioned the issue of privatisation from 2009. We are looking at how we take a more holistic view across a landscape and how mutual support from different parts of the system can provide assistance to that. It will not surprise the hon. Gentleman, knowing my views on Brexit, that for all the talk of some of the challenges of Brexit, the opportunities of Brexit should not be missed. I share his desire on that.

There is also the geography point—whether it is the way services elsewhere have been reconfigured or the extent to which there are, for example, centres of excellence to which his constituents are being taken. Is the issue the formal geography or how the operating protocols within that geography have evolved? That, again, is a perfectly valid point and one we can look at on a case-by-case basis.

I know my hon. Friend the Member for Boston and Skegness has championed a number of these issues over a period of time. He raised how we can get the ambulance service working together with the other emergency services. I know that is an issue that many police and crime commissioners have also identified, and many within the fire service are keen to ensure that we have a better join-up between the blue-light services.

The hon. Member for Lincoln (Karen Lee) raised the issue of hospital handovers. I assure her that daily reviews are currently being undertaken by NHS England and NHS Improvement. Greater transparency and targeted assistance are being provided, and there are also specific initiatives linked to individual hospitals, particularly including the hospital-ambulance liaison officers.

The hon. Lady also mentioned pay. It is worth reminding the House that the pay band that applies to paramedic staff has been increased from band 5 to band 6, so there has been a recognition in the system of the importance of paramedics, alongside an increase—around 30% since 2010—in the number of paramedics. However, we recognise that there is also an increasing demand, and that this service has been under considerable pressure.

Nigel Mills (Amber Valley) (Con): The Minister has skirted around the issue of breaking up EMAS, which I think some areas might quite like. Does he agree that our priority should be having more paramedics and ambulances, not more chief executives and office buildings?

Stephen Barclay: I think most people who observed my questioning during my four years on the Public Accounts Committee will know that organograms and looking at where investment is and how streamlined structures are is extremely important to me.

At the same time, it is important that one does not make a false saving in driving down some of the management costs, so that procurement, IT investment and consultancy spend, for example—some of the big ticket expenditure—is not effectively managed and escalates.

There is a balance to be struck between having good leadership of trusts and, as my hon. Friend alludes to, not drifting into areas where additional hires are created in the back office as opposed to services on the frontline, where I think Members from across the House want to see them.

In terms of the service nationally, a number of actions have been taken. Under Sir Bruce Keogh's review of the NHS urgent and emergency care system, ambulance services are being transformed into mobile treatment centres, making much greater use of "hear and treat", which is treating patients over the phone, and "see and treat", which is treating and discharging patients on the scene. While we have heard of some of the challenges faced by the trust, it is also worth placing on the record that it is one of the best-performing trusts for "hear and treat", and treats and discharges more than three in 10 patients either on the phone or on scene. There are areas of good practice that, for balance, it is only fair to recognise.

I will conclude, to allow the hon. Member for High Peak time to speak. We recognise that the trust has challenges, and I am very happy to work with the hon. Lady and other colleagues as we move forward to address those. In addition to the increase in pay bands and the increase in numbers, an active plan is under way to tackle some of the challenges we have heard about today, which I hope gives some comfort to the hon. Lady.

6.13 pm

Ruth George: I thank all Members who have spoken from both sides of the House for the constructive way in which they have approached the debate and some of the constructive proposals that have been put forward. To the Minister, I say I am keen to look at the 111 service and how we can reduce those 1.3 million calls that come from 111 into the 999 service. I think that would be viewed as very helpful across the service.

On the geographical issues that have been mentioned, my constituency is High Peak, which is very rural. Yes, we take ambulances out of area to urgent and specialist areas, but we also get back. Sometimes, in rural areas in particular, such as Lincolnshire, where, as the hon. Member for Boston and Skegness (Matt Warman) said, 10 or 11 ambulances can be backed up outside a hospital, it can help to organise support on a regional basis. However, I will not go to the line on that.

It all comes down to resources at the end of the day, as we have heard. EMAS has put in more and more paramedics and squeezed the managers—7% of the 8% of the management staff are on the frontline anyway and do frontline shifts. Not only are they managers, but they are also frontline staff, so the managers know exactly the challenges facing the service. I hope we would all agree that that is needed across the NHS.

The debate has shown the pressures on not only the ambulance service but GPs, A&E departments and the NHS as a whole, and I hope the Minister will take that up across the board.

6.15 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

Written Statements

Wednesday 21 February 2018

TREASURY

Public Service Pension Indexation and Revaluation 2018

The Chief Secretary to the Treasury (Elizabeth Truss): Legislation governing public service pensions requires them to be increased annually by the same percentage as additional pensions (state earnings-related pension and state second pension). Public service pensions will therefore be increased from 9 April 2018 by 3%, in line with the annual increase in the consumer prices index up to September 2017, except for those public service pensions which have been in payment for less than a year, which will receive a pro rata increase.

Separately, in the new career average public service pension schemes, pensions in accrual are revalued annually in relation to either prices or earnings depending on the terms specified in their scheme regulations. The Public Service Pensions Act 2013 requires HMT to specify a measure of prices and of earnings to be used for revaluation by these schemes.

The prices measure is the consumer prices index up to September 2017. Public service schemes which rely on a measure of prices, therefore, will use the figure of 3% for the prices element of revaluation.

The earnings measure is the whole economy average weekly earnings (non-seasonally adjusted and including bonuses and arrears) up to September 2017. Public service schemes which rely on a measure of earnings, therefore, will use the figure of 3% for the earnings element of revaluation.

Revaluation is one part of the amount of pension that members earn in a year and needs to be considered in conjunction with the amount of in-year accrual. Typically, schemes with lower revaluation will have faster accrual and therefore members will earn more pension per year. The following list shows how the main public service schemes will be affected by revaluation:

<i>Scheme</i>	<i>Police</i>	<i>Fire</i>	<i>Civil Service</i>	<i>NHS</i>	<i>Teachers</i>	<i>LGPS</i>	<i>Armed forces</i>	<i>Judicial</i>
Revaluation for active member	4.25%	3%	3%	4.5%	4.6%	3%	3%	3%

[HCWS474]

EXITING THE EUROPEAN UNION

Implementation Period Update

The Secretary of State for Exiting the European Union (Mr David Davis): I am today publishing the UK's response to the European Commission's draft legal text on arrangements for the implementation period, copies of which will be deposited in the Libraries of both Houses.

[HCWS476]

HEALTH AND SOCIAL CARE

NHS Charges

The Parliamentary Under-Secretary of State for Health (Steve Brine): My hon. Friend the Under-Secretary of State for Health (Lord O'Shaughnessy) has made the following statement:

Regulations will shortly be laid before Parliament to increase certain national health service charges in England from 1 April 2018.

In the 2015 spending review, the Government committed to support the five year forward view with £10 billion investment in real terms by 2020-21 to fund frontline NHS services. Alongside this, the Government expect the NHS to deliver £22 billion of efficiency savings to secure the best value from NHS resources and primary care must play its part.

This year, therefore, we have increased the prescription charge by 20p from £8.60 to £8.80 for each medicine or appliance dispensed. To ensure that those with the greatest need, and who are not already exempt from the charge, are protected we have frozen the cost of the prescription prepayment certificates (PPC) for another year. The three-month PPC remains at £29.10 and the cost of the annual PPC will stay at £104. Taken together, this means prescription charge income is expected to rise broadly in line with inflation.

Charges for wigs and fabric supports will also be increased in line with inflation.

Details of the revised charges for 2018-19 can be found in the table below:

<i>Charge from 1 April 2018 (£)</i>	
Prescription charges	
Wigs and Fabric Supports	
Single charge	£8.80
Three-month PPC (no change)	£29.10
12-month PPC (no change)	£104.00
Surgical brassiere	£28.85
Abdominal or spinal support	£43.60
Stock modacrylic wig	£71.25
Partial human hair wig	£188.70
Full bespoke human hair wig	£275.95

[HCWS475]

PRIME MINISTER

Size of the House of Lords

The Prime Minister (Mrs Theresa May): On 20 December 2016, the Lord Speaker established a Committee to explore methods by which the size of the House of Lords can be reduced, commensurate with its current role and functions. The report of the Committee was published on 31 October 2017 and it was debated by the House of Lords on 19 December 2017.

Yesterday, I wrote to the Lord Speaker to set out my views on the Committee's recommendations. The letter can be viewed online at:

<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-02-21/HCWS473/>.

[HCWS473]

Ministerial Corrections

Wednesday 21 February 2018

INTERNATIONAL DEVELOPMENT

Aid Sector: Safeguarding

The following is an extract from the statement entitled Aid Sector: Safeguarding on Tuesday 20 February 2018.

Penny Mordaunt: DFID, other Government Departments and the National Crime Agency work closely together when serious allegations of potentially criminal activity in partner organisations are brought to our attention. We are strengthening this work, **as the new strategy director at the NCA will take on a lead role for the aid sector.** [Official Report, 20 February 2018, Vol. 636, c. 47.]

Letter of correction from Penny Mordaunt:

An error has been identified in my statement.

The correct wording should have been:

Penny Mordaunt: DFID, other Government Departments and the National Crime Agency work closely together when serious allegations of potentially criminal activity in partner organisations are brought to our attention. We are strengthening this work.

FOREIGN AND COMMONWEALTH OFFICE

Turkey (Afrin)

The following is an extract from Questions to the Secretary of State for Foreign and Commonwealth Affairs on Tuesday 20 February 2018.

Grahame Morris: Does the Foreign Secretary recognise that the Kurdish-led Administration in Afrin has built a secular, democratic system that has worked collaboratively with the international community to defeat Daesh, most recently in Raqqa? Does he accept that the international community owes a debt of honour to the Kurds? Will he step up efforts to stop the bloodshed in and around Afrin?

Sir Alan Duncan: I understand what the hon. Gentleman is saying, but we must also recognise the legitimate security interests of Syria. They consider that, having launched Operation Olive Branch in January, it is in response to attacks from the Afrin area, and they believe that they are in compliance with proper UN standards. [Official Report, 20 February 2018, Vol. 636, c. 2.]

Letter of correction from Sir Alan Duncan.

An error has been identified in my answer to the hon. Member for Easington (Grahame Morris).

The correct response should have been:

Sir Alan Duncan: I understand what the hon. Gentleman is saying, but we must also recognise **Turkey's** legitimate security interests **in** Syria. They consider that, having launched Operation Olive Branch in January, it is in response to attacks from the Afrin area, and they believe that they are in compliance with proper UN standards.

ORAL ANSWERS

Wednesday 21 February 2018

	<i>Col. No.</i>		<i>Col. No.</i>
CABINET OFFICE AND CHANCELLOR OF THE DUCHY OF LANCASTER	139	CABINET OFFICE AND CHANCELLOR OF THE DUCHY OF LANCASTER—continued	
Ethical Procurement	144	Voter ID Pilots	145
Government Procurement: SMEs	145	Voting Age	141
Parliamentary and Local Elections	139		
Steel Industry	143	PRIME MINISTER	149
Topical Questions	147	Engagements	149

WRITTEN STATEMENTS

Wednesday 21 February 2018

	<i>Col. No.</i>		<i>Col. No.</i>
EXITING THE EUROPEAN UNION	7WS	PRIME MINISTER	8WS
Implementation Period Update	7WS	Size of the House of Lords	8WS
HEALTH AND SOCIAL CARE	8WS	TREASURY	7WS
NHS Charges	8WS	Public Service Pension Indexation and Revaluation 2018	7WS

MINISTERIAL CORRECTIONS

Wednesday 21 February 2018

	<i>Col. No.</i>		<i>Col. No.</i>
FOREIGN AND COMMONWEALTH OFFICE	4MC	INTERNATIONAL DEVELOPMENT	3MC
Turkey (Afrin)	4MC	Aid Sector: Safeguarding	3MC

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CONTENTS

Wednesday 21 February 2018

Oral Answers to Questions [Col. 139] [see index inside back page]

*Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster
Prime Minister*

Medicines and Medical Devices Safety Review [Col. 165]

Statement—(Mr Hunt)

Shared Parental Leave and Pay (Extension) [Col. 184]

*Motion for leave to bring in Bill—(Tracy Brabin)—agreed to
Bill presented, and read the First time*

Finance (No. 2) Bill [Col. 188]

*Programme motion (No. 2)—(Mel Stride)—agreed to
As amended, considered; read the Third time—on a Division—and passed*

Space Industry Bill [Lords] [Col. 296]

Motion—Joseph Johnson—agreed to

UK Research Centre for Ceramics [Col. 297]

Debate on motion for Adjournment

Westminster Hall

Leaving the EU: No-deal Alternatives [Col. 85WH]

Coventry City Football Club [Col. 111WH]

Carillion: TUPE [Col. 119WH]

Child-to-Parent Violence [Col. 141WH]

East Midlands Ambulance Service [Col. 148WH]

General Debates

Written Statements [Col. 7WS]

Ministerial Corrections [Col. 3MC]

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
