

**Tuesday
20 November 2018**

**Volume 649
No. 208**



**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES
(HANSARD)**

Tuesday 20 November 2018

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

The Secretary of State was asked—
Solar Generation

1. **Kevin Hollinrake** (Thirsk and Malton) (Con): What his Department's policy is on rooftop solar. [907690]

11. **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): What assessment his Department has made of the potential merits of providing remuneration at a fair market rate for self-generators of solar power putting surplus energy on the networks. [907701]

24. **Richard Graham** (Gloucester) (Con): What progress he has made on his proposals on the solar export tariff. [907714]

The Minister for Energy and Clean Growth (Claire Perry): The Government and my Department remain enthusiastic about the role of solar generation and its role in decarbonising power in the UK. However, as the market matures and installation is now possible without Government subsidy, we believe that it is the right time to close the feed-in tariff scheme. We already have 13 GW of solar capacity supported under current schemes. Indeed, at one point in May this year, solar provided more power generation than any other source.

Kevin Hollinrake: Rooftop solar is set to lose support from the feed-in tariff and the export tariff, which help to pay for clean power to the grid. Does my right hon. Friend agree that householders should expect some form of payment rather than simply subsidising large energy companies?

Claire Perry: My hon. Friend will know that the FIT scheme has been a huge success, supporting over 800,000 installations nationally, including almost 3,000 in his constituency. It has cost consumers over £4.5 billion to date and is scheduled to cost more than £2 billion a year for at least the next decade. It is therefore right that we consider a new scheme, as the cost has fallen. However, I do completely agree that solar power should not be provided to the grid for free, and that is why I will shortly be announcing the next steps for small-scale renewables.

Mr Speaker: I call Daniel Kawczynski. He is not here. Mr Richard Graham. Not here. I hope that neither of the Members concerned is indisposed. It is most unlike

them not to be present, but they were informed of the grouping, I am sure, by the Government. [*Interruption.*] Okay—thank you. Well, never mind—they are not here and we cannot take them, but other Members are here, and we are delighted to see it. Mr David Hanson.

David Hanson (Delyn) (Lab): Thank you, Mr Speaker.

The number of installations under solar has fallen by 90% in the past two years. Taking up the point made by the hon. Member for Thirsk and Malton (Kevin Hollinrake), what steps is the Minister taking to ensure, first, that providers are still in place next year to continue to grow this sector; and secondly, that customers are not subsidising large energy companies?

Claire Perry: The good news, as I mentioned, is that we have moved from a position of heavy—very expensive—subsidy for many of these small-scale schemes. Because the cost of solar installations has dropped by more than two thirds, we think it is right to change that. I am sure the right hon. Gentleman will be pleased to welcome the news that a string of private sector subsidy-free solar funds is set to open this year, particularly with business premises now taking advantage of the benefits that solar can provide in balancing their own systems. We are going through that transition with the expectation that we will see more solar deployed next year than we have previously.

Mr Philip Hollobone (Kettering) (Con): If we are really serious about rooftop solar, why do we not insist that it is fitted on all new build properties?

Claire Perry: My hon. Friend is a doughty campaigner for all forms of renewable energy in Kettering, and he is right. There are many ways to bring forward better low-carbon generation—but, equally, better energy efficiency measures—in new builds. We have set out plans under the clean growth strategy to try to achieve those ends, and I am looking forward to delivering them.

Sir Edward Davey (Kingston and Surbiton) (LD): I invite the Minister to be far more ambitious for rooftop solar as PV prices continue to fall and as batteries to store surplus solar power become ever more competitively priced. The opportunity for many homes to become their own power station has arrived. Should we not therefore be planning and encouraging such an exciting outcome?

Claire Perry: I pay tribute to the right hon. Gentleman, whose activities in coalition contributed to a boom in some of the cheapest forms of renewable energy, including offshore wind. We are now able to generate over 30% of our energy supply from renewables, which is much cheaper than putting it on individual rooftops. He raises a really important point. As our energy system migrates to a much more decentralised, much more intelligent system—helped, I might add, by the roll-out of smart meters—there is real value in that micro-generation, and that is what I am hoping to support when I bring proposals to the House shortly.

Mr Speaker: It is very heartwarming to see that the hon. Member for Gloucester (Richard Graham) has now beetled into the Chamber. I am sure that the House and an expectant nation wish to hear him.

Richard Graham: I am very grateful, Mr Speaker.

I think my right hon. Friend the Minister, who has done a lot to support renewable energy, may have covered my key point. However, does she agree that there are hundreds of churches, schools, local authorities and co-operative groups around the country, not least in my own constituency of Gloucester, that will benefit hugely from her announcement of what will replace the current system, and that it would be totally wrong for energy companies to benefit from free energy were there not to be a replacement system?

Claire Perry: I hope my hon. Friend caught my point that I agree it would be wrong to have power provided to the grid for free. In his constituency, there are now more than 1,300 feed-in tariff installations, and he should be proud of that. He is right; there are many such organisations. I was lucky to meet a group of people from all different faiths who were really committed to a zero-carbon future in many places of worship. That is happening right across the country. There is value in that, and we want to see it continue.

Carol Monaghan (Glasgow North West) (SNP): Scotland is the home of energy innovation, and a lot of that is down to EU funding for the innovation and research that is taking place. What steps will the Minister take to ensure that funding for the Scottish renewables sector is protected after Brexit?

Claire Perry: I encourage the hon. Lady to move away from defining success as the amount of subsidy that renewable energy receives. In fact, thanks to incredible policy work and innovation by the suppliers, Scotland, like other areas, has benefited from a rapid decline in energy costs. We will continue to invest in clean growth—more than £2.5 billion over the course of this Parliament—and we will all benefit from those jobs and the renewable energy that those installations provide.

Mr Speaker: Before I call the shadow Minister, I know the House will want to join me in welcoming Speaker Elisabetta Casellati of the Italian Senate—a distinguished parliamentarian and the first female holder of that office. Madam Speaker, we wish you and your colleagues well on this visit and in all the important work that you do.

Dr Alan Whitehead (Southampton, Test) (Lab): The Government say in their clean growth plan—indeed, the Minister has said it this morning—that they want to see more people investing in solar without Government support. I cannot think of a better way to discourage people who might be thinking of investing in solar than telling them that they will be expected to give away to the national grid half the electricity they generate from their investment. When we talk about the export tariff, we are not talking about a subsidy; we are talking about a payment for goods supplied. The Minister has elided the feed-in tariff and the export tariff. Can she just accept that she has messed things up on this occasion, call off talk of removing the export tariff and get on with using that tariff to support future subsidy-free solar investment?

Claire Perry: I am invited to say buongiorno to our visitor in the Gallery.

The hon. Gentleman and I are, as in many cases, in violent agreement. We signalled clearly several years ago the closure of this scheme. It is a very expensive scheme; it was going to cost £2 billion a year for decades to come to bring forward microgeneration. We now have much more energy-efficient and cost-effective ways of generating renewables. As I said, I absolutely agree that people who have gone through the installation process should not be captive takers, should someone want to buy their energy. I look forward to announcing further deliberations on this shortly.

Nuclear Power

2. Trudy Harrison (Copeland) (Con): What steps he is taking to secure the future of nuclear power in the UK. [907691]

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): The Government believe that nuclear power has an important role to play in our energy system as part of a diverse range of low-carbon technologies. Our intent is clearly visible in the form of Hinkley Point C—the first new nuclear power station to be built in this country in a generation—as well as in the launch in June of our landmark nuclear sector deal at Trawsfynydd.

Trudy Harrison: I thank the Secretary of State for his response. It is reassuring to me to understand this Government's commitment to new nuclear, but with Toshiba's recent decision to wind down NuGen, can he assure me that he will meet any developer who is interested in building their reactors at Moorside in Copeland?

Greg Clark: I can indeed give that assurance to my hon. Friend, who is a great champion of one of the bastions of skills and innovation in the nuclear sector in this country. The circumstances behind Toshiba's wind-down of NuGen are well known—it was because of the move to chapter 11 bankruptcy of its subsidiary—but that site is now available for other investors.

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op): The future of nuclear power is not just about building reactors; it is about having people with the skills to work in those reactors as well. As we have a skills gap in defence nuclear, can the Secretary of State set out what actions the Government are taking to support the growth of nuclear skills in both defence nuclear and civil nuclear?

Greg Clark: I am delighted that the hon. Gentleman takes such an interest in this. He will know that the nuclear sector deal provides for training, new institutions and new apprenticeship and scholarship opportunities for nuclear engineers in both the civil and defence sectors. This is all part of an agreement across the industry with Government to ensure that the next generation of nuclear power is supported by new-generation nuclear engineers and technicians.

John Stevenson (Carlisle) (Con): The Government were very keen to emphasise that the Toshiba-Korea Electric Power Corporation negotiations over NuGen were a commercial matter. If the Chinese nuclear company

CGN—China General Nuclear Power Group—agrees to develop Moorside on a commercial basis, with no Government subsidy, would the Government support it?

Greg Clark: As my hon. Friend knows, in each case the proposals are developer-led, so it is for proponents to come forward. As I have said to our hon. Friend the Member for Copeland (Trudy Harrison), I am very happy, with my officials, to meet anyone who has an interest in doing so.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): The demise of Moorside and NuGen underlines how the Government's nuclear policy hinges on overseas investment, particularly from energy companies that are owned wholly by other states. Is the Secretary of State having a really good look at the other planned nuclear power stations to make sure that there will be enough nuclear power to maintain energy integrity in the UK in future?

Greg Clark: The answer is yes. I am grateful to the hon. Lady's Public Accounts Committee for examining the model for financing nuclear new build. With her colleagues, she has made some helpful suggestions, which she knows we are committed to taking forward to see whether they can be viable.

National Minimum Wage

3. **Stewart Malcolm McDonald** (Glasgow South) (SNP): What steps he is taking to remind employers of their obligation to pay the national minimum wage. [907692]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Kelly Tolhurst): We are committed to ensuring all employers pay their workers correctly. As part of our enforcement strategy, Her Majesty's Revenue and Customs targets employers with information and advice. In April 2018, we launched a £1.48 million campaign to raise awareness of the national minimum wage rules, particularly in sectors with a high risk of non-compliance. HMRC contacted over 617,000 employers prior to April 2018, reminding them of their responsibilities to pay the higher rate.

Stewart Malcolm McDonald: The Government are failing thousands of workers who are falling victim to unpaid trial shifts. The law is extremely grey, and despite my efforts to clear it up, the hon. Lady's Government talked out my Bill. We know that the guidance the Government produce and reminding employers is not enough. As we go into this Christmas period, when this will be another employment epidemic, will she pledge to make this the last Christmas of the unpaid trial shift?

Kelly Tolhurst: Short unpaid trials as part of a genuine recruitment process can be legal. However, longer trials with no prospect of employment are illegal. Individuals working on illegal trials are workers and they are entitled to the minimum wage. I can inform the hon. Gentleman that, as per the communication I have had with him in recent months, I have indeed, with my Department, just reviewed and finalised new guidance on unpaid work trials and work experience for interns, which will be published in the next few weeks.

Stephen Kerr (Stirling) (Con): Does the Minister agree with me that the payment of a living wage is actually in the best interests of employers because it encourages engagement, loyalty and productivity?

Kelly Tolhurst: I thank my hon. Friend for highlighting that point, and it is absolutely true. This Government are committed to increasing the rate of pay for the lowest-paid workers. I do agree with him that this of course encourages employee loyalty to employers that do so.

19. [907709] **Ruth George** (High Peak) (Lab): A constituent of mine who runs a vehicle delivery company came to see me about the dangerously long hours of driving in his industry—often over 16 hours a day—for less than the minimum wage. My constituent and other small companies that care about their staff are desperate to see an end to bogus self-employment in their sectors. When will the Government finally act on the recommendations of the Taylor review and do this?

Kelly Tolhurst: Let me be clear: it is illegal not to pay the national minimum wage to workers who are entitled to it. This Government have been very clear. We are looking at and currently reviewing the Taylor review recommendations—we will be implementing the majority of them—and the Government will be responding soon with what we will do.

Rachel Reeves (Leeds West) (Lab): Following on from the question from my hon. Friend the Member for High Peak (Ruth George), last week yet another employment tribunal found in favour of workers getting the minimum wage and other workplace rights—in this instance, at Addison Lee—but too many firms continue to label workers as self-employed when they are not. When will the Government finally bring forward this long overdue legislation and—as the Taylor review, the GMB union and the Business, Energy and Industrial Strategy Committee have argued—ensure that all workers are paid the minimum wage?

Kelly Tolhurst: The hon. Lady will remember that it was this Government that set up the Taylor review. We have been very clear. We are committed to enforcement; we have doubled the enforcement budget for the national minimum wage. In fact, the arrears recovered in the last year totalled £15.6 million, affecting more than 200,000 workers. This Government are committed and we will respond in due course. We are committed to making all workplaces fair for all.

Mr Dennis Skinner (Bolsover) (Lab): If the Minister is very keen on the national minimum wage, what is she saying to Mike Ashley, who has 3,000 workers at Shirebrook, most of them on zero-hours contracts? They do not get the national minimum wage. There are only a handful. Is it not time that this Government, instead of talking about the national minimum wage, did something about it?

Kelly Tolhurst: I say again: we are committed to enforcing on underpayments of the national minimum wage. We have doubled the enforcement budget. We are delivering for those individuals. And zero-hours contracts

do not necessarily mean that there will be a breach of the national minimum wage. We are committed to delivering.

Leaving the EU: Manufacturing Jobs

4. **Sarah Jones** (Croydon Central) (Lab): What steps his Department is taking to help safeguard skilled manufacturing jobs after the UK leaves the EU. [907694]

17. **Preet Kaur Gill** (Birmingham, Edgbaston) (Lab/Co-op): What steps his Department is taking to safeguard manufacturing jobs after the UK leaves the EU. [907707]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Richard Harrington): The declaration on the future relationship with the EU sets out a joint ambition for zero tariffs and restrictions in goods trade, and an ambitious customs arrangement. Our industrial strategy will ensure that the UK remains one of the most competitive locations in the world for manufacturing. We have committed £140 million to the “Made Smarter” industrial digitalisation programme, which will help our manufacturing sector adopt new technologies and skills.

Sarah Jones: The Minister mentions the declaration, but of course it is seven pages long and offers no reassurance to businesses in Croydon. Recently I visited a Croydon business that is currently looking to move to Amsterdam. What more can the Government provide to ensure that that business and many more stay in the UK?

Richard Harrington: The hon. Lady’s constituency must contain businesses different from those I heard at the CBI yesterday, where the Prime Minister was applauded for precisely this approach; different from businesses in my constituency; and different from all the business leaders who have supported the Government’s proposed deal with the European Union.

Preet Kaur Gill: Manufacturing accounts for 11% of jobs in the west midlands, one of the highest percentages for any region, and the region has one of the highest shares of goods imports and exports—47% of its goods go to the EU. Does the Minister agree that Labour’s plan for Brexit, guaranteeing a new, comprehensive and permanent customs union and a strong single market relationship that allows British business continued access to European markets for both goods and services, is the deal that UK manufacturers need to thrive?

Richard Harrington: As far as I am aware, the Society of Motor Manufacturers and Traders and the EEF, the manufacturers’ organisation, and all other organisations representing those industries in the midlands, in the hon. Lady’s constituency and surrounding constituencies, are very much in support of the Government’s policy for frictionless trade in the future.

Mark Pawsey (Rugby) (Con): The Secretary of State is aware of the threat to 190 skilled engineering jobs at GE Energy in Rugby. This has nothing to do with Brexit; rather, it is to do with a downturn in activity of the company’s traditional base. What advice can the Minister provide to the workforce and the local management team to secure this manufacturing activity in Rugby?

Richard Harrington: As ever, my hon. Friend is fully in support of so many businesses in his constituency. As he knows, my door is open to him and the company, to discuss any possibilities of helping them. I have seen many very good businesses in his constituency and I am excited about the prospects there for high-quality employment for his constituents.

Philip Davies (Shipley) (Con): The question is really whether we leave the EU at all. Yesterday, on the “Today” programme, the Secretary of State was arguing in favour of a proposal by the EU to extend the implementation period to the end of 2022. Was the Secretary of State doing his usual EU freelancing, or is that now the official policy of the UK Government?

Richard Harrington: The Government want to finalise the future trading relationship with the EU as quickly as possible. My right hon. Friend the Secretary of State mentioned one alternative to achieve that.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): In addition to the threat that leaving the EU poses to skilled manufacturing jobs, the Minister will be aware of the devastating news that Michelin plans to close its factory in Dundee, threatening 850 such jobs. Will the Minister work closely with the Scottish Government to ensure a future for that plant?

Richard Harrington: I reassure the hon. Gentleman that I have spoken to the company and I have sought assurances about support available to staff. The Secretary of State and I have spoken with the Scottish Government’s Cabinet Secretary for Finance, Economy and Fair Work and with the Secretary of State for Scotland. The Department is playing an active role in the Dundee action group.

Drew Hendry: I thank the Minister for that answer, but his Government can do one thing right away to give immediate and future help. The UK Government are currently £50 million short on matching the Scottish Government on the Tay cities deal. Is this to be, like Aberdeen, Inverness and Stirling, part of a near £400 million shortage of match funding and a failure of the UK Government on city deals, or will he do the right thing and fight for match funding to support Dundee at this challenging time?

Richard Harrington: As the hon. Gentleman knows, each deal with each city is an individual one based on the circumstances of that city. I see him regularly, and it would be a pleasure to meet him to discuss his constituency and the proposed city deal.

18. [907708] [R] **Matt Western** (Warwick and Leamington) (Lab): In terms of leaving the EU and our manufacturing sector, does the Minister not accept that staying in the customs union and in a form of single market is absolutely what is demanded in the long term—not “xx”—by our manufacturing sector?

Richard Harrington: The hon. Gentleman must be aware that the EEF has warmly accepted the Government’s proposals for a future trading relationship that will provide the kind of frictionless trade essential for his constituents and everyone else who works in the motor vehicle industry and the manufacturing sector.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): “High tech manufacturing in every part of the country”—the Secretary of State’s words. General Electric is closing in Rugby and Michelin is closing in Dundee. From Swansea to Copeland to Lowestoft, his energy policies destroy more jobs than they create. By ending the enhanced capital allowance, the Budget took hundreds of millions of pounds from manufacturers, while doling out billions in corporate tax cuts. Manufacturing demand is now dropping at its fastest rate since 2015, yet the Cabinet is in meltdown over whether to walk out on the customs union in four months with no deal or in 24 months with the Prime Minister’s plan. Does the Minister agree that a permanent customs union is essential for British manufacturing and British jobs?

Richard Harrington: It will come as no surprise to you, Mr Speaker, that I disagree with a lot of what the hon. Lady has said. She says the Cabinet is in meltdown. It is not. *[Interruption.]* The Cabinet is not in meltdown. On her substantive question about energy, to the best of my knowledge, offshore energy is producing a lot of jobs, including in Tyneside. *[Interruption.]* It very much is. She must be aware, as far as the customs union part of her question is concerned, of the importance of the Government’s proposals, which provide the benefit of a very close relationship with all the countries in the EU. They also mean that this country will be able to enter into negotiations to sign free trade agreements with countries all over the world.

Asda/Sainsbury Merger

5. **Gerald Jones** (Merthyr Tydfil and Rhymney) (Lab): What assessment he has made of the potential effect of the merger of Asda and Sainsbury’s on (a) workers, (b) supply chains and (c) consumers. [907695]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Kelly Tolhurst): Sainsbury’s has confirmed that there are no planned store closures as a result of the merger. The independent Competition and Markets Authority is investigating the effects on competition and has until 5 March 2019 to report. The CMA’s investigation is independent of Government and we must not pre-judge the inquiry. The Secretary of State wrote to the CMA in May on this issue and I met with the CEO of Sainsbury’s last month.

Gerald Jones: Sainsbury’s has indicated that it will look at price cuts of 10% under a merger with Asda, but it has also indicated that it would make efficiency savings of around £500 million. I know from this Government’s record that efficiency savings often mean cuts somewhere down the line, so what discussions has the Minister or the Department had with trade unions to ensure that all jobs—not just in store, but in distribution and warehousing—are safeguarded?

Kelly Tolhurst: The hon. Gentleman is right to raise concerns, because any merger and change will of course concern the workers in the organisations, but I have spoken with Sainsbury’s and it has been clear that the pay and reward structure that is already in place is not affected as part of the merger. We will continue our communications with the stores. As he will know, the

CMA is currently looking at the merger and is due to report. We will be monitoring this, as we would in any such circumstances.

James Cleverly (Braintree) (Con): The National Farmers Union has expressed disquiet at this proposed merger. Will my hon. Friend give an assurance to me and to the House more generally that the Government will always promote competition both to improve choice for the consumer and to improve options for people in the supply chain, particularly in farming?

Kelly Tolhurst: I thank my hon. Friend for his question. He is absolutely right: one of the things that we are committed to is making sure that we continue with our world-renowned competition regime. It is right that, even at a ministerial level, we are independent of the CMA, but we work very closely with the CMA on priorities, and looking at supply chains is a key area for all mergers, as is how we protect consumers and markets in future.

Shared Parental Leave: Self-employed People

6. **Kevin Brennan** (Cardiff West) (Lab): What recent representations he has received on introducing shared parental leave for self-employed people. [907696]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Kelly Tolhurst): My Department and the Department for Work and Pensions recently met Parental Pay Equality, which is campaigning to extend shared parental pay to self-employed parents through changes to maternity allowance. We are exploring ways to support self-employed parents further.

Kevin Brennan: I thank the Minister for that answer. Has she read the recent “Balancing Act” report from Birkbeck University and Parents in Performing Arts, which shows that 72% of freelancers would like to take shared parental leave if they were allowed to? This policy would not cost anything, but it would improve equality and productivity at the same time. Will she—not just officials—undertake to meet the parental pay and leave campaign and listen to my hon. Friend the Member for Batley and Spen (Tracy Brabin), who has a ten-minute rule Bill on this issue?

Kelly Tolhurst: I will always engage with anyone who has a view on this particular issue. We are evaluating shared parental leave and pay to look at the barriers to take-up, including those affecting self-employed people and mothers, particularly, who qualify for maternity allowance. We are currently evaluating that and we will be reporting on that next year. However, I will meet with those people.

Ben Bradley (Mansfield) (Con): I recently met Mike Watkinson from Nottinghamshire’s Federation of Small Businesses to discuss a number of challenges facing business in Mansfield, one of which was support and access to benefits for self-employed people. Does my hon. Friend agree that, as the party of business, it is absolutely vital that we help small business owners and support them to keep the show on the road when they need it?

Kelly Tolhurst: Self-employment does allow the flexibility that some employed workers are unable to take advantage of, but it is right that we work on this and consider the consequences for the self-employed and small businesses. When we are evaluating and looking at how we move forward—as this Government are committed to doing—it is right that we look at this in the round, in the context of tax, benefit and other such things, but particularly, to support small businesses to continue providing the employment that we need.

Tracy Brabin (Batley and Spen) (Lab/Co-op): I thank my colleague and friend, my hon. Friend the Member for Cardiff West (Kevin Brennan), for raising this question. On my ten-minute rule Bill on shared parental leave, the Minister will have heard across the House the frustration with the Taylor review—that it has been a year and a half and we have not had any implementations of those recommendations. This was one of them; it is cost-neutral. Does the Minister agree that this could be the engine of change—it could be the outlier—that actually gets those recommendations put into place?

Kelly Tolhurst: I am grateful to the hon. Lady for highlighting this issue through her Bill. We have not yet had the opportunity to debate it, but I know she met Ministers earlier in the year to discuss it. She has mentioned the Taylor review. We are committed in the very near future to doing that, and we are considering self-employment, especially with regard to shared parental leave, how we can benefit and more people taking it up.

Industrial Strategy

7. **Damien Moore** (Southport) (Con): What the timetable is for bringing forward a tourism sector deal under the industrial strategy. [907697]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Richard Harrington): Sector deals are part of our industrial strategy and vital in building strategic partnerships with the Government and mutual commitments to boost productivity in specific sectors. We have already concluded seven and we are working on more. Under the auspices of Steve Ridgway, whom I thank for his leadership, we have a lot of interest from the tourism sector in exploring a sector deal and we are doing so.

Damien Moore: Could my hon. Friend elaborate on whether there will be a similar deal for the hospitality industry in the new year?

Richard Harrington: Before I saw the light and went into politics, I spent 25 years in the tourism and hospitality industry, and there is nothing I would like more than to conclude a sector deal with it. I have met with officials and industry leaders, have the full support of my right hon. and learned Friend the Secretary of State for Digital, Culture, Media and Sport and look forward to concluding a deal in the new year.

Stephanie Peacock (Barnsley East) (Lab): Tourists spend a lot of money in this country in tips, yet it is two years since the Government said they would act to stop rogue bosses swiping tips. I raised this at Business questions last week, and it was suggested that I come here, raise it with the Minister and ask when the

Government will bring forward primary legislation to stop bosses swiping tips that should be going to hard-working staff.

Richard Harrington: I am delighted to confirm to the hon. Lady that we are definitely introducing legislation on this subject. We will do so as soon as we possibly can within the parliamentary timetable.

Sir Patrick McLoughlin (Derbyshire Dales) (Con): In his first answer, the Minister said that seven sector deals had been concluded. How many are still under negotiation and why are they taking so long?

Richard Harrington: Actually, I correct my right hon. Friend. I said that six sector deals had been concluded and more are in the pipeline. They are very complex. They involve a lot of industry money and many industrial partners who have never been involved in deals with the Government before. I would be delighted to meet him at any time to discuss how I am pushing these on as quickly as I can.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Is the Minister aware that tourism, just like the manufacturing sector, particularly in Yorkshire, is finding it very difficult to get skilled people, especially as more Europeans go back to their home countries in fear of Brexit? What is he going to do about attracting and retaining skilled workers in tourism and manufacturing?

Richard Harrington: I am very aware of the hon. Gentleman's point. Only last week, I met with Hilton Hotels and Resorts, a big employer in this sector, while the Grove, in my own constituency, has raised exactly the same point. The industry has a high turnover of labour and, as he says, has depended for some time on labour from abroad. I hope that more UK people will enter the hotel and hospitality industry, but the fact is that in many areas there is almost full employment.

Post Office Closures

8. **Hugh Gaffney** (Coatbridge, Chryston and Bellshill) (Lab): What discussions his Department has had with representatives of the Post Office on its plans to close 74 Crown offices. [907698]

21. **James Frith** (Bury North) (Lab): What discussions his Department has had with representatives of the Post Office on plans to close 74 Crown post offices. [R] [907711]

22. **Ian C. Lucas** (Wrexham) (Lab): If he will make an assessment of the (a) adequacy of terms of the proposed sale of Crown post offices and (b) effect of that sale on sub-post offices. [907712]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Kelly Tolhurst): While the Government set the strategic direction for the Post Office, they allow the company the commercial freedom to deliver this strategy as an independent business. The 74 Crown branches are being franchised to WHSmith, either on-site or through relocation to a WHSmith store. There will be no reduction in the number of branches from the franchising with WHSmith.

Hugh Gaffney: I am a proud member of the Communication Workers Union and a former postal worker. The Minister has said in written answers to Members that the privatisation of the Post Office is a commercial decision for the Post Office and that the Government only set the strategic direction. Nevertheless, the Post Office has decided to privatise these Crown branches and is using tens of millions of pounds of public money to bankroll it. This is a disgraceful situation. When will the Government start exercising some basic financial oversight?

Kelly Tolhurst: I am sorry, but I entirely disagree with the hon. Gentleman. We have no closure programmes. I should add that under Labour's management of the Post Office its network shrank by 37%, which resulted in 7,000 closures, and that in the first five years of Labour Government the Post Office went from being in profit to having losses of more than £1 billion.

James Frith: Let us have another look at this, shall we? Seventy-four of the public's post offices are being privatised without the permission of the public. WHSmith is already advertising minimum wage part-time roles to take over post office counters, while consultations on those jobs have yet to be completed. Can the Minister imagine what it must feel like for your job to be under consultation and to face possible redundancy, with the job already advertised for someone else? Will she intervene and call this practice out, as a matter of principle?

Kelly Tolhurst: Let me first highlight the fact that there are no Crown post offices in the hon. Gentleman's constituency.

Franchising is one of the measures to support and maintain the long-term sustainability of our network of 11,500 post offices throughout the country. As I said, the network was reduced under the last Labour Government, but we are committed to the Post Office and to keeping those branches open.

Ian C. Lucas: Restrictive practices are preventing my constituent Mr Avi Bungar from providing various post office services because he runs a sub-post office. Why are the Government giving big business WHSmith a sweetheart deal and preferential Crown post office terms, and preventing sub-postmasters from having the same?

Kelly Tolhurst: I respect the fact that the hon. Gentleman has experienced issues in his constituency in relation to a particular post office, but to set a long-term sustainability programme for the Post Office against potential postmasters is quite frankly wrong. This is part of a sustainable programme that will enable us—this Government—to keep 11,500 post offices open, to increase, via the Post Office, the pay to which post office workers are entitled, and to give them longer hours and better locations.

Nuclear Power Stations

9. **Alan Brown** (Kilmarnock and Loudoun) (SNP): What steps he is taking to ensure that value for money is achieved from energy generated from proposed new nuclear power stations. [907699]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Richard Harrington): As the Secretary of State said in his statement to the

House on 4 June, in our negotiations with nuclear developers, a key focus of discussions will be achieving value for money and lower electricity costs for consumers.

Alan Brown: The National Audit Office has already confirmed that Hinkley Point C was a bad deal. Half the existing nuclear power stations will have closed by 2024 and the rest by 2028, and no nuclear power stations can be built in time to replace them. Why are the UK Government tying up energy policy for the next 50 years in deals that are poor value for money?

Richard Harrington: As far as I know, the hon. Gentleman and his party are against nuclear power altogether, so his is an interesting question. The Government, on the other hand, are committed to a diverse energy mix in which nuclear power plays a crucial part. Nuclear power is critical to our transition to a low-carbon society, providing continuous, reliable, low-carbon electricity. We are also leaders in cutting emissions by renewables, and nearly 30% of our electricity comes from renewable sources.

Hydraulic Fracturing

10. **Mr Jim Cunningham** (Coventry South) (Lab): What steps he is taking to help reduce the incidence of seismic activity caused by hydraulic fracturing. [907700]

The Minister for Energy and Clean Growth (Claire Perry): It is always a pleasure to answer a question from my mother-in-law's MP. As he knows, we have always made it clear that any hydraulic fracturing that takes place under current licences must be consistent with our regulatory regime, including the traffic light system, which is the toughest in the world. The Preston New Road site is the most monitored site for seismic activity, and among the 36 events recorded, the 1.1 local magnitude event was the equivalent at the surface of a bag of flour being dropped to the floor.

Mr Speaker: I hope that the hon. Gentleman is looking after the Minister's mother-in-law, because I have a feeling that he will hear about it if he is not.

Mr Cunningham: I always do my best for all my constituents, Mr Speaker; I do not have any favourites. On fracking in the Blackpool area, there have been 47 minor earthquakes in that area and Cuadrilla has now ceased operations. Does that signal a change in Government policy?

Claire Perry: Not at all. Thanks to the superb seismic monitoring and the work of some excellent students at Liverpool University, it is clear that the most significant of the micro tremors that we are seeing is the equivalent of dropping a kilogram of flour on my mother-in-law's floor in Earlsdon and feeling the vibration from that.

We are calmly and soberly going through the process of seeing whether this potentially valuable resource that can reduce our energy dependency on imports can be exploited, but it has to be done in a way that is consistent with our world-beating and tough regulatory regime.

Sir Desmond Swayne (New Forest West) (Con): How come we have been using exactly the same technology without difficulty, fracking at hundreds of sites, for years for thermal energy?

Claire Perry: My right hon. Friend makes a valuable point. It is said that fracking is this new thing, but in fact we have been doing it for many years, including using it to extract oil from sites close to both of our constituencies. It is a perfectly safe technology. We have to be clear, however, that we are doing this in an environmentally sensitive way. Of course nobody wants environmental regulations that they cannot defend to their constituents, but we are going through this calmly and soberly; we have excellent science and so far the process is delivering shale gas from these very exploratory fracks, which is something we should all welcome.

Barry Gardiner (Brent North) (Lab): On 21 May this year the Minister met a number of renewable energy companies. That meeting was properly recorded on the ministerial register of meetings to ensure transparency. On the same day the Minister also met all the key fracking companies including Cuadrilla, INEOS, iGas and Third Energy. That meeting somehow failed to make it on to the transparency register. Would the Minister like to take this opportunity to apologise for the concealment of that information, and by way of penance would she like to confirm when she will finally visit local residents at Preston New Road to explain why the 36 earthquakes that have occurred since Cuadrilla began fracking operations are simply the equivalent of dropping a bag of flour on their kitchen floors?

Claire Perry: I am glad the pantomime season is coming up as there is some good auditioning going on. Let me explain. I know that the hon. Gentleman is aware of the ministerial code, and I am told by my officials that when they did not disclose the meeting of 21 May it was because the ministerial code does not require Ministers to disclose meetings that they drop in on, as opposed to host in their office. I have made it clear to my officials that any meeting ever held with anyone related to shale gas should be recorded, whether or not that is in accordance with current guidance. The hon. Gentleman will also know that at that so-called secret meeting with the fracking companies were the Coalfields Regeneration Trust, the GMB union, representatives of local government and UK100 chaired by the doughty Polly Billington, former special adviser to the right hon. Member for Doncaster North (Edward Miliband). The idea that I would hold secret meetings with an industry that is so potentially vital is, frankly, ridiculous. I have also appointed a superb former colleague of the hon. Gentleman's, Natascha Engel, as my commissioner for shale gas, and she has been out there very consistently meeting local groups and residents in all of these fracking areas. I would be delighted to visit Preston New Road. Unfortunately, however, as I was aggressively approached by a protestor who threatened to visit my home because he knew my children were home alone, I have been advised for security reasons to be very careful about engaging with the protestors. Of course when I go, unlike some Opposition Members, I will make sure to visit the protestors and also those exploiting the resource to create jobs. Those of us on the Government Benches believe in jobs, not mobs.

Starting and Growing Businesses

12. Mrs Sheryll Murray (South East Cornwall) (Con): What progress he has made on meeting the Government's ambition to make the UK the best place in the world to start and grow a business. [907702]

14. Rachel Maclean (Redditch) (Con): What progress he has made on meeting the Government's ambition to make the UK the best place in the world to start and grow a business. [907704]

15. Victoria Prentis (Banbury) (Con): What progress he has made on meeting the Government's ambition to make the UK the best place in the world to start and grow a business. [907705]

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): Our business environment is among the best in the world for small businesses. We have 16.3 million people employed in small businesses and the British Business Bank is supporting small businesses with over £5.5 billion of finance—and colleagues on all sides of the House will wish to support small business Saturday on 1 December.

Mrs Murray: Earlier this year, Ideal Foods, a small business in my constituency, celebrated a huge milestone when it achieved a turnover of £10 million in just one year. Another business, the Cornish Cheese Company, has just been awarded the super gold award for its Cornish blue cheese. Does my right hon. Friend agree that these are shining examples of the importance of embracing global trade after we leave the European Union?

Greg Clark: I do indeed, and I congratulate Ideal Foods and the Cornish Cheese Company. Perhaps I can add one of my own: Cornish Charcuterie, based just outside Bude, is one of my favourites, and I know that it has many satisfied customers across the UK and Europe, and increasingly around the world. This shows that, of all the manifold assets that Cornwall has, its food and indeed its drink are something to boast about.

Rachel Maclean: More than 355 new businesses have been started up in my constituency since 2010. Many of them are microbusinesses with only one or two employees, and their needs are very different from those of the larger small and medium-sized businesses. What additional support can the Department give to those microbusinesses to help them to thrive?

Greg Clark: My hon. Friend is absolutely right to suggest that microbusinesses, and indeed start-ups, sometimes face challenges in accessing finance. The British Business Bank has a programme to focus on microbusinesses. Start-up loans, from which 44 businesses in her constituency have benefited, are also important.

Victoria Prentis: Late payments are a real problem for small businesses. What steps is the Secretary of State taking to tackle that?

Greg Clark: My hon. Friend is absolutely right, and she will know that we are taking steps to reinforce in statute some of the measures that have been good

practice across the industry. Indeed, the small business commissioner has been appointed to the prompt payment code compliance board to help with that.

Bridget Phillipson (Houghton and Sunderland South) (Lab): Does the Secretary of State truly believe that what has been negotiated with the European Union will be better for jobs and business than the deal we have now?

Greg Clark: If the hon. Lady was at the CBI conference yesterday, and if she has read the responses from businesses small and large up and down the country, she will know that they are very clear that this deal will help to create the confidence that will allow investment to be made and jobs to be created and preserved across the country.

Neil Gray (Airdrie and Shotts) (SNP): The small businesses and manufacturers in my constituency are telling me that their biggest challenge right now is recruiting skilled labour. That challenge is set to get worse for them as we approach Brexit. Will the Secretary of State explain to them how stopping freedom of movement is going to help them with access to skilled labour for their manufacturing and their research and development?

Greg Clark: One of the reasons why companies up and down the country sometimes find it a struggle to recruit people is that we have such a low level of unemployment in this country. I would have thought that the hon. Gentleman would recognise that. He knows that one of the benefits of leaving the European Union is that our migration policy will be set in this country according to the needs of our economy—so it's over to us.

Bill Esterson (Sefton Central) (Lab): The Prime Minister's botched Brexit deal creates uncertainty for business. The lack of any commitment to permanent customs arrangements means that there is no guarantee of tariff-free, frictionless trade. Frankly, I am amazed that any Business Secretary would put their name to this deal. Without any commitments to frictionless trade, how can the Government claim to be helping business?

Greg Clark: I do not know whether the hon. Gentleman has read the proposed agreement, but business leaders certainly have, and they have been warmly supportive of it. There are good reasons for that. One of the things that businesses have asked for is a transition period leading up to an agreement that we should be able to trade without tariffs, without quotas and without frictions. This agreement provides for that, which is one reason why it has been endorsed by businesses up and down the country.

Several hon. Members *rose*—

Mr Speaker: Last question in this section, very briefly. I call Toby Perkins.

Pub Closures

13. **Toby Perkins** (Chesterfield) (Lab): What estimate he has made of the number of pubs that closed in 2018; and what assessment he has made of the reasons for those pub closures. [907703]

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Kelly Tolhurst): Pubs make a major contribution to the economy and to community life. That is why the Government are supporting pubs through measures such as the beer duty freeze and the business rates retail discount announced in the Budget.

Toby Perkins: That does not really answer the question of why 7,000 pubs have closed since 2010, so I encourage the Minister to address that when she returns to the Dispatch Box. To be more positive, she will have seen that the all-party parliamentary group on pubs is bringing about a parliamentary pub of the year award, so I encourage her to nominate a pub in her constituency and to join us and the Under-Secretary of State for Housing, Communities and Local Government, the hon. Member for Rossendale and Darwen (Jake Berry), on 15 January to find out which is Britain's greatest parliamentary pub.

Kelly Tolhurst: I recognise the hon. Gentleman's concern and his work in this area over a long period of time. He is a champion for the sector. There are several reasons why there may be pub closures, which is why we are acting to freeze beer duty and address small business rate relief. We estimate that 75% of pubs will benefit from the reductions announced in the Budget. To answer his second point, I will happily attend the event on 15 January, if possible.

Several hon. Members *rose*—

Mr Speaker: Order. We come now to topical questions, and I gently remind the House that topicals are supposed to be much shorter than substantives, so we do not want preambles. Members who start to engage in preambles will be asked to resume their seat. With straightforward questions and straightforward replies, we will rip through as many as we possibly can.

Topical Questions

T1. [907715] **Theresa Villiers** (Chipping Barnet) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): The recent Budget confirmed our unwavering commitment to the technologies of the future. We have set up a national quantum computing centre and five new technology centres in Leeds, Oxford, Coventry, Glasgow and London. At the national level, the Prime Minister joined the first meeting of the Industrial Strategy Council. Internationally, I travelled to Japan to discuss how we can work together on our industrial strategy.

Theresa Villiers: Has any estimate been made of the number of businesses on local high streets that can benefit from the business rate cut announced in the Budget, including businesses in my constituency of Chipping Barnet?

Greg Clark: My right hon. Friend will be aware that up to 90% of retail properties in England could be eligible, and I understand that up to around 3,000 properties in her borough could qualify for the relief made available in the Budget.

Rebecca Long Bailey (Salford and Eccles) (Lab): Brexit cannot result in a race to the bottom for workers' rights and protections but, sadly, the EU withdrawal agreement does not guarantee that it will not. Thompsons Solicitors says that the non-regression clause will be "ineffective" and the Institute for Public Policy Research states that it is

"not sufficient to maintain current protections".

Individuals will not even be able to bring about proceedings, and if the EU raises standards, the UK is permitted simply to fall behind. When the Secretary of State called stakeholders after agreeing the deal last week, were trade unions on that call? Will he confirm exactly how he intends to maintain current standards and enforceability and to prevent Britain from falling behind the EU's standards?

Greg Clark: I note that the hon. Lady dismissed the withdrawal agreement on the airwaves before she had even read it, so it does not surprise me that her question is so misplaced. As for the trade unions, I met Frances O'Grady, the general secretary of the TUC, to discuss the provisions of the agreement in person. When it comes to our record of protecting employees' rights, the hon. Lady should have more confidence in this country and in this House. We are perfectly capable. We have been leaders in protecting and promoting workplace rights for many generations. We do not need to be required to do so by the European Union; this House can do that itself.

Rebecca Long Bailey: The trade unions were not on that call, which is telling. However, many workers are being treated shamefully even before we leave the EU. There is a bank branch where male workers were expected to urinate in a bucket, and cleaners and security staff are on poverty wages with few rights and protections. The first case was highlighted by Unite yesterday, but the second can be found in the Government's own Departments under the watch of this Secretary of State, who is responsible for employment rights and protections. Given that the Taylor review was published nearly 500 days ago and yet we still have no update on Government policy and that two months have passed without action since I wrote to the Secretary of State about the treatment of his own staff, how can we trust him to protect workers in the UK now, let alone stop a race to the bottom?

Greg Clark: We value highly the colleagues in our Department and across Government who do important work in public service, and I have made a commitment that we will always treat them well, including on pay and conditions. I am glad that the hon. Lady is looking forward with anticipation to the publication of the response to the Taylor review. It was a landmark report to which this Government committed, and I look forward to her endorsing this Government when we enact Taylor's recommendations in the weeks ahead.

T3. [907717] **Giles Watling** (Clacton) (Con): I have recently had the honour of visiting many of our businesses in Clacton. Some of them are searching for business overseas, but they remain concerned about Brexit. What can my right hon. Friend do or say to reassure them?

Greg Clark: Businesses up and down the country have been very clear: they want an agreement; they want a deal so that they have the certainty to be able to make

investments; they want a transition period so that they are able to make the necessary adjustments; and they want frictionless trade. The proposed deal comprises all those qualities, which is why it has had such a warm endorsement. It will give businesses in my hon. Friend's constituency and elsewhere the confidence to invest.

T2. [907716] **Steve McCabe** (Birmingham, Selly Oak) (Lab): Which?, the consumer champion, points out that large suppliers need to install 30 smart meters a minute every day for the next two years to meet the Government's 2020 roll-out target. How does the Minister think this is going?

The Minister for Energy and Clean Growth (Claire Perry): I applaud the hon. Gentleman for his long-standing interest in this important area. It is going better by the day. Over 400,000 smart meters are now being installed every month. As of the end of October, some 97,500 SMETS2 meters, including one in my home in Devizes, have been installed. He will know better than many about the long-term benefits that this brings, both to people's ability to control and reduce their energy use, and to delivering the most efficient and digitised energy system in the world.

T5. [907719] **Rebecca Pow** (Taunton Deane) (Con): Taunton would be the ideal place for the one of the Geospatial Commission's geospatial hubs, building on the expertise of the UK Hydrographic Office's oceanic data-gathering skills. Will the Minister agree to visit Taunton to consider this proposal?

The Minister for Universities, Science, Research and Innovation (Mr Sam Gyimah) *rose—*

Hon. Members: Hear, hear.

Mr Gyimah: Better late than never.

I will always be delighted to visit Taunton—my hon. Friend is a great champion of her constituency. My Department is now engaging at official level to understand how these prospective developments could fit with the industrial strategy.

T4. [907718] **Stephen Timms** (East Ham) (Lab): Eighty-two per cent. of young people from disadvantaged backgrounds, many with immense potential, say that they find business to be inaccessible. I tabled early-day motion 1807 in support of the Movement to Work charity for young people. How will Ministers help to unleash the entrepreneurial potential of young people from all backgrounds?

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Kelly Tolhurst): The right hon. Gentleman raises a great question, and this is one of the things we are working on. The British Business Bank is working on start-up loans, and there are initiatives that work on enterprise in the school setting. I left school and went into an unofficial apprenticeship, and I think that we should all get behind such schemes and apprenticeships, because getting into work really can deliver the entrepreneurial spirit that people need.

Kevin Foster (Torbay) (Con): Last week, the first new major hotel to be built on Paignton seafront in decades was approved, bringing with it £40 million of investment.

What role does my right hon. Friend see the industrial strategy playing in supporting more high-value investment in Torbay's tourism industry?

Mr Gyimah: I congratulate Paignton on that new hotel. Through the industrial strategy, we are investing in digital connectivity and transport, which should make areas such as Torbay even more attractive than at present.

T6. [907720] **Neil Gray** (Airdrie and Shotts) (SNP): Given that the regulation of fireworks is reserved to this place and that there appears to be a spike in the use of fireworks as part of antisocial behaviour and violence, including of late in Plains, Shotts and Airdrie in my constituency, what cognisance will the UK Government take of the Scottish Government's consultation on regulating fireworks so as better to inform how best to regulate the sale and use of fireworks?

Kelly Tolhurst: I thank the hon. Gentleman for his question, which is timely just after fireworks night. The Government do not have any plans to change the legislation, but I am always willing to look at new evidence and to discuss the issue with hon. Members.

Steve Double (St Austell and Newquay) (Con): Lithium extraction has the potential to make a significant contribution to the aims of our industrial strategy, as well as being a huge boost to the Cornish economy. May I invite the Secretary of State to meet businesses that are seeking to exploit this new opportunity? If he would like to come to Cornwall to do that, he would be very welcome.

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Richard Harrington): My hon. Friend should know that I would be delighted to meet him, and anybody he thinks is suitable, in order to achieve the exploitation of the luxurious resources deep in his constituency.

T7. [907722] **James Frith** (Bury North) (Lab): After the capital shortfall warnings issued by Interserve this week, what assurances can the Secretary of State give the House that Interserve will not go the way of Carillion? Will he commit to press Interserve to make sure that subcontractors are paid up to date and are not at risk of carrying the can for another outsourcing collapse?

Greg Clark: As I said in response to an earlier question, prompt payment is very important for businesses large and small, and supply chains rely on that. My colleagues across the Government and in the Cabinet Office have close relationships with all the suppliers to the Government so that we can be aware of the prospects, and we have nothing further to report.

Andrew Bowie (West Aberdeenshire and Kincardine) (Con): The Under-Secretary of State for Business, Energy and Industrial Strategy, my hon. Friend the Member for Watford (Richard Harrington), has given us a welcome update on progress on the tourism sector deal, and I was wondering whether we could get a similar update on the oil and gas sector deal.

Claire Perry: My hon. Friend will know from the recent visit to Aberdeen that these conversations continue, as this is a vital sector. Let me pivot slightly by saying

that in this Offshore Wind Week—that sector is equally vital to the Scottish economy—I wanted to announce to the House that we are in the final stages of concluding our offshore wind sector deal. It will include both £60 million for the contract for difference auction next spring and a series of substantial commitments from the operators in the sectors to increase the UK content that will be spent—

Mr Speaker: I call Dan Carden.

T8. [907723] **Dan Carden** (Liverpool, Walton) (Lab): Cammell Laird has won £619 million of RAF contracts, but almost 300 of its workforce, some of whom are my constituents, are at risk of redundancy. Will the Secretary of State speak to Defence Ministers to make sure that the Government will step in to fill any gap?

Richard Harrington: I assure the hon. Gentleman that I have met the chief executive of Cammell Laird, and I am in discussions with the Ministry of Defence and all other interested parties.

Dominic Raab (Esher and Walton) (Con): I welcome my right hon. Friend the Secretary of State's Green Paper "Modernising consumer markets". When is a Government response expected? Does he agree that, from mobile phone bills to foreign currency exchange, we should use transparency and competition to end consumer rip-offs?

Greg Clark: I agree with my right hon. Friend and I welcome his distinguished contribution to that consultation. We will be responding during the weeks ahead. It is very important that we build on our tradition of being one of the most open markets in the world, in which incumbents should not be protected from competition.

T9. [907724] **Melanie Onn** (Great Grimsby) (Lab): The Minister for Energy and Clean Growth mentioned that it is Offshore Wind Week this week, and her comments will be welcome news. What are the Government doing to increase local employment opportunities in this very innovative sector?

Claire Perry: I was worried that the hon. Lady would not be called; I wanted to save the announcement up for her.

The hon. Lady will know, along with her neighbours, the vital role this industry has played in rejuvenating businesses in her constituency and next door. One ask of this sector deal, on which we are in the final stages, is to ensure that the operators, which are benefiting from the Government's contribution to the auctions, are making substantial commitments to bring back technology and investment, as we see with the Siemens wind turbine factory in her next-door constituency and today's announcement on the Vestas plant, with another 1,100 jobs being created thanks to the expansion of this industry.

Martin Vickers (Cleethorpes) (Con): Ministers might have been too busy to see last night's TV reports about the port of Immingham in my constituency and the opportunities that have been created there. Would the Secretary of State or one of his Ministers care to comment on how we can promote free port status for Immingham post Brexit?

Greg Clark: I am familiar with Immingham from numerous dealings with my hon. Friend. It is a very enterprising port that is already doing well, but I am happy to meet him to explore further possibilities.

Several hon. Members *rose*—

Mr Speaker: One-sentence questions not exceeding 20 words, please.

Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): The post office in my home town of Tain was closed and moved into a newsagent. There is not room to swing a cat there, although the staff are excellent. Will Her Majesty's Government look again at the dimensions and layout of post offices as and when they are amalgamated with retail businesses?

Kelly Tolhurst: I do not know the particular setting that the hon. Gentleman refers to, but I am more than happy to meet him to discuss the matter so that I can raise his concerns directly with the Post Office.

Kirstene Hair (Angus) (Con): We recently heard the disappointing news of the closure of the Michelin factory in Dundee, with the company citing cheaper imports as the reason. It will cause the loss of 845 jobs, many of which will be in my constituency. Will my hon. Friend assure me that the industrial strategy will look into ways to support traditional industries as well as new technologies?

Richard Harrington: I can assure my hon. Friend of that.

Several hon. Members *rose*—

Mr Speaker: Order. Just a gentle reminder of the request—the exhortation; the polite appeal—for 20 words. I call Jim Shannon.

Jim Shannon (Strangford) (DUP): What a challenge, Mr Speaker. Small and medium-sized enterprises create lots of employment throughout the whole United Kingdom of Great Britain and Northern Ireland. What is the Minister doing to improve broadband so that SMEs can improve and employ even more people?

Kelly Tolhurst: The hon. Gentleman is quite right that we need to improve broadband, which is an integral part of delivering our productivity challenge. We are making sure that businesses have in place all the infrastructure they need to thrive and survive.

Tom Pursglove (Corby) (Con): Will the Minister update the House on recent progress towards a steel sector deal?

Richard Harrington: I have regular discussions with the steel sector and hope in future to have news that will please my hon. Friend.

Dan Jarvis (Barnsley Central) (Lab): It was good to see the Secretary of State in South Yorkshire, where we have a strong advanced manufacturing offer. Will he continue to work with us in future?

Greg Clark: I certainly will. It was a delight to be with the hon. Gentleman and others to celebrate the opening of Boeing's first European manufacturing facility. It is

in South Yorkshire because there is a thriving hub of advanced manufacturing there. The industrial strategy is all about reinforcing that.

James Cartledge (South Suffolk) (Con): I welcome the tax on tech giants that was announced at the Budget, but will my right hon. Friend liaise with the Chancellor to ensure that it does not have a wider detrimental impact on investment in our tech start-ups?

Greg Clark: I will indeed. It is important that the tech sector maintains the progress that it has made in recent years, and I will do everything I can, with the Chancellor, to secure that.

Lisa Nandy (Wigan) (Lab): For 134 years, Wigan Crown post office has been the anchor of our high street and the beating heart of our community. It survived two world wars and one global financial crash; why can it not survive eight years of Tory Government?

Kelly Tolhurst: As I have said repeatedly during this questions session, we are not closing post offices. If the hon. Lady has a particular problem in her constituency, I am more than happy to hear her concerns about that individual case, but we are not closing post offices. We are taking a sustainable approach to make sure that we achieve and maintain those 11,500 branches throughout the UK.

Bob Blackman (Harrow East) (Con): What action is the Minister taking to promote the development of small-scale modular nuclear reactors so that we can diversify the energy supply?

Richard Harrington *rose*—

Mr Speaker: Small-scale modular?

Richard Harrington: Nuclear reactors, Mr Speaker.

Mr Speaker: Well done!

Richard Harrington: Not that small, though. I am sure that you could do with a personal one sometimes, Mr Speaker.

I assure my hon. Friend the Member for Harrow East (Bob Blackman) that the Government are treating the development of small modular reactors very seriously. A successful conference on the subject was held recently. I am happy to inform the House of future progress.

Several hon. Members *rose*—

Mr Speaker: Finally, I am afraid, I call Mr Gregory Campbell.

Mr Gregory Campbell (East Londonderry) (DUP): Does the Minister think that it would be a good idea to incorporate into the tourism sector deal a fantastic one-off event that occurs next year, after 68 years' absence, when the Open championship returns to the Royal Portrush golf club?

Richard Harrington: What a tempting idea!

Several hon. Members *rose*—

Mr Speaker: Order. I am sorry to those colleagues remaining, but exciting though the session was, all good things come to an end.

Interpol Presidency Election

12.43 pm

Sir Vince Cable (Twickenham) (LD) (*Urgent Question*): To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on the Interpol presidency election tomorrow.

The Minister for Africa (Harriett Baldwin): Interpol is currently holding its general assembly in Dubai, and a UK delegation, led by Lynne Owens, the director general of the National Crime Agency, is there at the moment. Interpol is electing a new president at the general assembly after former Interpol president and Chinese Vice-Minister of Public Security, Meng Hongwei, resigned from the position on Sunday 7 October after Chinese authorities confirmed that he had been detained and is being investigated on anti-corruption charges.

Two candidates have formally declared for the post and remain in the running as candidates. They are current acting president South Korean Kim Jong Yang and Russian vice-president—one of four vice-presidents—Alexander Prokopchuk. Members of Interpol at the general assembly will vote on the next president on Wednesday. We do not speculate on the outcome of the election, but the UK supports the candidacy of acting president Kim Jong Yang.

Sir Vince Cable: Can the Minister confirm that the British Government are doing all they can to campaign against the candidacy of Mr Prokopchuk? Will she confirm that, until recently, he was head of the central bureau in Russia and was directly responsible for the issuing of red notices, which have been abused and used against opponents of the Putin regime—such as Mr Bill Browder, the proponent of the Magnitsky sanctions? Does she not agree that if this Russian gentleman were to become head of Interpol, it would be an absolute insult to the victims of the Salisbury incident?

Will the Minister explain how the Government intend to pursue their own pursuit of red notices in Russia with that gentleman in this post? Does she not accept that, if this gentleman were to succeed in his election, this would be a massive propaganda victory for the Putin regime, just ahead of a vote in the European Union on fresh sanctions? Would it, in effect, not amount to accepting that Interpol has become a branch of the Russian mafia? I use my words carefully when I say that. Finally, does this not underline the absolute folly of undermining in any way Europol at a time when Interpol is becoming totally dysfunctional and potentially corrupted?

Harriett Baldwin: The right hon. Gentleman raises a number of points. The central point is to clarify for the House the role of the secretary general of Interpol, who, of course, is the German Jürgen Stock. He has the executive role of day-to-day responsibility for the conduct of Interpol, and the UK confirms that it has a very good working relationship with him.

The right hon. Gentleman also raises the question about the candidacy of the current vice-president of the organisation. The UK, as I said in my opening remarks, will be supporting the candidacy of the acting vice-president, Kim Yong Yang. We always seek to endorse candidates who have a history of observing standards of international behaviour.

With regard to the point that the right hon. Gentleman makes about the potential for misuse of Interpol, red notices are a very important point. He will be aware of the systems that are in place to protect individuals' rights and, indeed, of article 3 of the Interpol constitution, which forbids any organisation to undertake any intervention or activities of a political, military, religious or racial character. Of course, there need to be safeguards, and this Government take any misuse of Interpol notices very, very seriously.

Tom Tugendhat (Tonbridge and Malling) (Con): I very much welcome the statement that my hon. Friend the Minister has made today. This is really quite an extraordinary situation: to find ourselves with the possibility of not just a fox in charge of a hen coop, but the assassin in charge of the murder investigation. This is a man who has corrupted the rule of law through the use of red notices and undermined the international order by trying to subvert Interpol as an arm of his own state's propaganda network, and now he is trying to run to lead it. This is truly extraordinary. Will she join me in saying that, should this outcome happen, we will have to look very, very seriously at our co-operation with an organisation so discredited and so corrupted?

Harriett Baldwin: My hon. Friend the Chair of the Foreign Affairs Committee has very extensive experience of scrutinising these matters, and I very much welcome the scrutiny that his Committee has been giving to them. The UK has, as I have said, a very strong working relationship with the secretary general, who, of course, holds the executive role. I reassure the House that the National Crime Agency's experience to date is that the processes adopted by Interpol are robust enough to deal with any concerns of misuse. Of course, this is something that needs to remain under scrutiny. I am sure that the Foreign Affairs Committee, as well as the Government, will continue to make sure that that scrutiny continues to take place.

Emily Thornberry (Islington South and Finsbury) (Lab): Mr Speaker, thank you for granting this urgent question; I congratulate the right hon. Member for Twickenham (Sir Vince Cable) on securing it. On this day a fortnight ago, the right hon. Gentleman and I found ourselves on opposite sides of the table at the Cambridge Union in a debate about whether the special relationship with America was dead. I am glad to say that the students sided with me in saying that it was not, but today, on the subject of Interpol, the right hon. Gentleman and I are very much on the same side.

As a matter of principle, I am sure that we would all want to make clear that when an individual is put forward for a leadership role in an international body, the judgment of their fitness for office should always be based on their integrity, their expertise and their record, not on their nationality. Therefore, by itself the fact that Major General Prokopchuk is Russian should not disqualify him from this role any more than the fact that Martin Griffiths and Mark Lowcock are British should disqualify them from their role regarding Yemen. However, the fact that, as the head of Russia's national central bureau for the last seven years, the major general has directly orchestrated Russia's abuse of Interpol's international arrest warrant system to target Putin's Government's enemies in both business and politics is in itself enough

[Emily Thornberry]

to disqualify him. It would be extremely concerning for the future functioning of Interpol as a credible international organisation if he were to be elected to the presidency.

The Minister says that Britain will be supporting an alternative candidate, but the question is what diplomatic efforts will she be making in the next 24 hours, particularly in respect of our European and Commonwealth counterparts, to build a majority against the election of the Russian candidate. In the unfortunate scenario that the major general is elected, will she say what that will mean for the future of Interpol, for the continued abuse of the arrest warrant system and for Britain's continued participation in Interpol?

Harriett Baldwin: I thank the shadow Foreign Secretary for a very measured set of questions. She is right that one should look at the qualification of candidates to these different organisations and make one's judgment accordingly, rather than making a knee-jerk reaction on the basis of nationality. Let me also underline that the special relationship that the right hon. Lady mentioned in the preamble to her questions is obviously extremely strong and is not in any way affected by the matters we are discussing in the House today.

I should clarify for the House again that, as with any international organisation, other factors often need to be taken into account—for example, geographical balance among roles in the organisation. For example, one factor taken into account was the geographical breakdown of the current vice-presidents. As the right hon. Lady will know, Mr Prokopchuk has been in the role of vice-president for some time, and there is a vacancy in terms of representatives from Asia because the previous president has departed. That needs to be taken into account.

The executive responsibility of the day-to-day operation of Interpol falls to Secretary General Jürgen Stock, who is of course a German national. The presidency of Interpol has a range of important roles in terms of presiding at meetings. The previous president had wanted to make some changes to the way in which the organisation runs but was unsuccessful. The right hon. Lady is right that there are a range of different factors to take into account. I have made the UK's position clear. Of course, between the time that the previous president went back to China and the election tomorrow, the UK has been fully engaged in consulting with our allies on this role through our diplomatic network.

Dominic Raab (Esher and Walton) (Con): After the Salisbury nerve agent attack and the abuse of red notices by the Kremlin, including in relation to Bill Browder, may I urge the Government to recognise that the election of a Putin-appointed police general would not only weaken the operational effectiveness of Interpol, but undermine our ability to rely on it and shred its credibility as a pillar upholding the international rule of law?

Harriett Baldwin: As my right hon. Friend is aware, the Russian candidate is currently a vice-president of Interpol, and the general assembly will make its decision tomorrow. I have made the UK's position clear. My right hon. Friend should also be aware that the National

Crime Agency hosts the UK international crime bureau, which is responsible for handling any Interpol requests into the UK, and the NCA is very supportive of the overall processes of Interpol. In terms of any concerns it might have about requests received, it feels that it has the ability to refer requests to the Commission for the Control of Files, which provides independent oversight and some checks and balances of Interpol's processes.

Stewart Malcolm McDonald (Glasgow South) (SNP): Mr Prokopchuk may be the candidate on the ballot paper, but let us be under no illusion that it will be President Putin who calls the shots should Mr Prokopchuk be successful at the general assembly. If Mr Prokopchuk is successful and does become the president of Interpol, does the Minister agree that it will be a slap in the face not just to this country and in particular to the people of Salisbury, but to the people of Georgia, the people of Ukraine—including eastern Ukraine and Crimea—as well as to the civil society activists, opposition politicians and journalists in Russia who have been hunted down by the Putin regime? Will she tell the House what she expects to happen, if the Russian candidate is successful, to the red notices against Alexander Petrov and Ruslan Boshirov, who were responsible for the nerve assault in Salisbury?

Although the Scottish National party holds no candle for this man and no candle for the Russian Government, may I urge the Minister to resist calls to withdraw from Interpol at this stage? Of course we have to monitor what happens if the Russian candidate is successful, but to pull out from Interpol so soon and so quickly would undermine further the rule of law that we all wish to see upheld.

Harriett Baldwin: The hon. Gentleman makes a range of very sensible points, but I do not think that he would want me to conflate a range of different issues from the Dispatch Box. As he knows, this particular candidate is currently a vice-president of Interpol. I have mentioned the important role of the secretary general when it comes to executive responsibility within the organisation. I have also mentioned some of the roles of the presidency and the checks and balances that exist regarding this important international organisation.

I am glad that the hon. Gentleman welcomes the importance of Interpol and its work. We do not believe that any possible outcome of this election will have an impact on the issues to which he rightly draws the attention of the House, but since he has raised these issues I reiterate that we continue to want the Russian Government to come clean about their role in Salisbury, to account for their use of Novichok on British soil and to declare their chemical weapons programme to the Organisation for the Prohibition of Chemical Weapons. I hope that he and the House will be reassured that there are a range of different ways in which we will continue to pursue those ends, while recognising the important role that Interpol can play for our police force here in the UK.

Mr John Whittingdale (Maldon) (Con): Is my hon. Friend aware of the concerns expressed by a number of organisations campaigning for media freedom, such as Reporters Sans Frontières, that the Interpol wanted person alert system is being abused by countries that are

opposed to a free press, to target and silence journalists? Does she agree with these organisations that there needs to be a review of the thousands of alerts currently sitting on that system and that countries that abuse the system should be held to account? Does she also share my concern that this is hardly likely to happen under the Russian candidate for the presidency?

Harriett Baldwin: I pay tribute to my right hon. Friend's extensive work in this area and thank him very much for putting those important points before the House today. As he knows, article 3 of Interpol's constitution forbids the organisation to undertake any intervention or activity of a political nature. Any such misuse of Interpol notices is taken very, very seriously by this Government. The UK continues to take a strongly supportive stance in relation to Interpol's efforts to ensure that systems are in place to protect human rights—indeed, the Home Office has been highly proactive in its engagement with Interpol on this matter. I appreciate the important work that my right hon. Friend mentioned. I assure him that the UK will continue to be a staunch friend of those who are on the side of human rights and media freedom around the world.

Ian Austin (Dudley North) (Lab): It is clearly absurd to put into this position the representative of what has become, under Putin, a criminal enterprise that has looted Russia, impoverished its people, and locks up and murders its opponents at home and abroad. What assurances can the Minister give us about what would happen to the sharing of information, access to databases and all the other arrangements that exist between Britain and Interpol if this man were to be put in charge of the current assembly meeting?

Harriett Baldwin: As I tried to explain earlier, two of the current vice-presidents are the declared candidates for the presidency; one of them is acting president and the other is currently a vice-president. The hon. Gentleman will be aware that while the presidency of Interpol is an important role, it is none the less one that has more of a ceremonial aspect with regard to meetings of the general assembly and the executive committee. The executive work of Interpol is led by the secretary-general and his executive committee. Obviously, in an international organisation like this, it is very important to have checks and balances as well as regionally balanced representation. I am reassured by the fact that the National Crime Agency, from its experience so far with the organisation, believes that the right checks and balances are in place, but of course that will continue to be scrutinised by this House.

Greg Hands (Chelsea and Fulham) (Con): My hon. Friend knows a lot about Russia—she is, if I am not mistaken, one of the few Members of this House who has a degree in the Russian language, so we know that her approach is not, per se, anti-Russian. Does she agree with the assessment of Fair Trials, the UK-based rights campaign, which says:

“It would not be appropriate for a country with a record of violations of Interpol's rules to be given a leadership role in a key oversight institution”?

Harriett Baldwin: I thank my right hon. Friend for his question. As he rightly points out, there is a distinction to be made here. I have set out the UK Government's

position with regard to tomorrow's election and our judgment regarding the candidate that we support. He is absolutely right that, in the Prime Minister's words, we have absolutely no quarrel with the people of Russia. I take this opportunity at the Dispatch Box to reiterate the UK Government's desire to see Russia behave as a responsible member of the international community and to end its illegal annexation of Crimea, to end the destabilisation of eastern Ukraine, and, indeed, to account for the reckless actions of the GRU on British soil and to rein in GRU activities. That, as my right hon. Friend rightly points out, does not mean that the British people cannot, through cultural relations and ongoing diplomatic relations, engage with the Russian Government.

Mr Ben Bradshaw (Exeter) (Lab): What contingency plan do the Government have, in the event that this Putin stooge is elected, to work with our western democracy allies—who, after all, mainly fund Interpol—to set up an alternative democratic, transparent and non-corrupt organisation?

Harriett Baldwin: I hope that I have already set out for the House both the character of the role of the presidency and the checks and balances that exist within this international organisation, Interpol, in terms of geographical balance, the ability to query domestically any particular request that might come through Interpol processes, and the protections of article 3. I expect the matter to remain under scrutiny in this House in the foreseeable future, but I reiterate that the UK Government's and the National Crime Agency's view is that the safeguards I outlined earlier, and the ability to question some of the procedures, are checks and processes that we believe are working well. Of course that will be kept continuously under review.

Sir Desmond Swayne (New Forest West) (Con): What action has the organisation taken to challenge Russia over its recent abuse of the rules?

Harriett Baldwin: Without my right hon. Friend being more specific about the examples to which he alludes, I can only say that I think he will be aware that we are talking about two different processes. There is the one relating to Interpol, where I have outlined the way in which the National Crime Agency is able to invoke checks and balances and to ensure that article 3 is not violated. Separately, as he will also be aware, the UK has very much been leading the international efforts at the OPCW to challenge the egregious use of chemical weapons and violations of the chemical weapons convention, including the use of chemical weapons on UK soil that has been attributed to Russia. We have, as he knows, worked very closely with the OPCW to ensure that a special conference of the state parties has been held and that the state parties can now attribute responsibility for chemical weapons attacks in Syria and, if needed, elsewhere in the future.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): Interpol's reputation for the enforcement of international law is already being undermined by its silence over the disappearance in China of its former president, and it will be undermined further if its new president is someone who in Russia has been involved in also trying to undermine international law and abuse

[Yvette Cooper]

Interpol processes. Given that the police have given evidence to the Home Affairs Committee that the Brexit process may make us more dependent on Interpol processes, databases and institutions, what is the Foreign Office doing to strengthen the Europol relationship and to look at reforms, through Interpol and through new additional processes, to strengthen the rule of international law?

Harriett Baldwin: I am sure that the right hon. Lady would support the UK view, which is that the issue of the arrest of the former Chinese president is very much a matter for the Chinese state. She rightly draws attention to the importance of international law and of our rules-based international order. I assure her that in all instances the UK Government will take the opportunity in international forums to support the observance of international law and due process, and, indeed, human rights. That is very much part of what the UK stands for in these international forums. We recognise the importance of upholding the precious rules-based international order on which the safety and security of the UK has been based since the second world war.

Huw Merriman (Bexhill and Battle) (Con): The difficulty for many Members is that Russia keeps getting away with it at international level. It got away with it by being able to host a successful World cup, and there is frustration that it may get away with it again. Will our delegate have the opportunity to say to other countries that if this election goes the way we hope it does not, we will form a new body automatically?

Harriett Baldwin: I am glad that my hon. Friend raised the World cup, because it is a good example of where UK police and Russian police were able to work closely together to ensure that all fans from the UK who travelled to Russia were able to enjoy World cup matches, and those processes worked well. He refers to the importance of international police co-operation, for which Interpol is an important mechanism. The National Crime Agency believes that it is an effective forum for it to work with, so that the delegation at Interpol and the current conference in Dubai can reassure themselves that there is a range of checks and balances, including article 3, that means they are confident that Interpol will continue to be an important part of the UK's relation with international policing matters.

Sir Edward Davey (Kingston and Surbiton) (LD): Everyone knows that with a rising threat from organised crime internationally, we have to co-operate internationally, but evidence and the weaknesses that have been described today show that Interpol is really not up to the job. Can the Minister reassure the House that Britain's relationship with Europol and European co-operation against international crime will be kept and strengthened? People are really worried, given the threat that Brexit poses to that co-operation.

Harriett Baldwin: I can reassure the right hon. Gentleman that the UK continues to believe that it is very important to co-operate internationally. Where I perhaps differ from him is that I am reassured that Interpol will continue to be an important part of the UK's ability to co-operate internationally on police matters.

Victoria Prentis (Banbury) (Con): Given what happened to the previous president of Interpol, can the Minister update us on conversations she has had with China on the importance of multilateral organisations?

Harriett Baldwin: As my hon. Friend heard me say earlier, we believe that the situation surrounding the arrest of the former Interpol president is very much a matter for the Chinese state. In terms of the latter part of her question, we have the opportunity to interact with the Chinese Government on an ongoing and constant basis in a range of multilateral forums. That is an important part of the UK's diplomatic work and includes the UK delegation to the United Nations, where we work on a range of issues as permanent members of the Security Council. It would be hard for me at the Dispatch Box to list the range of different international forums in which we are co-operating with the Chinese Government, but I assure her that it is extensive.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Can the Minister help me? I might be becoming a bit paranoid after watching too much John le Carré on television recently, but what we see unfolding seems extraordinary. First, the president disappears in China—even his wife does not know where he is, and she says he never resigned—and almost no action is taken by the secretary-general of Interpol to find out what happened to him. Secondly, a Russian vice-president now looks likely to become president, at a time when we all know that Russia is hellbent on undermining international institutions all over the world, including democratic Governments, the European Union and everything else. Is that not the reality of the backdrop, and would it not be a disastrous development to have this man as president?

Harriett Baldwin: Without digressing into the wider universe—some of it fictional—in which the hon. Gentleman prefaced his question, I draw his attention to the UK Government's position on both tomorrow's election for this presidency and the checks and balances in terms of Interpol's work, with a continuing assurance from our National Crime Agency that it regards those checks and balances and article 3 as important underpinnings that continue to have its full support in its ongoing work with Interpol.

Mr Philip Hollobone (Kettering) (Con): The more I am learning about the governance of Interpol, the more worried I am becoming. Why on earth are member states that use their police for internal political repression allowed into this organisation in the first place?

Harriett Baldwin: It is a UN organisation with a very wide membership—193 states, if I remember the figure correctly—but it is also possible to be a member of Interpol without necessarily being accepted internationally as a state, through observer status. The point I will make to my hon. Friend is that organised crime does not have boundaries, so it is really important that Interpol's coverage is wide. We would not want parts of the world to be safe havens or exempt from the ability of police forces to co-operate with each other. It is an important aspiration that Interpol's coverage be as wide as possible.

Tom Brake (Carshalton and Wallington) (LD): Given the concerns that already exist about the way in which Interpol red notices work, will the Government undertake

to secure confirmation in advance from countries that people like Mr Browder will visit that they will not seek to apply any spurious or bogus red notices that might be issued through Interpol at the instigation of, for instance, the Russians?

Harriett Baldwin: I am sure that the right hon. Gentleman will appreciate that I cannot possibly make a sweeping statement of that nature from the Dispatch Box about all possible future examples. That would be too wide, but I think that, in terms of the use of the red notices, one can refer to the framework with which one is dealing, the reassurance given by article 3 of the constitution of Interpol and the checks and balances that I referred to.

John Howell (Henley) (Con): Does the Minister agree that the election of this Russian will undermine the work we are doing at the Council of Europe and will undermine the European Court of Human Rights, which the Council looks after and where the cases against Russia mount daily?

Harriett Baldwin: I pay tribute to the fantastic work that my hon. Friend does as part of the UK delegation to the Council of Europe. We value that strongly. This question is tightly constrained around the topic of the Interpol presidency election. A wide number of international organisations form an important part of the rules-based international order, and it will be the UK's position to support the working of that rules-based international order in all those organisations.

Alison Thewliss (Glasgow Central) (SNP): Russia has tried to abuse Interpol no fewer than seven times to arrest Bill Browder. What assurance can the Minister give and what protection can her Government offer Mr Browder and all others currently facing pursuit from the Russian state, should the Russian candidate get elected?

Harriett Baldwin: I hope that I have been able to draw the House's attention to several safeguards. First, the presidency, while an important role, is not an executive role; that role is held by the secretary-general and the executive committee. Secondly, I have drawn attention to the protections that article 3 of Interpol's constitution gives, and thirdly, to the checks and balances that exist when, for example, a red notice is given to the UK National Crime Agency. There is a range of different checks and balances. Of course, every country that is a member of Interpol will perhaps approach things differently, but that is the position of the UK Government.

Jack Brereton (Stoke-on-Trent South) (Con): Does my hon. Friend agree that it is totally wrong for a state actor such as Russia to use Interpol in a politicised way to fulfil its own political ambitions, and we should condemn in the strongest terms any attempt by Russia to do so?

Harriett Baldwin: I have strongly condemned a range of different activities, on which the UK has been holding Russia to account, particularly with regard to chemical weapons. Specifically on the situation of Interpol, I reiterate the important protections brought about by the existence of article 3. I would also point to, within the UK, the checks and balances that exist in terms of the red notices. As I have said in response to earlier

questions from Members, that is obviously something that the UK Government will continue to keep under review.

David Linden (Glasgow East) (SNP): The future credibility of Interpol is absolutely essential, never more so than when it comes to investigating violations of human rights, particularly lesbian, gay, bisexual and transgender rights, so may I ask the Minister: what kind of message would it send to the LGBT community if Mr Prokopchuk were elected as president of this organisation?

Harriett Baldwin: On what the UK Government have tried to do, I have outlined the UK Government's position as far as this election is concerned. The hon. Gentleman opens up this question to wider issues. I highlight the importance that the UK Government place, in their discussions with countries around the world, on LGBT rights and human rights. That will form part of our diplomatic engagement.

The hon. Gentleman should pass on his appreciation to the teams and the supporters who travelled to Russia during the World cup over the summer. Work was done by a range of volunteers, but also, importantly, by the police to ensure that they all had the opportunity to enjoy a safe World cup.

James Cleverly (Braintree) (Con): In her question, the shadow Foreign Secretary, the right hon. Member for Islington South and Finsbury (Emily Thornberry), drew a comparison between diplomatic work by British diplomats in Yemen and the involvement of Russia in Interpol. Will my hon. Friend make it absolutely clear that there is no moral equivalence between the UK Government and Putin's Russia? Furthermore, will she make it clear that the election of Alexander Prokopchuk could permanently undermine the credibility of Interpol? If he is elected, will we immediately take steps to build alternative international policing responses?

Harriett Baldwin: I find myself in the slightly unusual position of perhaps slightly defending the right hon. Lady because I did not see quite the angle that my hon. Friend saw in the question she posed. However, it is important that the UK, where appropriate, seeks to have the right representation in these international organisations. It is also very important—I assure my hon. Friend of this—that the UK will always seek and campaign to have the right representatives in these international organisations. He is absolutely right that the role the UK plays will often have the support of the rules-based international order through our membership of the United Nations, Interpol or other organisations. It is important that the UK Government reiterate at this Dispatch Box that we will always seek to work with the international rules-based order and uphold the values that have kept the country safe since the second world war.

Rebecca Pow (Taunton Deane) (Con): There are shades here of what happened at FIFA, with voters being picked off one by one—this is actually scary. Given Russia's recent violations of international law and the allegations regarding its influence via Facebook on elections around the world via fake news—we highlight that in our Digital, Culture, Media and Sport Committee

[Rebecca Pow]

inquiry—does not the Minister agree that it is completely and utterly inappropriate to have a Russian at the helm of Interpol?

Harriett Baldwin: I pay tribute to my hon. Friend and to the Committee of which she is a member for the important work and scrutiny that it is undertaking at the moment. I encourage colleagues on other Committees with some locus in relation to this urgent question to continue the important work of scrutinising what the UK Government do.

I point out to my hon. Friend what I pointed out earlier: the gentleman in question is currently a vice-president of Interpol; the presidency is not an executive role; and we have huge confidence in the ongoing work of Secretary-General Jürgen Stock—a German national—and his executive committee in terms of the daily conduct of Interpol and the execution of the organisation's strategic objectives.

Kevin Foster (Torbay) (Con): Russia's attempts to discredit international organisations through its behaviour with Interpol and its consistent use of its veto to neuter the use of the International Criminal Court set a very worrying trend for the future. Will the Minister reassure me that, if this appointment is made—we hope it is not—she will work with our traditional allies to look at what we can do to strengthen the international rules-based order and ensure that it does not become so discredited that we head towards some of the disastrous situations we saw in the past when it did not exist?

Harriett Baldwin: Despite the narrowness of the defined subject of the urgent question, perhaps you will allow me, Mr Speaker, to make the wider point that the UK will commit, along with our international partners and allies, to send clear messages, where appropriate, about the consequences of Russia's malign activity. I can give

the recent example of our shining a light on the reckless and irresponsible cyber activities of the Russian military intelligence unit, the GRU.

Michael Tomlinson (Mid Dorset and North Poole) (Con): Is not it of critical importance that Interpol is able to act transparently and that it is not manipulated by the Russian Government?

Harriett Baldwin: Of course, it is very important that the National Crime Agency continues to feel confidence in terms of its co-operation with Interpol. I can report to my hon. Friend and to the House that the National Crime Agency continues to have a very good working relationship with Interpol, to value that international co-operation and to feel that the checks and balances in terms of Interpol activity, including the existence of article 3, provide important protections.

Giles Watling (Clacton) (Con): In my youth, Interpol was a byword: it put the fear of God into criminals who wanted to operate across borders and it meant that there was no hiding place. It was known for its openness and transparency in the old days. Does my hon. Friend agree that that reputation would be thrown out of the window if this appointment went ahead and that we might lose a police force of inestimable value?

Harriett Baldwin: I point out to my hon. Friend that there are two candidates and I have made it clear at the Dispatch Box which candidate the UK prefers. It is important to continue to have the same kind of geographical balance and to make sure that an organisation that has a wide international membership continues to have a good geographical balance across the roles of the president, the vice-presidents, the secretary-general and the executive. I hope I have made clear the value that the National Crime Agency puts on this international co-operation, as well as the checks and balances that exist. We must continue to maintain scrutiny of all these things, but that international co-operation is valuable and we will continue to be a member of Interpol, despite what may be the outcome of tomorrow's election.

Ebola Response Update

1.30 pm

The Minister for Africa (Harriett Baldwin): With permission, Mr Speaker, I will make a statement on the current outbreak of Ebola in the Democratic Republic of the Congo and how the UK Government are continuing to support the response and preparedness activities in neighbouring countries.

Miraculously, I have put on a different hat. Since the last update to the House on 10 October by my right hon. Friend the Secretary of State for International Development, the number of confirmed Ebola cases in this outbreak has continued to rise. As of 18 November, there were 326 confirmed cases and a further 47 probable cases, making this Ebola outbreak the biggest in the history of the DRC.

The DRC Government are leading the response with the support of the World Health Organisation. The DRC Government issued a revised response plan in late October, which projected that the outbreak would be contained and declared over by the end of January 2019. However, it is now clear that that will take several more months to achieve.

The WHO judges that ending the outbreak could take a further six months, under a best-case scenario. That reflects the very challenging operating environment in eastern DRC, which is a heavily populated area affected by insecurity. For example, last weekend an attack by armed groups on a MONUSCO base was close to where a vaccination team were staying. Thankfully, none of the Ebola responders was injured, but they were moved to Goma for a short period and vaccination activities had to be paused for a day.

The scale of the response is also challenging. In addition to the 373 confirmed and probable cases, the DRC Government, supported by WHO and other implementing partners, is trying to trace some 4,400 contacts on a daily basis.

However, there is some encouraging news. The response is enabling faster detection of cases, laboratory diagnosis and monitoring of the spread of the disease. The WHO-led support is improving Government medical facilities and their capacity to manage patients and treat them safely. That includes vaccination of health workers, provision of personal protection equipment, and advice on safe practices for dealing with suspect and confirmed cases. Part of the response involves raising awareness of the disease within local communities and putting in place measures to prevent cross-border spread. So far, 110 people have recovered.

The UK responded quickly to support the international response as the second largest donor to the strategic response plan, as well as deploying epidemiological experts to support the WHO response on the ground. UK support has helped to improve leadership and co-ordination, surveillance, infection prevention control and preparedness measures.

In view of recent developments, we have increased our support for the response and preparedness activities in DRC and neighbouring countries. Our funding will support a range of activities including surveillance, vaccinations, infection prevention and control, community engagement and safe and dignified burials.

In addition, the UK is supporting neighbouring countries to prepare to tackle the disease should it spread, by funding key UN posts in Uganda, Rwanda, and South Sudan to ensure they are as prepared as possible. We are applying the lessons of previous experience in tackling Ebola. An experimental vaccine, the development of which was supported by UK aid following the west Africa outbreak, is being given to frontline health workers and contacts of confirmed cases. In the DRC, over 31,000 people, more than 10,000 of whom are health workers, have already been vaccinated during this outbreak. The UK is also supporting training in preparation for clinical trials of several of the new therapeutic drugs for Ebola.

The UK Government are also drawing on all available scientific data about the latest outbreak. We will continue to liaise closely with WHO and others to ensure that the available scientific evidence is reflected in scenario planning. An international Ebola preparedness and co-ordination meeting is due to take place in Goma shortly, which will be attended by Ministers from the DRC and Uganda, to discuss cross-border co-ordination.

So far, the UK has contributed £25 million to the Ebola response. This is supporting WHO to work on screening, surveillance and preparedness, not only in the DRC but in neighbouring countries. Of this, some £20 million is from the crisis reserve of the Department for International Development, and £5 million is from the country budget for Uganda. When I visited Uganda last month, I saw how UK aid is helping the Uganda national taskforce to be ready to deal with Ebola, as needed.

It is clear that the response will require a sustained effort over time and additional resources. The UK Government stand ready to provide additional assistance. Therefore, we have agreed a further £20 million from our central crisis reserve in 2018-19, to support Ebola responses in the affected region.

I am sure that my colleagues in the House will recognise the risk that Ebola responders face. The DRC Government have asked donors not to publicise figures for specific activities, to avoid putting implementing partners at risk from criminal elements. I hope that the House and members of the press will respect the need for discretion about this issue. Public Health England assesses the risk to the UK of this outbreak as negligible to very low. It will continue to monitor and assess the outbreak closely. Should that risk change, the UK Government remain at full readiness to respond, and I commend this statement to the House.

1.37 pm

Preet Kaur Gill (Birmingham, Edgbaston) (Lab/Co-op): First, I thank the Minister for giving me advance sight of her statement. I share the Government's deep concern about the outbreak of Ebola in the Democratic Republic of the Congo, and I am pleased to hear that £25 million of UK aid has been given to the response. We hope that it goes some way to containing this deadly outbreak.

In addition, supporting neighbouring countries to prepare to tackle the disease is fundamental and welcome. In 2014, we learned the hard way what happens when action is not taken fast enough to halt the cruel and deadly Ebola virus. We all remember with great sadness how too many people tragically lost their lives in west

[Preet Kaur Gill]

Africa, and none of us will ever forget the fear and chaos that the virus wreaked on the affected communities, and indeed right across the globe. I am sure we all agree that we must act now to avoid a repeat of those horrific scenes, and help the DRC to contain this outbreak.

With the World Health Organisation reporting that 213 people have died since 1 August in the DRC, and the humanitarian agency Médecins sans Frontières confirming 366 cases, let us be sure that DFID steps up and ensures that the UK plays a crucial leadership role alongside the international community in responding to this outbreak, just as we did in Sierra Leone four years ago.

However, while emergency humanitarian response is an integral part of DFID's work, I am sure the Minister agrees that prevention is better than emergency response. While we send aid to DRC, we cannot and must not turn our backs on providing the long-term support that will ensure countries across the global south have appropriate health systems set up in the first place.

It is deeply disappointing, therefore, that the Minister's Department dropped health spending from 18% of DFID spend in 2014, to 12% in 2017. Meanwhile, spending on banking and financial services has been on the increase, as the Department appears to lose sight of its core work and instead increases spending on promoting private companies to expand their profits.

Just this year, the aid watchdog, the Independent Commission for Aid Impact, told DFID it really needs to improve its work on strengthening health systems. May I ask the Minister, therefore, if she feels that her Department has learned the lessons of the 2014 Ebola outbreak, and recognises that supporting countries to build strong, well-managed public services is the only way to ensure that we will not see these outbreaks again in the future?

Harriett Baldwin: I will come on to the lessons learnt since the outbreak in Sierra Leone in a moment. However, I am sure that I cannot possibly have heard from the Opposition Front Bench a statement to the effect that having a strong private sector is somehow in conflict with having the revenues needed to provide strong health systems around the world. I hope that that is not the considered position of those on the Labour Front Bench. While spending on strengthening health systems around the world, particularly in some of the poorest and most fragile affected countries, it is important that we in the UK recognise the important role of growth and job creation in the ability of those countries to generate their own tax revenues so that they can continue to strengthen their own health systems. We think that that is the most important way to approach worldwide development.

I digress from the topic at hand. The hon. Lady mentions the outbreak in west Africa. I draw the attention of the House to progress and lessons that have been learned since that outbreak. First, the importance of reacting quickly has been taken into account, both in the first outbreak in the DRC earlier this year, which I am glad to say has been brought under control, and in this outbreak. Importantly, the UK has ensured that the WHO has the resources it needs as soon as it needs them, because this is a clear case of where a quick reaction will save lives.

One major milestone that has occurred since the outbreak in west Africa is that the world has developed an experimental vaccine, which was deployed for the first time this year in the DRC. It proved to be effective in the first outbreak. As I said, 31,000 people have been given the experimental vaccine so far in this outbreak. One real challenge, however, is that this outbreak is in a conflict-affected area. That makes it very difficult to trace contacts and, as I mentioned, 4,400 contacts need to be traced daily. It also makes it very difficult to deliver the vaccine. The vaccine requires trained medical professionals to deliver it. It also requires a secure cold chain. The fact that this is a conflict-affected area is therefore significantly hampering the ability of the international community to do what it needs to do.

The third lesson learned from the outbreak in west Africa is that the WHO strengthened its own processes and has worked with a range of different countries to strengthen their health processes. Ensuring resilience in neighbouring countries is very much a part of the response at the moment—this outbreak is not far from the Ugandan border, just some 20 miles inside the DRC. Strengthening the reaction and response at borders is a lesson that has been learned.

Several hon. Members rose—

Mr Speaker: Order. There is some interest in this matter. We appreciate both the Minister's statement and her desire to provide comprehensive replies, but I remind the House that there are several hours of debate upcoming on the Finance Bill and before we even get to that we have a further statement to follow. I want the next statement to start at two o'clock, so we need short questions and very short answers.

James Duddridge (Rochford and Southend East) (Con): The Minister mentions Uganda, Rwanda and South Sudan. It is a good idea to be investing in those countries, but has the Minister also considered investing in Burundi, particularly given the economic and political instability, and the poor health system in that neighbouring country?

Harriett Baldwin: My hon. Friend is absolutely right to think about the implications further south. This outbreak is happening closer to the Ugandan border, but he is absolutely right that in due course it may be important to consider the impact on Burundi. He will be aware of the current very difficult situation for international non-governmental organisations in Burundi. Some NGOs have been asked to leave the country and the UK remains concerned about its ability to work with them there. However, I take on board his point that, should there be further movement to the south, it will be very important to ensure preparedness extends to Burundi.

Martyn Day (Linlithgow and East Falkirk) (SNP): I thank the Minister for advance sight of her statement on what is a particularly unpleasant and serious illness. I was grateful to hear her update on the resources that are being provided to deal with the DRC's largest ever outbreak of one of the most deadly strains of Ebola. I was also grateful to hear that increased support is being provided.

Can the Minister advise me on how many people are working in the region as part of the UK public health and support team? What measures are in place to protect their safety in what is effectively a war zone? It is estimated that more than 100 armed groups are active in the territory of North Kivu. A number of attacks in this province where Ebola has been witnessed are seriously hampering the Ebola outbreak response activities. What is being done to address such issues around instability, which are affecting the efforts to control the outbreak?

Finally, while I welcome the update on the numbers of people who have been provided with the experimental vaccine, may we have an update on the clinical trials of several new therapeutic drugs for Ebola that the Minister's Department is supporting training for?

Harriett Baldwin: I welcome the hon. Gentleman's comments. I want to reassure the House that from the very get-go—both with this outbreak and in the earlier outbreak—the UK made it clear that we will provide resources. What we really need is for the WHO and the DRC Government to co-operate on delivering them. He will be aware that some very brave people from Public Health England were able to fly out to the first outbreak, when the experimental vaccine was deployed for the first time. I want to take this opportunity to pay tribute to their amazing bravery, and indeed to the bravery of all health workers involved in this particular deployment.

I would also like to underline the other ways in which the UK is providing support. Financial support is obviously important, as was the initial support from Public Health England in terms of the cold chain. We helped to develop the vaccine and we also help in terms of widespread support to the health systems in poorer countries, including the DRC, where I was able to see some of the work that we have helped to support. We also support the MONUSCO peacekeeping operation, so there is a wide variety of ways in which the UK helps.

On the hon. Gentleman's specific point about other experimental vaccines that we may be investigating, I will write to him.

Mr Speaker: We will now have an exemplification of brevity—I call Sir Desmond Swayne.

Sir Desmond Swayne (New Forest West) (Con): Victims are at their most infectious when they are dead. A key intervention in Sierra Leone was burial teams; are they being deployed in the Congo?

Harriett Baldwin: My right hon. Friend is always a model of brevity. I can assure him that in my perhaps too verbose statement, I drew attention to the fact that we are supporting safe burial practices.

Dame Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Does the Minister recognise the importance of the work in this field of Professor Tom Solomon of the University of Liverpool, and of the Liverpool School of Tropical Medicine? Will she continue to support international funding so that their efforts, as part of a comprehensive approach to deal with this disease, are supported?

Harriett Baldwin: The hon. Lady is absolutely right to draw attention to the very important role that these key partnerships play around the world in strengthening health systems. She mentioned Liverpool which, as the House will know, does amazing work in this area and

on neglected tropical diseases. When I was in Uganda, I saw the incredibly strong partnership between the Uganda Virus Research Institute and the University of London through its London School of Hygiene & Tropical Medicine. Those incredibly important partnerships are a win-win for the developing world, and a win for the UK.

Jeremy Lefroy (Stafford) (Con): I declare an interest as a trustee of the Liverpool School of Tropical Medicine. Has my hon. Friend found that the amazing expertise gained by her Department as a result of that tragic situation in 2014 has been retained and enhanced in the meantime, or are we having to learn things again?

Harriett Baldwin: I mentioned some of the ways in which knowledge of dealing with these outbreaks has been acquired and improved on as a result of the outbreak in west Africa. Much of the expertise in Public Health England was drawn on very early in the previous outbreak in the Democratic Republic of the Congo. I reiterate that the response is running into challenges not because of a lack of expertise, a lack of vaccine or a lack of dedicated personnel willing to deliver it, but because of the conflict on the ground. People are attacking peacekeepers in the area. Therefore, we call on all participants to eschew violence and allow health workers to do the job that they need to do, because that is the real threat in this outbreak.

Paula Sherriff (Dewsbury) (Lab): According to Médecins Sans Frontières, the delay in recognising the latest outbreak is in part due to a strike by health workers in the area over non-payment of salaries. Will the Minister elaborate on what her Department is doing to support the functioning of the health service in that country?

Harriett Baldwin: I pay tribute to the amazing work done by Médecins Sans Frontières, which is part of the delivery mechanism for the response. We have been very pleased with the co-operation that we have had from the DRC Government and their health system but, as the hon. Lady will know, that country is enormous. It is extremely heavily populated and conflict is being experienced in this particular area. Those factors, rather than a willingness of spirit or the desire to help, are the particular challenges in this outbreak.

Jack Lopresti (Filton and Bradley Stoke) (Con): To what extent does my hon. Friend think that the security situation is hampering efforts to treat people in the region, and what are the solutions?

Harriett Baldwin: I underline that that is the fundamental challenge in the outbreak, because it has made it very difficult to trace contacts—I mentioned that over 4,000 people who are contacts of people who have tested positive for the disease need to be traced every day—and it is making it really difficult for health workers to do their job. The fact that MONUSCO has come under attack in the area underlines the very fragile security situation, which is causing untold harm to the response.

Christine Jardine (Edinburgh West) (LD): The Minister mentioned the fragile security situation, and we know that the US Government will not allow their employees to go near the epicentre, because it is unstable. What

[Christine Jardine]

assessment have the UK Government made of the security of UK employees there and of the circumstances in which they will be able to continue to work?

Harriett Baldwin: I draw the hon. Lady's attention to the remark that I made towards the end of my statement, which was that, with respect to the House, we do not feel that it is helpful to the security of the individuals involved to comment on any specifics about the people who are currently working in that region on behalf of the UK Government.

Alex Chalk (Cheltenham) (Con): I thank the Minister for the decisiveness of her Department's response. Is she satisfied that all precautions are being taken to ensure that the disease is contained and not inadvertently exported to nearby countries or, indeed, even further afield by plane?

Harriett Baldwin: I thank my hon. Friend for his kind words. We constantly ask ourselves that question and we constantly ask our interlocutors from the relevant neighbouring countries whether there is anything else that should be done or that we can do to help. For example, when I was in Uganda, I was able to ask its Prime Minister whether the country would be able to approve the use of the experimental vaccine through their procedures as quickly as possible. I am glad to report to the House that, following that intervention, it has now been approved for use within Uganda.

Kevin Foster (Torbay) (Con): I welcome the overall tone of the Minister's statement. We previously saw with Operation Gritrock how our military, in an unarmed capacity—providing logistics and medical support—could make a real difference to fighting Ebola. What discussions has my hon. Friend had with the Ministry of Defence about how some of those capabilities could be used, given the situation on the ground?

Harriett Baldwin: My hon. Friend is absolutely right to pay tribute to the amazing work that UK forces did in Sierra Leone—words fail me in describing the amazing bravery that they showed in dealing with that outbreak. This particular example is within the boundaries of the Democratic Republic of the Congo, which is working with the forces that it believes are appropriate for that area. It is probably worth my saying on record that were the Government of the DRC to want to explore that approach with our Ministry of Defence, we would obviously be very happy to have that conversation.

Julian Knight (Solihull) (Con): Given that it might take up to six months to contain the outbreak, what extra resource is being deployed by other major EU countries? Does that match up to the UK's response?

Harriett Baldwin: I think I said that that was the best possible scenario. I reassure my hon. Friend that while the UK is the second largest contributor to funding the response so far, the World Health Organisation's plan is fully funded, and other countries have stepped up to the plate to fund it. The issue is not a lack of funding or a lack of willingness from the international community to help out, and nor is it a lack of co-operation from the

DRC Government in terms of the way in which the outbreak is continuing to grow. The issue is particularly the fact that this is a conflict-affected area, and that is hampering health professionals' ability to do important work.

Mr Philip Hollobone (Kettering) (Con): What is the size of the geographic area in which the 326 confirmed cases have been identified?

Harriett Baldwin: As my hon. Friend will know, the Democratic Republic of the Congo is one of the largest countries in Africa. Physically, it can sometimes be difficult to travel on the roads, and communications can be more challenging than they would be if such an outbreak happened here in the UK. The current outbreak is in the area of Beni—the previous outbreak happened in a completely different part of the DRC—which is 20 miles from the Ugandan border. Physically, the area is quite large and people also move, which is why it is important to trace the contacts that people have had, because those contacts can move easily across the country and across borders.

Rachel Maclean (Redditch) (Con): Can my hon. Friend confirm that the actions of her Department are not only keeping people in the affected area safe but helping to keep UK citizens safe?

Harriett Baldwin: I can absolutely confirm that. I mentioned that Public Health England believes that the risk to the UK population is currently low, but obviously people travel around the world, and in this interconnected world, I strongly believe that a healthier world means a healthier UK.

Chris Philp (Croydon South) (Con): The Minister has said repeatedly that the conflict has prevented efforts to contain the outbreak. What steps can the UK Government take to help bring the conflict to a rapid conclusion?

Harriett Baldwin: As my hon. Friend will know, there are many sources of conflict in the DRC. The UK, as a leading member of the UN, is a significant funder of the UN peacekeeping operation, MONUSCO, which has been there for a long time. Obviously, the UK supports it proportionately alongside our other obligations at the UN.

Huw Merriman (Bexhill and Battle) (Con): World Health Organisation officials had to leave following an attack on a hotel in the Congo. Does the Minister anticipate more UN peacekeepers being in place to help officials stay in post?

Harriett Baldwin: I would like to put on the record my appreciation for the work of the MONUSCO peacekeepers in this very dangerous part of the world. Far too many of them have been victims of violence while doing their job. Given how prone this part of the Democratic Republic of the Congo is to violence and conflict, it is important that the relevant Government authorities work with MONUSCO to take whatever steps they believe necessary to protect those peacekeepers and ensure that the appropriate forces are there.

John Howell (Henley) (Con): Terrorists and refugees are extremely mobile. How adequate are the plans the Minister has announced for neighbouring countries to meet that challenge?

Harriett Baldwin: My hon. Friend is right to draw attention to the risk of this outbreak being contagious across borders, given how close it is to the Ugandan border. The WHO and others are working with neighbouring countries to make sure that people are screened at the border, that there is a sufficient supply of vaccines and, as I mentioned earlier, that vaccines are approved for use within countries. We are taking all the steps we can, but what makes this outbreak so challenging is, as he rightly says, the prevalence of violent individuals disrupting the work of the health workers and peacekeepers.

Rebecca Pow (Taunton Deane) (Con): With the outbreak predicted not to be under control for another six months, can my hon. Friend please assure us that everything is being done to protect our vital and much-valued health workers? Without them, we cannot deliver the programme, and with them, the consequences could extend far beyond the Congo. Will she join me in thanking these very brave workers?

Harriett Baldwin: My hon. Friend makes my point incredibly eloquently. I mentioned that 31,000 health workers, I think, had received the experimental vaccine so far. Think about how brave they have to be to receive an experimental Ebola vaccine; I do not like getting my flu jab. I therefore want to take this opportunity to draw the House's attention to those strong words of appreciation for the brave work of both the peacekeepers and the health workers.

Andrew Bowie (West Aberdeenshire and Kincardine) (Con): As the Minister has just made clear, the outbreak is less than 20 miles from the Ugandan border, which is incredibly worrying. What practical help and support are the Government giving to the Ugandan Government to prevent what would be a major crisis should this cross the border into Uganda?

Harriett Baldwin: I had the great pleasure of visiting Uganda and was thoroughly impressed by the work of the Uganda Virus Research Institute and the reassurances I got from across the Ugandan system about its increased preparedness for the risk of Ebola crossing the border. People there had, for example, made sure the experimental vaccine was approved by the appropriate Ugandan authorities.

Centre for Data Ethics and Innovation

2.5 pm

The Minister for Digital and the Creative Industries (Margot James): With permission, I would like to make a statement on the Centre for Data Ethics and Innovation.

The UK has a proud history of supporting the use of open data. Indeed, there has been a huge programme of work in recent years to make sure we are promoting the open and transparent use of data. The Government are in a privileged position, as we collect a vast quantity of high-quality data while delivering public services. As the UK moves rapidly towards a data-driven economy, we have an opportunity to improve decision making in many areas. The Government have already published over 44,000 datasets. Indeed, I pay tribute to the shadow Secretary of State, the hon. Member for West Bromwich East (Tom Watson), who was an early pioneer of open data while a Minister in the Cabinet Office.

This unprecedented openness has created many benefits. First, it has made the Government more accountable and transparent. Secondly, it can improve the effectiveness of public services. Thirdly, it has created the potential for new businesses to thrive. By making our data available to the public, we have been able to fuel businesses and applications that make life better and easier, and all this has paid dividends. We are now ranked joint first in the world on the open data barometer—an achievement of which we can be justly proud.

While open data is something we must aspire to, we also need to use it in a safe and ethical manner. The rise of artificial intelligence-driven products and services has posed new questions that will impact us all. What are the ethical implications of using technology to determine someone's likelihood of reoffending? Is it right to use a programme powered by AI to make hiring decisions? Can it ever be right to have an algorithm influence who should be saved in a car crash? These are no longer questions for science fiction but real questions that require clear and definitive answers, where possible, from policy makers.

That is why we have recently established the Centre for Data Ethics and Innovation—ethics and innovation are not mutually exclusive, as strong ethics can be a driver of innovation. It is our intention that the centre becomes a world-class advisory body to make sure that data and AI deliver the best possible outcomes for society, in support of their ethical and innovative use. Following a consultation over the summer on the activities and work of the new centre, we are pleased to publish our response today.

This is the first body of its kind to be established anywhere in the world and represents a landmark moment for data ethics in the UK and internationally. Throughout the consultation, respondents recognised the urgent need for the centre, and there was widespread support for its objectives: to advise the Government on the necessary policy and regulatory action and to empower industry through the development of best practice. In turn, we can build public trust in data-driven technologies and make the most of the opportunities they present for society.

We have announced that Roger Taylor will chair the board. Roger has a background in consumer protection, founded Dr Foster, a healthcare data company, and is a passionate advocate for using data to improve lives.

[Margot James]

I know that he will do an excellent job. We have today announced the board members who will support Roger in this essential work. The board will include Lord Winston, a world-renowned expert in fertility and genetics, Kriti Sharma, vice president of AI at Sage and a leading global voice on data ethics, and Dame Patricia Hodgson, who was chair of Ofcom and brings a wealth of experience of regulatory affairs. The board will bring together some of our greatest minds and their immense and varied expertise to tackle these important issues.

Data is the fuel of any digital economy, and trust in that data is fundamental. As a nation, we have always been pioneers and advocates for transparency and freedom, and we will keep applying those values as we examine how we can make the most of data that is multiplying in scale and sophistication. The great challenge of the digital age is to ensure that data is used safely, ethically and, when possible, transparently. If we do that, we can help to power new technologies that will make life better and solve issues that are currently of grave concern. This truly is within our grasp, and if we work together, we can make it happen. I commend my statement to the House.

2.10 pm

Liam Byrne (Birmingham, Hodge Hill) (Lab): This Government tend to have ambitious plans for us to be an also-ran in the data age. We have an infrastructure that is hopelessly out of date, an education system that most teachers think is not fit for the future and a voluntary approach to regulation that will not ensure that the online world is a world of trust or a safe space for our children.

We welcome the Minister's statement, and I thank her for advance sight of it. I also thank her for her words of praise for my hon. Friend the Member for West Bromwich East (Tom Watson), the shadow Secretary of State, who was indeed a pioneer of open data and the Open Data Institute and the Power of Information Task Force. However, if the new centre is to be an establishment that simply writes voluntary codes and publishes best practice, it will not stop the online hate speech, the data breaches, or the risk of new algorithms coding old injustices into new injustices and inequalities. The centre joins 12 other regulators and advisory bodies with some oversight of the internet, so we now have 13 different regulators and advisers, and this one lacks any statutory basis for either its independence or its focus.

As a test case, will the Minister tell us whether the centre will advise her on the Google DeepMind deal, whereby British health data and its control were transferred to California despite all the assurances that were given to the Government and the public at the time? Will she tell us what specific guidance she is seeking on algorithmic unfairness, given that she voted down the amendments that we had proposed to create a legislative basis in the Data Protection Act 2018? Will she tell us what advice she is seeking on reforming the competition regulation regime, given that more companies, like Amazon, are using data to create monopolistic practices in this country? Finally, will she tell us what steps she will take to ensure that the centre builds on our proposal for a digital rights Bill in a new clause earlier this year?

We are not living through an era of change; we are now living through a change of era, and it is time that the Government rose to the challenge.

Margot James: I thank the right hon. Gentleman for his questions. First, I should make it clear that the centre is not a new regulator. It will be an advisory body, which, for its first year or so, will be in the business of advising the Government and leading public debate on serious ethical issues associated with artificial intelligence. However, I can give a positive response to his question about its independence. It will become independent, and it will be placed on a statutory footing as soon as parliamentary time is available for us to introduce the necessary legislation. We fully intend this body to be totally independent of the Government in due course. Only on that basis, I believe, will it become the world-leading authority on data ethics and innovation that we want it to be in the future.

The right hon. Gentleman asks what the centre will do about online hate speech and other well-known online harms, which my Department and, indeed, the whole Government take extremely seriously. Earlier this year, we published a response to the Green Paper on internet safety, in which we stated that we were working on a White Paper that would explore various options, including legislation and statutory regulation to hold internet companies, particularly social media platforms, to account, and that we intended to produce legislation when parliamentary time permitted. We regard that area as separate from the ethical issues on which the new centre will advise public debate and the Government.

The right hon. Gentleman mentions data protection. As he knows, that is regulated by the Information Commissioner, who has been involved in the development of the centre. He also mentions competition and the concentration of huge amounts of market power in the hands of a few companies. I am sure that many Members on both sides of the House share that concern, but it is very much a matter for the Competition and Markets Authority rather than for the new centre.

The right hon. Gentleman asks whether the centre will advise on Google's decision to move parts of the healthcare practice of DeepMind to its Californian headquarters. As DeepMind and Google are private corporations, it is not up to the Government to pass comment on how they manage their affairs, but it is, of course, up to the new centre to opine on the practices and code of corporate governance of companies with which public services and Government contracts might work in the future. So there is a connection for the centre, albeit a rather tenuous one.

Sir Peter Bottomley (Worthing West) (Con): I hope that the centre will work in collaboration with the Open Data Institute, founded by Sir Nigel Shadbolt and Sir Tim Berners-Lee. Work on open data can make a significant difference both to people with new industries and to us in the House. The Leasehold Knowledge Partnership, of which I am a patron, can use open data in a way that makes the Government start to change its approach to residential leasehold. I am sure that we can use information of this kind to make our job better, and to make a better economy.

Margot James: I thank my hon. Friend for his suggestions. The Open Data Institute is just the sort of organisation that the new centre will work with and consult.

Several hon. Members *rose*—

Mr Speaker: Order. We shall need to move on by 2.30 pm. I am sure that colleagues will factor that into their contributions.

Hannah Bardell (Livingston) (SNP): I thank the Minister for her statement, although this data seems to be under particular protection. I did not receive an advance copy, although I am sure that that was an oversight on the part of her Department.

The Scottish National party welcomes the announcement of the establishment of the Centre for Data Ethics and Innovation. In the age of big data and tech firm power, it is vital for users to be confident that their data is being used in a safe and ethical manner. It is excellent—I hope I am right about this—to see a gender balance on the board, along with racial diversity. I hope that we may see appointments that ensure that LGBTI people and people with disabilities are properly represented and reflected.

I also hope that the Minister will do her best to ensure that the board makes every effort to bridge the gender data gap. I am sure that she is well aware of “Invisible Women”, a recent book by Caroline Criado-Perez. She may also be aware of the comments made by Mayra Buvinic, a United Nations Foundation senior fellow who is working on Data2X, an initiative aimed at closing the gender data gap. She has said:

“The dearth of data makes it difficult to set policies and gauge progress, preventing governments and organizations from taking measurable steps to empower women and improve lives”.

I am sure the Minister agrees that if our Governments are to design the right policies, we must ensure that we collect data on all parts of our society; otherwise, how can we track progress and evaluate developments? Will the Minister discuss those matters with the board and report back on progress? Will she also explain how the centre will work with the devolved nations and Governments on these issues?

There have been reports this week that airline booking algorithms are identifying families with the same surname who are travelling together on the same flight and then deliberately seating them in different parts of the aircraft, with the aim of encouraging them to pay extra to sit together. Does the Minister agree that that is an example of practices that constitute an unethical use of data and target poorer families, and will she confirm that it is exactly such practices that the centre will examine? Perhaps that is a starter for 10.

Margot James: I thank the hon. Lady for her questions and apologise that she did not have advance sight of the statement. I agree with many of her points. It is essential that users can have confidence about what is done with their data. That was one of the driving forces behind the introduction of the new data protection legislation earlier in the year. I am glad that she has noted the better diversity on the board of the new institute; in my view that is vital for the very reasons she sets out. It is extremely important that gender, LGBTI and other groups are well represented during the decision-making processes on how data are used as well as on the board of the new body. I will certainly discuss those matters with the new board, which I meet for the first time at its meeting on Monday next week.

Yes, we must continue our discussions with devolved Administrations, and I have already condemned in the strongest possible terms the practices of some airline companies on which she updated the House just now; that is outrageous. These are questions of corporate governance as well as the use of AI. One of the reasons we have set the centre up is to make sure that AI is a force for public good, rather than manipulation in such a cynical attempt at profiteering.

Robert Halfon (Harlow) (Con): I strongly welcome the statement. The Select Committee on Education is conducting an inquiry into the impact of the fourth industrial revolution and AI on skills, education and our economy. Does my hon. Friend agree that studies suggesting that 28% of the jobs done by young people could be lost to AI reveal one of the most important challenges facing our nation? Should we not have a royal commission to look at the overall impact of AI, automation and robotics?

Margot James: I know my hon. Friend and his Select Committee are looking into these matters and I look forward to engaging with him on them. I encourage Roger Taylor and his team to do so as well. My hon. Friend is right. A recent NESTA report looking forward at the workforce of 2030 found that 20% of our current workforce are in occupations that are likely to be subject to automation and 10% are in occupations that are likely to expand, so this is an important issue and is right at the top of our agenda.

Tom Brake (Carshalton and Wallington) (LD): The scandals of Cambridge Analytica and AggregateIQ show just how far behind Governments are in tackling data ethics and the manipulation of data. Does the Minister agree that such issues are often best tackled at EU level, and that this is precisely the wrong time for the Government to walk away from the EU if we are serious about addressing these problems?

Margot James: The matters to which the right hon. Gentleman refers were recently the subject, and continue to be the subject, of an Information Commissioner's Office inquiry. I am confident that the ICO has the necessary resources and expertise to undertake these inquiries. Leaving the EU does not mean that we will be abandoning our data protection standards. We fully expect to maintain them and develop them further over time.

Julian Knight (Solihull) (Con): Will the centre have the scope to look at AI and data usage in political campaigning and quasi-political campaigning?

Margot James: The inquiry I referred to in the previous answer has been reported on by the Information Commissioner, and she is setting forth a code of practice for political parties to sign up to on their use of data and how data are processed.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): A dating service that optimises short-term relationships to ensure repeat business. A taxi service that charges people more when their phone battery is low. A recruitment service that prioritises men for higher paid vacancies. I welcome the new centre but, with respect, those examples do not require ethical investigation; they require regulation and enforcement. When will we get that?

Margot James: In my answer to the shadow Minister, I set out that the Government are working on a White Paper that will be the precursor to various proposals and options for regulatory and legal reinforcement. Some of the examples the hon. Lady gives may well be the subject of that future legislation.

Paul Masterton (East Renfrewshire) (Con): This area presents huge challenges for society in the future, but also real opportunities, particularly in highly skilled and well-paid jobs. How will the new centre assist in taking forward the AI sector deal, which is potentially of huge benefit across the country?

Margot James: This centre will play its part, but I also draw my hon. Friend's attention to the AI Council—recently launched, and chaired by Tabitha Goldstaub, founder of CognitionX—which is charged with taking forward the AI sector deal so we have an industry that lives up to its potential.

Daniel Zeichner (Cambridge) (Lab): I too welcome the new centre, but will it be accountable to the Government, or perhaps to Parliament through the Digital, Culture, Media and Sport Committee? Will the Minister also tell us a little more about its relationship with the ICO and rerun the answer to the question from my right hon. Friend the Member for Birmingham, Hodge Hill (Liam Byrne) on DeepMind, because to suggest that because these are private companies there is no role for Government is, frankly, a complete abrogation of responsibility?

Mr Speaker: There were three inquiries there, but just one aggregated response is required.

Margot James: I am grateful to the hon. Member for Cambridge (Daniel Zeichner) for giving me the opportunity to clarify the last point he raised. Obviously private companies are subject to law and regulation. They are subject to the current laws and regulations on corporate governance, which have been strengthened by this Government in the last 18 months. I did not see that as a prime issue for the new centre, but corporations are of course subject to rules on corporate governance and so forth.

Mr Philip Hollobone (Kettering) (Con): This sounds like a good idea, but we used to have a policy of reducing the number of quangos, so which quango is the Minister getting rid of to establish this new one?

Margot James: I thank my hon. Friend for his helpful question. This is being done in response to a new and growing need which perhaps was not anticipated when we established the policy to reduce the overall number of advisory bodies to the Government.

Paula Sherriff (Dewsbury) (Lab): I was delighted to welcome Google to my constituency last Friday, when it delivered internet safety training and training on the appropriate use of data at Boothroyd Primary Academy. What specific ethical provisions will the board take into account in considering the impact of new technology on children?

Margot James: The impact of new technology on children is being examined by various other organisations. For example, the chief medical officer has been instructed

by the Department of Health and Social Care to examine that matter, and the Children's Commissioner is also looking into it. It is a vital subject, which our White Paper will also address.

Gillian Keegan (Chichester) (Con): I welcome the establishment of this centre here in the UK. Does my hon. Friend agree that it is vital to ensure that the public have confidence in how their data are being used online, particularly with regard to algorithms for AI and deep machine learning?

Margot James: I thank my hon. Friend for that question, which goes to the heart of what we expect the new centre to be examining and advising on. She raises crucial questions, which are definitely within the remit of the new centre.

Norman Lamb (North Norfolk) (LD): As Chair of the Science and Technology Committee, I can confirm that it warmly welcomes the establishment of the centre. One of the issues the Government response to the consultation did not really cover was whether the centre's remit will include the ability to advise on the need for clearer guidelines on the sharing of public sector data, so that the enormous datasets within the NHS and other public services can be shared for the public benefit while also maintaining trust.

Margot James: I thank the Chair of the Science and Technology Committee for his question, particularly as it has reminded me of something I overlooked in my answer to the previous one. It is absolutely essential that public trust is earned and reinforced, because surveys that I have seen indicate that the public have something of a crisis of trust in the way in which personal data is currently being analysed—

Helen Goodman (Bishop Auckland) (Lab): And shared.

Margot James: And shared, exactly. This is going to be a vital question for the new centre, but it also comes under the regulatory purview of the Information Commissioner.

James Cartlidge (South Suffolk) (Con): Can my hon. Friend assure me that rural communities will have a voice at the centre, especially given the role that AI will play in driving up productivity for farms as we take back control of our agricultural policy when we leave the EU?

Margot James: I certainly think that rural areas have a key role to play and a voice that must be listened to as we develop policy in this area. If you will allow me, Mr Speaker, I also want to emphasise the fact that rural areas need better connectivity. Farms need to be able to connect to the coming 5G networks, so that they are able to take advantage of the internet of things and all the other positive benefits that AI will allow.

Mr Speaker: I thank the Minister and colleagues. I think that there is a lurking point of order, and if the hon. Member for Southampton, Test (Dr Whitehead) can overcome his natural shyness and leap to his feet, we will hear it.

Point of Order

2.31 pm

Dr Alan Whitehead (Southampton, Test) (Lab): On a point of order, Mr Speaker. I am afraid that leaping to my feet is a thing of the past. I am sure that you are aware of the recent European Court of Justice ruling on the future of the UK energy capacity market, and of the problems that this may cause for energy providers. I am aware that the Secretary of State for Business, Energy and Industrial Strategy has made an unsatisfactory and possibly misleading written statement on this matter. Have you received any indication that he will be making an oral statement to the House to enable hon. Members to ask him how he intends to respond to the ruling and how the capacity market might be reformed in order to comply with it?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order, and for his characteristic courtesy in giving me advance notice of his intention to raise it. The answer is twofold. First, I have received no indication that the Secretary of State or any other Minister in the Department intends to make an oral statement on the matter. Secondly, if the hon. Gentleman is dissatisfied, as he has indicated he is, there are avenues open to him to try to secure attention to the issue in the Chamber. As an experienced and versatile Member of this House, he will know what those avenues are. I suppose I should add, in parenthesis, in respect of his dissatisfaction, that every Member is responsible for the accuracy and veracity of what he or she says in the Chamber, and that if the Minister judges that an error has been made, it is incumbent on the Minister to correct the record. I feel sure that the hon. Gentleman, who is nothing if not a persistent scrutineer of the Executive, will keep his beady eye on this matter.

BILL PRESENTED

DEPARTMENT FOR INTERNATIONAL TRADE (ABOLITION) BILL

Presentation and First Reading (Standing Order No. 57)

Tom Brake, supported by Sir Vince Cable, Jo Swinson, Jonathan Edwards, Alistair Carmichael, Christine Jardine, Sir Edward Davey, Norman Lamb and Layla Moran, presented a Bill to make provision for the abolition of the Department for International Trade; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 25 January 2019, and to be printed (Bill 290).

Electric Vehicles (Standardised Recharging)

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

2.33 pm

Bill Wiggin (North Herefordshire) (Con): I beg to move,

That leave be given to bring in a Bill to make provision about standardised requirements for electric vehicle charge points; and for connected purposes.

I am delighted to see my neighbour, the Minister of State, Department for Transport, my hon. Friend the Member for Hereford and South Herefordshire (Jesse Norman), sitting in his place listening to this, because I bought an excellent Mitsubishi plug-in hybrid electric vehicle—lovingly known as a PHEV—from Fownhope Mitsubishi in Hereford as part of my personal commitment to a better environment and a more practical and cleaner way of travelling. However, we need to do much more to encourage the general population to invest in electric vehicles, whether fully electric or hybrid. There are some admirable policies, such as the zero rate of car tax, and some local authorities implement free parking for electric vehicles while charging, but there remain serious practical impediments to running an electric car.

The main problem is the charging points. Our goal must be for every car to be able to recharge at every charging point. If we can achieve this, we will allow more people to switch to electric vehicles. The first problem with the charging points is that there are various different connectors to attach an electric vehicle to the charging points. The two main connectors are the type 1 five-pin connector and the type 2 seven-pin connector. The combined charging system used in the rest of Europe is not currently in widespread use in the UK.

Charging points are often tethered, which means they already have cables attached to them, and that is great if someone does not have the right sort of cable, but it is no use if they have the wrong sort of card to pay with. Even when charging points are untethered, car owners have to go to great lengths and significant expense to be able to charge their car publicly. Herefordshire Council, for example, has implemented a policy of free parking for electric vehicle users while they are charging their cars. This is an excellent idea, but in order to use the charge points, people must first purchase a £400 connector lead. Many electric vehicles come fitted only with a three-pin plug for home charging, and not with the five-pin or seven-pin versions for public charging. This only adds to the confusion.

I believe it would be sensible to follow the approach that computer manufacturers took some time ago, and to create a universal standard for connectors to electric vehicles. Mobile phones, cameras and all manner of computer accessories have individualised ports on the devices themselves, but they all connect to a USB port at the power end. We should apply this to electric vehicles and create a universal standard for car chargers. Car manufacturers should conform to industry standards regarding the power-side connector not just in the UK but throughout Europe. This would mean that all cars would be able to connect to all charging points.

[Bill Wiggin]

The power to create uniformity has already been enacted into law in the Automated and Electric Vehicles Act 2018, which states:

“Regulations may impose requirements on operators of public charging or refuelling points...in connection with the components of public charging or refuelling points that provide the means by which vehicles connect to such points”.

I believe that this power must now be used by the Secretary of State to create uniformity among charging points, and so make the lives of electric vehicle users easier. I hope that my Bill will form the basis of an amendment to the Act to ensure the creation of an industry standard, not merely to permit it.

The second problem with charging points is the disparate and patchy network available across the country. Each charging point is owned by a particular company, and each requires a particular card or key fob to operate it. This may be linked to a membership with a monthly or annual fee. Electric vehicle users in the UK are currently disadvantaged compared with our European neighbours due to our lack of an interoperable payment system for EV charging. EV drivers in the Netherlands, for example, are able to charge their cars using a common payment card system. I believe that we could make the current British model more effective and efficient by introducing a similar scheme here.

In some parts of the country, EV drivers who wish to make any significant journey may need up to three different charging cables and three different charging company memberships just to get to the other end of their trip. Of course, they cannot just go halfway; once they have a flat battery, it's all over! An obvious solution, with the advent of contactless and mobile payment technology, is to ensure that each charging point has a pay-as-you-go option that does not require a membership or key fob. This would ensure that users who frequently use a certain charging point could still take advantage of the preferential rates that membership might bring, while users who wished to use the service as a one-off would be able to do so.

The goal is not to nationalise our network of charge points but simply to ensure that the free market is working for consumers. That is the job of Government in our society, and in this instance the local monopolies

on charge points are not working for consumers. That is why the Government must use my Bill to force the implementation of pay as you go. The Alternative Fuels Infrastructure Regulations 2017 state:

“An infrastructure operator must provide to any person ad-hoc access to—

(a) all recharging points deployed after 17th November 2017; and

(b) all recharging points deployed on or before 17th November 2017, no later than 18th November 2018.”

As the House can see, this Bill is extremely timely as it falls just two days after the point at which every charging point in the country should theoretically provide ad hoc access to all users.

The Government have stated that they will ban the sale of non-electric cars from 2040. Existing incentives to drive electric vehicles, such as the congestion charge exemption, have shown that electric vehicle use is due to rise. If we are truly to be a nation of electric vehicle users, we must provide the appropriate infrastructure for their use. Car drivers must not and will not be forced to switch to electric unless there is evidence that it is not only cleaner, but equally as efficient and practical. The Bill is intended to create uniformity of charging point connectors, to compel charging point operators to offer a pay-as-you-go option, and to impose penalties on those who do not follow the rules.

I am extremely grateful to have the support of over 25 right hon. and hon. Members—I see some of them here—but I regret that I cannot add all of them as sponsors of the Bill. I hope that the Bill raises questions at the Department for Transport and that the show of support from across the House will lead to a meaningful change in the regulations that will futureproof the use of electric vehicles.

Question put and agreed to.

Ordered,

That Bill Wiggin, Michael Tomlinson, Helen Goodman, Mr Philip Dunne, Eddie Hughes, Dr Andrew Murrison, Scott Mann, Maria Caulfield, Maggie Throup, Sir Bernard Jenkin, Sir Graham Brady and Rebecca Pow present the Bill.

Bill Wiggin accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 8 March 2019, and to be printed (Bill 291).

Finance (No. 3) Bill

(Clauses 5, 6, 8 to 10, 15, 16, 19, 20, 22, 23, 38 to 42, 46, 47, 61, 62, 68 to 78, 83, 89 and 90, schedules 3, 4, 7, 8, 15 and 18 and certain new clauses and new schedules)

[2nd ALLOCATED DAY]

Further considered in Committee

[DAME ELEANOR LAING *in the Chair*]

Clause 61

REMOTE GAMING DUTY: RATE

2.43 pm

The Exchequer Secretary to the Treasury (Robert Jenrick): I beg to move amendment 16, page 44, line 23, leave out “1 October 2019” and insert “1 April 2019”.

This amendment provides for the increase in the rate of remote gaming duty to take effect from 1 April 2019 instead of 1 October 2019.

The First Deputy Chairman of Ways and Means (Dame Eleanor Laing): With this it will be convenient to discuss the following:

Amendment 11, page 44, line 23, leave out “1 October 2019” and insert “the prescribed date”.

Government amendment 17.

Amendment 12, page 44, line 25, leave out “1 October 2019” and insert “the prescribed date”.

Amendment 13, page 44, line 32, at end insert—

“(4) In this section, ‘the prescribed date’ means the date prescribed in regulations made by statutory instrument by the Secretary of State

(5) The Secretary of State may not make regulations under subsection (4)—

(a) to prescribe a date before 1 October 2019, and

(b) unless regulations under section 236 of the Gambling Act 2005 have been made that amend the definition of sub-category B2 gaming machines so as to define such machines as having a maximum charge for use of no more than £2 with effect from a date no later than 1 April 2019.

(6) In this section, “sub-category B2 gaming machines” has the meaning given in regulation 5(5) of the Categories of Gaming Machine Regulations 2007/2158.”

Clause stand part.

Clause 62 stand part.

That schedule 18 be the Eighteenth schedule to the Bill.

New clause 12—*Review of public health effects of gaming provisions*—

“(1) The Chancellor of the Exchequer must review the public health effects of the provisions of section 61 of and Schedule 18 to this Act 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 those provisions in reducing the negative public health effects of gambling, and

(b) the implications for the public finances of the public health effects of—

(i) those provisions,

(ii) the operation of the law relating to remote gaming duty and gaming duty if those provisions were not given effect.”

This new clause would require a review of the public health effects of gaming provisions.

New clause 13—*Report on consultation on certain provisions of this Act (No. 3)*—

“(1) No later than two months after the passing of this Act, the Chancellor of the Exchequer must lay before the House of Commons a report on the consultation undertaken on the provisions in subsection (2).

(2) Those provisions are—

(a) section 61, and

(b) Schedule 18.

(3) A report under this section must specify in respect of each provision listed in subsection (2)—

(a) whether a version of the provision was published in draft,

(b) if so, whether changes were made as a result of consultation on the draft,

(c) if not, the reasons why the provision was not published in draft and any consultation which took place on the proposed provision in the absence of such a draft.”

This new clause would require a report on the consultation undertaken on certain provisions of this Act – alongside new clauses 9, 11 and 15.

New clause 16—*Review of remote gambling duty*—

“(1) The Treasury shall undertake a review of the increase in the rate of remote gambling duty introduced in section (Remote gambling duty (rate)) of this Act.

(2) The review shall consider, in particular, the effects of the rate increase on—

(a) the public revenue,

(b) betting shops, and

(c) gambling related harm.

(3) The Treasury review must include independent advice on the feasibility and impact of bringing forward the date of the increase in remote gaming duty to 1 April 2019.

(4) The Treasury review of the effects of the rate increase in remote gambling duty under subsections (2) and (3) must also take into account any effects of reducing to £2 the maximum stake on B2 machine games with effect from 1 April 2019.

(5) 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 28 days after this Act is passed.”

This new clause requires the Treasury to review the feasibility and impact of bringing forward from October 2019 the implementation of an increase in remote gambling duty, which is linked in paragraph 3.68 of the Budget 2018 Red Book to the implementation of a £2 maximum stake on B2 machine games (fixed-odds betting terminals).

Robert Jenrick: As you have just described, Dame Eleanor, we begin today’s consideration of the Finance Bill with clauses 61 and 62 and schedule 18. The parts of the Bill that we are about to discuss concern rates of remote gaming duty and other gaming duty measures. Gambling policy more generally and its related legislation, such as the Gambling Act, are matters for the Department for Digital, Culture, Media and Sport and lie outside the scope of a Finance Bill, but I want to explain both the fiscal measures in this Bill and how they interact with wider important matters, such as fixed-odds betting terminals.

[Robert Jenrick]

Turning briefly to clause 62 and schedule 18, which deal with changes to gambling duty accounting periods, this Government are committed to reducing administrative burdens on businesses and to making the tax system more effective, efficient and simpler. The changes will bring gaming duty paid by land-based casinos in line with other gambling duties. They will allow casinos to roll forward losses and will remove the requirement to pay duty on account, reducing administration for businesses and for Her Majesty's Revenue and Customs. The changes are expected to have a negligible impact on the tax take from casinos, which will continue to be subject to a tax structure that ensures that the most successful casinos pay up to 50% of their profit to support public services. That take will total £250 million to the Exchequer in the current financial year.

2.45 pm

I shall turn now to Government amendment 16 and amendment 12, which is in the name of the hon. Member for Swansea East (Carolyn Harris). Clause 61 deals only with remote gaming duty but, as I said in my opening remarks, the issue is inextricably linked with fixed-odds betting terminals. My right hon. Friends the Chancellor and the Secretary of State for Digital, Culture, Media and Sport have explained the Government's position to the House since the Budget. The Government have recognised the significant harm that fixed-odds betting terminals can cause to individuals both in money lost that cannot be afforded by many and in mental distress to the gambler and to their friends and family. That is why, having listened to the campaigning voices outside of Parliament and a number of determined colleagues in this House, to whom I will return in a moment, the Government decided to cap the maximum stake of B2 machine games at £2—going considerably further than the Gambling Commission's recommendation of a cap of less than £30. All the indications are that a state cap at such a level will result in a significant reduction in the amount of money lost by people on these machines, as well as a significant reduction in the number of FOBTs on our high streets—possibly even their complete disappearance.

Sir Peter Bottomley (Worthing West) (Con): I hope to speak later if possible, but this is a rare example of when parliamentary arithmetic has got the Government to do something that will be good for them and good for the population. I pay tribute to the hon. Member for Swansea East (Carolyn Harris), the chair of the all-party parliamentary group on fixed odds betting terminals, who has led a cross-party group over the years—this is not just about those who have come in lately—to ensure that the arguments are right, as well as the parliamentary arithmetic.

Robert Jenrick: I praise my hon. Friend for his role in this matter, and I will come in due course to the hon. Member for Swansea East and other colleagues who have played a decisive role in these events.

In deciding on a date for implementation, the Government were obliged to consider not just those who would have been harmed by FOBTs, but the impact on wider society—the tens of thousands whose livelihoods would be at risk following the new stake. Stakeholder

evidence varied considerably, but it was widely acknowledged that there would be a significant impact, whether as a result of the cap in itself or because the decision to change the cap would bring forward wider changes that were already likely to occur in a sector undergoing a great deal of change as a result of new technology. The Government have not wavered from their commitment to set a £2 stake and considered the best way to mitigate the negative impacts of the policy on the individuals and their employers, giving them time to prepare for the impact if possible. Accordingly, my right hon. Friend the Secretary of State for Digital, Culture, Media and Sport published a written statement confirming that a £2 maximum stake will be implemented from April 2019, and we have tabled Government amendment 16 to reflect that.

I will now briefly describe the events leading up to this point. When we announced the decision to reduce the stake, implementation in April 2020 was a date that I discussed with the hon. Member for Swansea East when she came to the Treasury in late spring to talk about the matter. A decision was then taken by the Department for Digital, Culture, Media and Sport to consult informally with stakeholders and it was then proposed in the Budget to bring forward the date to October 2019. The decision was, I believe, intended in good faith to represent a balance between expeditiously bringing an end to the harm caused by FOBTs and enabling those working in the sector to prepare for the implications for them. None the less, it became abundantly clear that a large number of colleagues disagreed and wished to see the stake change implemented sooner, which is exactly what we have done.

I am grateful for the counsel and the campaigning zeal of a number of Members on both sides of the Chamber, including my right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith), the hon. Member for Inverclyde (Ronnie Cowan) and, of course, the hon. Member for Swansea East, whom I respect and whom I have enjoyed working alongside throughout this process.

I admire my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch), who was an outstanding Sports Minister and is a great Member of Parliament. She clearly played a decisive role in the Government's decision to reduce the stake in the first place and, indeed, to do so expeditiously in April 2019. I have always believed that, in politics as in life, all we have is our reputation, and she chose her principled belief that this change must be implemented as soon as possible over her role in government. I respect that, and I am sure Members on both sides of the Committee do so, too.

Mr Iain Duncan Smith (Chingford and Woodford Green) (Con): I fully accept what the Minister says about the reputation of my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch), but does he agree that these things should not have necessitated her departure when she was doing such a good job? I do not expect the Minister to express an opinion, just that it would have been better otherwise.

Robert Jenrick: I clearly hear my right hon. Friend's point, and I have fairly set out the chain of events that led to this moment. As I said, I enormously respect my

hon. Friend the Member for Chatham and Aylesford and her decision. When I was first elected to Parliament, an elderly constituent sent me a quote by John Quincy Adams:

“Always vote for principle, though you may vote alone, and you may cherish the sweetest reflection that your vote is never lost.”

On this occasion, of course, my hon. Friend is not alone, and I am grateful for her work in this area.

Government amendment 17 complements Government amendment 16, both of which relate to amendments 12 and 13. As I have just set out, the Government recognise the strong will of the House that the implementation date for the new maximum stake for fixed odds betting terminals be brought forward to April 2019. The Treasury has been clear throughout the process that we do not seek to use the issue of FOBTs to increase Exchequer revenues, but we do have a responsibility, which I hope Members on both sides of the Committee will recognise, to protect the public finances and to ensure that we have the means to fund our public services. The cost of eliminating the damage caused by FOBTs must not be paid for by our having fewer doctors, fewer teachers and fewer people working in mental healthcare.

Paul Masterton (East Renfrewshire) (Con): I welcome this change. In my constituency there are betting shops sandwiched between pubs and chemists giving out substitution treatments. Does the Minister not agree that the savings to the public purse from preventing people from falling into problematic debt, and preventing highly addicted people from falling into other troubles and needing to rely on the NHS and other services, will be far greater than the tax received from these gambling machines?

Robert Jenrick: My hon. Friend makes an important point that has been raised by many others and that I am sure was a significant contributor to the decision of the Department for Digital, Culture, Media and Sport to take this action.

The point I am making is a separate one; that in making the decision to reduce the cap on FOBTs, we want to ensure that the Exchequer can protect its revenues so it can continue to fund public services. To do so, clause 61 increases the rate of remote gaming duty to 21% from 15%, and amendment 17 complements amendment 16 by ensuring that both changes are implemented at the same time in April 2019.

Throughout this process the Treasury has been clear that we want to raise only a commensurate sum of money to protect public services, and that we want to ensure that both the stake change and the change in taxation occur at the same time. That is exactly what we intend to do. This increase applies to anyone who offers online games of chance to UK players, including online roulette, online poker and online slots. This change should ensure that we take decisive action on FOBTs without having to cut services or raise taxes on those outside the gambling sector. To recognise this, I ask the Committee not to press amendments 12 and 13 and to support Government amendment 17.

New clause 12 would require the Chancellor to prepare a report describing the public health effects of the gambling clauses in this Finance Bill, for publication before the House within six months of Royal Assent. The Government take the impact of gambling on

individuals' health seriously, which is why we have listened to Members on both sides of the House and taken the action we have on FOBTs. This summer the Gambling Commission published a well-received paper on how to measure gambling-related harms, setting out how it intends to move forward in such a large and vital area of analysis. I hope that colleagues on both sides of the Committee agree that the Gambling Commission should be left to carry out its important work in this area without the Treasury attempting to carry out its own competing analysis on the very limited effect on public health of a change in accounting periods, which is what the new clause would bring into effect.

Graham P. Jones (Hyndburn) (Lab): I welcome that assessment, but does the Minister accept that the assessment needs to look at the various forms of gambling and that it also needs to consider the amount of gambling advertising presented to people on our television screens?

Robert Jenrick: As a parent and as a citizen I am concerned, like the hon. Gentleman is, about the amount of gambling advertising on television and elsewhere, but that is not a matter for the Finance Bill; it is a matter for the Department for Digital, Culture, Media and Sport and for the Gambling Commission.

As I have just described, new clause 12 would achieve only the Treasury producing a very limited analysis of the public health impact of the change in accounting period set out in the Finance Bill. I therefore urge the Committee not to press new clause 12.

New clause 13 proposes a report on the consultation undertaken on the detail of clause 61 on remote gaming duty and of schedule 18 on gaming duty. Although we have had much debate on the content and implications of clause 61, it is in fact very simple: it is a rate change, and the Government would not normally consult on such a change. I reassure the Committee that we have gone over and above the usual convention in such cases. The increase was originally proposed in May 2018, and my officials, alongside the Department for Digital, Culture, Media and Sport, have since worked with interested parties on its detail. We believe we are in a good position.

I fully reassure the Committee that the change made by clause 61 was consulted on last year. In addition, schedule 18 was published as a clause in the draft Finance Bill in July 2018. It has therefore been subject to scrutiny and comment by stakeholders ever since. I hope my comments will reassure the Committee that there is no need for a further report into our consultation on these issues, and I therefore ask that new clause 13 not be pressed.

New clause 16 returns to an issue with which I began this debate. The new clause asks for a review of the feasibility of bringing forward the rise in remote gaming duty in clause 61 to April 2019. As I have tried to reassure right hon. and hon. Members, we have already covered these matters—they were considered before my right hon. Friend the Chancellor tabled amendments 16 and 17, which will bring forward the date to April 2019—and I therefore respectfully ask that new clause 16 not be pressed.

I look forward to listening to the contributions of right hon. and hon. Members to this debate. The Government amendments to these clauses represent the

[Robert Jenrick]

action on FOBTs that the country demanded and for which Members on both sides of the House have campaigned assiduously over many years. The changes will now be delivered as expeditiously as possible and in a fiscally responsible manner that protects public services. I commend these changes to the Committee.

Clive Lewis (Norwich South) (Lab): Well, where to begin? I can sum up the Minister's speech as, "Nothing to see here."

Before I move on to the detail of this issue, I want to pay tribute to Members on both sides of the House who forced the Government to bring forward the FOBT stake reduction from October 2019 to April 2019, which will be implemented through the amendment before the Committee. Particular recognition goes to my hon. Friend the Member for Swansea East (Carolyn Harris), who is to be warmly congratulated on her tireless work for social justice, in all its incarnations, and to my hon. Friend the Member for West Bromwich East (Tom Watson), the shadow Secretary of State, who is not in the Chamber, but has spoken about this issue many times from the Dispatch Box.

3 pm

I also want to recognise the unique contribution made by the hon. Member for Chatham and Aylesford (Tracey Crouch), whose principled resignation eventually shamed the Government into action. She has spoken of the human cost that prompted her resignation and the Government's U-turn. She said, simply, that she had

"held the hands of too many addicts who have contemplated suicide, or the families left behind because loved ones saw no other way out... to be able to justify or even explain the delay".

She added last week:

"I don't feel vindicated by the welcome decision to ditch the delay and bring forward the stake reduction to April next year. I just feel relieved."

I think I speak for Members across the House when I say she has indeed been vindicated. Her relief will be shared not just in the House but, more importantly, outside it.

The six-month delay that the Government had wanted to implement would have affected hundreds of lives—even worse, it would have threatened them. These are lives that matter to people's families and those around them, and to the former Minister. So just what arguments were used and, apparently, accepted by the Chancellor, to argue for that delay? It was said that the industry needed time to "adapt"—come on, really? The sector could hardly claim ignorance of the will in this House to take such steps. Let us be brutally honest with ourselves: this was ultimately just another way of saying that profits come before lives.

Of course, we also heard a strong hint that there was slightly more to this. In her resignation letter, the hon. Member for Chatham and Aylesford told of how the planned delay to reduced stakes came as a result of

"commitments made by others to those with registered interests".

What a damning indictment that statement is. It is an accusation that goes right to the very top of this Government, where those decisions were made. This is the Government who repeatedly tell the House they can be trusted when it comes to tackling vested interests—from tax avoiders to exploitative slum landlords; from rogue

bosses to rip-off utilities. The Government say that they will tackle "burning injustices", but I am afraid that the shoddy debacle of this ignominious U-turn suggests very much otherwise.

Let us go back to the supposed evidence on which the Treasury based the original decision: the 15,000 to 21,000 job losses in the betting industry that were supposedly threatened. That was what the Chancellor himself admitted when he appeared before the Treasury Committee. The estimate comes from a KPMG report funded by the Association of British Bookmakers. Both the Government and the industry have refused to make the report available for public scrutiny, but I have a copy of it here, and I believe it is right that this House scrutinises it. Frankly, the report should never have had such an integral role in determining Government policy. Such policy is meant to act in the interests of all citizens, but this Government based their decisions not on evidence, as we would expect, but on pandering to corporate vested interests.

The report claims that the average betting shop, of which there are 8,500, will make on average, before the change to legislation, a net annual profit of £87,291. Page 11 describes what "at risk of closure" actually means, which is that once the £2 cap is implemented, just under half of those shops would make a net annual profit of £20,000 or less.

Graham P. Jones: My hon. Friend is making a powerful point. If the gambling industry was so concerned about employees, perhaps it ought to have given consideration to the number of single-staffed bookmakers that have arisen because of FOBTs. We are talking about young and vulnerable female staff working late at night in the bookmaking industry. It is too late for the industry to complain about the staff now when it did not care about them in the first place. Does he share that view?

Clive Lewis: My hon. Friend makes his excellent point well, and I agree with it entirely.

Page 11 of that report describes what "at risk of closure" actually means. It means that once the £2 cap is implemented, just under half of those shops would make a net annual profit of £20,000 or less. Are we seriously to believe that a net profit of £20,000 a year is terminal? KPMG did not think so. The report concludes that these shops would not close, but would simply be "less profitable". The threat was not to our constituents' jobs, but to corporate profits. Can the Minister assure Members that the Treasury will never again seek to justify resisting evidence-based policy on the basis of secret reports and clandestine meetings?

By choosing to take such an approach, the Treasury ignored the recommendation in the May 2018 gambling review that the £2 limit should be adopted within nine to 12 months. Let us remember that that policy was designed to reduce the harm caused by gambling addiction. The evidence of harm associated with FOBTs is overwhelming, with that harm disproportionately felt by the poorest in our society. Put simply, there are twice as many betting shops in the poorest 55 boroughs of the UK as there are in the most affluent 115.

Even in narrow economic terms, viewing the delay as merely a reduction in tax income to the Exchequer makes little sense. As we have heard today, the social cost of addiction, crime and debt that accompanies the

ever-increasing losses on FOBTs is estimated by the Centre for Economics and Business Research to cost the UK £1.5 billion a year. It has an impact on many aspects of social welfare, including employment, mental health and financial stability, so the awful human cost, about which we have heard so powerfully, is matched by an economic cost that we all bear as a society and as an economy as well. Perhaps the Minister would address whether the Government have factored into any of their fiscal calculations the prospect of alleviating the cost to public services, given a decline in gambling-related harm and crime?

Of course, the most important reason for an immediate stake reduction is a moral one—an issue of social justice that must be resolved. Lives are being destroyed, and this policy change is a milestone on our journey to tackle this harm. Labour Members are proud to be part of taking that step forward, and we will keep striving to carry on making these changes until eventually we get to the bottom of what the gambling industry actually is: something that preys on people's vulnerabilities. Labour Members recognise that quite clearly.

Mr Duncan Smith: I want to summarise some of the issues relating to the amendments standing in my name and those of many others, including, most importantly, my hon. Friends the Members for Swansea East (Carolyn Harris) and for Inverclyde (Ronnie Cowan)—they are hon. Friends in this case, although I am not sure they will want to be pursuing that one further. This genuinely was a very cross-party process. Interestingly, the list of names of Members who support the amendments tells us everything we need to know about the strength of feeling that existed in the House.

We accept the Government's change, to which I shall come back in a moment, but it is worth reminding ourselves that this process has had a long gestation. I remember having conversations with my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch) probably two years ago, at least—

Tracey Crouch (Chatham and Aylesford) (Con): Three.

Mr Duncan Smith: It was a long time ago, and even then we discussed the specific problems with fixed odds betting terminals, along with wider issues. There was this long process of gestation, and then the hon. Members for Swansea East and for Inverclyde got involved and the all-party group was formed. I congratulate them on managing to get things on to a much more even keel in respect of this being a cross-party process, in which I played a part.

We arrived at the point when we had finally persuaded the Government, with massive internal support from my hon. Friend the Member for Chatham and Aylesford, that it was necessary for us to make this change, given that these machines, although not alone in this, were peculiarly addictive. It was accepted that they led to a higher level of addiction and had dramatically changed the nature of betting shops. Years ago, when gambling was liberalised under a previous Government, I said, given my involvement in some of the studies, that I thought that was a mistake. When it comes to widening and liberalising gambling, the situation is not like in any other industry. It really is not just about jobs and businesses, because change involves people making decisions

that are not about positive life outcomes. Thus, the situation needs to be treated separately. I remember the discussions about super-casinos, when I said that I was appalled by the idea that establishing a super-casino would somehow regenerate a town. I said, "It won't regenerate the town. It will make it descend, and everything will then hinge around the behaviour of people in and around the massive casino." That is by the by; liberalisation became the process.

I was really pleased when the Government finally agreed to reduce the stake to £2. My goodness, what a peculiar argument we had. We heard the Gambling Commission and the gambling industry asking many times why we would not go to £30 rather than £2. The slow extraction of teeth in this process was fascinating to behold. The worst bit for me and, I am sure, for my colleagues, was hearing the endless testimony about the families' lives that had been blighted by this terrible addiction. Even though I was opposed to FOBTs, I had not been aware of the real human harm being caused, because one does not see it, but, as my hon. Friend the Member for Chatham and Aylesford knows, that was the real driver behind why we wanted to act. It was really quite moving to hear the stories at first hand and to see families' dedication to never allowing others to get into such a situation.

I was really proud of my Government for making the decision and accepting that there was a need for change. We thought the process was done. I argued for making the change this October, because there was no point in hanging around. I thought that we did not need to worry about the gambling industry, because it would make whatever changes were necessary and it gets a lot of money anyway, so I was not that bothered about it. I remember the discussion about why we were not acting in October, and we reluctantly agreed that perhaps 1 April would give the industry time. The next thing we heard was that the date had gone back to 1 April 2020—the following year—which was never agreed.

All of a sudden, the Government then said that they had agreed to make the change in October 2019, which they said was an advance of six months, and we said was a delay of six months. We established that the gambling industry would make well over a billion pounds during that six months. The real problem was why there was a delay, as it was clear that, as the hon. Member for Norwich South (Clive Lewis) said on behalf of the Opposition, the gambling report said nine to 12 months, and nine to 12 months from the date of the original decision took us to approximately April or May the next year. All that was part of the consideration. We had debates about why the date had gone back and, although I will not make a big thing about this, I did say to my right hon. and hon. Friends in government that they needed to put it back to 1 April. At the time of the Budget, their date was rejected.

3.15 pm

I am genuinely sorry that my hon. Friend the Member for Chatham and Aylesford eventually had to make her statement. I have resigned, and it is not an easy process, but the worst thing is when someone resigns only to find that days later the Government then actually do what they were being asked to do internally. I know it is politics and that all things change, but I say to my hon. Friend that all is not lost, in the sense that she has

gained the respect—if she did not already have it—of a number of people in this House. More important, I hope, is the recognition that people of honour and decency in a Government can never be long outside that Government. I therefore hope that the Government pay attention and rectify the situation as soon as possible.

I was very keen to get the change brought forward, but I was told that there was no way on earth that we could force the Government to bring it forward, because by convention we could not bring forward a tax, because it is a tax rise. I thank enormously the Public Bill Office and the Clerks, who helped us to figure out that although we may not be able to raise a tax, we sure as ever can make sure that the Government can never raise a tax. Once the amendment was tabled and everyone signed it, the position was obvious. Our amendments and new clause have been the key driver modifying the Government's opinion on this matter, which is never a bad thing. I am glad that they have listened. I fully accept that my hon. Friend the Exchequer Secretary recognises that this is the right thing to do.

In agreeing that we will not press our amendments and new clause to a vote, for obvious reasons—the Government are committed to making the changes, and I congratulate my hon. Friend the Exchequer Secretary on doing so—I should say that I understand that a report to be published tomorrow that will show that gambling addiction among young people is now spiking at its highest ever level. That report is not out yet, so I guess it is not reportable, but it will show the very thing we have been on about: there is a genuine and serious problem that strikes at the heart of the lives of those who can least afford it. This addiction to gambling—we are given on television the constant sense that unless someone is a smart, clever, successful individual who gambles, they must be odd and pointless, and we see the idea that a person is successful because they can do the odds and get them right—is perverse and damaging.

I say to my hon. Friends and colleagues in this campaign that it is not over. We now have to turn our attention to the next level, as it is high time that we looked carefully at what is going on through the advertising and promotion of an industry that may well damage huge numbers of lives. In accepting the Government's position, I put down a simple point: I will continue to campaign with my colleagues and move on to the next level. It is time for us to bring the issue under control, and this is only the start.

Carolyn Harris (Swansea East) (Lab): May I say what a pleasure it is to speak today, Dame Eleanor? I am delighted to say that the Members who tabled and put their names to the amendments and new clause will not press them to a vote because—in case anybody has not heard—the Government finally saw sense and backed down on the implementation date for the reduction of stakes on fixed odds betting terminals. [HON. MEMBERS: "Hear, hear!"] Thank you.

I stand instead to make a point: the power of the Back Benchers cannot be ignored. This House is fortunate to have so many Members, on all Benches, who are prepared to put principle before both profits and politics. I pay tribute to the many colleagues in this place and the other, and I pay special tribute to the hon. Members for Inverclyde (Ronnie Cowan) and for Strangford (Jim Shannon), to the right hon. Member for Chingford and

Woodford Green (Mr Duncan Smith), to the hon. Member for Worthing West (Sir Peter Bottomley) and to the wonderful hon. Member for Chatham and Aylesford (Tracey Crouch), whose principles led to her resignation. I thank them all for their support, dedication and downright determination to force the Government's hand.

The result has been a long time coming, but this issue has demonstrated the very best of this House, where politicians of all persuasions came together, united in seeking to make sure that the Government were held to account for their reluctance to put people's lives ahead of company profits. The Government had so many opportunities to do the right thing, but they seemed determined to pander to the whim of an industry set to make nearly £1 billion of profit in the six-month period between April and October 2019. It is regrettable that it took strong-arm tactics by Members to convince them to make the change and that they did not come to a principled decision on the morality of the problem—the devastation that these machines have caused to individuals, communities and families.

Bob Stewart (Beckenham) (Con): I thank the hon. Lady and everyone who has played a part in this campaign. Is it not tragic that it has taken this House 17 years to sort out the matter? We are congratulating ourselves on having achieved something, but, in those 17 years, we are fully aware of the lives that have been wrecked by our inactivity. Thank goodness that we have got it right now.

Carolyn Harris: I certainly agree with the hon. Gentleman.

May I just say that I cannot thank the Government? As much as I respect and like the Minister, I can say only one thing: learn lessons from this and never underestimate the power of principle.

Tracey Crouch: I wish to take only a few minutes of the Chamber's time on amendments 11, 12 and 13, which I signed, and on the Government's amendments 16 and 17 that relate to the reduction in stake for fixed odds betting terminals and the increase in remote gaming duty.

I am relieved that the Chancellor reconsidered his position on the timeframe for the increase for RGD and therefore the reduction in stakes from £100 to £2. Although it was not technically necessary to link the two, the whole House does, I think, understand the financial challenge that the Treasury faces and therefore the need for fiscal responsibility.

The Government made the right decision to reduce stakes on B2 machines as part of their gambling review, not least because it was proven throughout the review that players of these machines have the highest rates of problem gambling and that 32% of players are considered at risk of harm. Concerns around problem and harmful gambling were further amplified by the location of B2 gaming machines in areas of high deprivation. The review also found that those who are unemployed are more likely to most often stake £100 than any other socioeconomic group.

Although the review looked at very many aspects of gambling, it was right that there was a wider public and parliamentary focus on FOBTs and that we took

decisive action. The impact assessment made it clear that we expected an implementation date within nine to 12 months and the Government's amendments honour that expectation.

I am grateful that the Chancellor listened to the House on this matter, although I am sorry that it needed the much louder collective voice for the message to be heard. All that needs to be said has been said, except my personal thanks to the 3,000-plus people who have contacted me since my resignation, the faith leaders who spoke out, the 100-plus colleagues who put their name to the all-party group's amendments and the brilliant Clerks who helped to craft them.

I have just one other question for the Minister, and it relates to new clause 12. Although the new clause is very limited and there is already a strong framework within the Gambling Commission, I ask that, as an extra protection, the Minister consider supporting this additional review today.

I have no intention of shadow-boxing the new Minister, my hon. Friend the Member for Eastleigh (Mims Davies), who is a friend and will be excellent in her job, but others have noted that there are many challenges on gambling, including harm to children, online harms and advertising. The review sets out many recommendations to tackle those issues, and I look forward to watching her progress with interest.

I have met many people over the past few years who themselves have been addicted to gambling or who have lost loved ones to gambling. The treatment services that are there for them are very good and are run and supported by excellent people, many of whom are volunteers, but they are still the Cinderella service. I am pleased that the Health Secretary has continued his interest in this matter. I am sure that new clause 12 will help further that public health aspect.

I am in no doubt that what this Government have done today with these amendments will save lives from devastation and that is surely what we all go into politics for.

Ronnie Cowan (Inverclyde) (SNP): I rise to speak to new clauses 12 and 13. We are all fully aware that the Government have declared their intention to introduce a new £2 maximum stake on fixed odds betting terminals, as has been documented already this afternoon. Getting the Government to this stage has not been easy, but thankfully they have seen the light. After considerable cross-party pressure, they have also agreed that the date of implementation will be in April 2019. That is extremely welcome news, and it came about because they were forced to look at the evidence gathered by the all-party group on FOBTs and not rely on the flawed KPMG report that was steered by the bookmakers' parameters.

I now expect the Government to do the decent thing and amend the Bill accordingly. This would not have happened without the superb work and commitment of the hon. Member for Swansea East (Carolyn Harris), the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith) and the hon. Member for Chatham and Aylesford (Tracey Crouch). That brings us nicely to new clause 12, entitled, "A review of public health effects on gaming provisions", which stands in my name. Not that long ago, gambling was restricted to on-course and off-course bookmakers. Other types of

gambling existed, but, for the majority of people, casinos were the stuff of James Bond movies, while bingo and the football pools were once a week and deemed to be sociable and aspirational.

Over time and with the advent of new technology, the face of gambling has changed. Through our mobile phones, we have access to gambling 24 hours a day, every day of the year. The first and most obvious outcome is that there is no cooling-off period. Gamblers caught up in the heat of the moment will not run out of races or be asked to leave the premises; quite the reverse, pernicious advertising with offers of free spins and money-back guarantees are used as bait to lure the most vulnerable gamblers, and eventually many are hooked. When I googled "Gambling Clinics UK", the first two hits on the list were not organisations offering me help, but paid-for adverts for casino sites.

Graham P. Jones: I am very grateful to the hon. Gentleman for giving way. He is making a very powerful point, and I did not want to interrupt him mid-flow, but will he add to that list of problems the misuse of gambling accounts? That needs to be looked at, because gambling accounts are misused so that people become addicted. When people fall away and manage their addiction, they are dragged back in through gambling accounts, and that should be something that this House considers.

Ronnie Cowan: I absolutely agree with the hon. Gentleman. A second point is that there are dormant betting accounts with money in them but we cannot access them. If that money could be released and freed up for gambling care, there would be more money in the pot to do some good.

Meanwhile, our TVs are haunted by advertising aimed at the most vulnerable. We even have products aimed at grooming children to be the next generation of gamblers. The gambling industry has to ask itself some very serious questions about its marketing strategy. I wish to thank Hamleys toy store for moving swiftly to remove a product deemed undesirable from its shops across the UK when I brought it to its attention. Our children must be protected. For the majority of adults, gambling is fun.

Paul Masterton: I thank the hon. Gentleman for giving way and also for all the work that he has done as part of the all-party group. Does he share my concern about the number of apps aimed at young children, which are effectively based around the concept of gambling? Although they may not be what he or I would consider to be gambling, the sort of behaviour and the risk-reward elements involved seem to ingrain that behaviour from a very young age, which is deeply concerning.

Ronnie Cowan: It is particularly disturbing when we know that people are sitting back and designing these apps in precisely that manner. They know exactly what they are doing, but they do not seem to have any conscience that will stop them from doing it.

For the majority of adults, gambling is fun—if it is under control. Many people can set a limit and not go beyond it. While I would pay for a ticket to a concert or a rugby match, their chosen form of expenditure for entertainment is gambling, and I am not questioning

[Ronnie Cowan]

their choice. However, when we offer a licensed product that has the potential to damage the customer, we need to take steps to ensure that the possibility of damage and the consequences of that damage are as limited as possible. Gambling-related harm caused by an addiction to gambling is as much a public health issue as damage caused by drugs and alcohol, but it is not always seen that way.

Paul Blomfield (Sheffield Central) (Lab): The hon. Gentleman, together with every Member who has spoken so far, joined me at the launch of Gambling with Lives, a charity set up by two of my constituents who lost their son to suicide as a result of gambling addiction. Does the hon. Gentleman recognise the significance of suicide as a consequence for many who are addicted to gambling, given that half those who are addicted consider suicide at some stage? Set within the range of public health issues, this simply underlines the powerful points made by every Member so far.

3.30 pm

Ronnie Cowan: I categorically agree with the hon. Gentleman's sentiments. I will briefly touch on that matter later. It is a very sensitive subject; the wonderful new organisation, Gambling with Lives, should not have to exist in the first place, but we all recognise the terrible need for it.

People with drug or alcohol addictions are often more visible in society. Problematic gamblers often seem to be living perfectly normal lives, even to those closest to them, yet we know that suicide due to gambling debt and/or addiction is all too common.

Tracey Crouch: Further to the point made by the hon. Member for Sheffield Central (Paul Blomfield), it is worth remembering that Thursday will be the anniversary of Jack Ritchie taking his own life. It is therefore really important that we think about suicide as an important issue in this debate. It is certainly one of the issues that drove my position for many years.

Ronnie Cowan: I thank the hon. Lady for making that point.

A report issued by the Gambling Commission in August 2017 found that more than 2 million people in the UK are either problem gamblers or are at risk of addiction, that the number of over-16s deemed to be problem gamblers has grown by a third in three years and that at-risk gamblers are most likely to be aged between 16 and 24. The National Problem Gambling Clinic—there is only one—is based in Fulham, under the watchful eye of Henrietta Bowden-Jones. I have visited the clinic, but I wonder how many Ministers with responsibility pertaining to gambling have? I believe that the Health Secretary has and all credit to him for doing so. The evidence is out there, but we must go looking for it.

GamCare tells me there are plans to create a gambling clinic in Leeds. I applaud that and hope that such a network can be built across the UK. That brings us to funding. The current funding model is not adequate or robust enough. Relying on a voluntary levy means that long-term planning is, ironically, a gamble. The practicality

of a statutory levy must be investigated and realistic sums of money must be guaranteed if we are to take the necessary action to support and guide those affected by problematic gambling.

The new legislation around fixed odds betting terminals is proof that with the proper evidence, a little persuasion and the desire to do the right thing, this Government can improve the situation. That is why the Scottish National party is calling for a review of the public health effects of gaming provisions and a report to be laid before the House of Commons within six months. Only by gathering valid data from independent sources can the Government take an evidence-based approach to gambling legislation and thus ensure that the industry can continue, while fulfilling its moral duty to protect vulnerable gamblers.

Sir Peter Bottomley: Early-day motion 61 of the 2016-17 Session, tabled on 23 May 2016, welcomed the all-party parliamentary group on fixed odds betting terminals, and early-day motion 174 in this Session welcomed the re-establishment of the group. I pay tribute to those who have supported the group from outside, including those who campaigned non-stop to reduce the number of victims of the pernicious spread of fixed odds betting terminals.

Although this situation started during the time of the last Labour Government, none of us was awake to what was happening. Although Labour can take responsibility, we should all share it for allowing that to happen. We can also share some of the credit for the way in which the Government, without too much pressure, disregarded the rather wishy-washy advice of the Gambling Commission, which proposed a minimum stake of “£30 or less”. I hope that the commission will review why it did not come forward with a straightforward recommendation of £2.

There was a time when the Government announced that they would bring the stake down to £2, but it was likely that that would take place in April 2020. Then the announcement came that the change would be introduced in October 2019, prompting the resignation of my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch), because although the newly announced date was an improvement on the expected date of 2020, it was not as good as it could have been. We all ought to recognise that a combination of events—the powerful way in which my hon. Friend expressed her view, both inside Government and outside Government, having to change her status to do that, and the way that the Government recognised the reality of parliamentary arithmetic—means that we can now welcome the fact that the terrible effect of these high stakes will be reduced earlier than it otherwise would have been.

Graham P. Jones: I agree with the hon. Gentleman wholeheartedly. I am sure that he would add that our concern extends to the people of Northern Ireland, who are not covered by the measure and where this affliction persists.

Sir Peter Bottomley: The hon. Gentleman raises a point that I was going to come on to indirectly, but I will now make it directly. These fixed odds betting terminals were not allowed in betting shops in the Republic of Ireland, so how could the Association of

British Bookmakers go around thinking that it was normal? That leaves open the question that he has raised: how can we make sure that people in Northern Ireland get the change they need? If it is a devolved matter and we need a Northern Ireland Government to solve the problem, I do not have an instant solution.

Jim Shannon (Strangford) (DUP): Yes, it is a devolved matter and it would take the Assembly to make those decisions. We do not have a working Assembly, as the hon. Gentleman knows. In the meantime, therefore, nothing happens in relation to legislation that is passing here. It is my intention, after discussions with the Minister involved and with the support of the House, of course, to try to ensure that this legislation is Northern Ireland-bound, as it should be.

Sir Peter Bottomley: The Committee will recognise the importance of what the hon. Gentleman has said, and I am very grateful for it.

Some of the tactics used by the betting shop owners have been disgraceful. I hope that some investigative journalist will write it up, page by page, date by date, and explain how it has been counterproductive for these companies' own shareholders. GVC, which in March this year confirmed the takeover of Ladbrokes Coral, will pay £800 million less because of the date of the change to £2. Three years ago, William Hill's share price was about 400p a share. At the time of the discussion about whether the fixed odds betting terminal limit would come down to £2 either in October next year or in April the year after, its share price fluctuated between 300p and 220p per share. It is now less than 180p. For every month it went on with its campaign, it destroyed the value of its shareholders' stake in the companies that were taking profits—as was the Treasury, in tax—from these unbelievably unjustified machines.

When Paddy Power said that these machines were not needed for betting shops, other gambling companies should have paid attention. When people write up this failure of lobbying and the counterproductive tactics used, I hope that they will take it as a role model. We need a word to describe Parliament asserting itself to Government, but another two words to respond to the way in which Government have reacted to that, and those words should be, "Thank you."

Patricia Gibson (North Ayrshire and Arran) (SNP): I rise to speak in support of new clause 12. I begin by thanking the hon. Member for Swansea East (Carolyn Harris) and my hon. Friend the Member for Inverclyde (Ronnie Cowan), who have done a power of work on this issue.

I very much welcome the UK Government's decision to abandon the delay in implementing a maximum £2 stake on fixed odds betting terminals. It is a cause of great regret that this delay was even considered,

"due to commitments made by others to those with registered interests",

according to the former Minister, the hon. Member for Chatham and Aylesford (Tracey Crouch), to whom I pay tribute for the stand that she has taken on this issue throughout. It is truly disappointing that it has taken so long to achieve the reduction in the maximum stake for these machines—so much time, despite the cross-party support for it across the House, and the loss of a

Minister. Parliament has the power to do good, and when it decides to do good it should do so as quickly as it can without fuss or drama—even more so when vulnerable people's lives literally depend on it.

Like many Members, I am sure, I have a particular constituency interest in this issue. In North Ayrshire, most of which I represent, there are 137 of these machines in 37 betting shops, with £5 million lost in 2016 alone. Two problem gamblers take their own life every single day in the UK. Any delay to serve vested interests would be unforgivable. Many of us have been profoundly impatient, but I am really grateful, as so many people are, that this Government have at last seen sense and that these machines, which truly are the crack cocaine of gambling, will now be the focus of targeted action.

Conducting a public health review of gaming provisions is absolutely the right thing to do. Gambling-related harm is simply not accorded the attention that it needs. It is a profoundly serious public health issue, and a public health approach is essential. New clause 12 would require a review of the public health effects of gambling. Public health and gambling are issues that cannot be separated, and that is why new clause 12 is so important.

I used to work in a high street bookmaker, long before the advent of fixed odds betting terminals, and despite what bookmakers might tell us now, I have yet to meet a bookmaker who is living in poverty. These shops are open simply to house these machines. Bookmakers might talk about the threat to jobs posed by the reduction in the maximum stake, but the biggest threat to jobs in the betting industry is the use of self-service machines for people to put their bets on, which does away with frontline staff.

The Gambling Commission has pointed that out that any public health approach needs to address not only those who have lived with the addiction of gambling for some time, but the effects on young and vulnerable people. According to the Gambling Commission, children and young people need a specific focus among those who are potentially vulnerable. Their needs are different, and we may need a different approach to reducing gambling-related harm. We have heard today about apps targeted at children. Primary prevention efforts can be targeted at young people, often aiming to reach them before they have gambled. Treatment for young people with gambling problems needs serious and separate consideration from adult treatment. In most cases, it is likely to require a lower threshold for intervention and other co-occurring problematic behaviours to be addressed.

It is also essential that a public health approach addresses the effects of gambling on the families and close associates of gamblers and on the wider community, as well as on those who suffer harm from their own gambling. The approach needs to recognise that a successful strategy cannot focus solely on individual gamblers, but needs to encompass products, environments, marketing and the wider context in which gambling occurs. It needs to understand that restrictions on, or interventions related to, any of those aspects can form part of a balanced approach, backed up by accurate, objective, accessible and understandable information. It should seek to ensure efficient distribution of resources for prevention and treatment based on need.

It is important to remember that we are not starting from scratch. Vital work in this field has already been done by the Gambling Commission, among others.

[*Patricia Gibson*]

We know that most people gamble responsibly with no difficulties. However, some individuals experience significant harm as a result of their gambling. It is estimated that there are around 373,000 problem gamblers in England, 30,000 in Scotland and 27,000 in Wales. According to the Gambling Commission, those estimates are likely to be conservative. For problem gamblers, harm can include higher levels of physical and mental illness, debt problems, relationship breakdown and, in some cases, criminality. It can also be associated with substance misuse.

In many cases, it is difficult to attribute those negative effects solely or directly to gambling, but according to the Gambling Commission, the association is far too strong to ignore. Younger males and people from certain social and ethnic groups are potentially more vulnerable than others. About 1.7 million individuals in England, 180,000 in Scotland and 95,000 in Wales are classified as being at risk of problem gambling. There are also some gamblers who would not be classified as problem or at-risk gamblers, but who may on occasion experience harm as a result of their gambling.

Gambling-related harms are not all directly health harms, but many of the harms, such as debt, are connected with poor health status. A public health approach is absolutely integral to any war on the effects of problem gambling. All the evidence suggests that this is a significant public health issue. It has not yet received the attention it should have relative to other population-level concerns, but that is now in order—the time has come.

3.45 pm

Alison Thewliss (Glasgow Central) (SNP): My hon. Friend is making a very good point about the public health impact. Does she agree that people in some of the communities that she and I represent are already struggling with multiple deprivation, and gambling being concentrated in their areas only makes that worse and worsens their life chances?

Patricia Gibson: Absolutely. There is a correlation between multiple social deprivation factors and problem gambling, which is why certain communities have a higher concentration of betting shops housing these machines—the crack cocaine machines of gambling—than there otherwise would be.

I say to the Minister, and I know he is listening, that we absolutely and urgently need a review of the public health effects of gaming provisions. On that basis, I urge the House to support new clause 12—

Robert Jenrick: Will the hon. Lady give way?

Patricia Gibson: I was about to finish, but obviously I will let the Minister speak.

Robert Jenrick: Before the hon. Lady concludes her remarks, may I draw her attention to two things? I am told that Public Health England has been asked by the Department of Health and Social Care to inform and support action on gambling and its related harms as part of its follow-up to the DCMS review of gaming machines and social responsibility. Public Health England is also being commissioned by the Gambling Commission to do an evidence review on problem gaming, which I hope will go some way to answering the questions that she and others have raised today.

On new clause 12, which the hon. Lady raised—other hon. Members have also done so, including my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch)—I am content for the Government to support it, but I would simply say that it is very limited in scope. I would not want to raise expectations that it will achieve all of the goals that the hon. Lady seeks. However, that, allied to Public Health England's work, will perhaps help to continue the public debate on this matter.

Patricia Gibson: I am glad that the Minister has given us that clarification. As he says, I would be more comfortable with a broadbrush approach encompassing lots and lots of factors, such as I those I set out in my speech. However, I have listened to what the Minister has said, and I will certainly give it some thought.

Jim Shannon: I thought the hon. Member for Torbay (Kevin Foster) was going to go before me, but he has not bobbed, so he is obviously not going to. I always follow in his footsteps—I am always glad to do so, by the way, as he knows—but on this occasion I miss his comments, which I am sure would be more than helpful to us.

We are all very aware of the reason for these amendments. It is tremendous to be in the Chamber among many Members from across the House who are of the same opinion, including—he will forgive me if I say this, but I have to say it—perhaps a wee bit belatedly, the Minister, who is also committed to where we are on this.

If she does not mind my saying so, I would like to commend the hon. Member for Chatham and Aylesford (Tracey Crouch) for her principled stand, her courage and what she has done to make this happen. The commitment she has shown does my heart good and does the heart of everybody else good. By the way, I am not surprised that she said 3,000 people had contacted her afterwards. I did not have 3,000 people contact me afterwards, but I had a large number and, for the record, every one of them commended the hon. Lady for her obvious commitment. The reason for the amendment is simple: the need for a massive lowering of stakes is clear.

I also thank my good friend, the hon. Member for Swansea East (Carolyn Harris), for all her endeavours through the all-party group on FOBTs, which has done tremendous work. The right hon. Member for Chingford and Woodford Green (Mr Duncan Smith) and the hon. Member for Inverclyde (Ronnie Cowan) have also endeavoured, through the APPG, to ensure all that hard work came to fruition.

The one thing that sits in my mind is this: why was it important to have those six months slip back from October to April? It is very simple: as has been said, 300 lives—maybe more—were saved. That is a fact.

I am mindful that last week we had the Gambling with Lives event, which the hon. Member for Sheffield Central (Paul Blomfield) referred to. I thank him for initiating that event. I was very glad to be there with other Members and to support him. There were two people there who I knew long before the start of this FOBT campaign, which began about 18 months or two years ago. They are Mr and Mrs Peter Keogh from Enniskillen, who lost their son, Lewis, to a gambling addiction and who even today feel the heartache of that event.

It is for those people that we do these things. It is for our constituents whose lives will be saved because of it, and for those who have lost loved ones and feel the great pain of the loss of someone close to them, that today we can collectively make this legislative change in this House. That is why we make the effort.

The Government accept that they need to lower the stakes; they accept that damage has been done to individuals and families; they accept the fact that the ability to bet as much as £100 every 20 seconds on electronic casino games such as roulette is shocking; and they accept the campaign by anti-gambling campaigners that highlights the fact that machines let people lose money too quickly, leading to addiction and social, mental and financial problems.

The Minister responded to the previous speaker, the hon. Member for North Ayrshire and Arran (Patricia Gibson), about things we must address, including online gambling and how it is promoted on TV. At this early stage, I would also like to put down a marker about scratchcards. I was just telling a story to my hon. Friend the Member for South Antrim (Paul Girvan). One day, I saw a lady with two children in a shop. She probably did not have £5 to spare. She was ahead of me in the queue and she put down £5. I was not being nosy, but her wallet probably only had two fivers in it, yet she spent £5 on scratchcards. She went outside to rub the numbers off them and by the time I went outside I saw that not one of the cards was successful.

I thought to myself, “How very sad.” That lady was probably looking at her financial needs for that week being provided by the turn of a scratchcard, which did not deliver. Other things need to be done, but I look forward to the things that the Minister referred to in his intervention on the hon. Lady.

Those arguments had all been accepted, but rather than looking at the human cost it appears that the Government wished to shore up the finances and allow thousands more people to gamble everything away. The situation is like cancer research finding a cure to cancer and the NHS saying, “Well, we have all the chemotherapy, which needs to be used, so we won’t pay for the life-saving drugs until stocks are down. We can’t afford to do this.” That is horrific. I say to the Minister, with respect, that the more I see of this Government’s ability to put blinkers on and look only at one aspect—the pounds and the pence—rather than at the entire argument about the need to lower stakes, the more disheartened I become.

The Salvation Army, which deals with the problems that gambling brings to the community, has said:

“It is well acknowledged that FOBTs have caused concern across the political and social spectrum. FOBTs have been labelled the ‘crack cocaine’ of gambling. One gambler told us that he spent £2,000 a day on FOBTs at bookies without being challenged.”

Paul Girvan (South Antrim) (DUP): I appreciate my hon. Friend’s reference to the Salvation Army. One of the other issues that I have major concerns about—I wonder whether my hon. Friend agrees—is the accounts of people being given a line of credit of £1,500 without any credit checks on their ability to pay it back. People have been given a £1,500 line of credit and unfortunately it ends up being a potential noose—and I mean that—around their neck. That problem is arising and it is

caused by those who do not do checks. Any other financial industry would do checks to ensure the person had the ability to pay the money back.

Jim Shannon: I thank my hon. Friend for his wise intervention.

The Salvation Army also says:

“Another man who became homeless as a result of his addiction and who was helped by the Salvation Army lost over £30,000 on gambling machines.”

I do not think that there is one Member in this Chamber who would not be able to recollect a story of this kind from their constituencies. It is the story of the man who plays on a FOBT machine on a Friday night and puts all his wages on it, before going home to his wife, who is looking for the money to buy the groceries, and their children. Those are the stories of real life; those are the stories of addiction; and those are the stories that we want to stop in this Chamber today.

That is why we are keen for the Government to implement as soon as practicable the proposed maximum stake limit of £2 for FOBTs. It is of some concern that in the Budget the timeframe for implementation was to have been delayed to October 2019. We note that some campaigners said it would be possible to implement it in April 2019 and that the Government have acceded to that. That apparent delay was deeply disappointing. The right hon. Member for Chingford and Woodford Green referred to the amendment with over 100 Members’ names on it. What changed the Government’s opinion was those 100 names from across the Chamber. I am very pleased that we have achieved that change.

I agree with the change and I ask the Government simply to do the right thing. They seem to have been held to ransom by the gaming industry. Therefore, it should not have surprised me to see how the EU—I use this comparison; I am sure many Members will understand it—has held this proud nation of the United Kingdom of Great Britain and Northern Ireland to ransom, and how our Government have capitulated at the cost not of £400 million, the estimated lost tax revenue, but £39 billion, and, most importantly, the sovereignty of Northern Ireland and the sanctity of the Union.

You may not believe that the two are linked, Dame Eleanor, but they are. You may not believe that that should be mentioned in this debate, but it has been. The Government’s decision making is as flawed here as it is in selling Northern Ireland and the backstop. Do the right thing, stop allowing gambling addictions to destroy families and protect people from themselves, in the same way that people must wear a seatbelt whether they want to or not. Step in and step up. I support the amendment and I look forward to working with hon. Members to do even more in this Chamber to address gambling addiction in the years to come.

Amendment 16 agreed to.

Clause 61

REMOTE GAMING DUTY: RATE

Amendment made: 17, page 44, line 25, leave out “1 October 2019” and insert “1 April 2019”.—(*Gareth Johnson.*)

This amendment is consequential on Amendment 16.

Clause 61, as amended, ordered to stand part of the Bill.

Clause 62 ordered to stand part of the Bill.

Schedule 18 agreed to.

New Clause 12

REVIEW OF PUBLIC HEALTH EFFECTS OF GAMING PROVISIONS

“(1) The Chancellor of the Exchequer must review the public health effects of the provisions of section 61 of and Schedule 18 to this Act 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 those provisions in reducing the negative public health effects of gambling, and
- (b) the implications for the public finances of the public health effects of—
 - (i) those provisions,
 - (ii) the operation of the law relating to remote gaming duty and gaming duty if those provisions were not given effect.”—(*Ronnie Cowan.*)

This new clause would require a review of the public health effects of gaming provisions.

Brought up, read the First and Second time, and added to the Bill.

Clause 15

OFFSHORE RECEIPTS IN RESPECT OF INTANGIBLE PROPERTY

Question proposed, That the clause stand part of the Bill.

The First Deputy Chairman of Ways and Means (Dame Eleanor Laing): With this it will be convenient to discuss the following:

That schedule 3 be the Third schedule to the Bill.

Clause 16 stand part.

That schedule 4 be the Fourth schedule to the Bill.

Clause 19 stand part.

Amendment 19, in clause 20, page 12, line 26, at end insert—

“(8) The Chancellor of the Exchequer must, no later than six months after the passing of this Act, lay before the House of Commons a review of the effects of the changes to the controlled foreign companies regime made by this section.

(9) In circumstances in which the United Kingdom has left the European Union without a negotiated withdrawal agreement, the review in subsection (8) must consider the impact of this on those changes.”

Clause 20 stand part.

Clauses 21 and 22 stand part.

Amendment 3, in schedule 7, page 223, line 27, in schedule 7, at end insert—

“(5) The Treasury shall by regulations require that a CGT exit charge payment plan be published on a public register.”

This amendment would require the beneficiary of a trust entering a CGT exit charge payment plan to provide information about the source of its income on a public register.

Amendment 4, page 227, line 13, at end insert—

“(2B) The Treasury shall by regulations prescribe a CGT exit charge payment plan be published on a public register.”

This amendment would require the beneficiary of a trust entering a CGT exit charge payment plan to provide information about the source of its income on a public register.

That schedule 7 be the Seventh schedule to the Bill.

Clause 23 stand part.

That schedule 8 be the Eighth schedule to the Bill.

Clauses 46 and 47 stand part.

Amendment 23, in clause 83, page 60, line 8, at end insert—

“(8) No regulations made be made under this section unless the Chancellor of the Exchequer has laid before the House of Commons a report on how the powers in this section are to be exercised in each of the scenarios in subsection (9).

(9) The scenarios to be considered in the report under subsection (8) are—

(a) if either of a—

- (i) negotiated withdrawal agreement, or
- (ii) framework for the future relationship with the European Union have not been ratified under section 13 of the European Union (Withdrawal) Act at the time of the United Kingdom ceasing to be a member of the European Union, and

(b) if both of a—

- (i) negotiated withdrawal agreement, or
- (ii) framework for the future relationship with the European Union have been ratified under section 13 of the European Union (Withdrawal) Act at the time of the United Kingdom ceasing to be a member of the European Union.”

Clause 83 stand part.

New clause 5—*Impact analyses of the anti-avoidance provisions of this Act*—

“(1) The Chancellor of the Exchequer must review the impact of—

- (a) section 15 and Schedule 3,
- (b) section 16 and Schedule 4,
- (c) sections 19 and 20,
- (d) section 22 and Schedule 7,
- (e) section 23 and Schedule 8,
- (f) sections 46 and 47, and
- (g) section 83

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 impact of those provisions on child poverty,
- (b) households at different levels of income,
- (c) the impact of those provisions on people with protected characteristics (within the meaning of the Equality Act 2010), and
- (d) the impact of those provisions on different parts of the United Kingdom and different regions of England.

(3) 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.”

This new clause requires the Chancellor of the Exchequer to carry out and publish a review of the effects of the tax avoidance provisions of the Bill on households with different levels of income, on child poverty, people with protected characteristics and on a regional basis.

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

“(1) The Chancellor of the Exchequer must review the effectiveness of—

- (a) section 15 and Schedule 3,

- (b) section 16 and Schedule 4,
- (c) sections 19 and 20,
- (d) section 22 and Schedule 7,
- (e) section 23 and Schedule 8,
- (f) sections 46 and 47, and
- (g) section 83

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 2019 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.

New clause 14—Review of effectiveness of provisions on tax avoidance—

“(1) The Chancellor of the Exchequer must review the effectiveness of the provisions of this Act relating to tax avoidance and lay a report of that review before the House of Commons within six months of the passing of this Act.

(2) In this section, “the provisions of this Act relating to tax avoidance” means—

- (a) section 15 and Schedule 3,
- (b) section 16 and Schedule 4,
- (c) sections 19 and 20,
- (d) section 22 and Schedule 7,
- (e) section 23 and Schedule 8,
- (f) sections 46 and 47,
- (g) section 83.

(3) A review under this section must consider in particular—

- (a) the effects of those provisions in reducing tax avoidance and evasion,
- (b) the effect of those provisions in inducing new tax avoidance measures unanticipated by the Act, and
- (c) estimates of the efficacy of the provisions in reducing the tax gap in each tax year from 2018-19 to 2028-29.”

This new clause would require a review of the effectiveness of provisions on tax avoidance.

New clause 15—Report on consultation on certain provisions of this Act (No. 4)—

“(1) No later than two months after the passing of this Act, the Chancellor of the Exchequer must lay before the House of Commons a report on the consultation undertaken on the provisions in subsection (2).

(2) Those provisions are—

- (a) section 15 and Schedule 3,
- (b) section 16 and Schedule 4,
- (c) sections 19 and 20,
- (d) section 22 and Schedule 7,
- (e) section 23 and Schedule 8,
- (f) sections 46 and 47,
- (g) section 83.

(3) A report under this section must specify in respect of each provision listed in subsection (2)—

- (a) whether a version of the provision was published in draft,
- (b) if so, whether changes were made as a result of consultation on the draft,

- (c) if not, the reasons why the provision was not published in draft and any consultation which took place on the proposed provision in the absence of such a draft.”

This amendment would require a report on consultation undertaken on certain provisions of this Act – alongside new clauses 9, 11 and 13.

4 pm

The Financial Secretary to the Treasury (Mel Stride):

It is a great pleasure, again, to serve under your chairmanship, Dame Eleanor. The Government have always been clear that while taxes should be low, they must be paid, and that is exactly what we have delivered. Since 2010, we have secured and protected over £200 billion by clamping down on tax avoidance, evasion and non-compliance, and we have reduced the UK's tax gap to less than 6%, which is one of the world's lowest. In fact, if we were running at the level of the figures achieved under the last Labour Government in 2005-06, we would be deprived of sufficient income to employ every policeman and policewoman in England and Wales, so bringing in tax most certainly does matter.

We have led the way internationally in this respect, playing a leading role in the OECD's base erosion and profit shifting project, and taking unprecedented action to secure funding for our vital public services and to ensure that everyone pays their fair share. It is worth reflecting on the fact that we do not just collect tax for the sake of collecting tax, because very few people enjoy paying tax. We do it for a purpose, which is to keep our financial affairs in good order and to fund the doctors and nurses in our national health service, and so on.

Kevin Foster (Torbay) (Con): Does the Minister agree that we sometimes use tax to alter behaviour—for example, on tobacco and alcohol—as well as purely for funding? That is why measures to prevent the evasion of those duties are so vital to achieving public health gains, in addition to the obvious points in terms of the Treasury.

Mel Stride: My hon. Friend is entirely right. One thinks, for example, of the sugar levy to improve public health and to make sure that our young people, in particular, move towards a healthier diet. Tax can certainly have an effect in that respect. As my hon. Friend said, there is also the duty on cigarettes, tobacco, hand-rolling tobacco, and alcohol to make sure that as well as just raising revenues, we change behaviour in a way that is conducive to the public good.

Bob Stewart: My right hon. Friend has not mentioned fairness in taxation. That is another principle that we must use for taxation. Fairness implies that the people who have the least pay the least and that those who can afford it pay more. I am quite sure that the Government are fully aware of that point when raising taxation.

Mel Stride: I thank my hon. Friend for that important intervention. He is absolutely right: fairness has to be the heart and soul of any progressive taxation system, along with competitiveness—we want to keep rates down—and the importance of tax being paid, as I have been elaborating on. On his specific point, we were of course able to announce in the recent Budget—this forms part of the Bill—the increase in the personal allowance, which is now up to £12,500. Bear in mind that in 2010 the personal allowance was about £6,500.

[*Mel Stride*]

The personal allowance is, of course, the amount that an individual can receive by way of earnings without those earnings falling due to income tax. Any increase in the personal allowance does indeed have a disproportionately beneficial impact on the lowest-paid in our country. Since 2010, in fact, we have now removed some 4 million people in total from tax altogether.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Whatever the merits or otherwise of increasing the personal allowance, which we support in the Bill, surely the Minister recognises that the gain for every person taken out of the bottom rate of income tax in the personal allowance is worth double to people paying the top rate of income tax. Clearly, if someone is paying the top rate of income tax, every £1 of the personal allowance is a greater saving than at the basic rate.

Mel Stride: The hon. Gentleman says he supports our changes to the personal allowance in the Budget, but that was not reflected on Second Reading, when the Labour party voted to reject our tax measures. Indeed, it has been widely critical of our measures to reduce taxation for some 32 million people up and down the country. He will probably be tired of my rehearsing the very important fact that the wealthiest 1% are paying 28% of income tax—a far higher proportion than when Labour was in power, when the figure was 24%.

Jonathan Reynolds: That's not an answer.

Mel Stride: It might be an answer the hon. Gentleman does not like, but it is most certainly an answer.

Jonathan Reynolds: Is it not a fact that everyone in the Chamber, because they pay the top rate of income tax, will disproportionately benefit from the rise in the personal allowance, because every pound of it will be taken out of income on which we pay that top rate? Clearly, then, the gain to all of us as top rate taxpayers will be greater than for people paying only the bottom rate of income tax.

Mel Stride: As I have already said, not only do the wealthiest in our society pay a very large proportion of all tax, but under this Government we have seen significant increases in the national living wage. It rose by 4.4% last April, and through the Bill—I am proud to say—we are putting on to the statute book an increase next April of 4.9%. That is well in excess of inflation and will help the very people that both our parties are committed, in our different ways, to assisting—although our measures are more practical than those suggested by the Labour party.

James Cartlidge (South Suffolk) (Con): On the point about the higher rate, it was my experience as an employer that if, say, a member of sales staff paying basic rate tax did very well in a given month, got commission or a bonus and as a result experienced a sudden, sharp increase in their tax that month, it reduced the incentive on them next time. I welcome the changes to the higher rate because of the impact on incentives and therefore on productivity and so on.

Mel Stride: My hon. Friend makes an important general point about taxation. As we know, very high taxation has a number of undesirable impacts, not just on individuals and businesses, but on the economy and, through that, the general tax take and our ability as a society to fund our public services, and one of those impacts is that which he rightly raises: the disincentive to go out and produce and create the wealth upon which we all depend. It is the duty and mission of this Government, generally across the piece, to keep taxes as low as possible.

Since 2010, the Government have introduced more than 100 measures to combat avoidance, evasion and non-compliance, but this alone is not enough. To support these measures, it is vital that HMRC be well funded and well staffed. That is why we have invested an extra £2 billion since 2010 in HMRC and why we have 24,000 members of HMRC staff dedicated to tackling avoidance, evasion and non-compliance.

Chris Stephens (Glasgow South West) (SNP): How many of those 24,000 members of staff are employed in the HMRC's wealthy unit, which, as the Minister knows, is the key driver in tackling tax avoidance?

Mel Stride: It is one of the key drivers in tackling tax avoidance and the tax gap—the tax gap occurs not just with individuals but with large corporations and small businesses. I do not have the precise number, but I am happy to write to the hon. Gentleman with that information. What I can tell him is that, at any one time, about 50% of the largest 200 businesses in the country are under investigation, not necessarily because they have done anything wrong but because, logically, HMRC should be looking particularly carefully at the businesses that are making the largest profits and generating the most.

This investment is paying off. In 2017-18 alone, HMRC secured and protected more than £30 billion in additional tax revenues which otherwise would have gone unpaid. That was a year-on-year increase of £1.4 billion.

We know that some large multinationals have been able to avoid tax by exploiting gaps and mismatches in the international tax system. International leadership was required to address the situation, and that is exactly what the Government have provided. We were at the forefront of the OECD's base erosion and profit shifting project, which agreed major reforms to the international tax system, and we have taken the lead in implementing these recommendations in domestic legislation. We have also been a strong supporter of the EU anti-tax avoidance directive, and we have helped to shape the common approach that it provides for tackling avoidance in the European Union.

Bob Stewart: I thank my right hon. Friend for giving way to me again. For the sake of fairness, we must of course ensure that multinational companies making profits in our country contribute properly to the economy of the country. I hope very much that we can somehow link the profits made in the United Kingdom very closely to the amount of tax that is paid. At the moment some international companies are behaving appallingly in the way in which they handle their tax affairs, and we must sort that out.

Mel Stride: As always, my hon. Friend has made a critical and important point. I took him to be alluding, at least, to the issue of technology businesses—typically, social media businesses, search engines and certain online marketplaces—which, while making substantial profits in our country as a consequence of the interaction of UK users with the digital platforms that they host, are not paying a commensurate level of tax. That led the Chancellor, in the recent Budget, to announce our move towards a digital services tax, whereby we will not be addressing a question of avoidance—it is important to make that point—but will be bringing the international tax regime into the 21st century, so that we can tax profits not just on the basis of where the bricks and mortar may be, where the staff may be, where the intellectual property may reside or where the commercial risks and decisions are being taken, but on the basis of where this particular type of value generation is occurring.

While we have said that we will seek to move forward in a multilateral manner, because we recognise the dangers of double taxation in the event that we move unilaterally, we have made it very clear that we will introduce this measure ourselves as a first mover, or one of the first movers, of the leading countries in the world. We think that it is only right, and we believe that the public feel that it is only right, for these very large businesses to pay an appropriate level of tax.

Eddie Hughes (Walsall North) (Con): The Minister says that members of the public would expect that. Can he give some examples of intangible assets, so that people watching the debate at home in Willenhall and Bloxwich can be better informed?

Mel Stride: That is a very good question. In the case of the digital services tax, we are no so much talking about intangible assets, although elements of the Bill—indeed, clauses in this group—relate to ensuring that profits are not artificially shifted as a result of money being moved around in respect of such assets. Here we are talking more about digital platforms, and a particular method of value creation that results from the interaction of UK users with those platforms. However, in terms of intangible assets and intellectual property we might think, for example, of the rights of a particular business based in the UK to carry on business using the branding, know-how and knowledge of a particular piece of intellectual property held in a low or no tax jurisdiction. Any royalties moved from the UK out to that low or no tax jurisdiction will be a form of profit shifting that might be artificial and simply designed to reduce a corporation's tax bill, which is why we have particular measures in this Bill to address exactly that situation.

4.15 pm

As I have said, this investment is paying off. In 2017-18 alone, we raised an additional £30 billion. When individuals have engaged in tax avoidance, we have brought in a variety of important measures, including to tackle the way in which some people structure their affairs for the purpose of avoiding tax, and to deal with cases of aggressive tax avoidance, such as disguised remuneration, which is being addressed by the loan charge.

Along with effective collection, we are determined that taxes themselves should be as low as possible, and the House will note the reduction in corporation tax

and income tax that this Government have delivered. Our increases to the personal allowance took 4 million of the lowest paid out of income tax entirely between 2010 and 2015, and a further 1.74 million people will be taken out of tax by 2019-20.

Collectively, our approach and the measures set out in the Bill ensure that taxation in our country is competitive, fair and paid. The Bill shows our continuing commitment to crack down on tax avoidance and evasion wherever we find it.

Chris Stephens: The Minister gave me a written answer yesterday to a parliamentary question about higher rate Scottish taxpayers who register themselves elsewhere in the United Kingdom. He responded by saying that Her Majesty's Revenue and Customs holds no data on that. On reflection, does he not think that HMRC should be tackling those trying to avoid tax, specifically the higher rate tax in Scotland?

Mel Stride: The hon. Gentleman will, of course, be very aware of the devolution of various elements of our tax system to Scotland, and the issue he identifies is fundamentally driven by the different relative rates of taxation in Scotland and in the rest of the United Kingdom. I would argue that it is incumbent upon the Scottish Government to do as the UK Government do where these matters are reserved, which is to keep taxes as low as possible. I know that Conservative Members representing Scottish constituencies are most keen to deliver that for their constituents.

As we announced at the autumn Budget in 2017, the Government are legislating in this Bill to tax income from intangible property held in low-tax jurisdictions to the extent that it is income that relates to UK sales. Today some large multinationals are able to unfairly reduce their tax bill by arranging to hold their intangible property in offshore entities. That is unacceptable, and we are now going further to level the playing field. Clause 15 requires multinationals that continue to earn intangible property income in low-tax jurisdictions to pay UK income tax on the proportion of that income that relates to UK sales.

Tax avoidance is not limited to large multinationals of course; businesses of all shapes and sizes attempt to unfairly shift UK profits to jurisdictions where they expect to pay less tax or perhaps no tax at all, so clause 16 introduces carefully targeted anti-avoidance rules to prevent these UK businesses from avoiding UK tax by shifting their profits to lower-tax jurisdictions. The clause targets contrived arrangements that, in broad terms, aim to avoid tax by transferring the profits of a UK's business offshore in a way that would not be agreed between independent parties.

James Cartlidge: I very much agree with my right hon. Friend on this point. Is it not also true that our small and medium-sized enterprises, particularly those that are currently struggling, perhaps including high street businesses, do not have a cat in hell's chance of running such schemes? They do not hide their profits and they do not mix and match around territories, so we need a level playing field.

Mel Stride: My hon. Friend is absolutely right. The tax avoidance activities that I am describing are way beyond the reach of many businesses of a certain size

[*Mel Stride*]

up and down the country. Thinking particularly of our high street businesses, we have a duty to ensure that fixed costs in the form of taxes represented by business rates are reduced to the extent that they can be, and the Chancellor was able to announce a 30% reduction in business rates for those smaller retailers that typically populate our high streets. That was an extremely important move as we work, through our future high streets fund and other approaches, to enable our high streets to transition and become more vibrant and successful places.

Luke Graham (Ochil and South Perthshire) (Con): The Minister is talking about business rates. As a result of the Government's action, Scotland should receive about £43 million in additional Barnettised revenues. What work will he be doing with the devolved Administration to ensure that that will help high streets in Scotland as much as the Government are helping high streets elsewhere in the UK?

Mel Stride: As a UK Government, we are always happy, and indeed keen, to work co-operatively with the devolved Administrations, including the Scottish Government, as my hon. Friend suggests. Ultimately, however, these will be decisions for the Scottish Government to make. It will be for them to decide how to spend the revenues that will come through by way of additional funding via the Barnett formula. I can only suggest once again—I think this echoes my hon. Friend's thoughts—that the best way forward is to keep taxes down and, in the case of Scotland, to have a country that is known for low taxation, rather than gaining a reputation for higher taxation.

Clauses 46 and 47 address the use of contrived arrangements that seek to avoid stamp duty on shares. The Government are aware that some corporate groups are transferring shares to connected companies for an artificially low consideration. The clauses create a targeted marketed value rule for transfers of listed shares to connected companies. This rule will prevent the use of artificially low consideration by charging stamp taxes on shares on the higher of the market value of, or the sum paid for, the shares transferred.

The Bill also re-emphasises our commitment to leading the way in implementing internationally agreed initiatives to combat tax avoidance. Clauses 19, 20 and 23 make changes to the UK's rules on controlled foreign companies, hybrid mismatches and corporation tax exit charges to ensure that they comply with the EU's anti-tax avoidance directive. The UK is a strong supporter of the objectives of the directive, as it will ensure that member states take a common approach to tackling tax avoidance. The UK's rules are already comprehensive, and they already meet or exceed most of the requirements set out by the directive, but some limited changes are needed to ensure that we are fully compliant in all areas.

Stewart Hosie (Dundee East) (SNP): On a point of clarity, the Minister has said that stamp duty on shares will be charged at either the market rate or the actual rate, whichever is higher. Will he confirm that shares will still be able to be sold below the market rate so long as the tax is paid on a marked market basis? Is that correct?

Mel Stride: The Bill will ensure that businesses that typically trade in and acquire shares pay the correct level of stamp duty on those shares, rather than paying a certain market rate having transferred the shares, perhaps internally to another company in the same group, in return for shares from that other company that had been valued at a lower level compared with the original purchase price of the original shares. By doing that, some companies have been exploiting a loophole and paying less stamp duty than they would otherwise have done. In case the hon. Gentleman is wondering, the distinction between the two clauses relating to this matter is that one relates to paper shares and the other to the electronic trading of shares in that manner.

Amendment 19 would provide for a review of the changes required to the controlled foreign company rules, which protect against the artificial diversion of profits from UK companies to low-tax jurisdictions, including with regard to the impact of a no-deal scenario. While the Government always keep the general tax system under review, a specific review of those provisions would be disproportionate. They are minor changes to ensure that the UK's anti-avoidance rules on controlled foreign companies are fully aligned with the direction with which the UK agreed during negotiations on the anti-tax avoidance directive, and there is no need for a review.

Clause 83 enables the introduction of new international rules requiring tax advisers to report to HMRC certain cross-border arrangements that could be used to avoid or evade tax. That information will allow HMRC to build up the full picture of such arrangements. Following a consultation next year, the Government will introduce secondary legislation containing further details of the rules. We have played a leading role in designing that approach, which forms part of our ongoing work to champion international tax transparency and to tackle offshore tax avoidance and evasion.

Amendment 23 would require the Government to publish a report on how clause 83 will be exercised under various EU exit scenarios before making the proposed regulations. However, the Government are already committed to a formal consultation on the proposed regulations, and all practical aspects of implementing the regulations and EU exit will be taken into consideration as part of that consultation.

As we depart from the EU, we must continue to honour existing commitments. That is why we are allowing capital gains tax in respect of exit charges to be paid in instalments. Exit charges can arise on unrealised capital gains when a trust ceases to be UK resident, or if a non-resident individual either ceases to trade through a UK branch or agency or moves trading assets abroad. Exit charges ensure that tax cannot be avoided by moving assets overseas. Clause 22 retains those rules. However, when such entities choose to move their place of residence within the European economic area, they will now be given the option to defer the payment of tax, paying in six equal annual instalments with interest, which will not reduce the amount of tax that is due.

Opposition amendments 3 and 4 would require the beneficiary of a trust that pays capital gains tax on an instalment basis to provide information about the source of its income in a public register. That requirement is disproportionate and unnecessary. Migrating trusts seeking to use the scheme will have paid UK tax, so their

income sources will have been declared to HMRC. Information about the nature of the trust's assets will also be held on the trust register, which applies to trusts with a UK tax liability and is available to law enforcement agencies. Consequently, there is no need for further reporting.

New clause 5 would require the Government to carry out a review of the equality impact of some of the Bill's anti-avoidance provisions. The tax information and impact notes published alongside the measures already set out the impact of anti-avoidance measures in the Bill on those sharing protected characteristics. In general, they show that HMRC does not expect the measures to have notably different impacts on people according to their protected characteristics.

New clauses 6 and 14 would require the Government to publish a review of the effectiveness of the Bill's provisions to tackle tax avoidance and tax evasion, and to reduce the tax gap. Such a review is unnecessary. The Government keep all taxes under review and will continue to measure and publish annual statistics on the tax gap. I have little doubt that those statistics will continue to show that the tax gap is lower than at any time under the previous Labour Government.

New clause 15 would require the Government to publish a report on the consultation that we have undertaken on some of the measures in the Bill. The Government are committed to creating a more predictable and stable tax system. Our move to a single fiscal event timetable and the new tax policy-making process ensure that there is more time available to consult on new tax changes. In July, we published draft legislation or detailed technical notes on the majority of the measures covered by the clauses in this group to allow for consultation with interested parties. However, that approach is simply not appropriate for all tax avoidance and evasion measures. Publishing draft legislation can give those targeted by legislation the opportunity to make provision to sidestep it. Although I agree with SNP Members that consulting on tax legislation is important, I do not agree that it is necessary for us to produce a report.

Conservative Members will continue to be ever mindful of the simple fact that wealth and money do not belong to the Government. In fact, there is no Government money, only that which is generated by hard-working people right across our country. As such, we recognise that we have a duty to keep tax as low as possible to reduce its burden, most especially on the poorest in our society, and so protect living standards and nurture a thriving economy.

4.30 pm

That is our way, but the way of the Labour party is horribly different: hiking taxes; cutting net incomes; stunting entrepreneurship and growth; and killing the goose that laid the golden egg. Along with keeping taxes low, we have a duty to collect that which is due, for the taxes that are collected fund the public services that are so needed. Our record speaks for itself: a tax authority tirelessly clamping down on those who seek to avoid and evade; a country with one of the lowest tax gaps in the world; and a Government raising ever more money for our vital public services which, in turn, are the hallmark of a civilised society. The Bill carries on in that spirit—in that great Conservative tradition—and I commend these clauses to the Committee.

Anneliese Dodds (Oxford East) (Lab/Co-op): It is a pleasure to participate in this debate and to follow the Financial Secretary to the Treasury. I will speak to Labour amendments 3, 4, 19 and 23 and to new clauses 5 and 6.

As other Opposition Members have noted, it is disappointing, to say the least, that the Government have been unwilling to allow proper scrutiny and challenge of their proposals in this Finance Bill, as they have failed to introduce an amendment to the law resolution. Members will be aware that this approach has been used six times in the past century, each time necessitated by Budget provisions needing to be passed quickly.

Kevin Foster: This is about scrutiny.

Anneliese Dodds: Indeed. When we are unable to table amendments on provisions within a Budget, it is a severe restriction on the House's ability appropriately to challenge the Government's policies. In any case, if the Government can muster backing for their approach to prevent a change in policy, they can do so.

Kevin Foster: If the Labour party is so committed to scrutiny of this Bill, how come the Opposition Benches are virtually empty? The hon. Lady says that it is because Labour Members cannot table amendments, but they could come along and make speeches.

Anneliese Dodds: The hon. Gentleman has made the point for himself. It is precisely because we do not have the ability to table meaningful amendments that we are in this position. I am sure that he is aware that, when it was possible for Labour Members, often with other Members, to table meaningful amendments to Finance Bills, there was a huge amount of participation, such as when amendments were tabled on country-by-country reporting. Sadly, despite those amendments, we have not yet seen the change in Government policy that we would have liked. When the House is given the power, we exercise it; when we are not given the power, we are unable to exercise it.

As "Erskine May" sets out very clearly, in these circumstances, the only permissible amendments are "strictly limited to what is authorized by the specific resolutions on which the bill is founded."

Because of those restrictions, the Opposition cannot expand the scope of measures against tax avoidance and evasion beyond the very limited scope presented in the Bill.

There is a whole host of areas in which the Government should be taking action but where the Bill is completely silent. There has been no new approach from the Conservative Government on the verification of information supplied by companies when they register, despite widespread evidence of tax avoidance and money laundering being facilitated through the registration of fake companies via Companies House.

On shell companies, the Government have provided only a consultation on partnerships rather than action, and they have failed to use to any great extent their legal ability to impose fines on partnerships that fail to provide beneficial ownership information. Despite their consultation on a new offence of failure to prevent economic crime finishing more than a year ago, we still appear to have no more progress on that. Although our Government now have, as I mentioned, the legal means

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to require country-by-country reporting wholesale, following that amendment to a Finance Bill two years ago, when we were able properly to amend the Bill, they have refused to take up that option.

Despite this catalogue of failure, the Government continue to talk up their record. We saw this elevated to the level of farce last night, when Conservative central office—I assume—released a graphic on Facebook with the laughable claim that Labour had just voted against cracking down on tax avoidance. Labour has consistently advocated much stronger measures on tax avoidance than this Government have done. Indeed, the weakness of measures in the Bill is one of many reasons why we oppose it. The graphic included a background of palm trees, presumably a bizarre reference to our overseas territories. It is bizarre, given the woeful lack of action by our Government in this regard.

Chris Philp (Croydon South) (Con): Would the shadow Minister like to join me in congratulating the Government on having reduced the tax gap from 8% under the last Labour Government to 6% today, which is the lowest level in the developed world?

Anneliese Dodds: I will go on to talk about the assumptions that the Government currently use to calculate that tax gap, and the hon. Gentleman will learn that their claims to have massively reduced the amount of tax avoidance through that measure are potentially questionable, to say the least. Perhaps after we have had that discussion, we will see whether he still holds to that assessment.

Julian Knight (Solihull) (Con): While we wait for the hon. Lady to congratulate the Government on closing the tax gap, will she recognise that many of the steps taken in the Bill have to be taken in a way that is mindful of how international tax systems work and how we need to ensure that the tax we are gathering does not lead to companies leaving the UK and trading to it from international jurisdictions?

Anneliese Dodds: Of course we need a business-friendly tax environment, but we should also recognise, just as I find when I talk to many international businesses, as I do in my shadow ministerial position, that the vast majority of businesses want to be compliant. Sadly, a small number of firms are not necessarily complying with the letter of the law and some are also not complying with the spirit of the law. That is leading to a situation where our public services are starved of the funding we need, which has a huge impact on business, as I am sure the hon. Gentleman is aware through his discussions with businesses in his constituency.

Let me return to the matter of overseas territories, which strangely appear to be referred to in pictorial form in material released by Conservative central office. This Government were forced kicking and screaming by this House to require our overseas territories to produce public registers of beneficial ownership, but I understand that all that has happened since the vote that forced that change in policy is one conference call, leading to a vague commitment to convene a technical working group—but it is not going to meet until 2019. So we have had many months since that vote in this House but almost no action. In addition, rather than fulfil the

commitments the Opposition were given that our Government would work with Crown dependencies towards transparency, tax treaties were presented to this House last week that included no such provisions whatsoever.

The Minister has, as ever, opined that his Government have reduced the tax gap, and indeed other Members have just referred to that. I am sure, however, that he will not illuminate us with the fact that his Government's tax gap measure excludes the costs of profit shifting and that it starts from the assumption that companies are declaring the correct amount of tax, which surely begs the question. The tax gap for this Government is assessed on the basis of whether Her Majesty's Revenue and Customs has found errors or evidence of avoidance on tax returns, an approach that has rightly been criticised by the Public Accounts Committee, given that it leads to a situation where much of the tax lost through avoidance simply does not count as part of the tax gap. The Government's tax gap does not appear to include cases of avoidance or evasion that do not fall under existing legislation, so it fails to capture numerous loopholes that continue to be exploited simply because they are exactly that: loopholes.

Chris Philp: Did I detect a sigh when the hon. Lady gave way? She is questioning the basis of the tax gap as a sign of progress, so let me try a different statistic that she might feel better about. The amount of corporation tax collected has gone up from £35 billion a year to £55 billion a year; is that not evidence that these tax-raising measures are effective?

Anneliese Dodds: I am always delighted to hear from the hon. Gentleman, but when he talks about the tax-gap measurement, he is talking about his Government's tax-gap measurement, not one that is universally accepted. In fact, it is quite the opposite, and many alternative measures suggest that much larger amounts of tax are being avoided and, indeed, that larger sums could be rectified if tax evasion was dealt with. Yet again, we hear this comment about the cut to the corporation tax rate. I am sorry to sound like a stuck record, but I have to remind the hon. Gentleman that every expert commentator on this matter has intimated that the rise in the corporation tax take is not because of the cut to the rate and that, in fact, had the rate not been cut, more revenue would have accrued to the Treasury. As I will go on to discuss, that revenue could have been used to support public services and social security for our constituents.

James Cartlidge *rose*—

Julian Knight *rose*—

Anneliese Dodds: My goodness—who to choose!

James Cartlidge: The hon. Lady will be sighing a bit more when I point this one out. It is very kind of her to give way. She said that the tax take has not gone up because of the rate cut, and she is absolutely right: above all, the reason the tax take has gone up is that the economy has been growing very strongly.

Anneliese Dodds: I am sorry that the hon. Gentleman views as a badge of pride the recent growth statistics. I would never talk down the British economy—it has a huge amount of promise—but I am deeply concerned

about the fact that our growth statistics, particularly for the future, have been revised down. For next year and the following year, I believe that they are 1.6% and 1.4%, so they have been revised down. In the past, in normal times, we would have viewed growth statistics of that kind as a failure. Of course I am pleased that our economy is finally growing again—it was, of course, growing when Labour left office—but I am none the less deeply disappointed that we are not reaching the same levels of growth as many of our competitor countries.

Several hon. Members *rose*—

Anneliese Dodds: With the Committee's permission, I shall continue with my comments.

We need a far more serious and engaged approach to countering tax avoidance and evasion. Our amendments are an attempt to provide that—at least within the scope of the limited measures in the Bill. First, with amendments 3 and 4, we are calling for public registers for beneficiaries of trusts who have relocated or plan to relocate to other EEA countries and who seek to defer their corporation tax exit charges, or those relating to capital gains tax, through a payment plan, as the Minister intimated. The Government's action in this policy area has been necessitated by recent decisions of the European Court of Justice, which considered the compatibility of member state exit charges with article 49 of the treaty on the functioning of the European Union.

As the Minister intimated, the measures in the Bill will enable those who adopt an exit charge payment plan to pay in six equal instalments, albeit with interest. Given that this approach is necessitated by EU law and applies to individuals and trustees who move to another EU or EEA country, and given that some Government Members sadly flirt recklessly with the prospect of a no-deal Brexit, I would have expected the Government to explain what might happen in this policy area as our relationship with the EU changes. That was not the case in respect of the information about these measures that we were given; nor does anything in the Bill lead us towards greater transparency for trusts, which is desperately needed.

As of January this year, all trusts that pay beyond a very modest level of tax have had to register with HMRC through its trust registration service, but that is a private register, not a public one. The new iteration of the EU's anti-money laundering legislation will require changes in the UK approach. First, it makes business-like trusts and those managed in the EU subject to reporting requirements, so potentially enlarging the category of trusts that have to register. Secondly, it enables parties with a legitimate interest to access information about those trusts—not just law enforcement agencies as currently—although the decision on who qualifies as having such a legitimate interest will be under the discretion of member states. Finally, this new legislation requires trusts owning EU companies to disclose full information about trustees, settlors and beneficiaries.

4.45 pm

The Conservative Government are shifting policy on exit charge payment plans in the interests of the firms and individuals who benefit from that deferral of tax, but they are not changing policy to make trusts more transparent, which will soon be required by the EU. That amounts to yet another contradiction within the

Government's proposed relationship with the EU, but perhaps that was predictable, given the Conservatives' long-term determination to protect trusts from scrutiny by tax authorities and those with a legitimate interest in their beneficial ownership. It is most explicit in David Cameron's personal intervention to try to block EU action in this area.

Helen Goodman (Bishop Auckland) (Lab): My hon. Friend is making a fantastically good forensic case this afternoon, but I am still not sure whether I fully grasp the point. Is she saying that the Government have still not set out how they intend to collaborate with the European Union on information sharing for tax purposes, and/or is she saying that this will be an excuse for a lighter tax regime in this country and in the other EU member states, which will no doubt be taken into account when the future framework is being negotiated?

Anneliese Dodds: I am very grateful to my hon. Friend for her comments. In fact, I will go on to say both, because that is precisely our concern. So far, the Government have been incredibly vague about what commitments they will make on tax matters in relation to preventing avoidance and evasion. Furthermore, we have had some very, very unhelpful comments—to put it extremely mildly—from the Government about whether they might seek to undercut the rest of the EU on tax matters. I know that my hon. Friend follows these matters very closely, as she does money laundering matters, where I argue that we have not been clear enough about how we will collaborate with others into the future.

Our new clause 5 is directed at another Government blank spot: the distributional impact of their tax measures. It would require an equality impact assessment of the Government's tax avoidance measures in relation to child poverty, household income levels, people with protected characteristics, and our nations and regions. That assessment is necessary because of the continuing leakage from our tax system owing to avoidance as well as evasion. Failure to deal with avoidance has put pressure on the rest of the tax system, which, as I have just mentioned, has been exacerbated by unnecessary tax cuts to the very best-off people and to profitable corporations. As many independent observers have noted, these tax cuts have tended to benefit the very best-off people and often men rather than women, while £4 out of every £5 cut from Government budgets has fallen on women's shoulders. The Women's Budget Group has shown how, out of all household types, lone mothers have been the hardest hit by cuts to services and tax and benefit changes, followed by lone fathers and single female pensioners. Among lone mothers, it is black and minority ethnic women who have lost the most.

Bim Afolami (Hitchin and Harpenden) (Con): Is the hon. Lady suggesting that we should have differential tax rates for men, women and different ethnic groups?

Anneliese Dodds: I am grateful for the intervention, because it enables me to make the answer clear. Absolutely not. We are asking for something very simple. Sadly, it is something that this Government have not been willing to provide, which is the information about tax incidence. We do not have that information to the extent that the House needs. The process of analysis has been left to

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bodies such as the Women's Budget Group and the Child Poverty Action Group. They have to crunch the data. That is an activity that should be carried out by Government, so that we as Members are able appropriately to scrutinise their policy and practice. We do not have that information at the moment.

James Cartlidge: The hon. Lady is being very generous in giving way. As a rejoinder and as a follow-up to the intervention by my hon. Friend the Member for Hitchin and Harpenden (Bim Afolami), that is not the point he was making. He is saying that the implication is that, to change the system, we would need to have discriminatory tax policies to effect a different impact. We cannot just assess it; for it to be different in practice, the measures, by definition, would also have to be discriminatory.

Anneliese Dodds: I fear that the hon. Gentleman has yet again made the point for himself. This Government's approach to taxation so far has affected different groups disproportionately. We can call that discrimination, unequal impact or whatever we like. The fact is that we found out about that not through Government figures, but due to analysis conducted by other bodies. We had a lengthy debate about this during the last Finance Bill, and I am very happy to run through all the arguments again. I suggest, however, that it might be easier for him to read analysis by those expert bodies, which will make the point more eloquently than I could.

Rachel Maclean (Redditch) (Con): The hon. Lady is extremely generous in giving way. I wonder whether she will accept a point made by a member of one of the groups about which she is speaking—that is, by a woman. Does she accept that there are more women in work now due to this Government's measures, making women better off compared with the legacy left by her party's Government, of which I accept she was not a member?

Anneliese Dodds: I appreciate the hon. Lady's comments, but is she aware that under her party's Government, moving into work is sadly no longer the route out of poverty for huge numbers of working women? For example, two thirds of children living in poverty are in working households. Previously, someone who could obtain a job with enough hours would be able to climb out of poverty. That is no longer the case in the UK. Furthermore, as I just mentioned, those who have analysed the impact of tax and benefit changes on different genders have shown very clearly—it is simple to look at the statistics—that £4 out of every £5 cut by this Government have been cut from the pockets of women and from the services that women use.

Rachel Maclean indicated dissent.

Anneliese Dodds: The hon. Lady can shake her head at me, but she should shake her head at the Women's Budget Group, which has shown this very clearly.

Chris Stephens: On seriously tackling the tax gap and the lack of analysis that the hon. Lady is identifying, could one of the reasons possibly be the meat cleaver that was taken to the HMRC office network, meaning that there is now a lack of local knowledge? Also, should

not the Government employ as many people to tackle tax avoidance as they do for Department for Work and Pensions social security fraud?

Anneliese Dodds: I know that the hon. Gentleman has worked on the issue of cuts to HMRC's capacity, as have many Members across the House. I will return to that important issue soon, because sadly the reality does not reflect the rather rosy picture that we were provided with by the Minister on that subject.

I return to the distributional impact of this Government's tax measures. We had an interesting discussion about fairness following some comments by the hon. Member for Beckenham (Bob Stewart), who is no longer in his place. The Minister intimated that he was in favour of a fair tax system and said that the wealthiest people pay a large proportion of all tax. He is absolutely right: the wealthiest people do pay a large proportion of income tax. That is because of how wealthy they are. However, if we look at the impact of the tax system on different income groups, we find—I should not say “we” because it is the Office for National Statistics that has discovered this—that the best-off 10% of people pay less of their income in tax than the worst-off 10%. I note that the Conservatives did not contest this statistic when it was mentioned in the House yesterday. Surely that is a ringing indictment of their approach to taxation.

Chris Philp: I am delighted that the shadow Minister has given way once again, without sighing this time. The poorest in society are not in tax at all thanks to the increase in the threshold. The richest 1% do indeed pay 28% of tax, but they only earn about 12% of all income, so she will see that the amount of tax they pay is a great deal higher than their share of income.

Anneliese Dodds: It is always a pleasure to hear from the hon. Gentleman, who is always a very friendly face. Sadly, however—I feel bad doing this—I do have to correct him on two of the points that he mentioned. He stated that the poorest people will not pay any tax at all. That is simply not the case. Of course, they will pay—[Interruption.] No, no—he said “any tax”. Let us be clear: of course, large numbers of very badly off people pay a lot of value added tax, which is a regressive tax, even with the exemptions that apply to it.

In addition to that, increasing numbers of low-income people across this country are now paying council tax, many of them for the first time, because of the swingeing cuts that the hon. Gentleman's Government have delivered to local authorities' budgets for council tax relief. So we now have very large numbers of very-low-income people being taken to court because they are unable to pay their council tax. That situation is novel in our country but some might say it approximates things that happened back in the 1980s, which I am sure that the hon. Gentleman is too young to remember but which the history books have certainly not forgotten.

We also need a thorough understanding of how the failure to tackle tax avoidance affects our different regions, given that austerity's impact on incomes has been strongest in areas that were already struggling economically. We need a thorough impact assessment of the impact that the failure to deal with tax avoidance is having on child poverty. Yesterday Ministers tried to

deflect attention from their record on poverty by using only figures on absolute poverty. They never speak about the measure that is instead used by most academics and experts—relative poverty—because they know that more children are now living in relative poverty under their watch: almost a third of children, in fact. The problem is such that the chief executive of the Child Poverty Action Group has described the Conservative Government as being “in denial” on child poverty.

I will explain why we need to look at relative poverty. We should not look simply at whether people are destitute, as measured by absolute poverty, even though, sadly, many are having to resort to food banks for bare necessities; we also need to look at what people’s incomes are in relation to the living standards that everyone else enjoys. That is why the concept of relative poverty measures whether people are poor in relation to median-income people. Relative poverty matters because it shows whether people can afford to live a decent life.

Kevin Foster: That is what absolute poverty measures.

Anneliese Dodds: No, it does not. Absolute poverty measures whether people can afford the bare necessities of life. To be able to participate in society—in their communities—they cannot fall so massively behind the median income. We are talking about families whose children cannot go to birthday parties for their friends because they cannot afford a card and a present. For me, that is a failure of our society, and it is to do with relative poverty, not absolute poverty. Over 4 million children in this country are classified as living in relative poverty, and that number is rising, not diminishing.

Luke Graham *rose*—

Bim Afolami *rose*—

Anneliese Dodds: I will press on for now.

Labour’s new clause 6 would require a review of the Government’s measures presented in this Finance Bill on tackling avoidance, evasion and the tax gap. It would enable us to consider whether the Government’s reactive approach is sufficient, when many of us suspect that it is anything but. Here we are reminded of one of the biggest gaps in this Bill. Despite much fanfare in the Budget, and indeed in the Minister’s comments just now, there is no digital services tax presented in this Finance Bill. Instead, there will be a consultation on the Government’s approach. Of course, even what is in that consultation is less stringent than European-level proposals, and it includes giant loopholes in its safe harbour and double threshold elements.

The hon. Member for Walsall North (Eddie Hughes)—who is still in his place, which is fantastic—talked about the regime for intangible assets. He is absolutely right that we need tax authorities to deal with these issues more appropriately. When I think about the major strides that have been made on taxing profits arising out of those intangible assets, I think of the cases that have been taken by the European Commissioner for Competition against Starbucks and others. She showed, for example, that Starbucks’ intellectual property relating to its roasting processes was not based in the Netherlands, as it claimed, and that that was just a ruse to avoid tax.

5 pm

The Government have not shown in this Finance Bill—or, indeed, anywhere else—how they will deal with very large multinational companies that have previously had their tax affairs challenged through the action of the Competition Commissioner when we are outside the EU. We still have a lack of clarity on our competition policy following the transition period and sadly, that is not dealt with in the Bill. I agree with the hon. Member for Walsall North that we should look at that significant problem.

Bim Afolami: Does the hon. Lady accept that, when we are dealing with the complexity of international tax treaties, judicial precedent and the rule of law, and given that those treaties and lots of judicial precedent were established at a time when we did not have multinationals in the way we do now, it is only prudent to consult properly before we put measures in place? Does she also accept that this Government have been a leader, according to the OECD and the IMF, in dealing with the problem that she outlines, and that she is not being fair at all?

Anneliese Dodds: I am grateful for the hon. Gentleman’s intervention. However, I am sorry to point out that he is slightly behind the times when it comes to the operation of tax treaties. Those are now multilateral, following the development of the OECD’s multilateral instrument, which aims to amend tax treaties for all signatories, including the UK, in a thorough manner.

Bim Afolami: I thank the hon. Lady for giving way again. The whole point is that this is all a work in progress, as she would accept.

Anneliese Dodds: That appears to be a slightly different point from the one the hon. Gentleman was making a moment ago. None the less, I agree that this is a work in progress. Sadly, our Government and Conservative Members in other jurisdictions have not always been promoting that process. I gently remind him that his colleagues in the European Parliament have consistently voted against measures that would increase tax transparency and have consistently not supported attempts to hold inquiries into, for example, the Panama papers and the Luxembourg leaks. I hope that, at some point, they will catch up with the need for more tax transparency and enforcement. Perhaps he could encourage them; that would be enormously helpful.

It is positive to see in this Finance Bill that the Government have adopted some of Labour’s proposed measures in our tax transparency and enforcement programme. They have finally seen the light on giving HMRC back preferred creditor status. They appear to be undertaking some action against umbrella agencies exploiting the employment allowance. They also appear to be looking towards creating an offshore property levy, although it is unclear to me, even following the Minister’s comments, how appropriately that will be targeted, given that it lacks the precision of Labour’s proposed oligarch property levy. But there are few additional measures in the Bill beyond what is already required by either the EU or the OECD, showing an abject lack of ambition and commitment from this Conservative Government.

[Anneliese Dodds]

Underlying all this, as the hon. Member for Glasgow South West (Chris Stephens) said, is the Government's failure to appropriately staff HMRC to deal with tax avoidance and evasion and their determination to press ahead with its reorganisation, despite evidence that it is haemorrhaging experienced staff. Some additional money has been provided, which the Minister referred to in his speech. However, we still lack clarity on exactly where that money will go. The Government have committed to provide 5,000 additional customs staff. I still do not know where they will go. We are looking at a situation where, due to the regional reorganisation, there will not be a single HMRC hub along any of the south coast or beyond the central belt. Where customs officials will go is very unclear.

In addition, any additional money that is being provided by the Government, or at least much of it, will in any case just backfill what has been sucked out through the recruitment costs necessitated by the need to replace staff who have been lost due to the reorganisation process.

Rachel Maclean: The hon. Lady is painting a very negative picture, which I think is a shame. She should give this Government some credit for the fact that they have collected £71 billion more tax than would have been the case, given the tax regime, under Labour. That is £71 billion that has been collected. We all want to go further, but will she not welcome that money, which has gone into our public services?

Anneliese Dodds: I discussed a few moments ago how many of those measures are in fact disputed. It would be interesting if the hon. Lady could break down that figure. I suspect many of us would not agree that it reflects an accurate representation of the tax lost. In fact, as I mentioned, when profit shifting is taken into account, that figure is likely to be much larger.

I am very positive about the potential of our economy, and the potential of our tax officers, but I think they are being presented with an impossible task. I have talked to many of them—dozens of them—and they are very concerned about the future. They want to do a decent job, but they are being prevented from doing so a lot of the time, sadly, due to the Government's determination to press ahead with this reorganisation programme.

Eddie Hughes: Is the hon. Lady aware that, following the Government's consultation on their intentions for an increased tax take on intangible assets, they have introduced an allowance of £4 million to make amendments to computer systems and to employ more staff so that they can monitor compliance with these new tax regimes? Will she welcome that?

Anneliese Dodds: I am grateful to the hon. Gentleman for his intervention but, as I have said, some of the new staff coming in are replacing other staff who have been lost. In fact, when we look at those data, we see that over 17,000 staff years of experience in HMRC have been lost through redundancy. I find that many more experienced specialised staff are talking about leaving our Revenue in the future if the Government press ahead with their reorganisation scheme.

Mr Jim Cunningham (Coventry South) (Lab): We have raised this many times and the hon. Member for Glasgow South West (Chris Stephens) has raised it as well. The Government are reducing the number of tax offices, in actual fact. They are closing the offices in Coventry. I do not know about the constituency of the hon. Member for Walsall North (Eddie Hughes), but people are having to go a long distance—16 miles to Birmingham—to deal with their tax problems.

Anneliese Dodds: As always, my hon. Friend has made an important point. We are seeing the loss of many experienced staff in these offices, which is not only a problem for HMRC, but an enormous problem for local economies.

Over the past couple of months, I have visited 10 of the locations where HMRC offices have either already closed or are set to close, and I must say that there is huge concern about the implications for those local areas. They are often ones where it takes a long time to travel to other destinations and where it is impossible to travel to work to the new regional centres. As a result, we are losing much expertise within our Revenue service.

That is reflected in the statistics from surveys of HMRC staff. We see that HMRC staff morale is incredibly low, but we have no recognition of that by the Government or any understanding of the implications of that for the services that HMRC provides. Indeed, as Members have mentioned, that would become even more of a problem if HMRC had to attempt to sort out the customs and VAT chaos that would be caused by a no-deal Brexit.

Our uncertain future relations with the EU are at the root of the penultimate Opposition amendment that I will speak to, amendment 23. The amendment requires a consideration of the implications for cross-border tax information sharing of no deal and of the Government's withdrawal Bill arrangements. The European Scrutiny Committee asked for

“the Government's view on the value of continued UK participation in the wider system of exchange of information created by the DAC Directive”—

the directive on administrative co-operation—

“after the post-Brexit transition period ends, and how it will seek to secure the desired level of cooperation when it becomes a third country for the purposes of EU law.”

The Financial Secretary to the Treasury, who is sitting on the Front Bench again today, sent a letter in response at the end of April. On this point, however, his letter simply said that

“the Government recognises the value of the exchange of information in tackling tax avoidance and evasion and will address procedures for ongoing administrative cooperation, including the exchange of information framework set up—”

under the directive—

“within the scope of the wider EU exit negotiations.”

It is one thing recognising the value of information exchange, but it is quite another ensuring that it will continue. We really need clarity from the Government, not only about administrative co-operation but about other forms of information exchange.

For example, will the Government continue to participate in the code of conduct group, potentially with observer status? I have asked about that repeatedly, but as of yet I have received no answer. Will we participate in the

pan-EU database including information about trusts, which I referred to and which is due to be created as a result of the new iteration of the anti-money laundering directive? Will we continue to share information about tax rulings, those sweetheart deals concluded between HMRC and large taxpayers, which are not available to smaller taxpayers and which in some cases have rightly caused uproar when details of their provisions have leaked out?

The hon. Member for South Suffolk (James Cartlidge) referred to the need for a level playing field. Surely that applies in spades when it comes to transparency on tax rulings, so I am very disappointed that his Government have not yet provided that transparency. It is not clear how they will share that data with the EU27 in the future.

The Conservatives' mood music on this issue so far has been worrying. Not only has the Chancellor damaged relations with the EU27 by threatening to turn our country into a tax haven, but his party's MEPs—*[Interruption.]* He has. A number of Government Members are claiming, from a sedentary position, that that never happened, but many Opposition Members will recall precisely when he made those kinds of threats. I have talked to many colleagues from different political parties in EU27 countries who viewed those comments—

Sir Hugo Swire (East Devon) (Con): Will the hon. Lady give way?

Anneliese Dodds: I will give way when I have finished my sentence. I am so pleased that the right hon. Gentleman is so excited about participating in this debate. As I have said, I have talked to many politicians in EU27 countries who interpreted those comments—discussing a shift towards a Singapore-style model—as a threat. Of course, often when Government Members talk about a Singapore-style model, they omit to mention the huge amount of social housing, for example, in that nation, and other aspects of its business model. I suspect they have a rather different approach in mind when they talk about it.

Sir Hugo Swire: The hon. Lady, who speaks for the Opposition, said she can specifically say when my right hon. Friend the Chancellor made these assertions or claims. When were they made?

Anneliese Dodds: I would be more than happy to look up that reference and send it to the right hon. Gentleman immediately. I regret that he cannot remember his own Chancellor's words and that he is unaware that there have ever been comments from his Government suggesting that the UK may at some point shift towards a Singapore-style model. I regret that he is unaware of the comments that have so soured our relationship with the EU27, because I know that they have caused enormous problems for us. They have presented a picture of our country as seeking to undermine and undercut tax arrangements in the rest of the EU27. For that reason, it is enormously important that those comments should be counted.

If the right hon. Gentleman believes that his Government will no longer use that threat, I will be very pleased to hear it, and I would suggest that he perhaps has conversations with those members of his Government who have advocated that point of view.

Chris Philp: Will the hon. Lady give way?

Anneliese Dodds: I will not give way, because I fear that the Committee is losing patience with the length of my comments. *[HON. MEMBERS: "More!"]* It is wonderful to see so much interest in the topic of taxation; I only wish that were always the case.

The Conservatives' mood music on this issue has been worrying, as I have said. As I have referred to previously, the Conservatives' MEPs have consistently either voted against or abstained on EU-level measures to promote tax transparency, and the Conservative Government were, sadly, unwilling to meet representatives from the European Parliament's Panama papers investigative committee when they came to the UK.

Our amendment 23 would force these issues into the open and require a proper consideration by Government of how they could act to ensure proper data sharing, in order to combat tax avoidance and evasion. It is paralleled by our amendment 19, which would require the Government to undertake a review of our controlled foreign companies regime, with particular consideration of how it would be affected in the event of a no-deal Brexit.

The Conservative Government appear to treat countering tax avoidance as a game of whack-a-mole, rather than the long-term strategic approach that is surely required. As a result, we wish to press new clause 5 and amendment 23 to a Division.

In conclusion, the Government have no long-term plan for protecting the revenue on which our public services rely and appear to have no clear idea of how they will co-ordinate, or otherwise, our measures on tax avoidance with the EU27. A different approach is needed and my party stands ready to implement it as soon as we get the chance.

5.15 pm

Kevin Foster: It is a pleasure to speak in this debate, which is not the first I have ever taken part in on tax avoidance. We have all had some enjoyable banter across the Chamber, but I think it is worth paying tribute to the hon. Member for Oxford East (Anneliese Dodds) for the sheer number of interventions she was prepared to take when she knew they would be challenging. Not many Front Benchers are happy to do that, so it is worth putting it on record.

I spent two years as a member of the Public Accounts Committee, which looked at the details of HMRC's performance and in particular what work was being done to ensure that the taxes we set by law in this Parliament are collected. We need to be clear about what we are talking about when we talk about tax avoidance. In theory, someone who has an ISA savings account avoids some tax. That is not what we are talking about. What we are talking about is those who seek to use lawful methods, but stretch them to the point of incredulity.

Helen Goodman: The hon. Gentleman has just made the absolutely ludicrous and childish suggestion that buying an ISA is engaging in tax avoidance. For the avoidance of doubt, does he believe that HMRC includes ISAs in its calculation of the tax gap?

Kevin Foster: Normally I thank Opposition Members for their interventions, but that really was quite churlish. My point was that when people transfer their money from an ordinary savings account to an ISA they do not pay tax on the income from their savings, so guess what? They avoid a level of income tax. That is something we all think is right. It is how we incentivise saving and how many millions of people in this country save. So yes, tax is avoided but perfectly legitimately. That is not the point I am making, as the hon. Lady full well knows.

James Cartlidge: My hon. Friend is spot on: an ISA is technically a form of tax avoidance. The point, however, is that what irks our constituents is when international companies and others take advantage of avoidance schemes that may be lawful at the time, but which no normal citizen could in any way take advantage of—unlike an ISA, which is commonly available.

Kevin Foster: I thank my hon. Friend for that intervention, which gets to the point of the debate. Tax avoidance is when people create a very complex legal structure, for example having something offshore and routing it through a shell company. That is what we are targeting. People will look to minimise their tax liability; that is natural. I am talking about when it is clear that fictional legal companies are being created that do pointless activity or pretend to do something that is not being done, or when a value transaction is actually nothing more than just a wooden dollars transaction made with the intention of avoiding stamp duty or a liability. That is the point being made. We could go through the record of the Opposition before 2010 if we really wanted to, but we should focus on the issue itself. Tax havens did not just appear the day David Cameron walked into Downing Street—far from it.

The PAC looked at Google's affairs. Before I sat on the PAC, I thought that a double Irish might be a drink and that a Dutch sandwich might be something involving Edam cheese. Actually, they were both ways in which corporations sought to avoid tax and route their profits into tax haven jurisdictions where the level of tax paid versus GDP was rather suspicious, or into islands, particularly Bermuda, where the amount being declared versus what the real economic activity was likely to be was rather suspicious. I will talk more about intangible property areas in a minute. The Dutch sandwich was an idea created by the Dutch Government to try to get IT firms to invest in the Netherlands. That was perfectly reasonable as something that they would look to do, but courtesy of some loopholes, people were allowed to transfer profits through from activity elsewhere. The result was not investment and jobs in the Netherlands, but significant levels of tax avoidance.

In the Public Accounts Committee, we used to be very keen on hearing more details about and having more of a focus in HMRC on where genuine tax evasion had taken place—where people had lied and hidden assets in offshore jurisdictions and not declared them. That is not about people using some clever trick; they had just lied to evade tax. It was vital that penalties followed on from that once it was discovered. If people constantly avoided prosecution, it almost sent a message that if someone is caught, they can just pay up. However, I am conscious that we are not discussing that area of the law today.

It was interesting to go through the House of Commons Library report on today's debate and particularly to look at some statistics on where the tax gap comes from. The report mentions that in 2016-17, small businesses were part of the tax gap. However, there were also large businesses, and criminals were in third place—depriving us of billions of pounds of taxation revenue—which is why I welcome some of the measures that the Government are looking to bring in as part of the Bill.

For me, the big one is the provisions on intangible property. Clause 15 looks really simple—it is two lines—but schedule 3, which is the meat of the proposal, really starts to get into some of the detail. How the provision is enforced and how it works will be interesting, but I welcome the fact that we are moving to bring it in. As my hon. Friend the Member for Walsall North (Eddie Hughes) said, it is worth making a point about what intangible properties we are talking about. We are certainly talking about things such as adverts on Facebook and adverts on a search engine being pushed to the top, when someone searches for a particular brand or product. In the debate on the previous of group on amendments, there was an example where someone looking for help with gambling found that—guess what?—"How to help you gamble" was boosted to the top of a search engine's results, because a particular company had paid for that to happen. That is the type of intangible asset that we will look to target.

Rachel Maclean: My hon. Friend has considerable expertise in this area and I welcome him updating the House. He mentioned some unintended and wholly undesirable consequences of this type of intangible property. Will he enlighten us on whether there are also some beneficial aspects of intangible property, given that the UK is a centre for tech creativity and dynamism and that these are the industries of the future?

Kevin Foster: That is what we have to balance in considering this new tax, because we do not want to shut down the entrepreneurial spirit in many companies and see such provision affecting those who are looking to set out for the first time to get a business going and perhaps to do something that changes the marketplace and really makes a difference. Some of the largest tech companies literally grew out of someone's garage 10 or 20 years ago. Twitter did not exist when I joined the Conservative party. Facebook did not exist when I first stood for a local council back in 2002. We can see the way that those companies have grown and exploded. We do not want to set up a tax that knocks back genuine entrepreneurialism, but we also have to have a debate about how we ensure that there is a level and fair basis of taxation.

Reference was made earlier to high streets. The point is that a small shop in the centre of a town is paying business rates, collecting VAT, paying its staff and paying corporation tax, and we have to get to a point at which economic activities are fairly taxed. If a large online platform is taking millions of pounds in revenue and paying next to nothing, that is when the annoyance comes and there is a sense of unfairness.

We must have a mature debate on the future of tax in the online space, where activity is much more moveable. My hon. Friend was right to allude to that. These industries can shift much more easily than those that

need a physical presence to trade and reach out to customers. A digital service company could be based in New Zealand, and we could all be using its services today from this building via smartphones, tablets or a standard internet link, in a way that would have been unimaginable 30 years ago.

We have to distinguish between genuine activity—for example, paying a company in New Zealand for a website design service—and a fake transaction or transfer of profits, where no one did anything other than raise an invoice in a convenient jurisdiction, into which the money was paid, even though all the economic activity was done elsewhere, the reason being there was an opportunity to avoid a layer of taxation. In such cases, one might see structures set up that link the corporate shell in that jurisdiction to another jurisdiction that is a tax haven or a place with a very low rate of taxation. The Dutch sandwich, which I mentioned earlier, started out as a good idea to encourage tech investment and ended up as a way to reroute profits and, when combined with the so-called double Irish, as a way of strongly minimising taxation liabilities.

Sir Hugo Swire: My hon. Friend is making some extremely good points with which I agree, but it is not only online companies such as Amazon that we need to work out how best to tax, but others, such as offshore gambling companies, that retain huge revenues generated by doing things in this country. Is he convinced that the thinking is going on in the Treasury on a root-and-branch reform of all taxation? It seems to me we are trying to play catch-up but that the world is changing quicker than our ability to tax this changing economy.

Kevin Foster: I thank my right hon. Friend for his thoughtful intervention. Obviously, I cannot speak for the Treasury, as a mere Back Bencher—*[Interruption.]* I appreciate the confidence that my hon. Friend the Member for Walsall North has in me, but I cannot speak for the Treasury. I do not want to say too much about gambling taxation, given that we have just debated it, but we do need to look at the situation in the round, so my right hon. Friend was right to mention it.

My right hon. Friend is a distinguished Member of the House. He has been here for I think 17 years, during which time the economy has changed remarkably. Who would have thought back then that companies such as Woolworths would have faced a challenge from online competitors? Who would have thought that every one of us would be sat in this Chamber with a device that would allow us to buy the entire contents of a department store, order virtually anything we want, and access casino-like gambling opportunities for which not that long ago we would have had to make a trip to Monaco? We now have that all in our pockets—we can literally walk out of the Chamber and do it.

I share my right hon. Friend's concern, but the economy is moving on. As I said in response to my hon. Friend the Member for Redditch (Rachel Maclean), we must not destroy the good, and we have to be careful not to chuck out the baby with the bathwater. The Treasury will have to look at that. The nature of work is changing, too, and that raises not only challenges for employment rights, but questions of how we tax fairly, given that it will be less and less the case that there is a big employer with lots of staff who are paid regularly, to which it is easier to apply restrictions.

James Cartlidge: I was waiting patiently for my hon. Friend to get back to what he thought intangible property was. Is he aware that proposed new section 608H(1) in schedule 3 to the Bill states:

“In this Chapter ‘intangible property’ means any property except...tangible property”?

Kevin Foster: Yes, it is an interesting one. I suspect that if I dealt with that intervention fully, I would be like the vicar in the church who has 10 minutes to unpack the Holy Trinity in an easy and understandable way—*[Interruption.]* I appreciate my hon. Friends' confidence in my abilities.

5.30 pm

Mark Pritchard (The Wrekin) (Con) *rose*—

Kevin Foster: I will deal with the intervention made by my hon. Friend the Member for South Suffolk (James Cartlidge) and then I shall give way to my hon. Friend the Member for The Wrekin (Mark Pritchard).

The idea is that something intangible is something that we cannot see and cannot hold, whereas something tangible is something that we can literally have in our hands, such as a phone or the copy of the Bill that I am holding now, or something that we can wear. Something that is intangible can be something that we own and to which we have a right. A classic argument about something intangible once concerned a Star Wars computer game, of all things: if I busily bought lots of things in that game using money, and someone else playing the game then sent their forces, which they had bought, to raid that property, would my property be being stolen? That is an interesting legal argument, although it must be said that some people might have a little too much time on their hands if they can become so involved in a discussion of a Star Wars computer game.

There are things that we own but, of course, there are also our own identities and profiles. You probably do not want me to go too far down this path, Ms Dorries, but we have previously had debates about information that is created online, and a data trail can become an asset that is worth money.

Mark Pritchard: I am in danger of making one intervention in three—or three interventions in one—but let me develop the theological point raised by my hon. Friend. Steam, ice and water are, of course, all the same: they are three in one, and one in three. I hope that that clarifies his point.

Kevin Foster: I am very grateful. I am sure that a student of divinity is about to fire off an email to me and my hon. Friend saying, “Actually, I am not quite sure that that is the case,” but it is great to hear my hon. Friend's explanation of how the “three in one” in the case of water could apply to the Holy Trinity. Nevertheless, a detailed unpacking of the Holy Trinity is not listed for consideration on today's Order Paper, and I should be talking about anti-avoidance measures—*[Interruption.]* I am glad to hear that the hon. Member for Bootle (Peter Dowd) thinks that the former would be more interesting. I am sure that at some point he will accuse me of giving a sermon in this place, although I will probably not be covering that subject at the time.

[Kevin Foster]

My hon. Friend the Member for South Suffolk rightly pointed to the measure in which intangible property was defined. It is also worth while for us to consider some of the exemptions, and how their working will be monitored by the Treasury. I am conscious that the Minister is not present, but I am sure that those who are currently on the Treasury Bench will note my remarks.

Proposed new section 608J states:

“Section 608A does not apply in relation to a person for a tax year if the total value of the person’s UK sales in that tax year does not exceed £10,000,000.”

How will we make sure that we do not suddenly see lots of taxed persons with £9,999,999.99 who seem to know each other quite well, or at least seem to be engaging in similar activities? I understand that the provision is well intentioned, and I understand the need for a de minimis level so that we target the larger companies that are intended to be dealt with. I also understand—this takes me back to the intervention from my hon. Friend the Member for Redditch—that smaller companies should not suddenly be burdened with having to deal with a very large piece of legislation. However, I should like to know how we can ensure that this does not become a way of avoiding tax.

Proposed new section 608L, which is on page 187 of the Bill, is entitled “Exemption where foreign tax at least half of UK tax”. Again, how can we be sure that that taxation provision is genuinely met so that it does not become an avoidance mechanism?

Most of the changes in the Bill are welcome, however. As we leave the European Union, I would expect that we will still seek to co-operate. I do not think any of us would argue that it would make sense for us not to ensure that we share information to prevent the excessive avoidance or evasion of taxation, just as we have sought to work with jurisdictions such as Liechtenstein, which is not in the EU but has a treaty agreement with us on sharing information to prevent tax avoidance. I am also interested in following the consultation on the digital services tax, which will consider how we can introduce it without snuffing out the entrepreneurialism that we wish to see.

I am conscious that I have detained the Committee for about 19 minutes—[HON. MEMBERS: “More!”] I hear the requests from SNP Members, who are obviously keen to hear a lot more from me, but, sadly, I must disappoint them on this occasion.

This has been a worthwhile debate. Intangible property is a key area for the future, in terms of not just the straight issue of ensuring that one or two large corporations are not avoiding tax we might think that they are due to pay, but opening up the whole debate of how we arrange tax as we move into a digital economy, when we are less likely to have physical things we can put our hands on in respect of taxable activity.

Andrew Bowie (West Aberdeenshire and Kincardine) (Con): The shadow Minister claimed earlier that our Chancellor has said that he wants to make the UK into a tax haven. For the sake of clarity and for the record, has my hon. Friend ever heard the Chancellor say that?

Kevin Foster: I have certainly heard my right hon. Friend the Chancellor talking about ensuring that Britain has competitive tax rates, that Britain is a competitive

and good place to do business, and that we have a fair balance between raising taxation to pay for our public services and also ensuring that our tax system encourages rather than stymies economic activity in this country.

We heard earlier about the reactions of the EU27. I would point to the Republic of Ireland, which has a lower corporation tax rate than us. If we were to move towards the Republic of Ireland’s rate, it would be somewhat strange for it to say, “How dare you copy us.” This is not about encouraging a tax competition. States in Europe, whether they are inside or outside the EU, will look to provide the conditions for growth in their countries, and it is absolutely right that that is what the Chancellor and Treasury team in this country are looking to do. I certainly praise them for that. This is not about becoming a tax haven, although we might reflect on the fact that, judging by the actions of the Scottish National party and the Scottish Government, they are trying to turn England into a tax haven by shoving up tax rates in Scotland.

With that, I will draw my remarks to a close. I welcome what I see in this Budget. I do not think that the Opposition amendments and new clauses are necessary, for the reasons the Minister outlined at the Dispatch Box. This welcome Bill will bring in more tax, deal with avoidance and, at the same time, help to push our economy forward.

Alison Thewliss: The renowned Nobel laureate in economics Joseph Stiglitz has said that what we measure shapes what we strive to pursue. I tabled new clauses 14 and 15, in my name and the names of my hon. colleagues, to ensure that we are effectively striving to pursue the reduction in the tax gap and to consult fully on the provisions of this Bill. I support very much what the hon. Member for Oxford East (Anneliese Dodds) said and support her new clause 5 and amendment 23. She made some excellent points, most of which I fully agree with and endorse. I will not repeat what she said, however, as she made her points very clearly; she did a fantastic job in putting across the Labour party’s view.

It was bizarre to watch Government Back Benchers tie themselves in knots yesterday in opposing new clause 7, tabled by my hon. Friend the Member for Aberdeen North (Kirsty Blackman), in relation to entrepreneur’s relief. If the UK Government are confident that their policies are effective, they must not be afraid to review them. Indeed, reviewing them is all we can do under this Bill; as the hon. Member for Oxford East said, we are limited in what we can do here. So we do propose a review on that.

Likewise on the provisions on tax avoidance, we must gauge our progress by continually measuring the value and effectiveness of those policies. The hon. Member for Torbay (Kevin Foster) mentioned the Dutch sandwich. I am sure that was sensible when proposed and I am sure that the Dutch Government then looked at it and decided that actually it was not working. They then will have reviewed the policy and looked at the detail and clamped down on that loophole; I am sure they must have done that as otherwise it would still be an issue. Likewise, this Government should do better at reviewing their policies, testing them, seeing how effective they are and making changes as a result.

Our proposal is in the spirit of achieving better, more robust policies in the future. We should also look to the world to see where the best policies are and see what we

can do to adapt them, and we should collaborate with our near-neighbours in Europe, particularly to make sure we are not allowing companies to move around at will seeking the best policies to save money, rather than paying the taxes that they ought to.

There are many reasons why HMRC does not always collect the tax that it ought to be paid, whether through criminal activity, through evasion or avoidance or just through human error, and there is much more that can be done to address that. While a greater focus on the non-compliance of corporations is welcome, there is still ample opportunity to avoid paying into the system, and we need to look at that very seriously.

The SNP has long argued that the tax system is unnecessarily cumbersome and complicated. There are layers and layers of regulations and exemptions, which lead to loopholes appearing. The system seems to get more complex every year when we look at the Finance Bill, and there also appear to be armies of tax avoidance specialists seeking to exploit whatever gaps they can find.

Chris Stephens: Was my hon. Friend not astonished when the Minister admitted that no data is held on any of the higher-rate Scottish taxpayers who are registering themselves elsewhere in the UK, as peddled and promoted by the Scottish Tories last week?

Alison Thewliss: That is indeed astonishing, and if it is a problem, the Government ought to be looking at it. People living in Scotland should pay the appropriate amount of tax, because that is the price we pay for living in a civilised society. That is what the Minister said in his speech earlier. We also have to look at what we get for our taxes in Scotland. We get a better, fairer society, which is good for us all. All the academics in this field recognise that a fair society is better for us all.

Last year, this Government opposed my amendment to the Sanctions and Anti-Money Laundering Bill that would have increased the transparency of Scottish limited partnerships by ensuring that those partnerships had bank accounts. We are still waiting for a response from the Department for Business, Energy and Industrial Strategy on the consultation that closed on 23 July this year.

Hannah Bardell (Livingston) (SNP): I served on that Bill Committee with my hon. Friend, and the work that she did was excellent. Does she share my concern about the damage being done to Scotland's reputation by Scottish limited partnerships? The partnerships are nothing to do with the Scottish Government, they have not been legislated for in Scotland and we have no power over them there, but they are doing serious damage to Scotland's reputation internationally, and the UK Government need to act.

Alison Thewliss: This Government absolutely do need to act on this issue. It cannot be right that something we have no control over becomes a noose around our neck when it comes to our reputation internationally. I expect this Government to come forward with something on this soon, because their not doing so allows this to continue to happen. *The Herald*, whose journalist David Leask has been a constant campaigner on this issue, has reported that

"in the year to March 2016, 95% of SLPs were set up by offshore tax havens."

That ought to ring alarm bells for this Government, given the likely sums of money involved in these tax havens. I have tabled more parliamentary questions on this today, but the last time I checked, no fines had been issued to those SLPs that have not yet registered a person of significant control. Even pursuing those fines against SLPs could have brought large sums of money into the strapped Treasury coffers, never mind dealing with the underlying lack of transparency surrounding SLPs.

It is no secret that SLPs are being abused to carry out crimes abroad and launder money and that the anonymity they provide enables all this, but this Government are simply not doing enough to stop it. There was some progress after the Salisbury attack, and there was talk of clamping down specifically on Russian dirty money, but we have not yet seen that happen. We need to know what the Government's plans are, because we cannot allow this to continue. I commend to the Minister the investigation on Uzbekistan by David Leask and Richard Smith, because the sums of money and levels of corruption involved are absolutely hair-raising.

The SNP has put forward many sensible proposals to crack down on tax evasion and avoidance, but they have been rejected by this Government time after time. No action has been taken on enforcing the people of significant control rules governing SLPs. No action has been taken on the alternative investment market loophole that allows families to register homes as business properties, effectively overriding inheritance tax. No action has been taken to make online retailers liable for tax avoidance when they falsely classify their goods as gifts. And no action has been taken to create a legal framework to combat tech firms who avoid corporation tax by registering implausibly low profits in the UK.

Hannah Bardell: On top of all that inaction, does my hon. Friend share my concern about the centralisation of HMRC offices? Highly skilled staff will lose their jobs because of this Government's centralising agenda. In my constituency, more than 1,000 jobs are being moved from West Lothian to Edinburgh, which will create huge issues.

Alison Thewliss: I agree that that loss of expertise is a huge issue. I have a constituency interest, because many of these centralised offices end up being in Glasgow Central, but this also comes at a significant cost to the taxpayer. It is no secret that city centre office space in Glasgow is expensive, and there would be greater benefits in keeping those services in areas such as the Clyde Gateway, which is also in my constituency but much cheaper, or in Livingston. That would provide better value for money for the taxpayer than having them all in city centre offices.

Luke Graham: I thank the hon. Lady for giving way. She is making some good points about decentralisation. Would the SNP join me in looking at some of the Scottish Government's new powers? Instead of basing offices in Dundee, offices should be located in more affordable areas, such as Clackmannanshire or Perth and Kinross.

Alison Thewliss: Dundee is affordable. There is a balance—[*Interruption.*] The hon. Gentleman is not listening, but there is a balance here. We need local

[Alison Thewliss]

infrastructure, transport and so on to support such things, but there is an argument for doing all that. It used to be UK Government policy to decentralise large office blocks, but they have cut that back over the years, and offices are now disappearing. He can give me no lectures about that. There are countless examples of the UK Government cutting offices. So many jobcentres in the city of Glasgow have been cut that my constituents now have to take two buses just to get to one, and I do not see any Scottish Conservatives standing up for that.

5.45 pm

To get back on to topic, it is time for a root-and-branch review of the UK's massively over-complicated tax system and to close for good the tax loopholes that the Tories are happy to keep open. As well as making it more difficult to avoid or evade tax, a simplification of the tax system could help those who are inclined to pay but find negotiating the system confusing. By HMRC's own estimates, more than £6 billion a year is lost through simple errors when completing tax forms. The fact that people are ready and willing to pay tax and have such trouble doing so suggests that the current system is not fit for purpose.

That complexity can even have an impact on people's immigration status. After making entirely legitimate corrections to tax returns, something which I am sure the Minister would encourage, the highly skilled migrants currently fighting their case with the Home Office—they are outside today for their sixth protest—found that they had been accused of dishonesty and that their applications for leave to remain had been refused. It is a scandal that makes absolutely no sense. As a result of Government policy, there is effectively no incentive for highly skilled migrants to make corrections to their tax returns lest they find themselves falling foul of the Home Office. What kind of system is that? Things are not joined up across the Government.

The Chancellor's announcement of a digital sales tax will be welcomed by many people, not least the many people in my constituency who have contacted me about it. I am encouraged by the Chancellor's willingness to take action, but, as always, the devil is in the detail. The Chancellor expects to raise £400 million from this tax, but for companies such as Facebook, which had global revenues last year of £1.27 billion, their share will be no particular hardship. We may be better served focusing efforts to ensure that online giants are declaring a share of profits in the UK that reflects reality. Loopholes still exist that make it relatively straightforward to depress profits in one country to avoid paying tax, and that is still perfectly legal. There are some encouraging noises from the Government, but they fall woefully short of the meaningful, comprehensive action that SNP Members have been calling for.

The powers to tackle avoidance and evasion in Scotland lie here at Westminster. Where the Scottish Government do have limited powers, they have acted to tackle avoidance, introducing a general anti-avoidance rule that goes much further than the UK equivalent. They have also taken steps to ensure that companies that have benefited from evasion and avoidance do not benefit from public procurement schemes, which is crucial. If the UK Government are unwilling to close tax loopholes, they

should devolve the powers to Scotland and allow us to get on with the job. An independent Scotland would, I am sure, seek to simplify and improve the tax system to the benefit of all those living and doing business in Scotland.

Looking to the future, the UK Government need to ensure that Brexit does not serve as a distraction from international efforts to tackle tax avoidance and evasion. I note that Estonia is clearly leading the charge on anti-money laundering action, with Prime Minister Jüri Ratas joining with the Bank of Estonia's Ardo Hansson to call for the establishment of a European body to combat money laundering. Estonia has a population of 1.3 million and it is leading the charge here. Where are the UK Government on this? They are too busy arguing with themselves about how many letters they can count to get on with the job of tackling tax evasion and avoidance.

At a time of so much uncertainty in the UK economy, we cannot let the economic challenges that lie ahead prevent us from creating a fairer society when it is possible to do so. Our great fear is that the UK Government will begin a race to the bottom, so desperate will they be to attract funds here. The EU has long been a source of anti-money laundering regulation, and we must ensure that, whatever happens in the next few months, we do not take retrograde steps on the progress that has been made.

The SNP supports action and accountability on this. We need to make sure that all possible measures to review our tax system are taken so we know that the UK Government's system is effective and doing what it is meant to do and that we close these loopholes, which allow people to get away with not paying the tax that is rightfully due.

Helen Goodman: I congratulate my hon. Friend the Member for Oxford East (Anneliese Dodds) on a tour de force. I know she really is on top of this subject, having worked with her on the Sanctions and Anti-Money Laundering Act 2018. I thought her speech this afternoon was very impressive.

I will speak to new clauses 5 and 6, which stand in the name of my right hon. Friend the Leader of the Opposition and deal with tax avoidance and evasion. I am sure Members on both sides of the Committee recall what happened on 1 May 2018, when there was a cross-party move, spearheaded by Back Benchers, to introduce public registers in the overseas territories. The Government, in the form of the Minister for Europe and the Americas, conceded that this was a change that should be made. We had tabled an amendment that would have required similar public registers in the Crown dependencies, but the right hon. Gentleman said he would prefer to take a voluntary approach and asked me not to press the amendment. In the spirit of co-operation I agreed not to do so. Today I ask the Government what progress they have made with the Crown dependencies on that voluntary approach. In public, the Crown dependencies are going around saying how delighted they are that the pressure is completely off and how nobody in this House is interested in having similar public registers for the Crown dependencies as for the overseas territories.

That is relevant to this tax debate because the OECD has estimated that, across the OECD countries, the tax lost to the secret jurisdictions is between \$100 billion

and \$240 billion. An independent researcher, Tax Research LLP, has estimated that this country's tax loss is £18.5 billion a year, which is a significant sum. I know the Treasury thinks everything is going well, but it is not so flush that it can just wave away £18.5 billion.

I thought I had better follow up with Ministers and ask what they were doing, so about three months later I asked the Foreign Office what discussions it was having with the Crown dependencies. This is the answer I received:

"The Foreign and Commonwealth Office is not responsible for UK engagement with the Crown Dependencies regarding existing beneficial ownership arrangements, and has therefore not had any discussions with the Crown Dependencies on this issue.

The Ministry of Justice is the UK Government Department responsible for the UK's wider constitutional relationship with those jurisdictions."

So obviously I asked the Ministry of Justice what it is doing to pursue public registers of beneficial ownership with the Crown dependencies. It said:

"The Crown Dependencies are not part of the UK."

Okay, even I have latched on to that one. It continued by saying that they are self-governing and that:

"The Ministry of Justice manages the constitutional relationship between the UK and the Crown Dependencies. Ministers and officials routinely discuss a range of matters...but it is not my Department's role to make specific recommendations"

on company registers of beneficial ownership. It went on to say:

"The Ministry of Justice also liaises with the Home Office as the lead UK Department for arrangements on sharing beneficial ownership information"

Blah-de-blah. Finally, it said:

"The Government intends to use its best endeavours, diplomatically"

—by which is meant, "Let's hit the ball back over to the Foreign Office"—

"and with international partners, to promote public registers of company beneficial ownership as the global standard."

That will not do. We were made a promise by Ministers on 1 May. This move would help us significantly to reduce tax avoidance.

I also asked Ministers at Treasury oral questions what their estimate was of the amount of money that would flow in from the changes we had made on the overseas territories—this was the part where we had a consensus. I asked that because I could not see anything in the Red Book on it. The Minister said, "Oh well, this was all pie in the sky. We have not done any work on it." This is why new clauses 5 and 6 are really sensible. The fact is that if Ministers stand up and offer legislation or make promises but do not follow through, there is no point in this House doing anything. That is why requiring impact assessments in the legislation will enable us to keep track of what Ministers are doing and where they have got to. That is why I urge them to do this. It is in their interests, as they will be able to use the impact assessments to keep track and to manage their officials, who are doubtless beavering away to the best of their ability, given the political direction that they are getting.

Earlier, we debated distribution and the impact of the Budget. It is disappointing not to get information about the distributional impact of the Chancellor's measures. For many years, the Treasury Committee was instrumental in ensuring that distributional analyses were undertaken. I am not clear where we are on this, but I urge Ministers

to publish the proper distributional analyses. That will facilitate informed public debate, rather than the exchange of prejudices. I am sure that that is ultimately what Ministers want.

Eddie Hughes: It is a pleasure to follow the hon. Member for Bishop Auckland (Helen Goodman), although I have to say that the contribution from the hon. Member for Glasgow Central (Alison Thewliss) was the speech by an Opposition Member that most excited me, not least because I wrote a paper on blockchain for the think tank Freer, where I considered the merits of the technology and how it might help us to improve the efficiency of government. I am delighted to say that on Thursday I am going to have lunch with Dr Craig Wright, one of the people associated with the creation of bitcoin, which celebrated its 10th birthday recently. I understand that the Government and the Treasury Committee have given some consideration to the use of crypto-currencies and crypto-assets and how they might be appropriately governed in the future. That is the job of the Government. They have to keep pace with improvements and diversity in technology and understand where money is being used and created, to make sure that their tax take is optimised while observing the general principle of low taxation. The second Roman emperor, Tiberius, said that a good shepherd shears his sheep but does not skin them. I think that is an appropriate maxim for us to follow, but sometimes the Government's problem is that they need to find the sheep in order to shear them.

6 pm

The average income in my constituency is £27,000. People there do not employ complicated tax procedures, so as I speak in support of clause 15 and schedule 3 on offshore receipts from intangible assets, my constituents will be confused about what that means. To help us with the definition of intangible assets, my hon. Friend the Member for South Suffolk (James Cartlidge) referred to the Bill, which says that intangible assets are any assets that are not tangible. Clearly, we could do with a better definition than that, or at least a better understanding. My constituents in Bloxwich and Willenhall will be mildly confused by the idea that a company that generates sales and therefore profit in the UK would be able to offshore some element of that income and attribute it to intangible assets. I think they would consider inappropriate the idea that the copyright of a product could be used to take money offshore, thereby reducing the tax that a company incurs. That is why, even though they might not understand the complexity of it, my constituents will be delighted to tune in to this debate and see that the Government are taking action to clamp down on tax avoidance.

As I say, my constituents might not understand the complexity, but they do understand that a Conservative Government is generally on their side. My understanding is that in 2010 the threshold above which people paid tax was roughly £6,500; now, thanks to the benefits introduced recently by this Government, that threshold will rise to £12,500. People in my constituency will be £1,250 a year better off as a result of the measures taken by the Government. When they look at this debate, they will want to know what benefit will be provided by this new scheme to clamp down on tax avoidance. My understanding from the figures that have

been produced is that in the first year, 2020-21, the Government hope to take £457 million more in tax. My constituents will be pleased about that, of course, but they will be delighted that the Government have already signalled a direction of travel, saying that they will put that money into things like additional spending on the NHS. My constituents might not understand the complexity of intangible assets, but they will know that, because the Government are clamping down on tax avoidance, they will have greater investment in the NHS.

My constituents will also know that the Government are keeping track of the way people buy houses. For example, there has been an increase in demand for shared ownership properties. People who have bought such properties recently will be delighted that the Government have announced that stamp duty relief for first-time buyers will be extended to those people who buy properties on a shared ownership basis. My constituents are seeing a Government who keep track of changing behaviours in the corporate and personal worlds—of how people live and work and of how corporations operate—and make sure that their approach to the tax system is appropriate in both cases.

Hard-working members of the public know that the Government are doing everything they can to take as little tax off them as possible, allowing people to make choices about how they spend their money, while making sure that they can maximise the tax take from big corporates that operate internationally in a fair and appropriate way. That will make sure that the Government continue to deliver for those people who continue to vote Conservative.

Patricia Gibson: I rise to speak in support of new clauses 14 and 15. The need for improved transparency over UK public finances is urgent and the case is compelling, which is why I was keen to speak on those new clauses. I note the other provisions dealing with tax avoidance that have been put forward and about which much has been said today.

There has been far too little consultation on the Bill with stakeholders, but what we do know is that we desperately need greater transparency over the UK's public finances. I am deeply disappointed that amendment 24 was not selected, as there are particular issues of transparency around those companies that deliver public buildings at public expense. Particularly those engaged in public-private partnership projects need to be more open. There would have been cross-party support for that amendment, but the SNP was not asked to support it, which is a shame.

PPP projects need to be transparent and more accountable to the public in order to protect the public finances. They are a perfect demonstration of why that accountability and openness are so essential. So I have concerns about what is not in the Bill. We cannot talk in any context about openness in public finances without talking about the private finance initiative, and I believe that there is cross-party support to have that conversation. This was a Tory policy embraced by Labour. Indeed, George Monbiot has called the PFI situation:

“A racket, the legacy of 13 years of New Labour appeasement, triangulation and false accounting.”

The scheme was so enthusiastically embraced by the previous Labour Administrations, it was like a grand love affair. Scotland was not just the testing ground for

this disaster—the first PFI project in Britain was the Skye bridge project—it also has a far higher proportion of such projects than anywhere else. Writer Gerry Hassan has pointed out:

“Scotland has 40% of PFI schools with 8.5% of the population.”

Why is that? Could it be that, like the poll tax, Scotland became the testing ground for the PFI nightmare? It certainly looks that way, although if anybody wants to contradict that, I am quite happy to hear what they have to say.

It is unacceptable that PFI companies often inhabit the shadows. Their tax arrangements need to be sufficiently transparent and open so that we can have proper transparency in our public finances and we can be confident that those being paid very lucrative sums—way over the odds for public buildings—are in turn paying their due in taxes and have financial arrangements that are transparent and open to the public. That is why these new clauses are important and why they need to be included in the Bill.

Jim McMahon (Oldham West and Royton) (Lab/Co-op): Is the hon. Lady aware that, in England, PFI schools under the control of local authorities can be taken away from the local authority and forced to academise, but the debt—the liability—stays on the books of the local authority? Does she believe that that is transparent and fair?

Patricia Gibson: It is absolutely not transparent and it is yet another example of how PFI has been nothing short of a disaster. It is our local authorities, our schools and our hospitals that are paying the price.

Carol Monaghan (Glasgow North West) (SNP): My hon. Friend, like me, is a teacher by profession and has had to deal with working in a PFI school. Often these schools have been developed by companies that have questionable tax policies and produce a substandard product that parents, pupils and teachers have to deal with, and local authorities are saddled with the debt for many years to come.

Patricia Gibson: My hon. Friend makes an excellent point. I am just about to go on to talk about not only the crumbling PFI schools that we are now left with and which the local authorities are paying for—there is no transparency and accountability on these contracts—but alleged criminality that has taken place around these contracts in my constituency of North Ayrshire.

Alison Thewliss: I share my hon. Friend's frustration with this. When I was a councillor in Labour-run Glasgow City Council, if we wanted to see a contract, we had to go and sit in a room and read the contract; we could not even take it away. When the council discovered that the company had managed to build IT and home economics rooms without ventilation, it cost the council a fortune to reopen the contract and get those things put right.

Patricia Gibson: Again, my hon. Friend points to the lack of accountability and the hotchpotch—the rushed contracts put together by PFI, which benefited somebody, but did not benefit our local authorities or our children, and they do not benefit the patients in hospitals.

There is no better example of the need for new clauses 14 and 15 than North Ayrshire Council in my constituency. This Labour-run council had a PFI process that was severely flawed and was uncovered by local journalist Campbell Martin. Some have even insisted that criminal activity was involved, since while the council appeared to have two bids for construction projects—therefore seeming to provide the genuine competition required by EU procurement rules—in fact, the evidence suggested that one of those bids was from a subsidiary of the other company submitting a bid, so there was actually no competition at all. The Labour council was made aware of this before the contracts were awarded, but awarded them regardless. In the opinion of one ex-detective, the evidence showed “criminality from start to finish.”

Another former officer stated that a common law crime of forgery and uttering should have been pursued. Right there we see the need for more transparency. I for one would like to see more transparency on the tax arrangements of such companies, as this is very much in the interests of the UK’s public finances.

All this information relates to a public-private contract now costing taxpayers over £1 million every month in North Ayrshire. Add to that the schools that are crumbling across cities such as Edinburgh, and we have real questions about these PFI firms. For projects of a capital value of £4 billion in Scotland, we will repay £22 billion, with our schools spending 8% of their budgets on paying off these Labour PFI debts. Can we really allow any lack of transparency around the tax affairs of such companies?

It is absolutely essential that there is more transparency around how UK public finances finance public sector projects. The tax affairs of these companies and their wider financial affairs need to be open to scrutiny because they build or have built our public assets. I urge the Committee to support new clauses 14 and 15.

John Lamont (Berwickshire, Roxburgh and Selkirk) (Con): I want to discuss the clauses in the Bill that seek to tackle tax avoidance and evasion. Combined, these measures will seek to raise billions of pounds for our public services by further clamping down on this serious matter. My hon. Friend the Member for Walsall North (Eddie Hughes) identified clearly that these measures will raise much needed extra money for our public services.

Rather than raising taxes for businesses, this Government are focusing on making sure that tax liabilities are paid. They have a strong track record of clamping down on those seeking to avoid paying their fair share. This Budget builds on that track record, with no fewer than 21 measures to protect revenue and bring in more tax by tackling fraud, avoidance and unfair outcomes.

On a related point, I very much support the introduction of a new digital services tax, which is not technically a measure designed to tackle tax avoidance, but which will nevertheless make our tax system more fair and fit for purpose in the digital age. The Chancellor is right to try to find a global solution, but in the meantime this measure is a step in the right direction that will make the tax system fairer for small businesses in high streets in my constituency in the Scottish borders that are struggling to compete with the likes of online giants such as Amazon. Of course, in Scotland, these businesses are also struggling with the high tax regime imposed on them by the SNP Scottish Government in Holyrood.

Other clauses in the Bill, such as those to ensure that HMRC is a preferred creditor in business insolvencies, that more tax is paid to the public purse and that we crack down on insurance companies routing services through offshore territories, are certainly welcome.

Jim McMahon: Does the hon. Gentleman accept, though, that the trade-off with the digital sales tax and the relief being offered to some premises in town centres just is not enough? Take, for instance, the former Textiles Direct unit in my local shopping centre, which has been empty for some time, but has a rateable value of £500 per square metre. Compare that to the Amazon warehouse near Manchester airport that pays just £44 per square metre. How can it be right that the gap is so large?

John Lamont: Clearly, I cannot speak about the circumstances in the hon. Gentleman’s constituency, but these measures are clearly a step in the right direction. I know the number of businesses in my constituency that contact me. They are competing with online businesses and other digital platforms to provide the same or similar types of services. It is just not fair when businesses are able to run very profitably, making a big turnover from a garage or attic, when at the same time the same service or shop on the high street is paying significantly higher business rates. Of course, in Scotland, we have the additional challenge of the additional taxes that businesses are having to pay through the Scottish Government’s high-tax agenda.

6.15 pm

The Opposition amendments that would compel the Government to evaluate and report on the impact of these measures may appear at first glance to be reasonable enough. However, HMRC already publishes annual data on the differences between what is theoretically due and the amount of tax actually collected—the so-called tax gap. It also provides an estimate of the tax gap by type of tax and by consumer group. That provides a historical trend, as well as the annual cost of tax avoidance, which can clearly be used to assess the impact and success of these measures. I know that Opposition Members are fond of these types of review provisions because they allow them to have a go at the Government when the reports are published, but I am not sure how useful the amendment will be in practice. Will these reports mean greater progress on tax avoidance, or will they just be a distraction for a Government with an already incredibly strong record in clamping down on this type of behaviour?

On tax avoidance more generally, those who practise tax law may be happy enough with its complexity, but as politicians we should all strive to make good law, which means making the law as clear as possible. The complexity of our current tax system is making it easier to avoid paying tax, so simplification is necessary if the Government are going to make further progress in tackling tax avoidance. Much has been done to try to improve this whole process. More of the Finance Bill is now published months in advance, before the Budget, and there is extensive consultation with stakeholders before legislating. The Chancellor’s decision to replace the autumn statement and the spring Budget with a single autumn Budget ended the practice of major tax changes taking place twice a year outside of a general

election year. I note that this announcement was welcomed last year by the Institute for Fiscal Studies, the Chartered Institute of Taxation and many other tax experts.

Last year's Finance Bill ended permanent non-dom status, and this Bill adds to the track record of this Government in cutting down on tax avoidance. Conservative measures have seen £185 billion collected through anti-evasion and anti-avoidance since 2010. The difference between what should be collected and what is collected in taxation—the so-called tax gap—is now at a five-year low of 5.7%, one of the lowest in the world. These measures are more significant than anything the Opposition did on tax avoidance during their time in office, when the tax gap was about 10%. As always, Labour likes to talk the talk, but fails to act. By closing the tax gap further, we boost this nation's tax revenues, not by putting up tax, as the Opposition want to do, but simply by ensuring that people pay the tax that they are expected to pay by law.

Luke Graham: I refer the Committee to my entry in the Register of Members' Financial Interests.

Several provisions in the Bill will help to deal with money laundering and tax avoidance, and I want to touch on a few of them, as well as on some of the comments that have been made by Labour and SNP Members, but first I would like to echo some of the Minister's comments about tax in general. Conservative Members pride ourselves on having a low-tax but fair system that rewards work and enterprise, but ensures, in all things, that when someone has a tax liability, they should indeed pay it.

Tax should be low right across the United Kingdom. One of my Scottish colleagues referred to charges for higher-rate taxpayers in relation to the movement of residency between Scotland and England. As I am sure that SNP Members will appreciate, it is not just higher-rate taxpayers who are affected. As has been well documented over the past few months, anyone earning over £26,000 in Scotland is now worse off than if they were anywhere else in the United Kingdom. In fact, it had to be confirmed by one of the senior generals in the British military that because of the SNP's changes, men and women in the British armed forces would pay more tax in Scotland than they would anywhere else in the world. These changes are disadvantaging my constituents and companies.

The counter-argument is that somehow those tax changes will make things fairer for my constituents, that they are providing huge opportunities, and that we should be ashamed of ourselves for not doing more. As my hon. Friend the Member for Walsall North (Eddie Hughes) said, the tax changes introduced by this Conservative Government have increased constituents' income by £1,250. The tax changes made by the SNP in Scotland have given my constituents 38p a week. That is it—all this change, all this cost and all this disadvantage for 38p a week. If the SNP Government are going to make changes, they must make real changes that make people's lives better and follow some of our copybook.

A key point has been raised about Scottish limited partnerships. I sat on the Committee that considered last year's Finance Bill, and when we discussed that matter with several Opposition Members, I voiced my support for changing these partnerships. We saw a change in the law in 2017, and there are now disclosure

requirements for those in a limited partnership, but I want to ensure that the context of these partnerships is understood. They were originally enabled under the Partnership Act 1890, and then confirmed again in 1907 by Scottish, English, Welsh and Northern Irish MPs, so this measure was not somehow imposed in Scotland.

Alison Thewliss: Does the hon. Gentleman acknowledge that the regime of persons with significant control has not been enforced to any extent? SLPs owe the UK Government £2 billion in fines. Would he not welcome that money for his constituents?

Luke Graham: I thank the hon. Lady for her intervention. Whenever we have made a law, we should enforce it. I recognise the Government's contribution through investing more money in HMRC, but another key area is Companies House, where a lot of this information is held. I would argue that it certainly could do with extra resources to ensure that things can be properly cross-referenced. A number of issues in my constituency have revolved around significant control and ownership of different corporate entities across the United Kingdom. Companies House would benefit from additional resourcing to help to tackle some of these issues.

The hon. Member for North Ayrshire and Arran (Patricia Gibson) talked about PFI schemes. She was very critical of Labour's schemes when it was in administration in Edinburgh. It is important that the SNP takes some responsibility for the fact that it has been in power for over a decade, as the implementation and management of a number of these PFI schemes was overseen by the SNP. Although they have now converted to the PPP scheme, there are still a number of criticisms, including of the healthcare facility in North Ayrshire. It is right to be critical, but that criticism should be even-handed.

Alison Thewliss: Will the hon. Gentleman give way?

Luke Graham: I will just make a bit more progress.

The successes that we have seen from this Government include lowering corporation tax, which has led to record income from corporation tax, and collecting an additional £185 billion of revenue since 2010, which we would not have been able to achieve were it not for the Government's tightening of tax and tax avoidance measures.

The Conservative party prefers to have a low-tax and fair system. Some of the measures in the Bill are specifically fit for purpose in this more globalised and complicated economy. For example, schedule 4 is on profit fragmentation, which means that Government can focus on where profit is earned rather than getting caught between the different jurisdictions in which corporate bodies lie.

Clause 83, on international tax enforcement, is particularly important. Before I came to this place, I worked in international finance. With multinational companies, it is very difficult to track where income is earned and where it will finally end up, and that may not be due to deliberate action by such companies. New tax enforcement measures that give HMRC and the Treasury additional powers of disclosure will be very valuable and will increase transparency in our tax system.

The hon. Member for Oxford East (Anneliese Dodds), who is no longer in her place on the Labour Front Bench—

Lyn Brown (West Ham) (Lab): She's only nipped to the bog.

Luke Graham: I appreciate that; I am sure that it will be well recorded in *Hansard*.

I, too, was an active participant on the Sanctions and Anti-Money Laundering Bill, and I agreed with the hon. Member for Oxford East on many points, especially about looking at the actions taken on overseas territories and Crown territories. In accepting some of the amendments, the Government committed to a course of action, and I am sure they will be pushing that through.

Tax collection is one of the most important duties of the Government. Whether in central Government, the devolved Administrations among the nations or, indeed, down in local authorities within the devolved Administrations and right across the United Kingdom, tax collection and record keeping are incredibly important. I welcome some of the measures introduced by the Government to increase the resourcing to HMRC. I would hope to see from right hon. and hon. Members the sharing of best practice and that we ensure that some of the people working for our tax collection authorities around the United Kingdom are going right around the United Kingdom. A number of local authorities need additional support and help with tax collection, and the sharing of best practice in technology, to ensure that they are actually collecting the tax revenues they are due.

I have two local authorities in my constituency, Perth and Kinross Council and Clackmannanshire Council, both of which face very extreme council funding issues in terms of raising local funds and cuts imposed by Edinburgh. When we look at the local services that have had to be cut as a result of the reduction in funding from Edinburgh, despite the increase in the Scottish block grant, we see that it is having a significant impact on education services, health services and local street services in my constituency. I would hope that even SNP Members could put pressure on the devolved Administration to make sure that they focus on proper tax collection, and also on proper tax expenditure.

As I have said, action taken by this Government has helped to bring in over £185 billion of additional tax revenue that we would not otherwise have been able to collect. Corporate tax revenues have also increased.

A key point has been raised—many Labour Members have spoken about it—about inequality when talking about absolute and relative poverty. This is important to note, because I think that the House should look at more objective statistics. In last night's debate, I talked about strengthening the OBR to make sure that we can have credible statistics that Members on both sides of the House recognise, acknowledge and accept.

One key aspect of that is to look at the Gini coefficient, which has been recognised as a measure of inequality for a long time. If we look at the Gini coefficient in 2010 compared with where we were in 2016-17, we see that there has been a reduction in the coefficient, which means an improvement in the living conditions of people in the United Kingdom. Inequality has actually reduced according to the Gini coefficient.

Jim McMahon *rose*—

Luke Graham: I think that is a good thing that should be welcomed, as I am sure the hon. Gentleman agrees.

Jim McMahon: Statistics can always be massaged to fit the agenda of the person citing them, but what cannot be escaped is the fact that increasing numbers of people are queuing up to use food banks because they cannot afford to feed their families and put food on the table. That is my measure of whether this country is doing well. How does the hon. Gentleman respond to that?

Luke Graham: The hon. Gentleman proves my point. He disregards an objective Gini coefficient statistic, which is accepted worldwide, and instead puts forward a subjective view on food banks that is widely contested across the House.

I would say that the increase of food banks is a major issue that we have covered extensively in debates in the House. However, taking those on the lowest incomes out of income tax altogether, getting more people into work and introducing the national living wage are the kind of measures that really do improve things for the poorest in society, and they are exactly what the Government are delivering. Our Budget has not only prioritised expenditure elements—I welcome a city deal in my region, the Tay region, with £150 million of extra expenditure—but focused on how to get more tax collected.

As I said at the outset, it is important that we have a low-tax system that is also a fair system, and that the people who should pay tax are paying the right amount.

Kevin Foster: I am listening to my hon. Friend's speech with great interest. What are his thoughts about intangible assets, which we were talking about earlier? Does he agree that we really need to address such issues and to start considering how we can make sure that tax is both collected and fair?

6.30 pm

Luke Graham: I thank my hon. Friend for his intervention and I could not agree more. Intangible assets are becoming an increasing part of the global economy. Just a few years ago, I did a study in relation to the Prince's Accounting for Sustainability project. When we looked at some of the figures, they clearly showed that up to 80% of the value of the Standard & Poor's 500 index in the United States was being held in intangibles. In considering some of the accounting standards and taxation measures that we are introducing, we could be missing up to 80% of that value, which would not then be reflected in the share price or indeed in the tax revenues that could be captured. I agree with my hon. Friend that we should look at those measures.

Without giving the Prince's Accounting for Sustainability project too much of a push here in the Chamber, I will say that a number of the reports that it has put forward, in partnership with businesses in the United Kingdom and internationally have been really positive. They look at how we can capture some of the value of intangibles, but they also consider human and social capital. The organisation has published a number of reports, and I encourage Members to read them, because they could help to inform our policy making not only on the digital services tax, but when it comes to evaluating the impact and true value of some of the companies and enterprises across our country. It does not matter whether it is the small enterprise on our high street or, indeed, the new multinational that is capturing funds from around the world.

[*Luke Graham*]

It is about our identifying value and then being able to show to shareholders, Government and the local community the social, human and physical capital contributions that are being made to our economy.

Some people find Budget debates dry, but I find them incredibly exciting. The hon. Member for Aberdeen North (Kirsty Blackman) said last night that she enjoyed a good read of the Budget documents at home—I could not agree more. This Budget gives us plenty to read and plenty of food for thought, which is why I will support the Bill today.

Chris Philp: It is a huge pleasure to follow my hon. Friend the Member for Ochil and South Perthshire (Luke Graham), who is always an incredibly eloquent and articulate commentator on matters financial.

I am delighted to see that news of my speech has spread to the office of the shadow Chancellor, the right hon. Member for Hayes and Harlington (John McDonnell), and that he has come to the Front Bench especially to hear it. I am delighted that he has chosen to come to the Chamber for this purpose; I eagerly await the imminent arrival of the Chancellor as well.

I want to speak to new clauses 5 and 6, which were tabled by the shadow Minister, the hon. Member for Oxford East (Anneliese Dodds). Their substance would require more analysis and reports on various aspects of the Government's programme in the areas of avoidance and evasion. However, as so often in life, action and results speak much louder than reports and words. The Government's actions and the results they have achieved are far more powerful than any call for evidence or any call for a report can demonstrate.

The hon. Lady posed some questions about whether the tax gap is the best measure. It is an internationally accepted measure and it provides for consistent comparison over time, so it is a good way of consistently comparing the record of one Government with that of another. There may be other measures, but it is at least a consistent measure and it is also a good way to compare different countries, as well as to make comparisons within a country over time.

The current tax gap in the United Kingdom is 5.7%, which is extraordinarily low by comparison with other major countries and significantly lower than it was when Labour was in office, when it was between 8% and 10%. Whatever quibbles the hon. Lady may have about the things that are included or excluded, what is clear is that the tax gap is low compared with what it was under Labour and low by comparison with other countries. That is not surprising.

James Cartlidge *rose*—

Chris Philp: But before I lay out the reasons why it is not surprising, I will give way to my hon. Friend.

James Cartlidge: My hon. Friend is making an excellent speech on what action is happening, but does he agree that one thing not captured in the statistics is what I would call positive inducement as opposed to avoidance? If there are competitive rates of tax, people are encouraged to avoid avoidance and conduct legitimate activity by paying a standard tax.

Chris Philp: My hon. Friend is quite right. Having low and competitive rates of tax does attract people to this country, who then pay corporation tax they otherwise would not pay. I will come on to precisely that point in a few moments.

The reason I was explaining why it was not surprising that our tax gap has reduced is that the Government have taken quite a large number of measures to combat tax avoidance and tax evasion since 2010. In this Budget alone, there are 21 such measures. I was rather disappointed that by voting against the Budget on Second Reading, Opposition Front Benchers were expressing their disagreement with those 21 anti-avoidance and anti-evasion measures.

Anneliese Dodds: I fear, very sadly, that the hon. Member did not hear what I said on that point earlier. It is because those measures are far too weak and do not go far enough that we are voting against them. I set that out very clearly in my previous remarks.

Chris Philp: I am not sure that that is a very good basis for voting against something. A move forward is a move forward. I have yet to hear a detailed and coherent set of proposals that would take these measures further forward. I am sure that those on the Treasury Bench are always eager to receive ideas on measures that would raise revenue. If the hon. Lady wanted to propose ideas on the Floor of the House, I am pretty sure she would find a ready audience. One such measure, the diverted profit tax, has directly raised £700 million since 2015. In addition, it is interesting that businesses talk about not just the direct effect of the diverted profit tax. Some companies, realising that they might be caught by the diverted profit tax, choose to change their behaviour and effectively choose to pay ordinary corporation tax in a more compliant way. That does not appear in the diverted profit tax figures, but it is none the less successful in changing behaviour.

Anneliese Dodds: I am very grateful to the hon. Member for giving way; he is being very generous. I would like to mention, however, that I did refer in my speech to Labour's tax transparency and enforcement plan. In fact, I referred to three cases where the Government have rightly learned from that plan, which is fabulous, and are either completely or partially adopting some of our suggestions. There are, however, many other areas where they need to take action. They should look at our plan and learn.

Chris Philp: The fact that the Government have adopted three measures shows that they are not only a Government who listen and adapt, but a Government who have taken more than 100 anti-avoidance and anti-evasion measures since 2010. That is a record the Government can be proud of, although there is always more that can be done. I will come on to one idea later.

The hon. Lady suggested in her very long and at times entertaining speech—perhaps inadvertently entertaining, but it was entertaining—that the Government had not shown leadership in the area of organising international co-operation to combat tax evasion. She also said it was a concern that we are leaving the European Union as we might lose that as a forum in which to combat tax evasion and tax avoidance. The most effective forum is the OECD's BEPS initiative—the base erosion and profit shifting initiative. The UK

Government have been a leader in this area—for example, on action five, which limited the deductibility of interest payments against corporation tax. That is another area where the UK Government have shown genuine global leadership.

Kevin Foster: Listening to my hon. Friend's speech, I can see exactly why the shadow Chancellor rushed to the Chamber to enjoy it. On global co-operation, what does he make of the many treaties we have signed with other jurisdictions, such as Liechtenstein, which have allowed us to get hold of tax information and ensure there cannot be places where British taxpayers hide?

Chris Philp: That is an example of one of the many areas where we have taken action. Getting information from that jurisdiction and, I think, Switzerland has helped us to combat people who are not paying the tax they should. The proof of the pudding is ultimately—I can see the flood of hon. Members on to the Opposition Front Bench continuing—in the eating. The fact is that the amount of money collected in corporation tax has gone up from £35 billion to £55 billion.

The hon. Member for Stalybridge and Hyde (Jonathan Reynolds), who was in his place earlier, shook his head when that point was made and referred to an IFS report, which he said made the point that if corporation tax rates were higher, they would raise more money. I have had the opportunity to look up that report since then. The article was in *The Guardian*, which is hardly a Conservative or right-wing newspaper—it may be too right wing for the shadow Chancellor, but it is not too right wing for me—and although any amount of money that might be raised in the short term is one thing, it goes on to say the IFS stated that “substantially less” will be raised in the medium term as companies respond by investing less.

The hon. Member for Oxford East asked what the intellectual backing was for suggesting that lowering tax rates increases revenue. That backing comes, of course, in the form of the Laffer curve, named after Professor Arthur Laffer, who made the case very coherently that lowering rates can increase the take—my hon. Friend the Member for Solihull (Julian Knight) made this point earlier—by encouraging investment and encouraging companies to relocate to a jurisdiction where there are lower rates of tax. That is no theoretical thing—[*Interruption.*] It is not only a theoretical thing, but a practical thing.

Since the Government introduced lower rates of corporation tax, a number of companies have chosen to take advantage of them by locating into the UK. Most recently, in August this year, Panasonic moved its European headquarters from Amsterdam into the United Kingdom, and clearly, competitive rates of tax were part of that. Back in 2012, when the former Chancellor, George Osborne, set this course, a whole number of companies announced that they were locating back into the UK, including Aon, which located here from the United States, Starbucks, which located its corporate HQ here from the Netherlands, and WPP, which located its corporate HQ here from the USA. More recently, Unilever considered moving its corporate HQ out of the UK to the Netherlands, but there was a huge shareholder revolt and it chose to stay here. Those are practical examples of a competitive tax system in action. That is part of the reason why the tax yield has gone up so considerably.

Alex Chalk (Cheltenham) (Con): Not just companies but entire sectors and industries might be attracted to come here. The UK film industry is so buoyant and world-leading in very large part because of the benign tax environment that it can enjoy.

Chris Philp: My hon. Friend is right to draw attention to the way in which very favourable tax systems can indeed attract companies to this country. We should be proud of the fact that we are attracting the world's leading companies to the United Kingdom.

I am sorry to refer to the speech by the hon. Member for Oxford East so often, but it was a very full speech and there was a great deal to reply to. She suggested that the Chancellor of the Exchequer said that our plan was to become a tax haven. He never used the words “tax haven”, but he did say that we could be a tax competitive economy. There is nothing to apologise for in saying that we will be a tax competitive economy and attract companies to locate here. If there is a tax haven in Europe, it is Luxembourg, so the hon. Lady should reserve her ire for that jurisdiction.

Anneliese Dodds: I am very grateful to the hon. Gentleman for giving way; he is being very generous. I have not been reserved in showing my ire for Luxembourg; in fact, I have campaigned for a long time in relation to its tax practices. I am very glad that he has given me the opportunity to respond on this point, because I looked up exactly what the Chancellor did say. He was asked by the newspaper *Die Welt* in January 2017 whether the UK would become a “tax haven” for Europe, and he responded that the UK could be “forced” to abandon its European economy with European-style taxation. When the Prime Minister's spokesperson was asked if she agreed with this assessment, she confirmed that the Prime Minister was in agreement and would stand by him.

Chris Philp: The words “tax haven” were not his, and what he clearly confirmed in response was the he intended to create a tax competitive economy, which we can all be proud of, and I will certainly support him in creating it.

I feel that I should move on—although I will happily take more interventions—to new clauses 14 and 15, which were spoken to by the hon. Member for Glasgow Central (Alison Thewliss), the SNP's Front-Bench spokesman. In her speech, she drew attention to the importance of transparency, and she was right to do so. We have already made significant moves on limited companies and limited liability partnerships. Persons of significant control now have to be disclosed on the Companies House register, and I fully agree with her that that should be comprehensively enforced.

6.45 pm

Alison Thewliss: The problem is that it is not being comprehensively enforced. About £2 billion is due in fines from SLPs. If the Government are not going to collect £2 billion, why on earth are they putting forward austerity cuts? They could have that money easily.

Chris Philp: It will not have escaped the hon. Lady's notice that by the fifth year of the five-year period there is a fiscal loosening of £30 billion—that is hardly austerity—and that the NHS will receive a huge amount

[Chris Philp]

of extra money, including the NHS in Scotland via Barnett consequentials. I think that we can say very clearly that this was not an austerity Budget. I agree, however, with her more serious point. As my hon. Friend the Member for Ochil and South Perthshire said, where a law is passed, it should be properly enforced, and if there is more scope to enforce this law, it should certainly be done.

A further legislative measure was announced over the summer in relation to transparency. By 2021, we will start recording the ultimate beneficial ownership of property owned by companies, which is an important measure, because some properties, particularly very expensive, high-end properties, are often owned in offshore companies, but there is currently no transparency in respect of who owns those companies. As of 2021, we will know who the ultimate beneficial owners are, and that will also create an interesting taxation opportunity that I strongly commend to the Financial Secretary.

At the moment, when an ordinary property is bought or sold by an individual, it triggers residential stamp duty, but when a transaction takes place whereby the company owning the property is sold, no residential stamp duty is paid, because, as far as the Land Registry is concerned, no change of ownership has taken place. At the moment, we have no visibility over any change of ultimate beneficial ownership, because it is not registered, but from 2021 we will, because that change will have to be registered. I suggest, for a future Budget, that a change of ultimate beneficial ownership should trigger a stamp duty charge as though for a direct change of ownership, as would happen if any of us bought a property. That would yield significant extra residential stamp duty.

I will give an example. I am aware of a transaction in Belgravia, not far from here, that took place two or three years ago. It was a collection of luxury houses developed by an offshore company—based in the Cayman Islands or British Virgin Islands—and sold to a Chinese gentleman for £110 million, but he did not buy the property and therefore no stamp duty was payable. He bought the offshore company and no stamp duty was paid. Had that change of ultimate beneficial ownership been registered and had stamp duty been payable, a stamp duty charge of about £16 million would have been crystallised for the Exchequer's benefit.

I suggest we collect that sort of money in the future. Of course, that property is liable for annual taxation on envelope dwellings, because it is held in a company, but that only levies at a rate of £226,000 a year, so the payback period is 73 years, and most of these properties are traded more frequently than that. I challenged the hon. Member for Oxford East earlier to come up with some ideas for raising revenue and combating non-compliance. There is my idea. I hope that a future Budget adopts it and takes it forward.

I will conclude—I know the shadow Chancellor wants to hear more, but I have to disappoint him—by briefly addressing Government clauses 15 and 16 on intellectual property charges and charges in relation to fragmented profits. This is an extremely important area, because a number of large corporates are using intellectual property charges to spirit away profits attributable to UK operating activities.

Most notoriously, Starbucks used this about five or six years ago. It managed to extract almost all its UK profits by levying an intellectual property charge in relation to its beans. It said the beans were special beans and had a very high charge on them, and it managed to register pretty much zero UK profit. That is precisely the kind of intellectual property charge that these measures are designed to combat. An arm's-length, third-party intellectual property charge cannot possibly result in zero profit for the company paying that charge, and it is right that the Government are taking further action.

Multinationals take their profits out of the UK and into, typically, the Luxembourg, Swiss or Caribbean jurisdictions, and intellectual property charges are more often than not the means by which they do so. I strongly commend clauses 15 and 16 for taking direct action to prevent avoidance measures that have undoubtedly cost the Exchequer. I think that I have spoken long enough about these clauses, which I shall be extremely happy to support if there are Divisions in 10 minutes' time.

Paul Masterton: It is a pleasure to follow my hon. Friend the Member for Croydon South (Chris Philp), although, as ever, the problem with following him is that he has done such a thorough and detailed job of going through the minutiae of pretty much every single piece of the Bill that there is not a huge amount left for me to say. However, I will do my best and raise a few points that I know are particularly important to people and businesses—particularly small businesses—in East Renfrewshire.

One reason why these measures are so important comes back to the perception of fairness. Action to deal with tax avoidance and evasion is important because people often perceive that they are playing by the rules and doing everything right, while other guys—often the big guys with lots of money, who can afford to pay the “big four” huge sums—are able to find clever ways of reducing their tax liability.

There have been many examples of companies diverting profits, in a way that is not fair and is not right, to other jurisdictions with much lower tax levels to save themselves money. They are taking money that was produced when taxpayers in this country went into their shops and bought their goods, supporting them and their products, but that money is not being kept in our economy or reinvested in our economy. It is being shunted offshore to other jurisdictions, where it is swept up and often manoeuvred around other areas, particularly when a global business is moving it around to prop up less competitive and less successful parts of that business offshore.

Since 2010, an extra £180 billion or so has been brought in as a result of some of the measures that we have introduced. That is a huge amount, which is being reinvested in the country in which it was produced. It means more money for our schools, hospitals and small businesses—the sort of money that can give people a bit of a break.

I want to touch briefly on the new clause tabled by the hon. Member for Glasgow Central (Alison Thewliss). She talks frequently, and with a great deal of knowledge, about Scottish limited partnerships—rightly, I think, because they are being increasingly scrutinised and are coming under the spotlight. They have been around for a long time, and previously no one paid much attention

to them—no one really understood what they were being used for. They fall within a slightly odd grey area in terms of the Companies Act 2006. In my former job as a pensions lawyer, they were used as a vehicle to allow companies to put an extra step between them and an investment. They helped companies to reduce their tax in relation to employer contributions that they had made through the sweeping round of funds.

That was a legitimate funding mechanism, but there is no doubt that because of where Scottish limited partnerships sit in relation to the wider tax system, they are being used pretty unscrupulously. A lot more stuff has been coming out about them, and I think that the hon. Lady is right to go on probing and testing to establish whether their proper use is being properly enforced and checked.

Alison Thewliss: I am glad that the hon. Gentleman agrees with me about Scottish limited partnerships. Does he also agree that the whole scope of the issue needs to be investigated, and that the Government need to bring their consultation report back? It is clear that when one loophole is closed another opens, and there seems to be some evidence that people are now moving to Northern Ireland to try to get around the rules. The Government must do something very soon before people jump over and do something else.

Paul Masterton: The hon. Lady has highlighted the key point that I made at the beginning of my speech about highly trained and well-paid accountants. The Government are always playing catch-up because she is right: what happens is that a loophole is identified, it takes quite a long time to get a measure to close it through the process, and by then everybody has already moved on to the next thing. We need to get better at pinpointing—almost like in a game of chess, thinking two moves ahead and saying, “If we close this down, where are they going to move next?” These people working in the private sector are able to find these money-saving methods, so there is no reason not to have people working in government thinking along the same lines.

I support what the Government are doing to reduce the tax gap. It is important to bring in the extra money that is properly due in this country by closing loopholes and stopping the feeling that the big corporate guy is getting away with something while I, the guy struggling with my own small business, am paying what is due. There is a real sense of unfairness in the practices that these measures are designed to tackle, and I look forward to supporting them in four and a half minutes’ time.

James Cartlidge: It is a pleasure to be called to speak on this important subject of anti-avoidance, and to follow my hon. Friend the Member for East Renfrewshire (Paul Masterton). I will take up his underlying point about fairness. There are incredibly important measures in the Bill in relation to avoidance that also deliver other more positive outcomes. I am referring to the area of capital gains tax.

Earlier we discussed exit charges and CGT, but there is also an important measure in relation to foreign ownership of UK property. Non-residents will now have to pay CGT on the sales of UK commercial property, and under the way that property structures can operate, residential property could also be covered.

Anti-avoidance measures can have a positive impact. We should not underestimate the huge impact of inflows of foreign investment in pushing up property prices in this country, particularly in London, and thereby spreading out through the south-east and around the rest of the country.

Matt Warman (Boston and Skegness) (Con): Does my hon. Friend agree that this is not simply about pushing up the value of property, but about changing the nature of neighbourhoods, and that there is a social dynamic as well as a purely financial one?

James Cartlidge: My hon. Friend makes a good point, and there are stats to prove this. In March, King’s College London published statistics estimating that foreign investment into the UK housing market had driven up prices in London by 20% over the last five years. That is a huge impact.

Mr John Hayes (South Holland and The Deepings) (Con) *rose*—

James Cartlidge: I am happy to take another intervention from a Lincolnshire MP—two on the trot.

Mr Hayes: My hon. Friend is making an important point. The measures in this clause are part of a suite of policies that allow us to deal with the abuse of international multinational monopoly capitalists, who are skewing our economy against the interests of our people and altering the character of both our economy and our society.

James Cartlidge: It is always interesting to hear attacks on capitalists from this side of the House. I simply say in terms of the way the property market has gone that we have often focused in the debate on housing on increasing the supply of homes—the statistics just published on new housing supply are incredibly positive—but I have been a mortgage broker and involved in the property sector, and I remember what happened in the wake of the crunch. The impact of fiscal and monetary policy and the stimulus we have had, and measures that have encouraged inward investment, have also been detrimental. We must not forget, as many people might, that in 2011-12 when the euro was facing an existential crisis—who knows, at some point in the future that might well return—huge inflows of capital came into UK residential property, particularly in London, pushing up prices and impacting on first-time buyers.

Having covered that specific point, I welcome anti-avoidance measures in this area. We need a level playing field, and not just in the same way that other anti-avoidance measures give a level playing field for small businesses; we need them for first-time buyers and those in Britain seeking to get on to the housing ladder. I support these measures and the others in the Bill.

Mel Stride: We have had a good, rounded and full debate, and I thank all Members for their contributions. I wish to touch briefly on the amendments and new clauses moved this evening. New clause 5 calls for a review of the impact of the clauses in this group on child poverty, on households at different levels of income, on those with protected characteristics and on the different parts of the United Kingdom. As I have stated, the

[Mel Stride]

Government already provide impact and distribution assessments and analysis in the Budget, as well as tax impact information and notes on individual tax measures.

7 pm

Amendment 23 calls for a report on how the power in clause 83 is to be exercised in the case of a negotiated withdrawal from the EU, and in the unlikely circumstances of a no-deal situation. That information would of course become known in time when precise details of our future partnership of the EU became known, or in the highly unlikely event of a no-deal situation occurring. New clause 14, proposed by the Scottish National party, calls for a review of the effect of the clauses in this group on reducing tax avoidance and evasion and on “inducing new tax avoidance measures unanticipated by the Act”, and for estimates of the impact of the clauses on the tax gap.

In the light of the Government’s desire to reinforce what we are doing already or what we will naturally provide in a timely manner as events unfold, the Government will not oppose new clause 5, amendment 23 or new clause 14. That is subject to the information that is being sought being available, in which case we will of course provide it.

Question put and agreed to.

Clause 15 accordingly ordered to stand part of the Bill.

Schedule 3 agreed to.

Clause 16 ordered to stand part of the Bill.

Schedule 4 agreed to.

Clauses 19, 20 and 22 ordered to stand part of the Bill.

Schedule 7 agreed to.

Clause 23 ordered to stand part of the Bill.

Schedule 8 agreed to.

Clauses 46 and 47 ordered to stand part of the Bill.

Clause 83

INTERNATIONAL TAX ENFORCEMENT; DISCLOSABLE ARRANGEMENTS

Amendment made: 23, page 60, line 8, at end insert—

“(8) No regulations made be made under this section unless the Chancellor of the Exchequer has laid before the House of Commons a report on how the powers in this section are to be exercised in each of the scenarios in subsection (9).

(9) The scenarios to be considered in the report under subsection (8) are—

(a) if either of a—

- (i) negotiated withdrawal agreement, or
- (ii) framework for the future relationship with the European Union have not been ratified under section 13 of the European Union (Withdrawal) Act at the time of the United Kingdom ceasing to be a member of the European Union, and

(b) if both of a—

- (i) negotiated withdrawal agreement, or
- (ii) framework for the future relationship with the European Union have been ratified under section 13 of the European Union (Withdrawal) Act at the time of the United Kingdom ceasing to be a member of the European Union.”—(Anneliese Dodds.)

Clause 83, as amended, ordered to stand part of the Bill.

New Clause 5

IMPACT ANALYSES OF THE ANTI-AVOIDANCE PROVISIONS OF THIS ACT

“(1) The Chancellor of the Exchequer must review the impact of—

- (a) section 15 and Schedule 3,
- (b) section 16 and Schedule 4,
- (c) sections 19 and 20,
- (d) section 22 and Schedule 7,
- (e) section 23 and Schedule 8,
- (f) sections 46 and 47, and
- (g) section 83

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 impact of those provisions on child poverty,
- (b) households at different levels of income,
- (c) the impact of those provisions on people with protected characteristics (within the meaning of the Equality Act 2010), and
- (d) the impact of those provisions on different parts of the United Kingdom and different regions of England.

(3) 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.”—(Anneliese Dodds.)

This new clause requires the Chancellor of the Exchequer to carry out and publish a review of the effects of the tax avoidance provisions of the Bill on households with different levels of income, on child poverty, people with protected characteristics and on a regional basis.

Brought up, read the First and Second time, and added to the Bill.

New Clause 14

REVIEW OF EFFECTIVENESS OF PROVISIONS ON TAX AVOIDANCE

“(1) The Chancellor of the Exchequer must review the effectiveness of the provisions of this Act relating to tax avoidance and lay a report of that review before the House of Commons within six months of the passing of this Act.

(2) In this section, “the provisions of this Act relating to tax avoidance” means—

- (a) section 15 and Schedule 3,
- (b) section 16 and Schedule 4,
- (c) sections 19 and 20,
- (d) section 22 and Schedule 7,
- (e) section 23 and Schedule 8,
- (f) sections 46 and 47,
- (g) section 83.

(3) A review under this section must consider in particular—

- (a) the effects of those provisions in reducing tax avoidance and evasion,
- (b) the effect of those provisions in inducing new tax avoidance measures unanticipated by the Act, and
- (c) estimates of the efficacy of the provisions in reducing the tax gap in each tax year from 2018-19 to 2028-29.”—(Alison Thewliss.)

This new clause would require a review of the effectiveness of provisions on tax avoidance.

Brought up, read the First and Second time, and added to the Bill.

The Deputy Speaker resumed the Chair.

Bill (Clauses 5, 6, 8 to 10, 15, 16, 19, 20, 22, 23, 38 to 42, 46, 47, 61, 62, 68 to 78, 83, 89 and 90, schedules 3, 4, 7, 8, 15 and 18 and certain new clauses and new schedules), as amended, reported, and ordered to lie on the Table.

Business without Debate

DELEGATED LEGISLATION

Mr Deputy Speaker (Sir Lindsay Hoyle): With the leave of the House, we shall take motions 3 to 5 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

EXITING THE EUROPEAN UNION (CONSUMER PROTECTION)

That the draft Textile Products (Amendment) (EU Exit) Regulations 2018, which were laid before this House on 10 October 2018, be approved.

FINANCIAL SERVICES AND MARKETS

That the draft Financial Services and Markets Act 2000 (Claims Management Activity) Order 2018, which was laid before this House on 9 October 2018, be approved.

EXITING THE EUROPEAN UNION (CIVIL AVIATION)

That the draft Operation of Air Services (Amendment etc.) (EU Exit) Regulations 2018, which were laid before this House on 17 October 2018, be approved.—(*Amanda Milling.*)

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

CAPITAL GAINS TAX

That the draft Double Taxation Relief and International Tax Enforcement (Jersey) Order 2018, which was laid before this House on 4 September, be approved.—(*Amanda Milling.*)

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 21 November (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)).

CAPITAL GAINS TAX

That the draft Double Taxation Relief and International Tax Enforcement (Isle of Man) Order 2018, which was laid before this House on 4 September, be approved.—(*Amanda Milling.*)

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 21 November (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)).

CAPITAL GAINS TAX

That the draft Double Taxation Relief and International Tax Enforcement (Guernsey) Order 2018, which was laid before this House on 4 September, be approved.—(*Amanda Milling.*)

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 21 November (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)).

IMMIGRATION

That the draft Immigration (Health Charge) (Amendment) Order 2018, which was laid before this House on 11 October, be approved.—(*Amanda Milling.*)

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 21 November (Standing Order No. 41A).

PETITIONS

Review the regulations and control of fireworks

7.7 pm

Martyn Day (Linlithgow and East Falkirk) (SNP): I rise to present a petition from my constituents regarding the regulation and control of fireworks. My office has seen a growing number of complaints about the issue each year. I have been inundated by videos of distressed pets that are clearly upset as a result of acoustic stress. In answer to my written question, the Government said that they have

“no plans to amend the regulations”

and that they are sticking to the 120 dB figure, so I hope that they will reconsider the matter—just as they reconsidered issues earlier tonight. As an example, the noise of a jet taking off is around 100 dB and the average human pain threshold is 110 dB, so this matter certainly needs to be looked at.

The petition states:

The petition of residents of Linlithgow and East Falkirk,

Declares that the petitioners believe that the use of fireworks is increasing in terms of frequency and that the resultant nuisance of noise and perceived danger from explosions are growing with the ever increasing size and power of fireworks available within the UK; further that fireworks can cause severe distress to people suffering from PTSD or other mental health issues and to animals.

The petitioners therefore request that the House of Commons urges the Government to review the existing legislation for the regulation and control of fireworks; further that consideration be given to legislating for a ban on private use and limited fireworks to licensed displays; and further that considerations be given to promoting the use of silent fireworks as an alternative

And the petitioners remain, etc.

[P002288]

Universal Credit Roll out

7.9 pm

Chris Stephens (Glasgow South West) (SNP): I rise to present a petition on behalf of the constituents of Glasgow South West, the most sophisticated electorate in these islands.

The roll-out of universal credit is being felt by the constituents of Glasgow South West, and the Glasgow South West food bank reports an increase in food bank usage of 23% since 19 September, when universal credit arrived in the Govan jobcentre.

The petition states:

The petition of residents of Glasgow South West,

Declares that the proposed roll out of Universal Credit in the city of Glasgow will have a devastating impact on communities across the city and will lead to increased foodbank usage and financial misery for some of the most vulnerable people in Glasgow.

The petitioners therefore request that the House of Commons urges the Department of Work and Pensions to halt the roll out of Universal Credit in Glasgow and fix it without delay.

And the petitioners remain, etc.

[P002294]

British Exports

Motion made, and Question proposed, That this House do now adjourn.—(*Amanda Milling.*)

7.10 pm

Andrea Jenkyns (Morley and Outwood) (Con): I am proud of our great country. We have always been innovative global leaders. In Britain we have some excellent products, goods and services that the world wants to buy. The United States is the UK's largest trading partner. The UK exported £112 billion of goods and services to the US in 2016, which is 18% of our total. That is slightly less than double the value of exports to Germany, which is the UK's second largest export market, at £57 billion.

But it is the emerging economies where we are seeing the greatest growth. In 2017 the UK exported £22 billion of goods and services to China, making it the UK's sixth largest export market. Trade with India has also increased, and India's share of UK exports has increased from 0.9% to 1.7%. I hope to see that trade increase, and the British Government should be doing all they can to ensure that we can take advantage of our historical links with the Commonwealth, China and the USA.

The PricewaterhouseCoopers report "The World in 2050" looks at how the global economy is likely to change by 2050. Its key findings are that the world economy is due to double in size in just over 30 years, far outstripping the rate of population growth. Emerging markets in the E7 are expected to grow around twice as fast as the advanced developed nations of the G7. If that model is correct, current emerging economies are projected to be six of the world's seven largest economies in 2050, led by China in first place, India in second and Indonesia in fourth.

Jim Shannon (Strangford) (DUP): My constituency of Strangford has just secured a significant contract with China for dairy and milk products worth £250 million over five years. The Secretary of State for International Trade initiated the contract, with help from local people. Does the hon. Lady agree that China and the Pacific nations are markets where we can do more with agri-food? There is a lot of trade in that area on which we can build, and when we leave the EU we can do even better. We should look towards the good times when we leave the EU on 29 March 2019.

Andrea Jenkyns: The hon. Gentleman and I are clearly on the same page about the opportunities for the UK when we finally leave the EU.

The US will be down to third place in the global GDP rankings in 2050, and the EU27's share of world GDP could fall below 10%. According to this report, the UK could be down to 10th place, France will be out of the top 10 and Italy will be out of the top 20, as it is overtaken by faster-growing emerging economies such as Mexico, Turkey and Vietnam.

We are at a crossroads, and not just for our country and Brexit. There is a shift in global economic power from the west to the east. This cannot be stopped. It is right that a country with a population the size of India should have a higher GDP, which is good for tackling extreme poverty. It has also been shown that it is only through capitalism and trade that these countries will

grow. The UK, as an outward-looking trading nation, has a chance to forge strong links with the economic powerhouses of tomorrow. We need to get in there first, take advantage of our position now and be able to sign free trade deals to fully maximise our opportunities.

Jack Lopresti (Filton and Bradley Stoke) (Con): I congratulate my hon. Friend on securing this debate and making a brilliant speech. Will she join me in paying tribute to a great British company called Rolls-Royce, which employs nearly 3,000 people in my constituency and 22,000 people across the UK? It is responsible for 2% of our nation's exports and makes a £12.2 billion contribution to our economy, which represents 0.7% of our GDP. It is a fantastic company, with global outreach. It is ambitious and is driving the way forward. Does she agree that companies such as Rolls-Royce are going to lead the way in a post-Brexit Britain?

Andrea Jenkyns: I thank my hon. Friend for his intervention. It is probably the only time I will ever give way to my husband. I thank him for his question and agree that Rolls-Royce is a fantastic company.

Alison Thewliss (Glasgow Central) (SNP): The hon. Lady is making a good point about the trade deals with India and other countries, but does not she accept that there needs to be a re-examination of how the Home Office treats visa applications, too? There is a huge expectation in these countries that trade deals will come with a bargain in terms of people being able to visit and come to the UK.

Andrea Jenkyns: I thank the hon. Lady for her question and I agree; I am a Brexiteer because I think our immigration and visa system should be a level playing field.

The UK, as an outward-looking trading nation, has the chance to forge strong links with the economic powerhouses of tomorrow. We need to get in there first, take advantage of our position now and be able to sign free trade deals to fully maximise our opportunities. Brexit gives the UK an amazing opportunity to become, as the Prime Minister has said, "a truly global Britain". However, I am sceptical about any agreement that we sign with the EU that will not allow Britain to export its goods and services freely to the world. I was impressed with the Prime Minister's Lancaster House speech. That vision for Britain was one that I know the country could get behind, as I certainly did. The British people and I voted to leave and take back control of our future. I am disappointed for the 17.4 million people who voted to leave that this vision is currently only looking like a fantasy.

As I said earlier, by 2050, the EU27's share of GDP is likely to fall significantly. The EU is fundamentally protectionist in its economic outlook, whereas the UK and its people can see a bright future. Protectionism is bad for growth and for trade. In a future where Italy is out of the top 20 and overtaken by countries that only a decade ago it would have seemed unbelievable for it to be overtaken by, we need to look further than the EU's borders of Latvia or Romania.

Alex Chalk (Cheltenham) (Con): My hon. Friend is making a powerful speech. Do we not also need to look at ourselves as a country, because the world's third biggest exporter is Germany and it is more productive

than us? We need to become more productive and invest more in the wherewithal to create the goods that the world wants to buy.

Andrea Jenkyns: I thank my hon. Friend for his question. This is why I am a keen Brexiteer; rather than sending money across to the EU, I would like to see it invested in our own industries, and in research and development, so that we can really have a bright future for this country.

Mr Iain Duncan Smith (Chingford and Woodford Green) (Con): There are two elements to point out about that previous intervention. First, Germany has done significantly well, but a huge amount of that has been because its currency level at the moment is far lower than it would have been had it not been in the euro. Secondly, that has caused extraordinary damage to countries that were massive exporters, such as Italy and others, which are now literally finding themselves impoverished by the fact that so much of the Germans' production is now dumped into their countries, at their expense. So we have to be careful when we recognise what Germany has achieved. There is much it has achieved. We need to recognise that we have to invest more and make sure we are more productive. There are plenty of ways to do that. We need to be careful when we extol the virtues of what has been going on in Europe.

Andrea Jenkyns: I thank my right hon. Friend for his strong contribution. He is second to none in his commitment and passion for this, and I thank him for all the work he has done for decades.

There is near consensus among economists that free trade generates more wealth than any system that restricts cross-border exchange. The great exporting businesses in my constituency want us to be able to trade freely around the world, not just with the EU27. Protectionism benefits producers over consumers, favours big business over small businesses and hurts lower-income consumers more than higher-income consumers. Trade barriers are simply taxes on consumers and businesses that impede the global division of labour and the creation of wealth. That certainly does not match Conservative values.

I am lucky to have some incredible small and medium-sized enterprises and big companies in my constituency that already export around the world, but they would like to see lower tariffs and free trade opportunities further afield. Ties Planet exports to 190 countries around the world, and Associated Waste Management exports 170 tonnes of refuse-derived fuel around the world. The Coca-Cola plant in my constituency is the biggest soft drinks plant in Europe, and it manufactures and distributes more than 100 million cases of soft drinks a year. I am sure that Coca-Cola, too, would like to see low tariffs, not only in Europe but globally. The British people voted to take back control and Brexit should now be supporting British exporters.

One third of the world's population currently lives in the Commonwealth. Our close relationship with this wonderful organisation and its respect for Britain could easily be tapped.

Mr Duncan Smith: My hon. Friend mentioned soft drinks. Given that the Scottish nationalists are on the Benches opposite, will she also recognise that Scotch

whisky is exported to places such as India that charge huge tariffs on it? One great benefit for that soft drink would be that it could be exported much more, and many of us who enjoy that soft drink occasionally in the evening would see that we had done a huge amount of good for businesses, even in Scotland.

Andrea Jenkyns: As somebody who gets tipsy on one glass of wine, I will leave the whisky drinking to my right hon. Friend and my husband.

Britain's entry into the European Economic Community in 1973, and the EEC's evolution into the European Union, has meant that it has been impossible for the UK to enter independently into negotiations with Commonwealth states to establish free trade agreements. However, after Britain's decision on 23 June 2016 to leave the EU, and as article 50 of the EU's Lisbon treaty has been invoked, Britain may be able to negotiate its own trade deals.

Chris Green (Bolton West) (Con): Does my hon. Friend agree that around the world the direction of travel for trade has been towards bringing down barriers? When we joined the EEC in 1973, the barriers were much more substantial. The European Union ought to seek an opportunity to maintain, post Brexit, the zero barriers that we currently have.

Andrea Jenkyns: I thank my hon. Friend, who is another committed Brexiteer and visionary for our country.

In the Commonwealth, English is usually spoken as the first or second language. Our common law system has been inherited by many Commonwealth countries, and foreign countries encourage their people to study law in Britain. Even accounting principles and practices are usually similar to our own in the UK. In 2016, the UK exported goods and services to the Commonwealth worth £48.5 billion, which is only 8.9% of all UK exports. As a country, we have neglected this vital resource for too long, and as a nation and Government we should be doing more to actively encourage exports to these exciting economies.

In recent years, there have been some good-news stories from the Commonwealth. In my region, the number of exporters of goods in Yorkshire and the Humber that send products to Nigeria went up by 8.2%. Exports to India increased by 4.3% and exports to Australia by 1.8%. By contrast, the number of exporters to France has barely moved, at 0.2%, and the number of exporters to Italy fell by 0.4%, despite the drop in the value of the pound. Since the Canadian free trade deal with the EU, our export to Canada have increased by 9.9% compared with last year. That illustrates the benefits that new free trade agreements can have for the great exporters in Yorkshire and the Humber. Like them, I want to see more people exporting around the globe, and the Government play a large part in that ambition.

I fully agree with the Government's industrial strategy. We need to back business and invest in skills, industries and infrastructure to ensure that we are ready for the 21st century. We need a geographically balanced economy; to encourage the UK to be the world's most innovative economy; and to see greater earning power for all. We need continued investment and a strong business environment, guaranteeing that the UK is the best place in the world to start and grow a business.

[*Andrea Jenkyns*]

As the Minister will confirm, research shows that companies that export have increased growth potential, are far more productive, and offer better-paid jobs. Last year, some £620 billion of goods and services exported by British companies accounted for 30% of our GDP, and UK exports are at a record high.

Hugh Gaffney (Coatbridge, Chryston and Bellshill) (Lab): I am listening to the hon. Lady's speech, and the thing that worries me about Brexit is what happens if Britain becomes isolated from the rest of the world. What if Europe can do it cheaper? Where will all our exports go? That is my biggest fear about Brexit.

Andrea Jenkyns: I thank the hon. Gentleman for his question, but I, unlike him, have great belief in the British people and our businesses. I know and trust that we will continue to thrive and grow. There is no doubt that we will far outdo the performance of the EU—we will do far better, mark my words. I just wanted to put that on record.

The Department for International Trade estimates that 400,000 businesses believe that they could export but do not, and demand for British expertise and goods overseas is growing. I was pleased that the Secretary of State for International Trade recently set out ambitious plans to make Britain a 21st-century exporting powerhouse. This new export strategy aims to increase UK total exports as a proportion of GDP to 35%. We want SMEs to grow into the multinational corporations of tomorrow, and support from the Government can and will help.

I am glad that the Government are responding to a call from business. The export strategy outlines how the Government will produce smarter and more tailored support to UK companies. More support for companies selling overseas will be offered, encouraging and inspiring more businesses to export. The Government will assist businesses by providing information, advice and practical assistance on exporting, and they will connect UK businesses to overseas buyers and markets, and to each other. The policy sounds fantastic and I am sure that every hon. Member in this Chamber could get behind it—it is certainly one that I could get behind—but we need to address the elephant in the room of free trade agreements in the light of the restriction that the Prime Minister's draft withdrawal agreement puts on our ability to be free and independent when we finally leave the EU.

Martin Howe QC has analysed the Prime Minister's draft agreement and has come to this conclusion:

"This customs union arrangement would kill stone dead the chances of the UK following an independent trade policy after Brexit. We would not be able to offer tariff concession to free trade partners, so they would have no incentive to offer us concessions on, say, services, which we would want to export to them. Further, it will render the theoretical right to negotiate third country trade agreements during the transition period totally meaningless. Since we will be unable to tell prospective free trade partners when we will be free to implement such an agreement, or indeed whether we will ever be free to do so at all, they will have no interest in spending time and effort on serious negotiations with us."

It is a lose-lose situation for the UK and our future.

Let me repeat what Martin Howe says:

"This customs union arrangement would kill stone dead the chances of the UK following an independent trade policy after Brexit."

That is directly at odds with the Prime Minister's Lancaster House speech, in which she said:

"I want us to be a truly Global Britain—the best friend and neighbour to our European partners, but a country that reaches beyond the borders of Europe too. A country that goes out into the world to build relationships with old friends and new allies alike. I want Britain to be what we have the potential, talent and ambition to be. A great, global trading nation that is respected around the world and strong, confident and united at home."

The Prime Minister's draft agreement does not live up to her promises, and I will not support any agreement that does not allow the UK to take back control to export our goods freely around the globe. Only today, Global Britain and the European Research Group issued the joint publication "Exploding the myths of leaving the customs union". Its foreword by Simon Boyd, the managing director of REIDsteel, rubbishes concerns that, when the UK leaves the EU single market and customs union, it will be harder to trade. Whether for imports or exports, his biggest criticism of the EU is the bureaucratic nature of the customs union, which is designed as a fortress to protect producers rather than to encourage free trade. Furthermore, he criticises an EU system that suits multinationals that have the means to lobby and to unfairly profit at the vast expense of the majority of UK businesses. We need to get as far away from this protectionist club as possible, which means that we should leave the customs union so that we support British small and medium-sized enterprises and exporters here at home.

I am a Conservative. We believe in liberalised trade, but we also believe in the determination and talent of British people and business. We believe in the benefits of a Government who support business and allow it to prosper. Some 200 years ago, Adam Smith argued in favour of free trade and against protectionism. That argument is as relevant and persuasive today as it was back then. Those arguing against free trade and for protectionism are arguing in favour of higher prices and fewer choices for the consumer, and therefore against a higher standard of living for the British public. I cannot support that. We need to be free of the EU's protectionist bloc once and for all.

We have excellent exporters in my constituency, across Yorkshire and Humber, and throughout the UK. These are businesses that we should be proud of, and I am glad that the Government and the Secretary of State are working with businesses to support their needs and keeping exports high on the Department's agenda. However, the Government's draft agreement to keep the United Kingdom in the customs union with the EU will not help exporters in the medium to long term. Every day that we stay in the EU is another day when we are not able to take advantage of our historic ties with the world's most exciting and fastest-growing economies.

Fears about our leaving the customs union have been greatly exaggerated. Brexit offers the opportunity to reduce red tape, to look beyond the bureaucratic nature of the customs union, and to establish our own free trade agreements with the rest of the world. Adam Smith may be about to be replaced on the £20 note, but that does not mean that we should forget his teachings about the importance of free markets. To echo the Prime Minister's words, I want to see a truly global Britain, but we need to be out of the customs union to ensure that this happens. It is only when we are truly free, and we have control of our laws, our money and

our borders, that Britain will be able to fulfil its destiny as the 21st-century exporting powerhouse that the Secretary of State himself wants the country to be.

7.32 pm

The Parliamentary Under-Secretary of State for International Trade (Graham Stuart): I congratulate my hon. Friend the Member for Morley and Outwood (Andrea Jenkyns) on securing the debate, and on her passionate defence of, and advocacy for, the beneficial effects of free trade.

Between 2010 and 2017, exports from this country grew by £170 billion, and we are determined to grow them further. As the Minister for investment, I am pleased to say that we have retained our position as the No. 1 foreign direct investment destination in Europe, and we are third globally. Through foreign investment, 76,000 new jobs were created last year alone—1,500 in every single week. More than 3.3 million more people are in work today than when the Labour party left office in 2010, which means that more people are able to support themselves and their families. Quite simply, exports and investment are important because the UK needs to pay its way in the world. That is the fundamental difference between the Government and the Opposition—Labour forgets that we have to earn our way. If we do not, we will end up as every single Labour Government in history always have—with more ordinary people on the dole queue at the end of their period in office than at the beginning.

The Institute of Economic Affairs recently published a report that found that, through an increased tax take, job creation and other factors, if the value of UK exports rose a further 10%—remember that exports from this country grew more than 10% in 2017 to nearly £620 billion—we could raise a further £20 billion in tax revenue, which would fund our schools, hospitals and other vital public services on which we all rely. I should say that those are not Government figures. Nevertheless, the IEA's work highlights just how important exports are to the social and economic health of our country. That is one of the key reasons why we now have a dedicated international economic Department. Never before had there been a Department solely focused on exports, investment and bringing down trade barriers, but in the Department for International Trade, we now have exactly that.

It was also why in August, as my hon. Friend said, we launched the export strategy—a Government-led collaboration with business that was developed after extensive engagement with firms of various sizes in different sectors right across this United Kingdom. It aims to build on our existing exporting success by setting a UK export challenge to increase exports as a proportion of GDP from 30% to 35%, moving us towards the top of the G7. We will inform, connect with, encourage and finance UK businesses so that they realise their full exporting potential. The export strategy builds on the Government's wider industrial strategy with the ambition of making exporting the norm, not the exception, for UK businesses, and of working with firms to give them the tools they need.

Mr Owen Paterson (North Shropshire) (Con) *rose—*

Graham Stuart: I have very limited time, so if my right hon. Friend will forgive me, I will press on and put my remarks on the record.

We are taking a whole-of-government approach as we seek to enthuse Departments, the devolved Administrations, local government and industry bodies alike. Increased exports are not just a public good in themselves, but provide so much more.

Our strategy recognises the need to find better ways to talk to exporters, business organisations and private sector providers of export support. That was why we ran a nationwide system of consultation involving roundtables, meetings, workshops, user surveys and the like to make sure that we understood the barriers that businesses faced, and to ensure that we never go back to the low levels of exports that were bequeathed by the previous Government. Many businesses said that they did not have the expertise to export, or that they lacked knowledge about local business cultures, regulations or consumer needs. That is why the Government are taking steps to use their unique position to help companies to connect into local markets and to overcome barriers to export. That can include supporting the creation of consortiums for UK firms, thereby convening businesses from throughout a supply chain to present overseas buyers with a complete, and expert, UK offer. One such example is the Infrastructure Exports: UK consortium.

We are developing new digital services to help companies to report trade barriers so that our growing trade policy function can prioritise dealing with the obstacles that are most damaging to UK businesses. We are building up—most importantly, I think—a national network of export champions involving businesses that have successfully exported and can give their expertise, advice and mentoring support so that other firms can do the same. After all, Conservative Members never forget that it is business that does business, not Government. We are simply there to facilitate and support. We have successful pilots in the midlands engine and the northern powerhouse, which represents a time-efficient and trusted way to gain the information and skills for businesses to begin to export overseas.

The Department for International Trade is leveraging its extensive overseas network in 108 countries worldwide to help to attract potential local customers. This includes participation in large expos such as Dubai 2020, or the DIT-inspired Great British festival of innovation and creativity held in Hong Kong in March this year. We are supporting the Small Business Saturday movement, as well as our annual Export Week, which we are currently in, and which my right hon. Friend the Secretary of State promoted in Bristol last week. I am hosting a food and drink export event in my constituency, and I hope that colleagues on both sides of the House will consider doing the same.

We are supporting supplier fairs where foreign buyers can bring specific opportunities directly to UK businesses. Through the Prime Minister's trade envoys, we have focused missions to highlight specific areas of expertise to overseas buyers. Giving UK business world-class support in overseas markets is why we have appointed Her Majesty's trade commissioners in nine regions of the world. They have the experience and independence to tailor our export offer to their region and meet its unique challenges.

I will move swiftly on through my speech as I am aware of the limited time. My hon. Friend the Member for Morley and Outwood talked about

[Graham Stuart]

opportunities outside Europe—she is absolutely right. The IMF originally said that 90% of global growth is expected to be outside Europe in the next 10 to 15 years, and it now predicts that even in the shorter term. The Commonwealth offers enormous opportunities as well, and we have a strong record there. In the year to June 2018, UK exports to the Commonwealth amounted to £56.5 billion—a 9.5% increase from the year to 2017—which resulted in a trade surplus of £4.3 billion.

We have a very positive future to look forward to. It is a shame that the only Member from the Labour party to turn up for this debate had only one thing to say, and that was to preach doom and gloom. We are proud of the exporting record of this Government, proud of the fact that we have provided record employment, and proud of the fact that we, not the Labour party, will continue in government—

7.40 pm

House adjourned without Question put (Standing Order No. 9(7)).

Westminster Hall

Tuesday 20 November 2018

[MR CLIVE BETTS *in the Chair*]

Road Safety and the Legal Framework

9.30 am

Ruth Cadbury (Brentford and Isleworth) (Lab): I beg to move,

That this House has considered road safety and the legal framework.

It is a pleasure to serve under your chairmanship, Mr Betts.

I thank the Backbench Business Committee for enabling this important debate on road justice and the legal framework from the perspective of vulnerable road users, which follows two debates on road safety held in this House over the past few weeks. The first was led by the hon. Member for Stoke-on-Trent South (Jack Brereton), and the second was a Government debate led by the Minister of State, Department for Transport, the hon. Member for Hereford and South Herefordshire (Jesse Norman).

Those important debates highlighted a range of issues that lead to avoidable road death and serious injury, particularly to vulnerable road users, such as those on foot or riding pedal cycles, but also to motorcyclists, wheelchair users, horse riders and others. As well as raising concerns about issues such as investment in highways, road design, training and The Highway Code, Members present at both debates expressed concerns about gaps in the application of road traffic offences and penalties, highlighted by the experiences brought to them by constituents following deaths and serious injuries among vulnerable road users.

I thank Brake, RoadPeace, Cycling UK and the House of Commons Library for helping me to prepare for this debate by providing detailed briefings. I secured this debate jointly with the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont). We are both officers of the all-party parliamentary group on cycling, which last year held an inquiry entitled "Cycling and the Justice System", culminating in a report that was published in May 2017. That report made 14 recommendations, but today we will focus on just four areas of road justice that we contend need review by Government: clarity over the distinction in charging and sentencing between dangerous and careless driving; misuse of the exceptional hardship rule in respect of driving bans; inadequate sentences for leaving the scene of an accident; and car-dooring.

All of those who are involved have no doubt that there is a need for a review. The wider context is that we and the Government share an ambition to make walking and cycling the natural choice for shorter journeys to reduce congestion, cut pollution, improve health, rejuvenate our shopping parades and save us all money. We also need to cut the cost of the effects of death and serious injury, including through lost futures and exorbitant health costs. Part of the solution is to address gaps in our road traffic laws.

The laws and their prosecution should be there to encourage safer driving, reduce casualties, improve road safety through the deterrent effect, and reduce irresponsible behaviour on our roads. The effectiveness of road traffic laws is of particular importance to vulnerable road users because irresponsible driving presents a disproportionate threat to them. It also puts people off travelling by foot or by bike, despite the huge health and environmental benefits of doing so. We generally expect high safety standards and strong obligations to avoid or minimise hazards in other risky professions, such as rail drivers and airline pilots, and other dangerous workplaces, such as construction sites. However, for drivers of vehicles, lapses of concentration that cause death or injury are regularly dismissed as accidents or carelessness, rather than something that is avoidable.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): My hon. Friend is making an extremely good speech in a very good debate, but will she bear it in mind that many employees in this country are put in a dangerous and vulnerable position because their employers force them to work untrained? I am thinking of Deliveroo, and those delivery people who get on a motorcycle or bicycle with no training and are put in a very vulnerable position. We have all seen it and we know that the accident rate is increasing. Employers are putting untrained people in a vulnerable position.

Ruth Cadbury: My hon. Friend makes an excellent point. There are strong standards in certain industries, such as for those who drive coaches and buses, and I agree that there should be a similar standard in that area. That is the only way to ensure that employers are not forcing their employees or contractors to drive too fast in order to get the job done.

We cannot afford to be relaxed about road deaths and serious injuries. The UK's road death rate is relatively low, but sadly it is levelling off rather than continuing to decline. The legal framework and our justice system need to send the message that road crime is a real crime, and that it is unacceptable to endanger other road users. When I learned to drive 40 years ago, my teacher told me, "Always expect the unexpected," because even if it is the fault of the dog or the child who runs out between the cars in front of the driver, ultimately it is the driver who will be responsible for their death. My teacher taught me to always drive with that in mind, whatever the driving conditions. That does not always mean driving at 20 mph; it is about appropriateness and safety within the conditions of the road, and always expecting the unexpected.

As I say, the legal framework and our justice system need to send the message that road crime is a real crime. The Government have taken notice of that need, but more action is awaited. In May 2014, the then Secretary of State for Justice, who is now the Secretary of State for Transport, responded to the road justice campaign run by Cycling UK and Brake by announcing plans for a comprehensive review of road traffic offences and sentencing. However, after substantial delays to that review, the Government announced a consultation in December 2016 on a much more limited set of proposals. Those proposals included increasing the maximum penalty for causing death by dangerous driving or death by careless driving while under the influence of drugs from 14 years to life imprisonment, and introducing a new sentence of causing serious injury by careless driving.

[Ruth Cadbury]

After further delays, the Government published a report on that consultation in October 2017. It recorded support for the above proposals, but noted that concerns had been expressed regarding a lack of clarity about the distinction between “dangerous” and “careless”. In response, the consultation said, the Government would work with criminal justice practitioners and victims’ groups to examine ways of improving the information available through the criminal justice process. To the best of our knowledge, no such work has yet been undertaken.

In the meantime, in September 2017, the Department for Transport announced plans for a separate consultation on cycling offences, following the death of Kim Briggs, who died when hit by a fixed-wheel bike ridden by Charlie Alliston that illegally lacked a front brake. That consultation was launched in August this year. Confusingly, it was initiated by the Department for Transport, even though the previous motor offences consultation was announced and conducted by the Ministry of Justice. There was a large response to that consultation, indicating the level of concern about singling out cycling offences based on a single fatality resulting from irresponsible cycling, when the law fails so spectacularly in hundreds, if not thousands, of cases every year in which people are killed or very seriously injured by irresponsible driving. The law is neither clear nor consistent.

Tim Farron (Westmorland and Lonsdale) (LD): The hon. Lady is making an extremely good set of points. I represent an area where walking, road running, horse riding and cycling are probably even more prominent than in the rest of the country. Since 2014, when action was first mooted, 1,800 people have died on the roads from all four of those categories and others as well. Does the hon. Lady agree that it is time to stop navel-contemplating and to start acting to protect people’s lives?

Ruth Cadbury: I absolutely agree with the hon. Gentleman. Above all, by not taking action, the Government are failing to take irresponsible people off the roads in the interests of public protection.

Are death and serious injury caused by driving a roads issue or are they crimes? I would say that they are crimes and that this issue therefore falls under the remit of the Ministry of Justice. I am therefore glad that a Justice Minister is responding today—somebody who I believe to be honourable and diligent in his work, as I saw as a member of the Select Committee on Justice.

As I say, there is a need for clarity and consistency about the distinction between dangerous and careless driving. There is a perception, particularly among victims of road crashes and their families, as well as among Members who have spoken in previous debates in this place, that public prosecutors too often favour prosecuting motorists who have caused a death or serious injury with the lesser offence of careless driving, for which they are more likely to gain a conviction than on the charge of dangerous driving. That is particularly the case because there is such a stark difference in the penalties for those offences. For death by dangerous driving, the maximum penalty is 14 years in prison, although I think the Government are minded to increase that to life in certain circumstances.

Mr Sheerman: My hon. Friend has kindly referred twice to Brake, which is based in my constituency. She has not mentioned the Parliamentary Advisory Council for Transport Safety, whose watchword is basing good policy on good research. Is she going to say a little more about what the research needs are to make a clear correlation between what is happening on the roads and in the justice system?

Ruth Cadbury: I hope to be able to, but I realise that time is short, so I might not be able to go into the detail that my hon. Friend mentioned. He has just stepped down as chair of PACTS. I am also a member of PACTS, which has done an awful lot of excellent work in this place on road safety.

Due to the subjective nature of the definitions, too often we see the downgrading of cases from causing death by dangerous driving to other charges, simply because they are easier to prove. Using the term “careless” undermines and trivialises the gravitas of the offence and its impact on victims and their families. Cycling UK has done an excellent study called “Failure to see”, which expresses that stark difference in a range of different cases. I recommend that study to those involved in this subject.

Matt Western (Warwick and Leamington) (Lab): Does my hon. Friend agree that there is increasing concern among road users, particularly cyclists and pedestrians, that greater numbers of cars are being fitted with tinted or almost smoked glass? That makes it incredibly difficult for other road users to see the face of the driver and know whether they have been seen and the driver is aware of the potential danger.

Ruth Cadbury: That is clearly of concern. My understanding is that there are standards for tinted glass, but whether all vehicle owners are abiding by those standards is an issue. Those cases need to be prosecuted, and we all know that the resources for finding those offences are declining.

The Government have said that they will create a new offence of causing serious injury by careless driving, and Ministers have said they will introduce new legislation as soon as parliamentary time allows. We look forward to that Bill. The charges and penalties for causing death or serious injury should be overhauled to ensure that prosecutors are not incentivised to opt for an easier won charge. We look to the Sentencing Council for that work, for which I believe the Ministry of Justice has responsibility. Overall, we ask for closer collaboration between the Ministry of Justice and the Department for Transport to ensure joined-up thinking on the definition of offences, with each consulted on the other’s work. I do not mind which Department leads; I just want to see action.

Finally, I will talk about driving bans. I agree with Brake that driving is a privilege, not a right, and that those who have shown disregard for the law should not be allowed to drive. We have a well-respected system of penalty points in this country, based on the expectation that people lose their licence when they reach 12 penalty points as they clearly have too often been driving dangerously, usually with speed violations. However, there is a loophole whereby many drivers who claim exceptional hardship in court manage to avoid losing

their licence. That right is not accorded to most other offences with a risk to life, so the loophole should be closed. These people have already had a second chance in totting up points. The guidelines for magistrates need to be looked at in that respect.

In most high-risk occupations, someone's licence to operate is removed immediately if there is a suspicion that they were responsible for an offence that causes death or serious injury. The same should occur for driving offences. Anyone arrested on suspicion of an offence that carries a mandatory driving ban should have their driving licence temporarily suspended until the case reaches a conclusion or is dropped. The advantages are that it keeps the issue out of court, is understandable, is instant and avoids the "innocent until proven guilty" problem. It would also have a deterrent effect. An alternative would be for anyone charged after killing or seriously injuring another to have their licence removed as a condition of bail. In the time it takes for a case to come to court, the driver charged can continue driving, potentially putting others in danger. The first option is the better one.

Thank you, Mr Betts. My colleague the hon. Member for Berwickshire, Roxburgh and Selkirk will cover the other issues.

9.45 am

John Lamont (Berwickshire, Roxburgh and Selkirk) (Con): It is a pleasure to serve under your chairmanship, Mr Betts. I thank the hon. Member for Brentford and Isleworth (Ruth Cadbury) for leading this debate—I was delighted to co-sponsor the application for it. The fact that we are both here today, representing different parties and very different constituencies, goes to show how this issue affects all parts of the United Kingdom. My thanks also go to the road charity Brake, Sustrans and Cycling UK for providing helpful information on the topic ahead of today's debate.

This is absolutely not a debate about motorists against cyclists. For the record, I am both. Road users are not tribes of people competing for space on our tarmac. Road users are simply people—our constituents, our friends and our relatives—trying only to get around, whether that be on foot, on bike or by car. If we want to make our roads a safer place, the statistics do not lie: more than 99% of pedestrian deaths in the UK are caused by motorised vehicles. It does not take a degree in physics to understand that 1 tonne of metal travelling at high speed has the potential to cause greater harm than a 15 kg bike going at 15 mph on a good day. In the face of that, it is abundantly clear that if we want to make our roads safer, cutting down on irresponsible driving must be the priority.

The hon. Lady has already spoken about the need for a review of road traffic laws, particularly on dangerous and careless driving, and I would like to associate myself with those remarks. Another area that we need to look at closely is the law on hit and run offences. The current maximum prison sentence for failing to stop is six months. There is already a presumption against short custodial sentences in Scotland, and offenders are automatically let out early across the UK. That means that someone convicted of a failure to stop offence often escapes a custodial sentence completely.

Mr Marcus Jones (Nuneaton) (Con): I refer my hon. Friend to the case of Sean Morley, who was hit and killed on the A444 just outside Nuneaton. He survived for three hours after he was hit by a car. Regrettably, he was not discovered for several hours and he died. The driver was later convicted of failing to stop and failing to report an accident and was given a 16-week sentence. I do not think anyone would argue that that was not completely inadequate. Does my hon. Friend agree that it is not only sentencing that needs to be far stronger, but the sentencing guidelines given to judges?

John Lamont: My hon. Friend makes an excellent point. There are too many tragic cases like that involving our constituents. I will come to that point later in my contribution.

Failure to stop means a motorist was involved in an accident with another vehicle or person and was aware of the incident, but drove off anyway, with no thought about the damage or hurt caused. However, it can also be used as a means to escape a more serious punishment, such as if a drunk driver fails to stop in order to sober up. Failure to stop is a serious offence that should be treated seriously. It needs to end and we need to increase the maximum penalty to be in line with the maximum penalty for dangerous driving.

Another relatively simple measure to improve road safety would be to look at car-dooring. I think most cyclists are aware of the danger or have had to swerve to avoid a door opening in their path. I have had to do that on a number of occasions. I welcome the Government's announcement that The Highway Code will be reviewed to include the so-called Dutch reach, where people open a car door with the hand furthest from the door. I hope that that will be included as a requirement so that learner drivers are taught it as a standard part of their lessons and test.

Matt Western: I congratulate the hon. Gentleman and my hon. Friend the Member for Brentford and Isleworth (Ruth Cadbury) on securing this important debate this morning. Does the hon. Gentleman agree that the standardisation of helmet cams for cyclists and dashboard-mounted cams would provide the sort of evidence that could help bring to justice cases such as he has described in his speech?

John Lamont: I am grateful for that intervention. We should look at anything that can gather more evidence to help prosecutors. Ultimately we want to make our roads as safe as possible for all road users and deter irresponsible behaviour. If cameras contribute towards that, they would be beneficial.

However, we need to also look at whether a new offence needs to be created. Between 2011 and 2015, more than 3,100 people were recorded as being injured or killed as a result of a vehicle door being opened negligently, including cyclist Sam Harding, who was killed in August 2012 when a driver opened his plastic-tinted door in Sam's path, knocking him under a bus. The maximum penalty for opening a car door negligently was a £1,000 fine, so the Crown Prosecution Service tried, unsuccessfully, to prosecute for manslaughter. The driver responsible received only a £200 fine. Clearly, this area of the law might not be working and needs to be reviewed.

Mr Sheerman: I am a little worried. Emotionally I want to support the hon. Gentleman, but first, the research on exemplary sentencing and a reduction in casualties is not strong. Secondly, when it comes to car-dooring as a serious offence—a lot of young and inexperienced people do it—does he agree that technology is rapidly helping us? New cars can assist us and tell us if there is a car or motorcyclist overtaking.

John Lamont: The hon. Gentleman makes an important point, but for the sake of our justice system, it cannot be right that a life is lost and the person responsible for that loss of life faces only a £200 penalty as a consequence. There is surely something fundamentally wrong with our justice system if that is how it works. It is clearly not good either for the victim or for their friends and family if justice is not seen to be delivered, so I think there is a strong case to look at sentencing and the guidance given to the judiciary in such cases.

We are calling for a much wider review of road safety offences than is currently proposed. The Government have taken action, which is to be welcomed. The announcement of life sentences for causing death by dangerous driving while under the influence of drugs or alcohol was overdue, although it needs to be implemented soon. The Department for Transport also has plans for a pilot scheme that will offer driving instructors training to put cyclists' safety at the forefront of their minds when teaching new drivers, and The Highway Code review, with a focus on cyclist and pedestrian safety, is also a good step forward. However, the Government need a wide-ranging review of motoring offences as a matter of urgency.

The Government are right to look again at the law surrounding injury or fatalities caused by cyclists. I have every sympathy with Matt Briggs, who lost his wife, Kim, when she was killed by a reckless cyclist. Kim's father is a constituent of mine who lives in Coldstream, my own town. It makes no sense to focus on cycling offences without reviewing the much greater number of motorist offences. It is time for the Government to improve road safety for our most vulnerable road users, clear up the inconsistencies caused by the current dangerous and careless driving offences, and review the law on penalty points and hit and run offences.

My party rightly has a reputation for being tough on crime, but I feel we make an exception as a party—indeed, we make an exception as a society—if the crime is committed behind the wheel. Perhaps it is because cars are so commonplace and so central to our daily lives that their potential danger has become normalised. It is time to tackle this issue and send out a clear message to the small minority of irresponsible motorists that the safety of vulnerable road users is more important. I look forward to hearing from colleagues during this debate and from the Minister at the end.

Several hon. Members rose—

Mr Clive Betts (in the Chair): Order. We have nine Back-Bench speakers to come, which means an absolute maximum of four minutes each. Please do not go any longer than that.

9.55 am

Liz McInnes (Heywood and Middleton) (Lab): It is a pleasure to serve under your chairmanship, Mr Betts. I am grateful for the opportunity to speak in this important

debate. I want to talk about deaths and serious injuries caused by dangerous drivers and the legislation around sentencing.

Many Members will be aware that in response to pressure and campaigning from bereaved families, MPs and the road safety charity Brake with its "Roads to Justice" campaign, the Government finally agreed in December 2016 to hold a consultation on sentencing for those who cause death and serious injury by dangerous driving. The consultation ran until February 2017 and received more than 9,000 responses.

In October last year, the Government announced that, as a result of the consultation, they would introduce tougher sentences for those causing death and serious injury by dangerous driving, including the possibility of life sentences to replace the current maximum sentence of 14 years. When that was announced more than a year ago, there was much relief among campaigners and bereaved families that at last the Government were taking action to ensure that other families would not have to suffer the same injustices. Not only were those families sentenced to a lifetime of grief at the loss of a loved one, but they suffered the injustice of seeing their loved one's killer receive a prison sentence of just a few years.

Ian and Dawn Brown-Lartey, in my constituency, had a 25-year-old son, Joseph, who was killed by a 19-year-old driving an uninsured and unlicensed hired Audi at 80 mph in a 30 mph zone. He ran through a red light and smashed into Joseph's car, killing him outright. Joseph's killer was imprisoned for six years in May 2015 and has since been released on licence after serving half his sentence. Joseph's father, Ian, has accused the Government of paying lip service to their promises a year ago to impose stiffer punishments on the most dangerous offenders who cause fatal crashes, because nothing has happened since then. No draft legislation has appeared and, despite numerous questions, letters and debates, no changes have been made to the sentencing guidelines. The longer the Government drag their feet over implementing the changes, the more families will continue to suffer.

In just the past two weeks in my constituency we have had one fatality and two cases of serious injury to pedestrians on our roads. In two out of the three cases the drivers were arrested for dangerous driving. When I read those stories in the local paper, my heart sank at the thought of the anguish that the victims' families must be going through, not only in dealing with death or serious injury, but knowing that, with the law as it stands, if the drivers are convicted of dangerous driving they will serve only a short sentence.

With the anniversary of the Government's announcement that tougher sentences would be introduced, and with no action having yet been taken, I again wrote to the Ministry of Justice asking when the legislation would be passed. Disappointingly, the message I received yesterday was that there was no available legislative slot to introduce a Bill, or a suitable Bill that could be used to introduce the changes. So families continue to suffer, and the Government, having promised bereaved families more than a year ago that they would take action, have delivered nothing.

9.59 am

Derek Thomas (St Ives) (Con): I thank the hon. Member for Brentford and Isleworth (Ruth Cadbury) and my hon. Friend the Member for Berwickshire,

Roxburgh and Selkirk (John Lamont) for bringing this important issue to the House's attention. It is right that we adequately address the problem of accidents that lead to death and serious injury on our roads. I am grateful for the attention given to providing the safest possible road network through good legislation, and for the tangible impact it will have in saving lives in my constituency and across the country. That is to be welcomed.

However, I implore the Government to consider the safety of horses and their riders in any measures to improve the law for vulnerable road users. Having listened carefully to concerns raised by constituents in west Cornwall, and having worked closely with the British Horse Society over recent years, I am disappointed that the opportunity created by reviewing and altering both the guidance and the law has not been adequately used to consider the safety of horses and their riders.

Horses and their riders are often forgotten as vulnerable road users compared with cyclists and pedestrians. Given the direct similarities between the way in which drivers should view cyclists and horse riders when passing, it makes sense to link the two in the review of guidance and legislation. My friends in the British Horse Society recently provided me with the current statistics on horses and riders who have been injured or killed as a result of road traffic accidents, and they are truly damning. Some 237 horses have been killed, 40 riders have been killed and 899 horses have been seriously injured. Furthermore, 85% of those incidents have been a result of drivers passing too fast or too close. For a rural constituency such as mine where there are many horse riders, that is a wake-up call, and the Government should recognise it as such.

There have been improvements in the awareness and consideration given to horses and their riders, in large part as a result of education campaigns such as the British Horse Society's "Dead Slow" campaign and partnerships with the police and driving institutions. However, that is not enough. More needs to be done at Government level to ensure that horses and their riders are a key part of the national debate on road safety. I call on the Government to include in any change to legislation strengthened sections relating to the safety of that important and vulnerable group.

Fresh advice and guidance should explain not only why drivers should take extra care and slow down when passing horses but the consequences of passing too close and too fast. At present, only section 3 of the Road Traffic Act 1988—"Careless, and inconsiderate, driving"—can be used if horses are passed too fast or too close. I am simply asking for a more conscious and deliberate effort across the nation to educate drivers on the needs and risks of those riding a horse, and for the definition of a road traffic offence to be strengthened. Those measures would save lives of drivers, riders and horses, and spare all those concerned the distress of dealing with such dreadful accidents.

More must be done. I urge the Minister to work with the Roads Minister to take seriously recent requests that the Government consider and then implement speed limits and minimum distances when drivers are passing horses. That is not a perfect answer, but it would be a significant step and a statement of intent that horses and their riders are recognised as a vulnerable group and will no longer be overlooked in this debate.

I urge the Minister not to overlook the matter of equestrian safety when exploring new road traffic offences and subsequent sentencing. The similarities to cyclists are stark. It therefore makes no sense to turn a blind eye to the matter of horse safety, given the opportunity to improve road safety for vulnerable road users.

10.3 am

Jim Fitzpatrick (Poplar and Limehouse) (Lab): It is a pleasure to see you presiding over the debate, Mr Betts. I am pleased to follow the hon. Member for St Ives (Derek Thomas). I congratulate my hon. Friend the Member for Brentford and Isleworth (Ruth Cadbury) and the hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont) on securing this important debate. I also thank the Parliamentary Advisory Council for Transport Safety, Cycling UK and Brake for their briefings.

Today's debate concerns the legal framework. First, the police need to catch those who break road safety laws, and to do that they need to be there. I would be grateful if the Minister advised us on what discussions he has had with Ministers in the Home Office about the loss of road traffic officers in recent years. Secondly, sentences need to be handed down. Thirdly, there need to be clear legal definitions and fair punishment.

As we have heard, Cycling UK, along with road crash victims' charities Brake and RoadPeace, are calling for the Government to review road traffic offences and penalties to ensure that the law delivers just and safe outcomes for all road users. I was concerned to learn that the number of driving bans imposed by English and Welsh courts has declined by 60% in 11 years, from 155,000 in 2005 to just 62,000 in 2016. Will the Minister clarify what is happening?

In June 2017, more than 10,000 drivers in Britain were still allowed to drive despite having more than 12 points on their licence, as my hon. Friend the Member for Brentford and Isleworth mentioned. Will the Minister tell us whether that troubles him? Moreover, last year, police forces in England and Wales carried out the lowest number of breath tests since records began in 2002, according to Home Office figures. Is that indicative of a policy change from the Government, or does it also reflect a reduction in police traffic officer numbers?

The prevalence of uninsured drivers, which PACTS links to dangerous driving, road casualties and wider criminality, is also worrying. Will the Minister advise on whether that troubles him? What discussions have taken place with the Home Office and the National Police Chiefs Council to address those matters?

Along with PACTS, I support the establishment of a new offence of causing death or serious injury by dangerous and careless cycling. However, we would like the Government to commission a broader review covering a wider range of dangerous road behaviour, rather than focusing just on cyclists. Cycling UK has issued suggestions on what such a review, akin to what was promised in 2014, could examine. It advises that the review should clarify the definitions of "dangerous" and "careless", review the accompanying maximum sentences, remove the ability of convicted drivers to avoid driving bans routinely, increase the £1,000 maximum penalty for car-dooring, and ensure that any revisions to cycling offences and penalties reflect key differences between driving and cycling.

[Jim Fitzpatrick]

Clearly we need a full review. As a cyclist myself, I see other cyclists ignoring the rules of the road. Some cyclists need a judicial shock, but other road users need one even more. The numbers killed and seriously injured on our roads have stagnated in recent years. The Ministry of Justice has an important role to play in protecting the vulnerable and reducing those figures. I look forward to hearing how the Minister intends to assist with that project.

10.6 am

Andrew Selous (South West Bedfordshire) (Con): I associate myself completely with the comments made about the need for greater clarity on the definition of careless and dangerous driving, for tougher penalties and tougher action on driving disqualification, and for tougher penalties on hit and run drivers.

I will raise some issues that have not been mentioned so far, which are highly relevant to road safety. I have constituents who work in the haulage industry who tell me that the rest centres provided for them in retail distribution centres are often such that they cannot rest. They are noisy and crowded, and there is nowhere that is comfortable for them. They are prevented from lying down in the bed in the back of their trucks during rest periods. That says to me that many drivers who are getting back into their lorries after a supposed rest period are not rested, and that they could rest safely if they could sleep in quietness in the back of their cabs. That is not allowed in many retail distribution centres, which is a serious issue. I would like the Minister to take that back to the Department for Transport.

Another road safety issue is people registering their vehicles at addresses of convenience—a Post Office box address. When a letter comes through the door because the person has been speeding, the authorities cannot take action. Bedfordshire police did a major study of that a few years ago, and I pay tribute to Sergeant Sean Quinn. The study showed that thousands of penalties were not being acted on because cars were being registered at addresses of convenience. That is a serious issue that puts some drivers beyond the law and puts us all in danger.

There is a similar issue with foreign licence plates. So far this year, Central Bedfordshire Council has issued 335 parking enforcement notices to vehicles with foreign plates, 250 of which have been cancelled because they cannot trace the driver. That applies not only to parking but to speed cameras. Again, drivers can drive with impunity. It is an offence not to register a foreign vehicle if someone has been here for six months. The police cannot track that, and I do not believe that the Driver and Vehicle Licensing Agency is doing so either. That is another loophole in the law that makes the roads more dangerous for us all.

False number plates have also been drawn to my attention. People make up a false number plate, and then commit crime or drive dangerously. Again, they cannot be traced and are beyond the law. That too is a serious offence, which I do not think that the authorities have caught up with properly.

Potholes are highly relevant to the debate. A constituent told me about £500 of damage to his car recently. For a cyclist, of course, swerving to avoid a pothole can lead

to serious injury or death, and has done on a number of occasions. That is why I welcome the extra money going towards our roads. We need to realise that potholes can lead to serious injury or death for cyclists.

I completely support the points that have been made about car-dooring. The Dutch reach should be standard; it should be taught by every driving instructor and made part of the driving test, because we all need to get used to using it. I speak as someone who drove into the open door of a council dustcart many years ago and was injured.

Finally, we need a degree of civility and understanding. Whether we are on a horse, in a car or on a bicycle, we need to show one another courtesy and civility. It is not difficult to slow down or pass wide. Motorists, cyclists and horse riders are all in different positions, but proper courtesy and consideration to all of us would keep us all safer.

Several hon. Members *rose*—

Mr Clive Betts (in the Chair): Order. I have to reduce the time limit to three minutes because there seem to be more hon. Members who want to speak. I will need to call the winding-up speakers at 10.29 am.

10.10 am

Judith Cummins (Bradford South) (Lab): It is a pleasure to serve under your chairmanship, Mr Betts. I welcome this opportunity to debate road safety again. I have said on many occasions that although I do not think that any one approach alone can make our roads safer, an improved legal framework is essential if we are to reduce deaths and deliver justice for victims and their families.

In 2017, we saw the highest number of road deaths since 2011. In West Yorkshire, 815 people were killed or seriously injured in road traffic crashes last year. The child casualty rate in my constituency is 52% higher than the national average, and progress in reducing deaths and serious injuries has been 30% slower than elsewhere. Indeed, my constituency has one of the highest rates in the country of children being killed or seriously injured on our roads.

In the short time available, I would like to focus on a few areas in which we need to make changes; I hope the Minister will be able to respond to my points. First, as ever, I must raise the issue of how the law deals with drivers who cause death through dangerous or careless driving. As many hon. Members present will know, in October 2017, following a consultation, the Ministry of Justice announced a series of changes to the law on death by dangerous and careless driving, including life sentences for those who cause death by dangerous driving and for careless drivers who kill while under the influence of drink or drugs, as well as a new offence of causing serious injury through careless driving. The Government now claim that those changes will be incorporated into a review of cycle safety.

I have to say that that is completely unacceptable. It is right that the Government review cycle laws, but it is just not good enough that the changes already announced to sentencing are being rolled into an open-ended process. Those changes have still not been implemented, and we have not received a satisfactory answer about why there

has been a delay. We still do not know when the changes will finally come into force. I appeal to the Minister to take the opportunity to finally give us some answers.

Finally, I turn to points and disqualification, in particular the “exceptional hardship” loophole. We must ensure that the exceptional hardship rule, which allows drivers to keep their licence even when they have reached 12 points, is not abused. Data from the DVLA shows that in Bradford alone, more than 200 people successfully used the exceptional hardship argument last year to escape a ban. Across Britain, 11,000 drivers still have their driving licences, despite passing the points limit of 12. Some have 40 or 50 points. We cannot allow drivers who have consistently broken the rules to continue driving. It makes a mockery of our laws and puts other road users at risk.

As always, I will end with a reminder of the immense human cost of dangerous driving. Every family who has lost a loved one in a road crash knows just how devastating it is. Anything that we can do to make our roads safer, including creating a stronger legal framework, must be done as a matter of urgency.

10.13 am

Dr Sarah Wollaston (Totnes) (Con): Inactivity is far more dangerous to people’s health than cycling or walking. We need to get the message out loud and clear that cycling and walking are great for our health, and we need to get Britain moving. One of the greatest deterrents, however, particularly for parents, is fear of the danger of our roads.

I will add to points made by other hon. Members by speaking about those drivers who escape all consequences. I suggest to the Minister that we need to get across the immediacy and certainty of consequences. The line between careless and dangerous driving is a very blurred one; today’s careless driver is tomorrow’s dangerous driver. We need to ensure that people do not entirely escape consequences, and that they know what will follow. I agree that we need to close the exceptional hardship loophole. Merely inconveniencing and fining those who are at the beginning of their journey to becoming dangerous drivers is not enough.

I also ask the Minister to consider the role of restorative justice. To give an example, I got the phone call that no parent wants to get, telling me that my daughter was unconscious in the back of an ambulance. While wearing hi-vis in a cycle lane, she had been knocked off her bicycle by a careless or even dangerous driver who was in a hurry and was turning into a side road. If my daughter had not been wearing a cycle helmet, she would undoubtedly have been killed or very seriously injured. I was shocked that she was interviewed in the casualty department while she was still concussed.

There were no consequences whatever for the driver. My daughter is not a vindictive person and nor am I, but at the very least I would have expected someone to investigate the incident. Witnesses came forward and were happy to testify, but nothing happened. When someone has been very seriously injured in such a collision, restorative justice could play a role. I hope the Minister will consider how we can ensure that drivers meet the person whom they have injured. Until that takes place, they should face some immediate consequences—a ban, at least.

10.16 am

Preet Kaur Gill (Birmingham, Edgbaston) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Betts. Let me take the opportunity to contextualise the debate by showing the real impact of unsafe road behaviour when appropriate action is not taken. We should all aim for zero deaths and injuries on our roads and pavements, and the only way to achieve that is by supporting road safety with practical investment and appropriate legislation.

On Saturday, I attended a beautiful service at St Martin’s church at Birmingham’s first World Day of Remembrance for Road Traffic Victims. I was extremely honoured to have been invited to the event by RoadPeace. It was touching to remember all those who have lost their lives. Since the day was first commemorated 25 years ago, more than 30 million people have died on the world’s roads, including in the horrific scenes in my constituency last year in which six people were killed.

To bring focus to the issue and to the need for strong and fair judicial structures around road safety, I would like to read an extract from the poem that I read this weekend alongside my hon. Friend the Member for Birmingham, Erdington (Jack Dromey):

“This is not the way things were supposed to be

To stare at a plaque with the words ‘Remember me’

And be filled with thoughts of you.

It had seemed that time was limitless, and there was still so much to say;

It had never occurred that one so full of life could be confined to yesterday.

Back then, road deaths were just stories to us,
small segments on the news,

And we never quite understood all the fuss;

Until we became the next family to walk in those shoes.”

Afzal Khan (Manchester, Gorton) (Lab): In one terrible 24-hour period, three young people and four others were seriously injured on Greater Manchester roads. Our road traffic laws are failing to deliver justice or promote road safety. Does my hon. Friend agree that the Government must review road safety in its entirety and ensure that we have measures to protect vulnerable road users such as those who have been killed in Greater Manchester?

Preet Kaur Gill: I absolutely agree.

The poem that I have just read was written by Lucy Harrison, the sister of my constituent. She lost her brother when a car going at 93 mph hit him as he crossed the road. Having had him taken from them, his family had to go through a trial and the Court of Appeal before the driver who caused the crash, and who had failed to stop, was given a sentence of four and a half years. The driver is now due to be released after serving just two years.

One point that Lucy has raised is that people talk about the incident as an accident. These crashes are not accidents. Road safety legislation is in place to make sure that people feel safe on and around our roads. If someone breaks the law and commits a crime on the road, we must call it what it is. She is therefore calling for tougher sentencing and a change in society’s perception of death by dangerous driving.

[Preet Kaur Gill]

Any road policy designed to keep all road and pavement users safe, regardless of their mode of transport, requires an effective road justice system. A year on from the announcement of tougher sentences for drivers who kill, the Government have failed to introduce legislation. Families of road crash victims across the UK are still waiting for justice. As Lucy says, people need to see that her brother

“was a human with a family, not just a statistic, because it can just be like another road death where he became a statistic or a story.”

On behalf of Lucy, Tony Worth and the many other families of victims, I urge the Government to deliver justice for road crash victims and keep the dangerous drivers off the road.

10.19 am

Jim Shannon (Strangford) (DUP): I thank the hon. Member for Brentford and Isleworth (Ruth Cadbury) for bringing this debate forward.

The Road Safety Foundation’s annual report, “Getting back on track”, which was launched in partnership with Ageas UK, clearly says that if we had been on track to halve road deaths in this decade, in line with international targets, an extra 2,549 people would not have lost their lives between 2010 and 2017. Some 1,793 people were killed in road crashes in 2017, and 73 people were killed or seriously injured every day. Motorcycle fatalities increased by 9% from 319 in 2016 to 349 in 2017. In comparison with what the UK Government spend on education and GP services, £35 billion, or nearly 2% of GDP, is lost as a result of road crashes each year. There is a financial cost.

As other hon. Members have done, I want to talk about how this issue has affected me. My brother Keith, who is 6 feet 2 inches, was involved in a motorbike accident. Now he has carers who come in four times a day. He cannot manage his money. He cannot walk without a cane. He cannot speak or think like he once did. My mother looks after him, and everyone tries to help. Sometimes, we see the accidents but not the effect on the families. An accident in a sport that Keith loved has had a very clear impact on him and our family.

Across our constituencies, there are those who have lost loved ones, or who have lost their limbs or their way of life in an accident. More than saving money, better road safety is about saving lives and the quality of those lives.

We have talked many times in Westminster Hall and in the main Chamber about road safety, and I want in particular to mention road safety around schools. Two schools in my constituency have 20 mph zones around them, but there are many others that still have a need for safety, such as Grey Abbey Primary School, which dates back to 1847 and sits on a 90° blind bend in the road. There needs to be help for that.

Ring-fenced funding would mean more traffic-calming schemes, and more traffic-calming schemes would mean fewer accidents; importantly, reduced speed means less damage to children. Texting while driving and distracting friends while driving also need to be addressed. It is estimated that if the Government were to invest £75 million per year over the next five years, 1,450 people would be spared the trauma of death or injury. The value of

injury prevention exceeds half a billion over the same period. For every £1 invested in safer roads, £4.40 of economic value is created. The figures on the finances are very clear.

While we do not have a devolved Government in Northern Ireland due to the intransigence of Sinn Féin, I ask the Minister to ring-fence funding and ensure that the relevant Department in Northern Ireland understands what is expected from that additional funding.

10.22 am

Matt Western (Warwick and Leamington) (Lab): I congratulate my hon. Friend the Member for Brentford and Isleworth (Ruth Cadbury) on securing this debate. As we have heard, this is an increasing problem and an ever present danger on our roads. Just two months ago in my constituency, over a four-week period there were three deaths on our streets—Emscote Road, Radford Road and Banbury Road—and numerous road traffic accidents.

We have to change attitudes on how we view and use road space. As was mentioned by the hon. Member for Totnes (Dr Wollaston), we need to encourage more people to use the road space, while making provision for the safety of all users. These are not motorways; they are roads for all to use. Alongside introducing changes to the legal framework, we need to ensure that we are changing behaviour at the same time.

Clearly, there are many causes. There are increasing pressures in modern life—pressures to get to work and to get the kids to school, and so on—but there are also a greater number of delivery drivers. More and more people are using the internet to shop and there are more and more deliveries to home and so on. Many of those delivery drivers, in the new gig economy, are being forced to work at such a pace that they are perhaps less observant of regulations and other road users than they might ordinarily be. They are under more and more pressure. Likewise, new housing developments around our towns put more pressure on the central town area infrastructure, with insufficient capacity to deal with the additional road use.

We also see a lack of enforcement of speed limits on our streets, with fewer police and the removal of cameras. When I served on the county council, I and other Labour councillors introduced a speed watch programme. It was great, but wearing high visibility jackets was hardly a deterrent to people speeding in our towns.

I would welcome more 20 mph zones in our town centres, which would send out a very clear message for more measured speeds in our town centres. I would like to see tougher sentences on people who fail to stop—the existing six months for leaving the scene of a crime is ridiculous. Likewise, the loophole for those who have 12 points on their licence is quite ridiculous, given the seriousness of their convictions. Finally, is it acceptable to have insurance products that insure someone against losing their licence? I would say not.

10.25 am

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I recently stood down as chair of the all-party parliamentary group for transport safety, and retain my role as chair of the charity the Parliamentary Advisory Council for

Transport Safety. I stood down because I now chair the World Health Organisation's Global Network for Road Safety Legislators.

This issue is rightly called the greatest epidemic of our times by the United Nations. Some 1.3 million people are being killed on our roads, and 10 times that number are being seriously injured. It is an enormous challenge for all of us.

When I introduced my first private Member's Bill, to ban children from being carried unrestrained in cars, and when we started PACTS and organised the seatbelt legislation, we had one mantra, which was to base all our work on great research. If there are good laws based on great research, enforced rigorously and fairly, that leads to results, and we have seen a reduction in deaths and serious injuries across most of Europe. We need to expand that further. This is a timely debate, as it is Road Safety Week. We have this fine organisation, PACTS, which has organised its work over many years on research, on good laws and on keeping the population of the country with us, which is very important. My plea today is that we keep our minds on evidence-based research.

I know about the feelings when someone is tragically killed. I came into this road safety area after a terrible accident on returning with my No. 2 daughter from her christening. It was a dreadful smash, and thank God we survived. Ever since then, I have been passionate about saving these lives, but we can get carried away. This is not about vengeance. The laws should be right and commensurate. Sometimes, we see appeals for tough legislation and tough penalties, and we can get carried away. I believe that if we look at getting the balance right and carrying the public with us, we will get a reduction and we will get better.

We are lucky to be seeing better technology, but I would add a word of caution. Technology in cars is improving all the time. People are safer and safer, in the safest of cars, but it is the vulnerable road users—the pedestrians, the cyclists, and those on little motorised two-wheelers most of all—who are being killed all over the world. This is a United Nations sustainable development goal, and it is as important here as it is all around the world.

Mr Clive Betts (in the Chair): We have 10 minutes now for each of the Front-Bench spokespeople, and a short time for the mover of the motion to respond. I call Stuart McDonald for the Scottish National party.

10.28 am

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): It is good to see you in the Chair, Mr Betts. I congratulate the hon. Members for Brentford and Isleworth (Ruth Cadbury) and for Berwickshire, Roxburgh and Selkirk (John Lamont) on securing the debate, and thank all hon. Members for their contributions. It is clear that we have some long-standing road safety campaigners in the Chamber today.

This debate has clearly struck a chord with my constituents, if my inbox is anything to go by. Like many others, they are concerned that the legal system is not quite operating in a manner that is fair, just and consistent between different types of road users. We heard some tragic stories from hon. Members about families who have been affected by dangerous and careless

driving through the loss of loved ones, and that of course reminds us what this debate is ultimately all about.

A number of consultations and initiatives have been announced by the Government, although, as the hon. Member for Brentford and Isleworth flagged up, they have tended to proceed in a rather slow, piecemeal fashion. This debate allows us to look at a number of the issues in the round.

Ultimately, as the hon. Member for Birmingham, Edgbaston (Preet Kaur Gill) said, what we want to see is a country where there are no fatalities on the road and where road users are as safe as we can make them. Clearly the legal framework has an important role to play. As the hon. Member for Berwickshire, Roxburgh and Selkirk rightly pointed out, this is not about drivers against cyclists or any other road users. The emails that I have received highlight that, as he pointed out, 99.4% of pedestrian deaths in the UK involve a motor vehicle. The key challenge that we have is to answer the question of how we protect other road users against cars and other motor vehicles.

A number of Members made compelling arguments for some of the reforms that are suggested in the report of the all-party parliamentary group on cycling, "Cycling and the Justice System". From my reading of the report, it contains a lot of sensible ideas. Prevention is clearly better than a cure, and I have no difficulty in supporting revisions to The Highway Code to address ambiguities about the responsibilities of road users—for example, in situations where cars are turning into side roads. I welcome some of the Government announcements on that.

The hon. Member for St Ives (Derek Thomas) was absolutely right to mention horse riders' safety, which constituents have contacted me about. He set out some of the alarming statistics about deaths—both of riders and horses—on the roads. Some 85% of such incidents are caused by drivers passing too fast or too close to horses. Campaigners argue that The Highway Code should include, at the very least, a strengthening of section 215 to include the British Horse Society's "Dead Slow" advice to drivers on how to pass horses safely.

Among the other APPG suggestions, I would be happy to see changes to the format of driver testing to encourage better behaviour towards cyclists and pedestrians. I certainly would be sympathetic to, and supportive of, increased retesting of those who have committed offences. I am quite surprised that graduated driver licensing has not been brought up today, because I think there is still a strong argument for it. There is strong evidence that the benefits of such schemes outweigh any problems they might cause.

To come to the crux of the matter, the most difficult area of the debate is probably the adequacy of the offences that are applied to bad driving. I suppose that we aim to ensure that offences and the available punishments reflect both the level of blame or culpability in a driver's behaviour and the impact that that culpable action has. A patchwork of offences seems to have developed over the years, and it is probably now time to consolidate them and ensure that they are comprehensive and fair.

It is absolutely true that there has to be a distinction between careless and dangerous driving, but perhaps those terms are not perfect. After all, careless driving is

[Stuart C. McDonald]

very often dangerous driving. The hon. Member for South West Bedfordshire (Andrew Selous) made the point that the term “careless” tends to sound trivial; perhaps words such as “negligent” or “reckless” would better reflect the legal distinction in driver behaviour. He also made some good points about the provision of road haulage rest facilities—the statistics show that many people involved in road traffic accidents are driving in the course of employment, so it is imperative that we ensure that those who drive for a living are supported in any way possible to do that safely.

While motor vehicles are the biggest challenge that we face, and cyclists are infinitely more sinned against than they are sinners, there are questions about how the law should deal with careless, reckless and dangerous cycling, as the hon. Member for Berwickshire, Roxburgh and Selkirk acknowledged. Given that we deal with serious cases by relying on Victorian laws that were designed for horses and carriages, it is probably time for an update to deal with the rare occasions when cyclists cause serious accidents, especially for pedestrians. In Scotland, there are offences such as culpable homicide and culpable and reckless conduct, but it is questionable how appropriate and practical those would be. A new statutory regime appears to be justified, but it is important to clarify that this is about ensuring justice—it is absolutely not about punishing cyclists. As the hon. Member for Totnes (Dr Wollaston) said, we absolutely want more people to cycle.

On the stage at which offences have been proven, generally I would not seek ever-increasing sentences if education, technology or enforcement can provide an answer. However, it is alarming and surprising that we have on our roads more than 10,000 motor vehicle drivers with 12 or more penalty points on their licence, and that there has been a 60% drop in driver disqualifications in the past 10 years. It is essential that there is research on the reasons for those trends, because certainly they raise concerns that the current legal framework is at risk of being undermined by how it is implemented.

The hon. Member for Berwickshire, Roxburgh and Selkirk raised the issue of hit and run. I am surprised to hear that the maximum sentence is six months, because that offence is akin to perverting the course of justice. That is something that perhaps has to be looked at again. I also sympathise with what he said about making car-dooring a specific offence. As the hon. Member for Huddersfield (Mr Sheerman) reminded us, all of this has to be based on research.

Our roads are certainly safer than in past times, but there is still plenty of room for improvement, and the justice system has a role to play. I thank all Members for their contributions today.

10.35 am

Yasmin Qureshi (Bolton South East) (Lab): It is a pleasure to serve under your chairmanship, Mr Betts. I thank my hon. Friend the Member for Brentford and Isleworth (Ruth Cadbury) for securing the debate. I also thank Cycling UK, Brake and RoadPeace for the considerable campaigning that they have done in this area over the years.

I agree with the good doctor, the hon. Member for Totnes (Dr Wollaston): walking or cycling is clearly far better for people’s health than driving. From the contributions that we have heard today, it is clear that many aspects of our road traffic laws are uniquely problematic. I declare that I was a prosecutor for many years—one of those people who make a number of decisions about whether to charge somebody with reckless driving, driving without due care and attention, dangerous driving or other offences of that nature. I will explain some of the challenges that we faced as prosecutors.

We have heard that it is all too easy for someone who is not an inherently dangerous person to drive in a manner that none the less causes obvious and foreseeable danger, which explains the apparent reluctance of some jurors to convict drivers of offences that they can easily imagine committing themselves. That possibly also applies to justices of the peace and magistrates in the lower courts. Many colleagues have mentioned examples where it appears that the law has not been applied properly. The framework for dangerous and careless driving is unclear; more importantly, it is applied inconsistently. That obviously sends a poor message to people—it shows that our justice system is perhaps not operating effectively. As a result, it causes distress to the seriously injured and to bereaved road crash victims. It also reinforces the idea that road danger is to be tolerated rather than eliminated.

Cycling UK has highlighted a case of a driver seriously injuring a pedestrian outside east London’s Westfield shopping centre in February 2017, for which he received just nine points on his licence after pleading guilty to careless driving. He then sent his friends a bragging WhatsApp video saying, “Nine points ain’t stopping me from driving.” Nine months later, he was swerving in and out of traffic at 68 mph on a 30 mph south London street, killing a 19-year-old woman who had crossed the road in front of him. Other videos found on his phone included one captioned “ripping the road at 146 mph”, suggesting that he enjoyed driving dangerously and illegally on a regular basis. The failure to treat his first offence as dangerous driving allowed him to keep his licence, with fatal consequences. Obviously not everyone is in that situation—we have to keep perspective on this—but it demonstrates one of the problems that occurs in courts.

We know that the current distinction between careless and dangerous driving depends largely on whether the court believes that the accused person’s actions fell below, or far below, what would be expected of a competent and careful driver or cyclist. As we know, those terms are highly subjective, and they allow for huge variation in interpretation by individual magistrates and jurors. The distinction is supposed also to relate to whether a defendant’s actions objectively caused danger that should have been

“obvious to a competent and careful driver”.

Evidently, however, prosecutors and courts continue to act as if the defendant’s state of mind were still relevant, despite the removal of reckless driving from the legal framework in the Road Traffic Act 1991. That suggests to me that there is a need for a review into the definitions of “dangerous” and “careless” offences in order to clarify whether the distinction relates to the level of danger caused by the defendant’s actions—an objective test—or to their state of mind, a subjective test.

I hope hon. Members will forgive me for being a bit technical with some examples. An objective test would be clarified by retaining “dangerous driving” but defining it as that which had caused danger that should have been obvious to a competent driver paying due care and attention, without depending on whether the defendant’s actions fell below or far below the standard expected of such a driver.

The lower-tier offence should perhaps be renamed “unsafe” or “negligent” driving, to clarify that the distinction has nothing to do with the driver’s state of mind. The need for that has been demonstrated in the car-dooring offences that hon. Members have mentioned. One example is cyclist Sam Harding, who was killed in August 2012 when a driver opened his car door into Sam’s path, knocking him under a bus. The driver had darkened his car windows with plastic tinting film, reducing their transparency to about 17% of normal levels. The CPS, concerned at the inadequate £1000 maximum penalty, charged him with manslaughter, but was unsuccessful. He received just a £200 fine.

That and several other fatal car-dooring cases, in which the drivers received fines of between £30 and £955, clearly indicate the need for tougher penalties and perhaps a review of legislation on the issue. It is shocking that between 2011 and 2015, 3,108 people—including 2,009 cyclists—were recorded as being injured by a vehicle door being opened or closed negligently. Eight of those incidents resulted in fatalities.

We must be serious about strengthening the role of the justice system in deterring irresponsible road use and removing unsafe drivers from the roads. It is only right that the Government set up a review of road traffic offences and penalties. I remind the Minister that in 2014, the Ministry of Justice promised a comprehensive review of road traffic offences and sentencing, largely in response to the representations of various road crash victims’ groups. After substantial delays, however, the scope of that review was later reduced to two proposals. The first was to increase the maximum penalty for causing death by dangerous driving, or for causing death by careless driving while under the influence of drink or drugs, from 14 years to lifetime imprisonment. The second proposal was to introduce a new sentence of causing serious injury by careless driving. Has the Minister considered the concerns about that? Has the new offence been created, or has anything been done in relation to that?

When the offence of causing death by careless driving came into effect in 2008, prosecutions and convictions for causing death by dangerous driving fell over the following five years by 46% and 51% respectively, as that charge was rapidly overtaken by the lesser new charge, even though the definitions of careless and dangerous driving remained unchanged. There are serious concerns that the proposed introduction of the offence of causing serious injury by careless driving would again lower the bar between dangerous and careless driving, with yet more inadequate sentences. In any case, the proposals would cause huge numbers of problems. We ask that the Law Commission look into this area properly.

I will give some background explaining one of the reasons why we have these anomalies. I remember that when I first started prosecuting a long time ago, in 1987, lawyers, prosecutors and judges—they and their sentencing

guidelines were what the law was about—would not often look at the injuries, but would put the emphasis on the actions. There was the feeling that at a small lapse in judgment could cause fatalities, yet people who drive recklessly might cause no injuries or damage and would be dealt with in a very different way. That dynamic is what has caused some of the problems with traffic legislation since then. I know that things have changed and the laws are different now. As a prosecutor, I remember when the new legislation came in and we could look at fatalities and injuries caused. A number of new offences were introduced in order to deal with that matter.

Will the Minister support calls to launch a wide-ranging review of road traffic offences and penalties, as was promised in 2014? I suggest that some of that review be carried out by the Law Commission, so that it can clarify the definitions of dangerous and careless offences, or replace them entirely. It needs to be made clear whether the distinction is supposed to relate to the level of danger caused by the defendant’s actions—an objective test—or their state of mind, which is a subjective test.

The review should also consider the accompanying maximum sentences, and perhaps make greater use of driving bans for offences where danger has been caused by someone who is not obviously a dangerous person, while retaining custody as a sentencing option for more obviously reckless behaviour or for repeat offenders.

Mr Sheerman: Does my hon. Friend agree that some unscrupulous members of her profession specialise in getting high-profile people—David Beckham, for example—off their driving charges, and does she think that is good or bad?

Mr Clive Betts (in the Chair): Order. The hon. Lady should know that she has only a minute or two remaining.

Yasmin Qureshi: I will not comment on individual cases—the courts made their decisions, and it would be improper of me to comment on them.

Driving ban sentencing needs to be looked at again. Many hon. Members have referred to how the exceptional hardship plea is being used, and suggested that courts and magistrates have been granting it too readily. That clearly needs to be looked at. Maybe there needs to be a change in the sentencing guidelines that magistrates take into account when deciding whether to grant exceptional hardship. That area also needs to be revisited and reviewed. With respect to car-dooring offences, the Law Commission should perhaps consider whether there should be an accompanying offence that carries licence points.

I await the Minister’s response on a number of the issues I have raised, including the need for the Law Commission to look into these matters.

Mr Clive Betts (in the Chair): If the Minister could finish by 10.58 am, that would allow two minutes for the mover of the motion to sum up. Thank you.

10.47 am

The Minister of State, Ministry of Justice (Rory Stewart): I will do, Mr Betts; it is a great pleasure to serve under your chairmanship. It is also a pleasure to

[Rory Stewart]

take part in the debate. It is extraordinary; some of our most active and fittest colleagues are gathered in the Chamber to debate something that is very close to their hearts, and close to the hearts of millions of people up and down the country.

I will begin by reflecting on the point made by my hon. Friend the Member for Totnes (Dr Wollaston), which was that, fundamentally, there is much more that we can do to protect cyclists, but we also need to reinforce the central message that immobility is much more dangerous for one's health than walking or getting on a bicycle. In fact, the beginning of all this has to be our understanding of just how powerful and beneficial cycling and walking can be. Cycling is not only—as most of us who cycle know—the quickest way of getting to this place in the morning, it is also a way of moving that is much less damaging to the environment and much better for our health in the most astonishing range of ways. It is better for our weight, our bowels, our hearts, our skin, our sex lives—[*Laughter.*] Yes, much better for our sex lives; recent studies in the United States have shown that men who cycle regularly have the sex life of somebody five years younger than the average. Cycling is also much better for happiness. It should be greatly encouraged, and the more people we can get cycling and walking, the better.

The corollary is that if we are to encourage people to walk and cycle, we need to make sure that they can do so safely. Far too many people still are injured or killed while cycling. In any given year recently, more than 100 people on bicycles have been killed on the roads. We need to take that seriously, while also putting it in the context that, overall, we are making huge improvements in road safety.

Famously, for example, in 1926 when far fewer people owned motorcars, 5,000 people were killed on the roads. As recently as 1966, 8,000 people were killed in motor accidents in a year. Today, although still far too high, the number is 1,700—despite the fact that far more people own motorcars than in 1966 or, of course, 1926. We therefore should not be entirely gloomy. The second thing to put into context is that, as some right hon. and hon. Members have pointed out, it is not only cyclists whom we need to think about in terms of vulnerable road users.

My hon. Friend the Member for St Ives (Derek Thomas) pointed out that 40 people a year on horses are killed on the roads, and far fewer people ride horses than bicycles, so proportionately someone is much more likely to be killed on a horse. About 400 or 450 people are killed walking and, as the hon. Member for Huddersfield (Mr Sheerman) reminded us, a similar number are killed on motorcycles—people are extremely vulnerable on a motorcycle on the road. Finally, of course, the largest number of people are killed in a motor vehicle. We should not suggest that anyone killed in a motor vehicle somehow deserves it because many are innocent victims, including children and families, who just happen to be travelling in that vehicle when it is hit.

Any approach to the subject therefore has to be comprehensive. I want to pay particular tribute to the hon. Member for Brentford and Isleworth (Ruth Cadbury) and to my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont), the Member for

the borders. They managed to provide a very comprehensive description of the range of things that need to happen if we are to protect cyclists. That begins right at the beginning in the way that we train people who drive motorcars, so with The Highway Code, and thinking about things such as the Dutch reach and how tests are conducted or professional drivers might be retested. It extends to road design and, as my hon. Friend the Member for Nuneaton (Mr Jones) pointed out, questions of enforcement, not only sentencing but how the police conduct themselves, how evidence is gathered and how prosecutions are brought. As my hon. Friend the Member for South West Bedfordshire (Andrew Selous) said, it also extends to thinking about rest periods for drivers, the potholes in the roads or, as the hon. Member for Warwick and Leamington (Matt Western) pointed out, questions of a changing gig economy and the kind of people travelling in our vehicles.

All of that needs to be the context, which is why we argue strongly that any real response must take into account not just us in the Ministry of Justice but the Department for Transport and the Home Office. Nevertheless, I am a Minister from the Ministry of Justice, so I will touch briefly on some of the legal issues raised by right hon. and hon. Members.

My hon. Friend the Member for Berwickshire, Roxburgh and Selkirk emphasised the serious issue of failure to stop. In examining it and making progress, we need to take into account the fact that there is a fundamental difference between the expectations of someone to report a driving offence, and of a burglar or murderer to report their offence: the premise, or presupposition, is that the driving offence is an accidental act. We therefore expect an individual of good will to have a duty of care and a responsibility to help the vulnerable victim in a way that the individual involved in other types of crime might not. That fundamental understanding of the difference between this type of crime and others should inform the approach that we take to the question of the failure to stop and the strong arguments made by my hon. Friend from the borders and others that we should increase the penalty.

The hon. Member for Poplar and Limehouse (Jim Fitzpatrick) mentioned hardship, again a very serious point. There seems to be a serious discrepancy in the number of people able to claim extreme hardship. A small footnote to that, however, a caveat, is that it is important to remember that not all those claims of extreme hardship relate to the individual driving the motorcar; they often relate to the dependants of that individual—for example, a child with special needs who requires motorcar travel. Extreme hardship can therefore extend beyond the individual to the family. Nevertheless, I recognise that the number of people making such claims seems disproportionately large.

My hon. Friend the Member for Totnes mentioned restorative justice, but at the centre of everything is the question of careless or dangerous driving. That was discussed by the hon. Member for Brentford and Isleworth, the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Stuart C. McDonald), who reflected on those distinctions, and the hon. Member for Bolton South East (Yasmin Qureshi), who made some interesting jurisprudential points on culpability and consequence or, as she framed it, the objective test of the damage done compared with the subjective question of intent.

That is not something that should be trivialised or put aside—it is a fundamental principle of English law. On the one hand, we have the incredibly stark and horrifying impact on the victim and the victim's family—the hon. Members for Birmingham, Edgbaston (Preet Kaur Gill) and for Strangford (Jim Shannon) talked about that eloquently and movingly. That death and its consequences are final, destroying a life and the families that surround it, with eddying ripples that extend into broader society. On the other hand, that has to be balanced, as the hon. Member for Huddersfield pointed out, with seriousness about the nature of what happened at that moment. Some situations are genuinely accidents, and in others some of us might feel, “There but for the grace of God go I.” There is an important distinction between a careless act and a dangerous act. All of that needs to be balanced with the impact on the victim.

We have therefore concluded that we must now extend the maximum penalty for causing death by dangerous driving to a life sentence, and the maximum penalty for causing death by careless driving under the influence of drink—alcohol—to a life sentence as well. That has been a difficult decision because of the question of balancing the impact on the victim with the culpability of the individual. However, in the end, the conclusion must be that someone who commits an extremely dangerous act in a vehicle is driving a weapon and committing an unlawful act. Ultimately, if a death results, that is morally equivalent to unlawful act manslaughter. Individuals under the influence of drink or drugs who get into a vehicle knowingly propel an extremely dangerous weapon, having consciously made a decision to incapacitate themselves. That is in direct contravention of their duty of care towards other road users and is therefore equivalent to gross negligence manslaughter. They should therefore face the penalty of a life sentence as a maximum.

In response to the questions asked by the hon. Member for Heywood and Middleton (Liz McInnes), therefore, we will be doing that. I will not delay people or waste their time with explanations about why, particularly in the middle of Brexit, parliamentary time has been limited, or why we feel that we need to take a comprehensive approach that brings in the Department for Transport and the Home Office, but we are determined to do it.

That is because cycling is incredibly important for our health, our environment and our connections with landscape and society. We have a particular duty of care and obligation to vulnerable road users. With that, I thank all right hon. and hon. Members for their contributions to an extremely stimulating and important debate, which will change the law.

Mr Clive Betts (in the Chair): I thank everyone for their co-operation on the timing. I ask Ruth Cadbury to wind up.

10.58 am

Ruth Cadbury: I, too, thank all Members who have spoken today. I will not have the chance to refer to everyone, so I will pick up on the issue of deterrence.

I am not a vindictive person and I am not generally into stiffer penalties, but driving is something we all do—most people drive—and we all want to avoid accidents. The deterrent of charges and penalties can be a factor in improving driver behaviour. I believe that that is why driver behaviour is better in Germany, in my experience. A different kind of deterrence to do with civil litigation is, I think, behind the much better driving that I experienced in the United States. This area of law is one in which deterrence is useful. Many Members also picked up on the inconsistency between penalties and sanctions, in particular when talking about the distinction between careless and dangerous driving.

I thank those Members who mentioned their constituents and families who have been affected by such tragedy, because that is, after all, what we are dealing with today. I welcome the fact that the Minister has again announced the increase in the maximum sentences and that there will be a review. He also mentioned that the MOJ and the Department for Transport will work closely together so that there is consistency in message, approach, consultation and response.

Question put and agreed to.

Resolved,

That this House has considered road safety and the legal framework.

Royal Navy Base: Bahrain

11 am

Leo Docherty (Aldershot) (Con): I beg to move,

That this House has considered the strategic importance of the new Royal Navy base in Bahrain.

I am pleased to introduce this debate about the strategic importance of the new Royal Navy base in Bahrain, HMS Juffair. I draw hon. Members' attention to my entry in the Register of Members' Financial Interests, which shows that I have a long-standing and significant interest in the Kingdom of Bahrain. I have been going there for a number of years, most recently in October to look at the new naval base.

Let me explain briefly what the base is and what it does. It is a small but perfectly formed facility that, in simple terms, allows ships to be tendered, administered and maintained more efficiently. Up to a company group of people can live on the base—there are around 500 bed spaces. I was honoured to receive tremendous hospitality on my interesting visit in October, which was led by Commodore Steve Dainton, commander of the UK maritime component. I was pleased to go aboard the mine countermeasures vessel HMS Blyth and to discuss its role with Captain Drewett and the ship's company. I would also like to put on the record the tremendous work that is being done by the defence attaché, Commander Paul Windsar, and of course the overall leadership that is provided by our ambassador in Bahrain, Simon Martin.

Most importantly, the base will allow our fleet of mine countermeasures vessels to make their contribution to the Combined Maritime Forces. Type 23 frigates will be able to use the base, too—it is my understanding that a Type 23 will soon be based there permanently—and destroyers and other vessels will also be able to take advantage of what it offers. The base is a huge step forward. It is the first new naval base in the middle east since 1971, and we should all wholeheartedly welcome it.

The base is hugely important to our bilateral relationship with the Kingdom of Bahrain. Many of us know that we have a long-standing relationship of at least two centuries with the kingdom. Because of the pressures it faces due to its location vis-à-vis Iran, the Bahraini state feels a sense of existential insecurity. It therefore relies on its allies to stand with it through thick and thin, and I am proud that this country has done that. Our tangible, permanent commitment to having a Royal Navy presence in the kingdom is of huge importance to our Bahraini friends. In fact, it is so important that they have been prepared to pay most of the costs of the base. That is of huge advantage to us—it allows us merely to man the facility. The reassurance the base provides our ally should not be understated.

That reassurance has a regional element, too. I mentioned that the mine countermeasure vessels contribute to the Combined Maritime Forces. Not many people know about that, but it is hugely important. It is a multinational force of some 33 nations that promotes the free flow of commerce over a huge area of the ocean—3.2 million square miles of international waters, not just in the Gulf but in the Red sea, the gulf of Aden, the Somali basin and the Indian ocean. The mine countermeasures vessels that Commodore Dainton commands make a hugely important contribution to that, in one of the most important areas for global trade.

Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): My hon. Friend is bringing to the House's attention an important part of the Royal Navy's expanding programme. Does he agree that, in a post-Brexit world, we will continue to be a global maritime nation? Geography and the way our trade works dictate that. The work that we will be able to start from Bahrain to keep those difficult waters open is critical to the UK's future economic growth.

Leo Docherty: Indeed. Our contribution to global free trade and the free flow of commerce around the world will be more important than ever, and we are uniquely well placed, along with our allies—the United States and others—to play a key role in that.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I believe we are the only European country with such a base in the Arabian Gulf. Will my hon. Friend use his expertise in the region to continue to probe the Government about what steps are being taken to work with other Gulf Co-operation Council countries to ensure that the base is supported and expanded, given that more than 60% of the world's oil flows through the Arabian Gulf?

Leo Docherty: My hon. Friend makes a very good point. I will mention that shortly, but absolutely, we should see this base as a model for the way we work with other GCC allies. I know there is significant appetite in Oman and Kuwait, for example, for greater co-operation between our militaries.

As my hon. Friend points out, we must remember that some 20% of the world's oil flows through the strait of Hormuz. That is astonishing. The area of operations of the Combined Maritime Forces is at the epicentre of global trade, and we have a disproportionately positive impact on that. We have four mine countermeasures vessels, whose value and contribution is out of all proportion to what they cost us.

The base represents a significant defence engagement win. I am pleased that the Government have a defence engagement strategy, which was published in 2017. Of course the naval base has been in gestation since 2014, but it is good to see these themes and intent formalised in that document. The strategy is just a reminder—what we see in Bahrain is an illustration of the fact—that defence can be a tremendously positive agent of foreign policy and is intertwined with our foreign policy objectives. Defence is not just about kinetic war-fighting operations; it can lead to tremendously important diplomatic and commercial outcomes.

Kevin Foster (Torbay) (Con): I agree with what my hon. Friend is saying. Does he agree that we must remember that if we, as a western democracy, do not engage, others will be only too happy to fill the void, as we see with the Chinese military base in Djibouti?

Leo Docherty: My hon. Friend makes an extremely good point that runs to the heart of the matter. If we wish to project our global influence on a basis that suits us and represents the values we stand for, we must do so. If we do not, others will, and they will do it less well and the outcome for everyone in the region will be worse. The national security objectives are clearly laid out. They are to protect our people, promote prosperity,

and project our global influence. I am confident that all those objectives are met by us having our base in Bahrain.

Carol Monaghan (Glasgow North West) (SNP): Many people will be disturbed to hear the hon. Gentleman refer to a close friendship with a country that has such a dismal human rights record. Will he use his relationship and experience with the Bahraini authorities to press them? If we are talking about our global influence, we should press those authorities to review their human rights record.

Leo Docherty: The influence and close relationships that we have allow us to do exactly that, and I encourage the hon. Lady to visit the Kingdom of Bahrain at the earliest opportunity to see the reality for herself.

Andrew Bowie (West Aberdeenshire and Kincardine) (Con): My hon. Friend is being gracious with his time. I served in Bahrain and the Gulf in operations in 2009 on HMS Kent, and I agree with everything he says about our influence in the region. He ran through the practical opportunities that having a base in Bahrain gives us, but does he agree that it is also a physical embodiment of what we are all talking about, namely global Britain? As we leave the European Union, such things demonstrate that we are not retreating from the global stage, and they are a demonstration of our intent not just east of Suez but around the world.

Leo Docherty: My hon. Friend is right. This is a demonstration of a model that perhaps we should use in other places in future. This is not just about the Royal Navy, because the capacity for the Army to stay as a company group at the UK naval facility in Juffair presents tremendous training and partnership opportunities with the Bahraini army, which would be to its benefit and to ours. That spirit of enduring partnership is the driver behind all this.

Will the Minister give us his judgment on the success of the establishment of the UK naval facility, perhaps say whether he agrees that we should use this model in other Gulf Co-operation Council states, and say whether on a global basis we can perhaps do such things in other parts of the world? I conclude by reiterating my gratitude to all those currently serving in the UK naval service, not just the ship's company of HMS Blyth, but those serving in the Combined Maritime Forces and the UK maritime component in Bahrain. Their daily vigilance contributes significantly to the freedom and prosperity that we in this country enjoy.

11.13 am

The Minister for the Armed Forces (Mark Lancaster): It is a pleasure to serve under your chairmanship, Mr Betts, and I am particularly grateful to my hon. Friend the Member for Aldershot (Leo Docherty) for securing this debate. As we have heard, he and other colleagues take a keen interest in defence and security developments in Bahrain and the wider Gulf region.

His Royal Highness the Duke of York officially opened the United Kingdom naval support facility in Bahrain on 5 April this year. It epitomises the importance that the UK places on its relationship with Bahrain and the security of the Gulf region, and the emphasis that the

Ministry of Defence is placing on global Britain. It is the first permanent overseas Royal Navy establishment operating east of Suez in almost half a century, and part of the commitment to the Gulf region that the Prime Minister promised in Manama in December 2016, when she underlined her undertaking that:

“Gulf security is our security”.

The UK NSF, which was a gracious gift of His Majesty King Hamad to mark the 200th anniversary in 2016 of our strong and enduring bilateral relationship, has increased the capabilities that already existed in Bahrain. It will allow the Royal Navy to provide better support for its vessels, including new aircraft carriers, and it has enabled the UK to permanently assign a Type 23 frigate to the Gulf from next spring. The UK NSF has been planned for long-term utility, strategically situated alongside the US navy 5th fleet, and it is one of our most advanced naval facilities. I stress that the complex is not a naval base as such because there are no dry docks, but we more recently opened a joint logistical support base at Duqm in Oman—I was honoured to be there for that opening—which will have dry docking capability for all Royal Navy ships.

The UK NSF is a joint asset and operates under Permanent Joint Headquarters command within the Operation Kipion joint operational area. The facility's primary function is to provide appropriate levels of real-life support to personnel deployed to Bahrain, whether permanently shore-based, on contingent operations, on a deployed maritime unit or on short-term theatre visits. After PJHQ operational requirements have been met, UK NSF still has additional capacity to host around 100 visitors, with a surge capacity of an additional 300, up to a maximum site capacity of 549. It also provides engineering and logistics support to maritime units, and can host contingent forces for short periods. The capability is split into three broad categories: accommodation, welfare, and technical. Primarily, it supports our deployed naval force in the Gulf, providing maritime security for Bahrain, the wider region and the global economy.

As my hon. Friend said, the most important aspect of the UK NSF is what it enables our ships and people to deliver on operations. As I speak, five Royal Navy warships and two Royal Fleet Auxiliaries are deployed in the region, operated and supported by more than 1,500 personnel. They include our mine countermeasures force, which has been permanently based in Bahrain since 2006 and, as my hon. Friend said, is very much considered the jewel in the crown of the force by the Americans. The MCM force is made up of five ships—four mine countermeasures vessels supported by a Royal Fleet Auxiliary ship. That force conducts route survey and clears mines from the sea bed, as it did after the 2003 Iraq war, enabling the safe navigation of the waterways.

The Combined Maritime Forces, headquartered in Bahrain, is a coalition of 33 nations aligned in common purpose to conduct maritime security operations and provide security and stability. HMS Dragon, one of the UK's Type 45 destroyers, is currently operating under the command of the CMF, as the latest example of the UK's enduring commitment to the coalition. The CMF conducts operations to counter a broad range of threats to maritime security, from piracy to the transport of narcotics, weapons and other illicit cargoes that fund and fuel terrorism and criminal networks. It has had a

[Mark Lancaster]

great deal of success—this year alone it has seized more than 46 metric tonnes of heroin and hashish, with a combined estimated value in excess of £43 million, at wholesale destination ports in the Gulf region. The street value in the UK would be many times that figure. The CMF has helped to bring about a significant reduction in piracy incidents since they peaked in 2010. The UK NSF provides the UK with a maritime centre in the region from which to respond to future humanitarian crises or natural disasters, and to conduct operations to protect the waterways and ensure the continued free flow of commerce. It makes possible our commitment to the enduring task of maritime security operations in the region.

Reinforcing the Prime Minister's undertaking in 2016 that Gulf security is our security, the then Foreign Secretary announced that the UK would be spending £3 billion on defence commitments in the region over the next 10 years. It is clear that we cannot afford not to do so—as has been said, 40% of global oil production is shipped through the strait of Hormuz between our close ally Oman on one side and Iran, which is a challenge, on the other. It is the world's most important maritime choke point. The wider Gulf contains two more of the world's eight recognised maritime choke points, with the Bab-el-Mandeb at risk of miscalculation emanating from the persistent and tragic conflict in Yemen.

Daniel Kawczynski: The Minister has outlined the important practical aspects of the base, and he referred to Iran as a “challenge”. Does he agree that the base also has an important political symbolic aspect, which is that the United Kingdom will never tolerate any interference in the sovereignty of Bahrain?

Mark Lancaster: Indeed. My hon. Friend makes a valuable point that returns to the Prime Minister's statement that Gulf security is our security. We have a long-standing relationship with Bahrain. This facility is part of that historic relationship, and we will continue to play our part in the region, as I am demonstrating. The political statement is there for all to see.

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op): The facility is of great importance to the Royal Navy, but I should be grateful if the Minister would touch on how it shapes changing deployments, and in particular how there can be greater crew rotation on ships when they are permanently forward-deployed in the Gulf rather than having to steam from Britain, including from such fantastic ports as Devonport, off to the Gulf and back again.

Mark Lancaster: That is a valuable point. Of course, historically, in the deployment of frigates and destroyers much time has been lost in transit to the region, and the time taken affects their ability to be on operations. The naval support facility will, as I mentioned earlier, enable us to forward-deploy in the first instance a Type 23 frigate for a sustained period—far longer than the initial six months, because the vessel itself will stay in the region, getting rid of those transit times. Because of the facilities that we have there, we shall simply be able to rotate the crew through by aircraft. That means that the facility is far better for the crews. The accommodation

is far superior to that on a ship. Equally, there is more predictability about the deployment; from a family perspective deployments are more set, as they come without some of the challenges of having to move the ship around the world. All in all, not only is the facility great for our persistent presence in the region; it is of major benefit to crews and families, so I am grateful to the hon. Gentleman for making that point.

On 7 July 2015, the National Security Council agreed a Gulf strategy to protect and promote the UK's interests in the six Gulf Co-operation Council states, recognising their importance in addressing direct threats to the UK from terrorism, extremism and organised crime, for our energy security and for wider regional stability. The NSC Gulf strategy is delivered through increased and integrated cross-Government engagement and activity, including working with partners, allies and international organisations. Aligned with the strategy, the MOD has a leading role in promoting regional security and stability, not least by its contribution to multinational forces engaged against Daesh and other violent extremist organisations and malign influences, thereby deterring aggression and combating transnational crime in the Gulf and beyond. We are working more often and more closely to build the capability of Gulf states' security forces, promoting our high standards of operational effectiveness and conduct.

The UK's commitment to Gulf security has been epitomised by Exercise Saif Sareea 3 in Oman, which I was privileged to open last month. It finished on 5 November with an impressive firepower demonstration attended by all GCC countries along with wider middle east and global partners. It was the UK's largest bilateral exercise for 17 years, since Saif Sareea II, with 5,500 UK troops deployed alongside 70,000 Omanis. Elements of the UK force are now conducting defence engagement activity with our other GCC partners. Saif Sareea 3 has been a tremendous success, not only as a military exercise but also in view of the fact that it has involved cross-Government Ministries in Oman working in close co-operation with counterparts from Her Majesty's Government on crisis response and resilience activity. It has been an exemplar of HMG fusion activity, underpinned by a detailed strategic communications campaign that has seen the exercise dominate Omani print and social media for almost its entire month-long duration, with extensive exposure across the Gulf.

I want to underline why the base has such an impact across the region, including with other nations. During his visit at the beginning of November the Secretary of State for Defence announced the Oman-British joint training base, further delivering on the Prime Minister's Manama commitment. That relates to the point that my hon. Friend the Member for Aldershot made about how we can continue the process. The new training facility will be tested with its first joint exercise with the Omanis in March next year. It will be supported by the joint logistics support base at Duqm, which, as I mentioned, I had the honour of opening at the beginning of Saif Sareea 3 in October.

Saif Sareea 3 has been far more than just a bilateral military exercise. It has been a demonstration of our commitment to Oman and the wider Gulf region and will leave behind a legacy for decades to come. The Secretary of State for Defence underlined our commitment to the region when the UK NSF was opened in April:

“Our Armed Forces are the face of Global Britain and our presence in Bahrain will play a vital role in keeping Britain safe as well as underpinning security in the Gulf.”

He went on to say—and I agree wholeheartedly:

“Britain is a major player on the world stage and this new Naval Support Facility will help us tackle the growing threats to our nation wherever they are across the globe and protecting our way of life.”

That is exactly the point that many of my hon. Friends have made during the debate. Furthermore, in the context of global Britain, the UK NSF will be the hub of our naval operations across the Indian ocean and potentially further afield for decades to come. I hope I have given Members the assurance of the strategic importance of the Royal Navy’s new facility in Bahrain.

Question put and agreed to.

11.25 am

Sitting suspended.

2019 Loan Charge

[Mr CHARLES WALKER *in the Chair*]

2.30 pm

Mr Steve Baker (Wycombe) (Con): I beg to move,

That this House has considered the effect of the 2019 loan charge.

I will take a moment to say how glad I am to serve once again under your chairmanship from the Back Benches, Mr Walker.

It is right that everyone, both individuals and corporations, should pay the correct amount of tax, and I welcome the Government’s commitment to a fairer tax system. I was pleased to see that the UK’s tax gap has fallen to a record low of 5.7% in recent months.

I should start by explaining what the loan charge is. The gov.uk website explains:

“Loan schemes—otherwise known as ‘disguised remuneration’ schemes—are used to avoid paying Income Tax and National Insurance.”

The loan charge was announced at the 2016 Budget. The policy ensures that users of tax avoidance loan schemes pay their share of tax and is expected to protect £3.2 billion for the UK’s vital public services. The website also says:

“The loan charge works by adding together all outstanding loans and taxing them as income in one year.”

Therein lies the difficulty, and the fundamental cause of the impact on individuals and families.

In 2005, my right hon. Friend the Chancellor said:

“Certainty and transparency are the hallmarks of a fair, effective and competitive tax system. A taxpayer is entitled to know with certainty...what he may or may not do in planning his tax affairs.”—[*Official Report*, 7 June 2005; Vol. 434, c. 1139.]

That is why I object to retrospective legislation that undermines the rule of law.

The introduction of the 2019 loan charge has been beset by challenges, confusion and complications. Over 100 MPs have signed early-day motion 1239 calling on the Government to significantly revise this piece of legislation. I am glad we are meeting today in this well-attended debate to consider the impact of the loan charge.

In the 2016 Budget, the Government announced that they would introduce legislation to tackle disguised remuneration schemes. Statutory provision was included in the Finance (No. 2) Act 2017, with further provisions included in the Finance Bill introduced after the autumn Budget last November, now the Finance Act 2018. The Government say they will protect £3.2 billion by taking action to tackle both historic and continued use of these schemes. That is a not inconsiderable sum. It will include a new charge on loans paid through disguised remuneration schemes that have not been taxed and are still outstanding on 5 April 2019.

Her Majesty’s Revenue and Customs states that the schemes affected by the 2019 loan charge were not and never have been legal. However, that is disputed by the Loan Charge Action Group. I refer to a letter by the Chancellor of the 19th of this month, published today on the Treasury Committee website. The Chancellor writes:

“Finally, I would like to clarify my comments to the Committee in reference to the use of disguised remuneration (DR) schemes which I described as ‘tax evasion’. I should have said ‘tax avoidance,’ and that in the Government’s view, tax was always due.”

[Mr Steve Baker]

That is a very important distinction, because evasion is illegal, while avoidance is an undesirable and unintended use of Parliament's legislation. In drawing that distinction and correcting the record to say "avoidance", the Chancellor has made an important concession.

Julian Knight (Solihull) (Con): My hon. Friend is making an interesting speech, and I congratulate him on securing this important debate. As a former personal finance editor before entering this place, I used to have many inquiries from readers about these schemes as they were offered to them. My advice was always, "Steer clear, because eventually the price will be paid." Does he agree that there is a role for regulators to look at the poor and potentially dangerous advice given by accountants about these schemes?

Mr Baker: It is my intention in my concluding remarks to stridently condemn the promoters of these schemes, who have ended up luring people into misery through what they have done.

Before closing with this letter, I want to mention that the Chancellor also wrote:

"It is not normal, or indeed reasonable, to be paid in loans that are not repaid in practice. It is not fair to the vast majority of taxpayers who pay their taxes in full and on time for anyone to benefit from contrived avoidance of this sort and that is why this government has legislated the charge on DR loans."

I agree with the Chancellor that it is not normal or reasonable, but I make it very clear that I place the blame on the promoters of these schemes.

HMRC initially expected 40,000 people to be affected, although in a recent parliamentary question, my right hon. Friend the Financial Secretary to the Treasury gave a new figure of 50,000. HMRC's impact note stated:

"The government anticipates that some of these individuals will become insolvent as a result."

The Loan Charge Action Group suggests that the loan charge will end up affecting probably upwards of 100,000 people and their families.

The hon. Member for Eastbourne (Stephen Lloyd) has tabled an EDM criticising the measure, arguing that "retrospectively taxing something that was technically allowed at the time, is unfair".

Of course, I would agree. HMRC has argued that the loan charge is a new tax on a new source, and described it as retroactive rather than retrospective. I would like the Minister, if he can, to explain both terms and any difference that the Treasury is implying.

Sir Edward Davey (Kingston and Surbiton) (LD): The hon. Gentleman deserves a lot of credit for bringing this issue to the House. Does he agree that we should be working cross-party ahead of the Report stage of this year's Finance Bill to put together a new clause that deals with the problem, under which any loan charge would come into effect only after Royal Assent of the Finance (No. 2) Act 2017?

Mr Baker: I certainly agree with the right hon. Gentleman that there is a job of work to be done across parties to uphold the rule of law, in particular the principle that legislation should not apply retrospectively. That is a subject on which I have made speeches over the years.

We end up in a hideous cycle of undesired action, in particular to avoid taxation, followed by the injustice of retrospective action to protect other taxpayers and the misery that causes to large numbers of people. It must be brought to an end, but underpinning that we must be committed to the rule of law.

Dr Julian Lewis (New Forest East) (Con): I am grateful to my hon. Friend for bringing this debate to the Chamber. Can I ask him about retrospection? My constituent, Alan Williams FCA, points out that HMRC already had sufficient power to recover tax from individuals, so it is rather its own convenience and its unwillingness to apply its existing powers that have led to this legislation. My constituent Andy Pocock points out that in his case, he has procedures under the existing legislation whereby he is allowed to appeal, but all that will be cut off retrospectively by the new legislation and he will not have a chance to fight and defend his corner.

Mr Baker: One of Parliament's duties is to restrain the Executive and ensure that their powers are reasonable. We should look carefully at the subject that my right hon. Friend has just raised. It is important that HMRC treats people in a decent and civilised way, and certainly more powers ought not to be taken than are strictly necessary.

Mr Mark Prisk (Hertford and Stortford) (Con): My hon. Friend is to be congratulated on securing a debate on this subject. One of the iniquities, in addition to the issue of retrospectivity, is that at least four of the constituents who have been to see me have said that they were told by their companies that unless they signed these new forms of contractual relationships, they would not continue to work for those companies. Given that, should not HMRC be pursuing the companies and not the individuals?

Mr Baker: I entirely agree with my hon. Friend. Toward the end of my remarks I will come on to the solutions that I propose, but I entirely agree with him that if any company insisted on people engaging in these arrangements it certainly should share the responsibility for what they did.

Teresa Pearce (Erith and Thamesmead) (Lab): Will the hon. Gentleman give way?

Mr Baker: I will take one or two more interventions, and then I will move on. It is not quite like being a Minister, but very nearly.

Teresa Pearce: The hon. Gentleman is being very generous with his time and I thank him for securing this debate. On that last point, my constituent was a civil servant for 37 years. In 2010, his team was TUPE-ed from the Ministry of Defence to Hewlett-Packard. He retired in 2013. In 2014, they asked him back to oversee a Ministry of Defence contract, but refused to take him back on pay-as-you-earn and said they would only do it through one of these vehicles. Should my constituent not have had some comfort from the fact that this was an MOD contract? Surely the Government and Government Departments should look at who they are contracting with, to ensure that a man such as this, in his retirement years, is not stung by this charge?

Mr Baker: I obviously cannot comment on individual circumstances. However, this is a good opportunity to draw a distinction between taking people on as contractors and insisting that they join schemes that could end up with their using disguised remuneration arrangements. On the one hand, contracting is a legitimate way of going about business; on the other, engaging in disguised remuneration schemes—an aggressive form of tax avoidance—is not desirable.

Mr John Hayes (South Holland and The Deepings) (Con): My hon. Friend is doing a sterling job of raising this matter in this place. On that basis, will he challenge the Minister on how many firms have been investigated, how many promoters have been pursued and prosecuted, and how many of those had some connection to Government contracts or payments?

Mr Baker: I join my right hon. Friend's call for the Minister to set that out, which my hon. Friend the Minister will have heard. I will now make some progress.

The Loan Charge Action Group says that the human impact of receiving a bill for up to 10 years' worth of tax will have a catastrophic effect on individuals and their families. On whom among us would it not have a catastrophic effect? It goes on to say that we are looking at thousands of bankruptcies, family break-ups and suicide attempts, as well as mental illness, unemployment, loss of abode and more. That is a catalogue of human suffering and misery.

HMRC's impact assessment of the measure says:

"This package is not expected to have a material impact on family formation, stability or breakdown."

However, that looks at aggregates, not the impact on individuals, which it seems to me is a common mistake of Government. As a Conservative, I wish to focus first and foremost on the individual, not the collective.

I will foreshorten my remarks, given the interventions I have taken. One specific complaint is the lack of warning. A freedom of information request revealed that HMRC has issued about 23,000 loan charge awareness letters, which were only issued from the second quarter of 2018. HMRC says that 50,000 individuals may be affected, so many will be unaware of the impending charge. The Loan Charge Action Group points out that the opportunities to settle new tax affairs with HMRC ahead of the charge were similarly not widely publicised, nor was the deadline of 31 May 2018, leaving people in a terrible fix, although I understand that the deadline has been quietly dropped.

The Loan Charge Action Group suggests that historical users of schemes who left many years ago are probably completely ignorant of this new legislation and will only hear of it after receiving a large bill some time in 2020. This is a dreadful risk, which the Government should forestall.

I am keen to conclude, so I will come to some solutions that I ask the Minister to consider. As I outlined in a letter to the Chancellor in September, there should be clarity about what DOTAS—disclosure of tax avoidance schemes—registration means. There should be a legally mandated text accompanying every advertisement of a DOTAS-registered scheme that explains that the purpose of registration is to enable HMRC to identify tax liabilities and to recover them when such schemes are proven not to work. It does not imply any

kind of legitimacy, and registration with HMRC is not for the purpose of endorsing the schemes. When HMRC becomes aware that a taxpayer has subscribed to a DOTAS-registered scheme, it should contact the taxpayer and make them aware that registration has the purpose of enforcement and does not convey legitimacy. HMRC must take into account people's circumstances, and the threat of insolvency should never be used as a kind of extrajudicial punishment.

Dr Phillip Lee (Bracknell) (Con): On treating individuals fairly, it is pretty evident that the people who have been selling these questionable products are not being pursued in the way that they should be. In view of that, does my hon. Friend agree that the Government should start looking at mitigation, so that certain individuals—I know of a couple in my constituency—are not bankrupted by this whole sorry affair?

Mr Baker: The Minister will have heard my hon. Friend's point, which I endorse.

The loan charge should apply from Royal Assent onwards. In other words, it should be prospective—a case I have made many times—not retroactive or retrospective. HMRC should be more proactive in advising that such schemes are likely to end in tax charges in the future, and perhaps far into the future. More steps should be taken against promoters and introducers of such schemes. They are the ones profiting from this misery. Finally, the issue of employment status and IR35 requires action at last, to bring the uncertainty to an end.

Joseph Johnson (Orpington) (Con): My hon. Friend wants further action taken against the promoters of these schemes. Does he agree that we also need to take action against the Queen's counsel who peddled rinky-dink advice that encouraged many of our constituents—including some of mine—to participate in these schemes, in the belief that a QC's opinion rendered them beyond the reach of HMRC?

Mr Baker: My hon. Friend makes a very good point. I hesitate to trespass far beyond my expertise, but I make the point that it is often thought that the opinion of a QC determines the truth. That is not the case. QCs and barristers argue among themselves in court, and the court determines the facts. I am often struck by people relying on the opinions of lawyers when what they actually need is the judgment of a court.

Alex Chalk (Cheltenham) (Con): On the judgment of courts, does my hon. Friend share my concern that individuals are sometimes effectively left without a remedy, because the person who gave them that advice so many years ago no longer continues to trade? There is then effectively no remedy for the individual and no ability for them to claw back their significant losses.

Mr Baker: My hon. Friend raises an important point. In concluding my remarks, I shall allow what he says to stand.

I really think that it is perfectly natural for people to want to pay less tax, but I would be failing in my duty if I did not say to all those paying attention to the debate that, when something seems too good to be true, it probably is. We ought not ever to allow ourselves to be

[Mr Baker]

lured into schemes that offer absurdly low rates of tax. However, I save my strident condemnation for the promoters of these schemes, who, in their advertisements, seek to persuade people that this is legitimate activity and to create the impression that DOTAS registration conveys some kind of legitimacy or endorsement by the state. That is an outrage, because of course it encourages people to participate. These promoters are, frankly, wicked. It is a great evil to encourage people into these schemes and to leave them in misery afterwards.

Finally, we must insist on the rule of law. Notwithstanding the wicked conduct of promoters, the greater wickedness in the end is to undermine the rule of law—the certainty that comes from someone knowing that if their actions were lawful at the time they were carried out, they will not subsequently be challenged through retrospective legislation. I feel most strongly about that, as I have throughout my time in Parliament. I urge the Government, whatever evils have been done by the promoters of these schemes, to abandon the practice of retrospective legislation.

Several hon. Members *rose*—

Mr Charles Walker (in the Chair): A number of colleagues wish to speak. If colleagues can restrict themselves to speaking for no more than five minutes each, I will not put a timer on. However, if colleagues go over five minutes, I will have to start reducing other colleagues' time.

2.47 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): On behalf of all Members here, I congratulate the Loan Charge Action Group on its effective lobbying of so many MPs. I would not wish its members to think that this number of MPs normally turn up to such a debate. It has done very well and has clearly done its members proud.

I start by emphasising that I cannot defend tax avoidance in any form. I strongly believe that everyone should pay their fair share and that there should be repercussions for those who do not. However, the case at hand is not quite so simple. This loan charge will affect up to 100,000 people, many of whom acted in good faith and were acutely unaware that they were ever doing anything wrong. Several of those impacted were forced into schemes as prerequisites of taking up a job, following guidance given in good faith, rather than attempting to avoid their tax responsibility. They are being taxed retrospectively for something that was technically allowed at the time.

What is more, the proposed 20-year range is usually reserved for blatant acts of criminality. We are talking about life-changing amounts of money. For some people, the sums involved run into hundreds of thousands of pounds. This will lead to bankruptcy. This will lead to mental breakdown. This will lead, and has led, to suicide. I will quote directly from the letters and emails sent to me by my constituents, so that the Minister can hear the reality behind these excessive measures.

Mr M describes a dark cloud hanging over his head. He says:

"It has been hell and I have at times considered suicide. It will affect my kids' entire lives, in that I will be unable to support them as they grow older and I may be unable to buy a property for the rest of my life."

Mr M argues that governing with life-changing force and 20 years in the past is nothing short of grossly unfair, and that it sets a dangerous precedent that HMRC can, where it suits its need, change or create laws and retroactively and aggressively enforce them.

Mr C says that bankruptcy is his only option. He says that he took and followed professional advice and declared his arrangements at the time to HMRC, which did not act. Mr L describes the impact of the stress levels on his health since he was made aware of the legislation, particularly as he believed the scheme to be legitimate. He claims that these schemes are still freely available for contractors to sign up to.

My constituents are not alone. The Loan Charge Action Group has conducted analysis of those affected. It highlights the fact that 68% describe depression, 71% fear bankruptcy, 31% fear relationship breakdown and 39% have suicidal thoughts. The policy will cost lives.

Would it not be more sensible for HMRC to pursue the enablers of the schemes? I am talking about the client organisations, agencies and umbrella companies, all of which have benefited and which, I believe, hold the most responsibility. Perhaps HMRC does not do that because even HMRC itself was using and paying contracts now subject to the loan charge, working through arrangements that HMRC now declares to be tax avoidance schemes.

Let me re-emphasise that if and when an individual or organisation has purposely dodged tax, they must be penalised. But what strikes me is that HMRC is ruthlessly pursuing hard-working contractors, while rolling over in the face of obvious and aggressive tax avoidance by so many of the UK's largest corporations. Why did Amazon pay just £1.7 million in taxes last year, despite profits almost trebling to £72.3 million? Why did Facebook pay just £15.8 million in taxes last year, despite collecting a record £1.3 billion in British sales? Why did Google pay just £49 million on UK sales of £7.6 billion? Richard Murphy, a professor of practice in international political economy, estimates that such tax avoidance costs the UK about £7 billion each year. That is enough to pay for 180,000 nurses or 150,000 secondary school teachers.

Tax avoidance in any form must not be tolerated. While the Government bankrupt unknowing individuals across the country, multibillion-pound corporations make a laughing stock of their tax collection efforts. It is high time that those organisations and those who have enabled the schemes described today were made to pay their fair share once and for all.

2.53 pm

Peter Aldous (Waveney) (Con): It is a pleasure to serve under your chairmanship, Mr Walker. I congratulate my hon. Friend the Member for Wycombe (Mr Baker) on securing this debate, which gives us the opportunity to highlight the devastating impact that the 2019 loan charge is having on many individuals.

My constituent who has been affected by the loan charge is at his wits' end. His family life has been turned upside down and, as he sees it, he has no alternative but to declare himself bankrupt. He is not a wealthy man. He is not a professional footballer; he is an IT contractor. When he and others were made redundant by BT, they were introduced to financial advisers who set up these schemes for them. He and they acted in good faith, only following the advice given so as to be IR35 compliant.

I want to highlight two issues. My first concern is that HMRC is pursuing the easy targets—individuals who have acted in good faith, are not well off and do not have their own bespoke financial advisers and accountants. My understanding is that the Glasgow Rangers Football Club case, on which the 2019 loan charge is based, concluded that the tax liability fell on the employers. That raises the question why HMRC is not pursuing the client organisations, agencies and umbrella groups that have benefited significantly from setting up these arrangements.

Bim Afolami (Hitchin and Harpenden) (Con): I agree with my hon. Friend's focus on the individuals involved. Does he agree that the retrospective nature of the measure is not just a matter for the rule of law in the abstract, but that it undermines the trust of those people and their families and communities in our Government and our legal system, and will do so for generations to come?

Peter Aldous: I thank my hon. Friend for his intervention—he has a crystal ball, because he has foretold the next item in my speech.

The people affected have become a target. They are vulnerable people. They are not well paid and do not receive many of the benefits and protections that payroll employees do: sick pay, holiday pay and maternity and paternity leave. I would be grateful if my hon. Friend the Minister could advise us when he sums up the debate of whether the impact assessment has looked at the personal circumstances of the individuals who are being pursued, whether they are able to pay and what the impact will be on their lives.

My second point, which my hon. Friend the Member for Hitchin and Harpenden (Bim Afolami) foretold, is that the basis on which the 2019 loan charge has been introduced and many individuals are now being pursued is that it is retrospective. It undermines the cornerstone of taxation, which is that a Government should not seek to impose or increase a tax charge on income earned, gains realised or transactions concluded at a time before the legislation was announced.

Zac Goldsmith (Richmond Park) (Con): Will my hon. Friend give way?

Peter Aldous: I sense that I should plough on, Mr Walker, so as to give others an opportunity to make a speech.

It is vital that any taxation system is equitable and progressive, and that those with the broadest shoulders pay their fair share.

Mr Charles Walker (in the Chair): Order. I will not hold it against the hon. Gentleman if he would like to be generous to Mr Goldsmith.

Peter Aldous: Then I will allow my hon. Friend the Member for Richmond Park (Zac Goldsmith) to intervene before I continue.

Zac Goldsmith: I thank my hon. Friend for giving way and you, Mr Walker, for intervening in such a magnanimous way.

It is not just right hon. and hon. Members in this Chamber who take the view that my hon. Friend has just expressed in relation to retrospective taxation. The current Chancellor of the Exchequer said in 2005:

“A taxpayer...is entitled to be protected from retrospective or retroactive legislation.”—[*Official Report*, 7 June 2005; Vol. 434, c. 1139.]

And of course he was right. The measure that we are seeing and debating today is retrospective taxation, and it is abhorrent.

Peter Aldous: I thank my hon. Friend for that intervention: he reinforces what is the fundamental, fatal flaw of this injustice. What I and, I believe, all hon. Members in the Chamber are concerned about is that a group of people—often vulnerable people—who have acted in good faith are now being asked to bear an excessive burden, which will have a devastating impact on their lives and their families' lives. For that reason, it is very important that we air these concerns to the Minister.

2.57 pm

Jim Fitzpatrick (Poplar and Limehouse) (Lab): It is a pleasure to see you in the Chair, Mr Walker. I am delighted to follow the hon. Member for Waveney (Peter Aldous). I offer my congratulations to the hon. Member for Wycombe (Mr Baker) on setting up this important debate. I, too, am grateful to the Loan Charge Action Group for its briefing and, in particular, to our former colleague in the House, Greg Mulholland, for his assistance in preparing for the debate.

A number of constituents have contacted me about this issue, and I will focus on the questions that they wish me to put to the Minister at the end of my remarks. I will make a few comments beforehand, though, first on the numbers of people affected, which seem to be in dispute. There has already been mention of several figures: 40,000, 50,000 and 100,000. If I read the Library briefing correctly, Mr David Richardson, director of customer strategy at HMRC, said to the Treasury Committee that there were 105,000 cases, 80,000 of which were unresolved. I would be grateful if the Minister could clarify exactly what the numbers are.

The second issue is the jobs that some of the victims have. The Loan Charge Action Group says:

“The Loan Charge affects many tens of thousands of professionals—contractors, freelancers, agency workers including social workers, supply teachers, locum nurses and doctors who were recommended to use umbrella companies by employers, professional advisers and employment agencies.

For many people the sums involved run into hundreds of thousands of pounds”.

The group goes on to say:

“Schemes were, and still are, legal and in most cases the motivation behind their use was not to reduce tax but simply to comply with the poorly drafted IR35 legislation, which”,

18 years on, “remains unclear.” It is misunderstood, and certainly the origin of this issue does seem to be the IR35 regulations. I have been dealing with cases for constituents about that for the past 18 years.

My hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) made reference, as did the hon. Member for Wycombe, to the Loan Charge Action Group's analysis of the impact. She quoted the figures about those who are affected. Some 68% were affected by depression or mental impact, 71% by bankruptcy, 49% by loss of resident home, 30% by divorce and relationship breakdown, 30% by loss of career, and 39% by suicide or self-harm thoughts. The biggest issue for all my constituents and the action group is the retrospective

[Jim Fitzpatrick]

nature of the legislation, which the hon. Member for Wycombe focused on. That has been raised many times already, and the key question remains about the transparent unfairness of this decision.

My constituents have requested that I put a number of questions to the Minister. I recognise that he is not directly responsible for this policy, but I am sure he has a briefing that will cover at least some of the questions that my constituents have asked me to raise, because they are quite predictable.

Why did it take HMRC 20 years to take official action? Why did HMRC not email or write to loan users over the past 20 years, to ask them to come out of these schemes and the associated risks, when it had the relevant information on the yearly individual self-assessment tax returns? Why ask for 20 years' retrospective payment for something that was and is legal? Why has an appeal format been refused to loan scheme users, leaving costly judicial review as the only alternative, which single individuals cannot afford by themselves?

Why cannot HMRC just admit that it did not perform due diligence on the loan schemes? Why, when public sector contractors were asked to move into IR35 in 2018 so that they could pay the right amount of tax, did they not get retroactive tax to pay? Why did PricewaterhouseCoopers get away with 35% early discount on a £10 million fine in 2017 for a failed BHS audit? Apart from going bankrupt or committing suicide, how does HMRC expect most individuals to be able to repay such sums at short notice?

My hon. Friend the Member for Mitcham and Morden also mentioned a letter the action group received saying that HMRC contractors are now being pursued by HMRC due to the loan charge. The Loan Charge Action Group has now discovered that HMRC itself was using and paying contractors who are now subject to the loan charge. The LCAG has been contacted by people in that situation reporting that they are working on important IT projects for HMRC, were security-cleared by HMRC, and were working through arrangements that HMRC has now declared to be tax avoidance schemes. In effect, that means that HMRC was itself involved in arrangements that it now says "never worked." The action group commented:

"This turns this from fiasco into farce."

Perhaps the Minister could comment on that.

More than 100 colleagues have signed the early-day motion. This is clearly an issue that the Government have to address. There is a massive impact on the lives of those affected, including my constituents. They look to HMRC for fairness, and I trust that the Minister's response will indicate that that is a possibility. If it is not, I look forward to a cross-party, Back-Bench new clause to the Finance Bill, which, based on the numbers here today, would stand a good chance of passing through the House.

3.3 pm

Ross Thomson (Aberdeen South) (Con): It is a pleasure to serve under your chairmanship, Mr Walker. I congratulate my hon. Friend the Member for Wycombe (Mr Baker) on introducing the debate and being such a champion on this issue. My inbox and my surgeries have been inundated.

I represent Aberdeen South, which is the energy capital of Europe and the hub of our oil and gas industry. Many who worked in oil and gas were actively encouraged by their companies to get involved with such schemes, to set up a personal limited company and to get off the company books. Many did so for many years. Many felt assured that they were being advised by chartered accountants and tax advisers. Everything was above board. It was their belief that their professional accountant could not advise anything illegal; otherwise, their chartered status would be revoked.

Adam Holloway (Gravesham) (Con): Of course it is a failure of successive Governments, but in 2011 the Government actually looked at this. They did not come up with a definitive answer and as a result these schemes proliferated.

Ross Thomson: My hon. Friend is absolutely right and I could not agree with him more. For many, this option seemed to be the obvious choice. The retrospective nature of this decision is causing great distress. As has been said, there is a huge human cost. I want to take this opportunity to share with the Minister and hon. Members the stories of my constituents.

One constituent wrote to me and said:

"It's been going on for a few years now and taking its toll on my family. As we are unsure where we'll get the money to pay any outstanding tax, their bullying tactics in getting you to sign up to pay and the fact they demand you to reach a settlement with them, even though when we have done everything they ask, they have still not come back with any settlement figures.

Not only that, they are saying even if you settle or pay back the loans, there's a strong possibility it won't end there, so we go back to their scaremongering tactics they've deployed for you to pay up front and ask questions later, it's totally unjust for our future as being a democratic society".

Another constituent said:

"I like to think I understood the risk I was taking and had every confidence in the scheme I was using, I did not entertain the prospect that the Government would be prepared to violate the core principle of the rule of 'legal certainty' by introducing retrospective legislation going back 20 years...This weekend I have received my settlement 'offer' under HMRC's settlement offer and am currently in the process of deciding whether or not to accept their terms. Whilst I sincerely would like to settle and move on, I am deeply concerned that their CLSO2 is extremely unfair and punitive."

Alex Chalk: My hon. Friend is making a powerful point. Does he agree that the fundamental unfairness is that HMRC is going after the easiest of targets, namely the individuals, rather than those who may be the most culpable?

Ross Thomson: I could not agree more. It seems to be easy pickings for HMRC. It is not going after those who are truly culpable. That is why such great distress is being expressed in our surgeries.

My constituent continued:

"This whole sorry affair has imposed life changing levels of stress on both me and my family, especially with the backdrop of the recent downturn in the oil and gas industry where I have been out of work for about 50% of the past two years."

Another constituent wrote:

"This is a complicated situation, however fundamentally, HMRC have closed down the opportunity to use these 'loan' schemes."

My constituent accepts that it is a positive move to end ambiguity.

"The retrospective nature of this legislation is going to place a large number of contractors under extreme financial duress. Bearing in mind HMRC's failure to sort this situation out sooner".

Another constituent—this is the last example I will give—emailed me to say that he was emailed by a company stating that he could retain 78% to 80% of his salary legally. He wrote:

"The scheme was QC approved and top tax counsel advised it was sound... I learnt during the latter part of last week that my retrospective tax charge is very likely to exceed £230,000. As for HMRC's so-called 'Impact Assessment' apparently finding that such sums would lead to few, if any issues for those being expected to pay such, I can only comment that they must assume that we are all multi-millionaires. Of course, they know full well that we aren't.

It's very daunting when the full weight of government makes demands with threats of the law being brought to bear when, according to the law, no law has been broken. I doubt very much that I can simply ignore threats, be taken to court and stand there and say such. Thus individuals are placed in the position of hiring lawyers with costs running into six-figures and this will be beyond the means of most, if not all of us."

This particular constituent says that he is single and has "never had a second income from a partner to assist with cost of living".

He is facing serious financial distress.

It is right that we condemn those who sold on and encouraged such schemes. It is deeply unfair that we seek to do this retrospectively. It absolutely violates the core principles of the rule of law. I could not agree more with colleagues who have already expressed that frustration. I think that this particular measure is disgraceful. I will go further—I think it is dishonourable and should be stopped.

Mr Charles Walker (in the Chair): If colleagues could keep to five minutes, we might get everybody in.

3.9 pm

Sir Edward Davey (Kingston and Surbiton) (LD): This House has the chance and the opportunity to put this wrong right. As the hon. Member for Poplar and Limehouse (Jim Fitzpatrick) said at the end of his speech, there will be a Report stage to the current Finance Bill. It will come to the Floor of the House and we—every Member here today of whatever party, whoever signed the early-day motion—have the power to come together, cross-party, and pass a new clause to right this wrong. Frankly, words in a Westminster Hall debate and signatures on an EDM mean nothing unless we are prepared to go through the Lobby to vote this tyrannous legislation down. Constituents, the Loan Charge Action Group and all the people affected will expect their Members of Parliament to vote and act and not simply talk. Today gives us a platform to make sure we send a powerful message to Treasury Ministers that this is a catalyst for the action that was not taken two years ago, but will be taken, I believe, when we get to the Report stage of the Finance Bill.

As has been said by the hon. Member for Wycombe (Mr Baker), there is a fundamental principle here that he and I can agree on: the rule of law. When we talk about British values, about which he and I agree, the rule of law is something the Department for Education says should be taught in every school up and down our country. Well, this is the test. Either Members of Parliament believe in the rule of law and what our children are

taught, or they do not. When we vote on the new clause in the Finance Bill, as I am sure we will be asked to, we will see whether we really do believe in the rule of law.

Mr Baker: As one liberal to another, it is a delight to agree with the right hon. Gentleman. I hope members of the public will not think I am engaging in too much levity if I say that some of us are engaged in enough rebellion already. I should be very grateful indeed if the Government tabled their own amendment to deal with this matter, so that we do not find ourselves engaged in any sort of rebellion on the Finance Bill.

Sir Edward Davey: It was a pleasure to allow that intervention. I have no objection to the way in which the wrong is righted, as long as it is righted properly. If we stick to the principle of the rule of law, as I said in my intervention on the hon. Gentleman, ending retrospection in this tax change means that any charge prior to Royal Assent of the Finance (No. 2) Act 2017 must end. There can be no charges before Royal Assent of that Act; otherwise we are in the area of retrospection.

Like other colleagues, I have had constituents contacting me. Sixteen have contacted me directly, and in my experience that means there are many more out there who have not contacted me. I will read from just one, from Mr Garry Taylor, who talks about the "devastating consequences" that will destroy the finances of "me and my family". I do not know about other colleagues, but I have had people almost in tears in my surgery over a tax matter, which has never happened before in 20 years.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): Does the right hon. Gentleman agree that people are living in genuine fear of bankruptcy and losing their homes, and it is not acceptable that the Government have handled the matter in that way?

Sir Edward Davey: I could not agree more. I have never seen people so distressed and distraught by one particular measure, which appears to target pain on just a few people. Those people work hard in our NHS, our industry, our schools and our civil service. Why do the Government want to target so much pain on so relatively few people? The charges involved are massive: hundreds of thousands of pounds. It is completely iniquitous. I believe the Minister knows that and I hope he will therefore put it right. Everyone in this House is clearly against tax scams; we want to close them down, but as other hon. and right hon. Gentlemen have said, people were advised by professional accountants and HMRC appeared to be happy. It was notified of the tax schemes and did nothing. Yes, let us crack down on tax avoidance, but let us not go after victims, the people simply trying to earn a living for themselves and their families.

Tommy Sheppard (Edinburgh East) (SNP): Will the right hon. Gentleman give way?

Sir Edward Davey: I will in a second.

I might be the only veteran of the 1999 Finance Bill Standing Committee. I am happy for colleagues to correct me, but in those early days of my parliamentary career, I had the pleasure of sitting on nine consecutive Finance Bills that dealt with the early history of IR35. We had huge arguments then that that was wrong.

[Sir Edward Davey]

There is an inherent issue that needs to be tackled, but what is proposed is absolutely not the way. HMRC has got to learn from history. It appears to me to be acting vindictively because it did not get its way a few years ago on IR35. Because people found legitimate ways around it, it is coming back and acting in an outrageously draconian way, and this House has to say no.

3.15 pm

Julia Lopez (Hornchurch and Upminster) (Con): It is a pleasure to serve under your chairmanship, Mr Walker. I must begin with a little grovelling and apologise in advance for having to leave this debate for a Statutory Instrument Committee. I am grateful to you for allowing me to speak, and to my hon. Friend the Member for Wycombe (Mr Baker), who secured this debate. It is of great importance not only to my constituents, but to those of many other hon. Members.

My constituents are concerned about the 2019 loan charge. They have tended to work as contractors or freelancers in the IT and professional services sphere, and they are now deeply concerned that HMRC's actions over the loan charge will place them in serious financial hardship, if not outright bankruptcy. They suggest to me that they were encouraged by professional advisers or the contracting companies themselves to enter special payment schemes, which were deemed legal and allowed for scheme users to be paid in the form of a loan rather than ordinary remuneration. Resulting from poorly drafted IR35 legislation, such schemes are now deemed by HMRC to be disguised remuneration that amounts to aggressive tax avoidance. HMRC is pursuing affected constituents at a time when many cannot easily recover their earnings.

My constituents fear that this action represents retrospective taxation, thereby undermining legal certainty and confidence in the tax system. They are also angry that the charge is being levied on contracting employees, despite a legal case involving Rangers, which judged the employer liable for any unpaid tax and national insurance. Given that for nearly two decades HMRC appeared to permit tax advisers and accountants to recommend the schemes without penalty, my constituents believe they have been let down by a system that should have alerted them to problems in a timely manner.

I have had a one-to-one meeting with the Financial Secretary on this issue in which he set out the Government's position with clarity. I understand that scheme users will now be able to spread any payments to HMRC over five years should their taxable income this year be under £50,000. However, my constituents want to know why HMRC is not apparently being more robust in pursuing the tax advisers, accountants and contracting companies who took freelancers and contractors down this route in the first place.

One constituent told me:

"I decided to contract having been made redundant 3 times from what I considered safe and stable jobs. I have never in my life taken any state benefit. The only and main reason I signed up to a...scheme was because I felt that after a year as a self-employed person...the rewards did not justify the risks and with IR35...insisted upon by my employers",

it seemed

"the only route open for me to improve my take home pay".

He goes on:

"I am not justifying any shortfall in the tax...that I maybe should or could have paid, but Government and HMRC"

allowed

"schemes to flourish for years without redress...HMRC have chosen to inflict regular PAYE/NI rates, apply penalties and interest for open years and take no account of holidays, sickness benefits, pensions, training and out of contract time that freelancers have to finance themselves. Surely, even a concession on the rate being charged under the Loan Charge would be a fair and reasonable compromise?"

I must confess that without having access to the precise details of individual tax paid and the specifics of the schemes entered into, I have found myself caught between the concerns of constituents and the assurances of Ministers, who believe very strongly that the loan schemes clearly represented an illegitimate attempt to avoid tax. I fear, therefore, that the fairness and legality of HMRC's actions will end up being determined in the courts by those with the tax expertise to look dispassionately at these matters. None the less, I wanted to raise these concerns in this afternoon's debate in my role as a constituency MP, and I would be grateful if the Minister addressed the specific concerns that my residents have raised with me: namely, the apparent lack of action against culpable financial and legal advisers and employers, the calculation of tax owed, and retrospection in the tax system, which risks undermining wider confidence in the system.

Mr Charles Walker (in the Chair): I call Janet Daby. You have four minutes, I am afraid.

3.19 pm

Janet Daby (Lewisham East) (Lab): Thank you for allowing me to speak in this debate, Mr Walker.

In 2000, the Government introduced legislation called IR35, which sought to class many freelancers as employees. It was designed to target "disguised employment" and the Government wanted to close a loophole that allowed companies to employ people without collecting NICs or paying other associated taxes. Unfortunately, "disguised employment" was not well defined. When people were engaged on very different terms to permanent employees, it was not clear whether they were subject to IR35. In that grey area, third-party scheme providers began to offer a service whereby contractors became employees of a third-party company, which was then engaged by the agency or client company. Remuneration was paid in the form of loans, which were often made by an offshore third party.

Those arrangements were marketed as HMRC-compliant and seemed to offer the certainty that many were looking for. The Government now claim that the arrangements did not work and, although they were within the law, were not in tune with what Parliament intended. That has led to a series of measures designed to recover the funds, which were not originally deemed taxable, in spite of the fact that the people affected legitimately completed tax returns, paid their dues and disclosed the arrangements to HMRC.

Many within the schemes have yet to be informed of the amount that they are due to pay, including my constituent Nick, who was involved in one of them. To say that Nick is worried about that is an understatement. I have met him, and he said that he is

“facing personal ruin, most likely bankruptcy with the loss of the family home”.

He feels that that will affect him and his family. He continued:

“While I have recently moved out of financial services...bankruptcy would make me ineligible to work for any financial services company again therefore severely limiting my potential employers” and employment. To say that causes a great deal of stress is an understatement. Although he is grateful to have the support of his wife and family, there are days when he feels hopelessly overwhelmed by that looming over him.

Given the vast sums of money involved, and the various reasons and backgrounds behind people becoming involved in such schemes, we need a sense of the role of the companies who provided the contracts. They clearly played a role. I would also like to know from the Minister whether the time-to-pay arrangements will provide the people affected with any kind of practical support.

3.21 pm

Mr John Hayes (South Holland and The Deepings) (Con): The hon. Member for Poplar and Limehouse (Jim Fitzpatrick) made it clear that the genesis of the matter was the change to IR35 in 2000, which led to many freelance, contracted and itinerant workers ordering their financial affairs, notably for the purpose of paying tax, in a way that they believed and were told was completely proper and in line with the new regulatory environment. Subsequently, umbrella schemes developed as some of those people's tax and financial affairs led them to the point where they became liable for employer's national insurance contributions. Those umbrella schemes have become mainstream in the subsequent 18 years.

The people concerned were largely acting in good faith, whether or not the people who were advising and promoting the schemes were. The architects and advocates of the schemes are the people who the Treasury should be pursuing with vigour and determination.

Fiona Bruce (Congleton) (Con): Will my right hon. Friend give way?

Tommy Sheppard: Will the right hon. Gentleman give way?

Mr Hayes: I happily give way to my hon. Friend first.

Fiona Bruce: Is my right hon. Friend aware that many of the organisations and advisers that encouraged our constituents, who are now suffering so much grief, to go into the schemes are the self-same ones putting themselves forward to give our constituents advice to address the challenges from HMRC? Does that not add insult to injury?

Mr Hayes: That should be a further part of the invitation that I made via my hon. Friend the Member for Wycombe (Mr Baker), whom I congratulate on securing the debate, to the Minister. We look forward to the Minister confirming that when he responds.

Tommy Sheppard: Will the right hon. Gentleman give way?

Mr Hayes: I will briefly, but I want to move on, because I appreciate the lack of time.

Tommy Sheppard: I am grateful, because I concur entirely with the point that the real villains are the companies that mis-sold the schemes in the first place—at times, for fees that can only be considered usurious. My constituent paid £138,000 in fees over three years to a company called AM Limited, which has changed its name but is still trading and registered in Panama. If HMRC were to assist my constituent in trying to recover that money, he would be much better able to pay his retrospective tax liability.

Mr Hayes: I have answered many debates in this Chamber as a Minister of various Departments, and I tell the Minister, who is a good and honourable man, that when this many hon. Members from both sides of the House come together in a single cause, he had better take action. The writing is on the wall and he has to respond. I know he will take that piece of sound advice in the spirit that it is offered to him.

I will briefly make three recommendations and then draw my remarks to a rapid conclusion. First, I would like the Minister to tell us what further impact assessment has been made by scale and detail on the families affected by the measures. Secondly, I would like him to give us an estimate of how many people who cannot or will not pay will be driven to bankruptcy, and what effect that will have on the Treasury's revenue calculations on the matter. Thirdly, as I have already said twice—I make no apology for amplifying it—I would like him to tell us what steps he is taking in respect of the architects and advocates of the schemes, who have done so much damage.

I have no doubt that being a Treasury Minister is about churning figures, but it is also about changing lives. This matter affects the wellbeing of large numbers of our constituents. Families will be blighted and faith in fairness will be ruined. The Minister—an honourable gentleman, a good Treasury Minister, a valued colleague and friend—needs to see the writing on the wall and take action. Woe betide those who do not. They will rue the day that they failed to listen to the voices that have been aired today.

Mr Charles Walker (in the Chair): I thank Mr Hayes for his generous and succinct contribution. Last but not least, I call Justin Madders.

3.26 pm

Justin Madders (Ellesmere Port and Neston) (Lab): It is a pleasure to serve under your chairmanship, Mr Walker. I congratulate the hon. Member for Wycombe (Mr Baker) on securing the debate. It is clear from what we have heard that the issue has caused much consternation and anguish for many people, so it is right that those concerns have been aired here.

As much as the next person, I believe that if tax is due, it should be collected. Without the ability to raise funds, our public services would grind to a halt. I am sure there is unanimous agreement about that. My concern, and that of many hon. Members, lies in the way the recovery of the 2019 loan charge has been handled. It raises questions about whether HMRC can say, hand on heart, that all those who are subject to it have had what I would call a fair hearing. I want to make it absolutely clear that if, following due process, the money is owed, it should be paid, but what I have heard from a constituent does not give me confidence that that will be the case.

[Justin Madders]

My constituent, Mr Crook, was working as a geologist in the oil industry when the agreements that are being scrutinised were set up. His work has dried up and he is now unemployed. He tells me that he is not in a position to repay everything he owes—not that he has been told how much that is—and that because of the uncertainty and the failure of HMRC to engage with him, he is concerned about the risk of bankruptcy.

I have corresponded with Ministers and officials to ask someone to look into Mr Crook's case but I have had nothing back but the standard response. With Mr Crook understandably anxious to resolve matters, he has contacted HMRC at the email address provided on 9 April, 8 May, 30 August, 31 August and 28 September, and by post on 2 July. His emails have had an automated response and he has had no response to his letter at all.

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): My hon. Friend is making a powerful argument on his constituent's behalf. I have a constituent much like his who has been told that he may have to pay back more than £100,000 over the five years, which could cost him as much as £2,500 a month. Does my hon. Friend accept that even when people are still in work, if they are trying to provide for their families, those sorts of sums are simply unobtainable for most of our constituents and will lead to bankruptcy, whether that is what the Government intend or not?

Justin Madders: There is a lack of reality and a lack of genuine engagement with the individuals affected. As I said, my constituent has not had a discussion of the sort that my hon. Friend refers to, and until he does, he is in no position to know whether he will be able to repay anything at all. Will there be genuine discussions before the loan charges become due? Is the Minister confident that the Department has sufficient staff and resources to deal with all the inquiries that we have heard about?

My constituent tells me that although he submitted his tax returns each year when he was working they were never queried, and because of that HMRC has at the very least implicitly, if not explicitly, accepted that the moneys he received as a loan were indeed just that. He is concerned by the retrospective nature and long reach of the loan charge, and states:

"We really are normal people, who operated within the law at the time, itemising everything on our tax returns, paying benefits in kind tax on the loans and operating under a registered scheme with a reference number lodged with HMRC at the time."

I contrast those words with what my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) said earlier about the string of multinational companies that are clearly paying less tax than they ought. When individuals are being driven to despair by the sort of hectoring we have heard about, it is perhaps right if they conclude that there seems to be one rule for the big corporations and another rule for the man on the street. If individuals are made bankrupt we will all lose, but it looks as if we could end up in that situation by default because of a lack of resources and engagement by HMRC. Will the Minister look carefully at how the recovery operation is working, so that we avoid that? Finally, I ask that HMRC acts with competence and compassion.

3.31 pm

Kirsty Blackman (Aberdeen North) (SNP): I appreciate being called in this debate, Mr Walker, and I thank the hon. Member for Wycombe (Mr Baker) for securing it.

In previous years, the SNP has raised concerns about the implementation of IR35 legislation, and during discussions on the Finance Bill I suggested a review into the way that it was being implemented. It was not necessarily that the legislation was a bad idea, but the way it was implemented did not work for people because they could not navigate the system appropriately. I raised that issue in 2016, just as my colleagues did previously.

I have been approached by many constituents about the loan charge. Some were recommended to join these schemes by the companies they worked for, which wanted them to move on and become contractors. One person told me that a presentation was given in the company's boardroom by another company running one of the schemes. Individuals were encouraged to go to that presentation and transfer into one of the schemes rather than being employees of the company. That is a real concern.

I am concerned about the way that this measure is being implemented. I have a constituent who filled in his details before 30 September, as he was requested to do, but has not yet received a settlement figure from HMRC. Another constituent in the same boat has been told that they will receive a settlement figure by 5 April next year, although the Treasury promised that those figures would arrive by 30 November this year. People are being told that the settlement figures will not be calculated until 5 April, but they have also been told that they will need a payment plan in place by then in order to be compliant. If that settlement figure is not calculated until April and the payment plan will be required immediately, people do not have enough time to make the decisions they need to make on any settlement figure.

Clarity about timelines would be hugely appreciated. This has been a moveable feast, and the Treasury and HMRC have regularly changed the dates and times by which people have been required to submit information. It is important to have clarity so that people know when they need to have a payment plan in place.

It is important that people pay the tax they owe. At least one of my constituents is disputing the calculation made by HMRC. They have not been given a breakdown of the calculation and cannot work out why HMRC has come to that figure. There needs to be transparency so that people understand why HMRC thinks they owe what it says they owe, and they can then make rational and reasonable decisions about payment plans.

I have been clear with any constituent who has approached me, and with HMRC, that we need a mutually beneficial payment arrangement. We cannot have people being made bankrupt as a result of these payments. The change from 12 months to a five-year period for repayments is welcome, but if someone is being asked to pay back hundreds of thousands of pounds when they are existing on jobseeker's allowance, it is not possible to pay that money back over five years.

I am also concerned about individuals who are being asked to sell or move out of their family home and have it repossessed. That causes problems for local councils as well as for the family involved, and just passes the buck. If HMRC wants to recoup the money, it would be sensible to do that in a way that means people can pay

it, rather than having to be made bankrupt. We need give and take by HMRC, as well as transparency and clarity about dates.

Drew Hendry: Does my hon. Friend agree that one of the biggest problems facing people in this position is the uncertainty of not knowing how they will cope with paying these large amounts back over a period of time, when no assistance or guidance has been provided as to how they might make those payments?

Kirsty Blackman: As I said, this has been an incredibly moveable feast and HMRC keeps moving the goalposts. It is important to have clarity about the future timeline. Constituents need to understand what they will need to pay back, the timescale involved, and why they are being asked to pay back the amount requested.

3.35 pm

Lyn Brown (West Ham) (Lab): It is a pleasure to serve under your chairmanship, Mr Walker. Today we have heard some awful stories from my hon. Friends the Members for Mitcham and Morden (Siobhain McDonagh), for Poplar and Limehouse (Jim Fitzpatrick), for Lewisham East (Janet Daby), and for Ellesmere Port and Neston (Justin Madders) and others, and I am grateful to everybody who has contributed to the debate and put the case so clearly.

There is no doubt that small business owners, contractors and others who have used these schemes will be significantly affected by the charge next year. Many are not wealthy people. They did not intend to avoid tax, and until recently many were not aware that there was even an issue. In some cases, the schemes were presented by agencies or employers as part of a standard contract. Some people could lose their livelihoods; some could lose their homes. The schemes we are talking about are a form of tax avoidance, and it is right that tax owed is collected. Avoidance should not pay—that is the principle. However, those who will be negatively affected by these schemes deserve our empathy and understanding, and many of the stories we have heard confirm that some of those affected are vulnerable and became caught up in these schemes without initially comprehending what they were all about.

If what is being reported is correct, it is an absolute disgrace that hospital cleaners, locum doctors, nurses, council workers, social workers and other people who work hard for the public on low or moderate pay were recruited into these schemes by tax advisers and bogus umbrella companies. It is an absolute disgrace that the Government are determined just to take on those individuals, rather than those who facilitated this avoidance for profit—those who fully knew what they were doing, and did it anyway.

If the reports are right, in some cases nurses or other public servants were made redundant by public sector organisations, only to be hired immediately as contractors through agencies who then facilitated these tax avoidance schemes. What action have the Government taken against those agencies? Some might say that this was fraud, because the schemes were not a genuine way to reduce tax liability. I have some sympathy with that view, because the schemes seem to have harmed many “clients”, and in my head I cannot justify a professional tax expert setting up such a scheme and getting a nurse, a social

worker or someone else on a low or moderate wage involved in it. If it is not illegal for those tax experts to do that, it badly well should be.

Let me ask the Minister a direct question: if his Government maintain that these arrangements were illegal when entered into, why have they done nothing about the advisers who recommended them? Does he agree that when advisers promoted these schemes, they were promoting something illegal? The advisers get off scot-free while those who can ill afford it carry the can.

One of the employee benefit trust schemes we are talking about was created by Deloitte, which is one of the largest business services companies. It was put in place by Deutsche Bank, working with offshore entities in the Cayman Islands that were set up for this specific purpose. That was confirmed by the Supreme Court in 2016 following court rulings in 2014 and earlier. Two years on, however, there has been no investigation or prosecution, and no penalty for mass-marketing unlawful schemes. No accountancy firm has been disciplined by the professional body, the Institute of Chartered Accountants in England and Wales, and the Government did not even attempt to recover the legal costs spent fighting those cases. Why?

The Government's priorities seem clear: they will not go after the enablers. We appear to be talking about advisers and employers who have exploited public service workers—workers who will see no benefit themselves—and at the same time directly reduced the tax that pays for those self-same public services. It is simply wrong, and it goes to show yet again how absurd, short-termist and unfair the outsourcing and privatisation policies have been.

We believe that clemency should be considered when businesses or people are at risk. As hon. Friends and other hon. Members have said today, if the loan charge causes businesses to go under next year, that will not help the Treasury recoup losses in the longer term. As the hon. Member for Aberdeen North (Kirsty Blackman) said, it will cost the public sector more if we have to evict people from their homes and rehouse them. I hope the Minister will tell us what the Government will do to treat everyone involved with compassion and care, particularly those who unintentionally fell foul of the schemes, including vulnerable people and those on low incomes. Campaigners say that the exact opposite is happening: people are being treated with little understanding or compassion by HMRC.

The impending deadline of April next year and the potentially severe consequences for anyone on a low wage who does not meet that deadline justify concerted outreach to those who have loan balances outstanding. We cannot let vulnerable people who have been exploited end up with massive tax debts hanging over their heads for many years to come. If we see bankruptcies, failing businesses, repossession and even suicide, that will be because this Government have not done the outreach needed and not invested in adequate training. It will also be because the context for the charge is a cut to the HMRC workforce of 17% since 2010, even while they are rightly being asked to do more to tackle such complex problems.

We should not let the Government's approach to loan schemes distract us from their absolute failure to deal with large-scale tax avoidance. Loan schemes are far from the only form that avoidance has taken in recent years, and are small in comparison with the tax avoidance methods used by the ultra-rich. Labour supports strong

[Lyn Brown]

measures against tax avoidance. We want the Government to go much further. We want them to go after the enablers—those who knew that the schemes were tax avoidance and illegal, but who peddled them anyway. Thank you.

Mr Charles Walker (in the Chair): And thank you, shadow Minister. This gives the Minister extra time to answer all the questions he has been asked. He will leave two minutes, because he is generous, for Mr Baker to wrap up at 3.58 pm.

3.42 pm

The Economic Secretary to the Treasury (John Glen): Thank you, Mr Walker. It is a pleasure to serve under your chairmanship.

I congratulate my hon. Friend the Member for Wycombe (Mr Baker) on bringing this debate to the Chamber. I acknowledge the 12 speeches from colleagues from across the House, who raised some very important issues on behalf of their constituents. Only last Friday, some of my constituents too came to raise the matter with me.

In the course of my response, I hope to address the significant issues discussed: time to pay; retrospection; whether HMRC is going after the promoters; what my hon. Friend said about the disclosure of tax avoidance schemes; the numbers involved; and the difference between retroactive and retrospective. I will also give some detail on the sums of money that we anticipate will be raised through the measure.

The responsibility of Government is to assess critically the impact of any tax reform, and to ensure that it is structured and implemented in the best possible way.

Mohammad Yasin (Bedford) (Lab): The Government say not only that the loan charge is designed to treat loans as income, but that if the loans—now income—are written off, they will be subject to inheritance tax because the loan will not be repaid. Numerous court and tribunal findings agree that the loans were loans, not income, yet the Government press ahead regardless. Does the Minister agree that that is completely wrong and unfair?

John Glen: In the course of my speech, I will address that point. I am happy for the hon. Gentleman to come back to me later if he feels that I have not done so.

To be clear, I am the Economic Secretary; the Financial Secretary wanted to be here but he is in the main Chamber for the Finance Bill, so I am here in his place.

I acknowledge the early-day motion tabled by Members. It has attracted 103 signatures, and I also acknowledge the concern throughout the House on this matter. The concerns expressed are for people who have used a disguised remuneration scheme, who expect to have outstanding loans in April 2019, and who will be subject to the charge. I recognise that the Government need to be clear about why we legislated for this charge, which received Royal Assent following a full debate during the Finance Bill process in 2016-17. I will outline the steps that the Government have taken to help those individuals who may be affected.

The Government believe that it is not fair to ordinary taxpayers, who pay their tax on time and in full, to allow people who have used tax avoidance schemes to

get away with it. Disguised remuneration tax avoidance schemes are contrived arrangements that use loans, often paid through offshore trusts, to avoid paying income tax and national insurance contributions. The schemes may have involved provision of a loan with no intention whatever to repay it. I spoke to the Financial Secretary this morning, while preparing for the debate, and he said, “Earnings are earnings, and a loan is a loan,” and that is what the issue boils down to.

Gareth Snell: I understand the Minister’s point, but before he progresses with his speech, will he clarify whether he accepts what many Members have asked this afternoon—that those who undertook the scheme did so in good faith, and therefore that the people ultimately in trouble for this system are those who perpetrated it, not those who signed up to it?

John Glen: I am happy to concede that for the 50,000 individuals affected, there are obviously responsibilities for those who promoted this. It is absolutely the case that HMRC is pursuing those individuals. They often promoted the scheme to large numbers of individuals. Five cases are before the courts—that seems a small number, but each one covers a large number of individuals—and there has been a judgment in one, with the other four cases still moving through the courts. It is not right to say that HMRC is not engaged with those who promoted the scheme.

Gareth Snell: Others set it up.

John Glen: Others did, I appreciate that—that is fair. I take on board the sentiment of the Chamber with respect to ensuring that HMRC is engaged with those who promoted the scheme, as well as the other individuals.

Lyn Brown: I will be gentle, because the Minister knows, as I do, the people who are really responsible in our respective parties for this particular piece of legislation. I would, however, be grateful if he takes on the responsibility to ensure that we are written to about the actions that the Government take against the enablers.

John Glen: I am very happy to engage with HMRC to get a letter setting out the action taken. I suspect that there might be some constraints on revealing details of individual live cases, but where data are available, I will make them available to hon. Members.

Tommy Sheppard: Will the Minister confirm, either now or in any such letter, the Treasury’s objectives in pursuing those companies? Is it to take retrospective action against them to try to recover the great volume of money they received from selling those schemes?

John Glen: HMRC’s objective will be to secure the money owed, as per the rules of the tax system. HMRC has enormous power to levy charges of up to £1 million on those individuals who are not complying.

The schemes may have involved provision of a loan with no intention to repay it. The recipients of such payments enjoyed them no differently from the way any of us use our normal income. As such, in the eyes of HMRC, the payments have always been taxable.

I have acknowledged the comments of colleagues who said that the charge on disguised remuneration loans will apply to loans that were made as far back as 1999. It is fair to say that the schemes were never permitted. They were defective, going back to then.

Mr John Hayes: We now learn from the Minister that HMRC knew that the schemes were inappropriate from the outset. So is he saying that HMRC is not malevolent but indiligent, inefficient and ineffective? If HMRC knew that, and the schemes were mainstream for 20 years, why is it acting only now?

John Glen: I thank my right hon. Friend for his point. Every scheme will be taken individually. They were not one single scheme that was developed. It is for HMRC to open cases on the disguised schemes, which it has done—going back many years on some of them—and it will take action as appropriate. A concern has been raised in the debate about not determining an outcome, and my hon. Friend the Member for Wycombe raised the concern about the implication that, when a tax avoidance scheme has been disclosed, that is somehow a verification or an endorsement of it. That is a misleading perception that has been left, and something for which HMRC should be accountable.

Mr Hayes: Forgive me. I will not intervene more than twice on the Minister, because I know he wants to make progress. I have always regarded HMRC as an efficient organisation that goes about its business properly. Is this not about the Government? The Government took a view about all this and I suspect that, although it may be true that HMRC is implementing Government policy, this is really about the Government changing their mind. That is what we are asking for.

John Glen: The Government that my right hon. Friend was part of and, I believe, a Minister in at the time the legislation was passed. [*Interruption.*] Let me make some progress.

Although the measure subjects the loans to a tax charge, that 2019 charge applies only to current loan balances and does not arise until April 2019. Recipients of loans can still repay outstanding balances in full or settle with HMRC. The legislation is not retrospective because it sets out Parliament's intention: payments subject to the loan charge should always have been, and will be, subject to tax. The announcement in the 2016 spring Budget by the former Member for Tatton provided scheme users with a three-year period in which to repay disguised remuneration loans or agree a settlement with HMRC to avoid the charge.

Kirstene Hair (Angus) (Con): Nearly 50% of those who are liable for the loan charge have not had any communication with HMRC since June 2016. Some of them are my constituents. Does the Minister agree that HMRC must accelerate its communications, to take that cloud of uncertainty away from those who are affected?

John Glen: I thank my hon. Friend for that point. There have been 24,000 contacts with HMRC. The number of telephone calls has increased from 2,000 to 4,000 a week and extra resources have been made available by HMRC, but I am happy to take up any individual cases that my hon. Friend may wish to bring to me.

In the view of the Government and of HMRC, the payments were always taxable as income, and the new legislation reiterates and formalises that stance.

Anna Turley (Redcar) (Lab/Co-op): The Minister is being very generous with his time. That final point reiterates the issue here. I have constituents who are employed in the construction industry and when they were taken on by the agencies—the umbrella companies—through which they had to go to access the work, they simply were not aware of their liabilities and were not made aware of them. This is a natural justice issue. The policy is harming people who are not particularly well paid, have done everything right and are being unfairly punished.

John Glen: The responsibility to settle tax affairs is on an individual basis. If an employer forced an individual into a tax arrangement of this sort, the employer would be in a liable position.

Several hon. Members rose—

John Glen: Let me make some more progress or, despite the time I have, I will not get to the end of my speech and I want to address the points raised.

Anyone who has been involved in legal action will be well aware that it can be protracted and expensive for all concerned. Agreeing a settlement with HMRC allows taxpayers to move on, and out of avoidance for good. In most cases, any users of schemes will be better off approaching HMRC and agreeing a settlement rather than waiting for the charge next April, and HMRC is encouraging anyone worried about being able to pay to get in touch as soon as possible.

Joseph Johnson: On the point about taxpayers wanting to move on, several of my constituents have requested settlement sums from HMRC but have not received a response, notwithstanding the passage of several months. That is prolonging their uncertainty and anxiety. Will the Minister take steps to ensure that HMRC responds to those requests for settlement as rapidly as possible?

John Glen: I certainly will. I took the precaution of speaking to the Financial Secretary again this morning, and I would like to clarify that, with the time-to-pay arrangements, the five-year period will automatically be put in place for those with incomes of less than £50,000. For those with larger incomes, there is an opportunity for dialogue with HMRC. With respect to individuals who have not had that settlement made known, I will be happy, as we all will as constituency MPs, to take those cases up with HMRC.

HMRC is helping thousands of scheme users to get out of avoidance for good.

Kirsty Blackman rose—

John Glen: Just one moment. It will consider all personal circumstances to agree a manageable and sustainable payment plan wherever possible, and it has recently announced simplified payment terms for individuals looking to settle their tax affairs before 2019.

I want to address another issue of the debate. Those who oppose the legislation have made claims that the loan charge will bankrupt public sector workers, including teachers, nurses and social workers. It is my understanding

[John Glen]

that 1,500, or 3%, of individuals will be involved in the health and education sectors but that most of the scheme users worked in professional services. The average salary of the scheme users was £66,000, which is considerably higher than the average annual wage.

Lyn Brown *rose—*

John Glen: In fairness, I should allow the hon. Member for Aberdeen North (Kirsty Blackman) to intervene.

Mr Charles Walker (in the Chair): There is no time, Minister. You have 40 seconds.

Kirsty Blackman: I have contacted HMRC on behalf of constituents and have been told that it cannot talk to me about those individuals and that they will get an answer by 5 April. That is not helpful.

John Glen: I obviously cannot respond on an individual's situation, but what I will say is that disguised remuneration schemes are complex and contrived and, as my hon. Friend the Member for Wycombe said, fail the "too good to be true" test.

Although the Financial Secretary and I have tremendous sympathy for those facing large tax bills, it is unfair to let people get away with not paying the tax they owe. There is support for people who have used the schemes and now find themselves in difficult situations, which require those affected to approach HMRC and bring the matter to a close. I will now allow my hon. Friend the Member for Wycombe to make some concluding remarks.

3.58 pm

Mr Baker: I am grateful to everyone who has come to the debate and participated. The debate has overwhelmingly avoided straying into the partisan, for which I am grateful. I listened carefully to all the speeches and I do not think anyone stood up and sided with those who think it is legitimate to be paid through loans that have been made with no intention of repayment—no one stood on that side of the argument. What we have seen is how people have been drawn, or even driven, into such schemes, and that is the heart of the injustice.

We have heard stories of human suffering that would melt any heart, which brings us on to the heart of the matter—the rule of law. Once again, my hon. Friend the Minister has earned my admiration, because he seems to get all the Treasury's toughest gigs. I sometimes wonder whether he should have been promoted to the Department for Exiting the European Union for a little break.

John Glen: No thanks.

Mr Baker: He will have heard the response of people present when he explained that the measure is not retrospective, and I really hope that the Treasury goes away, looks at the measure again and eliminates retrospection. When people have acted in good faith under advice and end up subject to injustice, we must uphold the principle of the rule of law. Some might then say that they had got away with it, but sometimes we have to say, "While we don't stand on their side and we accept that it was not Parliament's intent, we respect that there is a price to be paid for upholding the rule of law so that in the end we can preserve human liberty and justice."

Motion lapsed (Standing Order No. 10(6)).

Housing Bodies: Accountability

[MR PHILIP HOLLOBONE *in the Chair*]

4 pm

Mr Jim Cunningham (Coventry South) (Lab): I beg to move,

That this House has considered the accountability of housing bodies.

You and I have known each other for a long time, Mr Hollobone, and I am not sure whether this is the first debate I have been at that you have chaired, but nevertheless, it is welcome to see you in the Chair.

I want to examine a number of core issues in this debate before giving some recommendations to the Government. First, I want to look at the adequacy of the assessment that is currently in place to examine the quality of the design and build of new houses. I also want to consider the accountability of housing organisations when they have made mistakes or are mistreating customers, as it is my opinion that currently, they are not adequately held to account. Lastly, I want to address the way in which data regulations apply to Members of Parliament. That issue has arisen in relation to a housing organisation through my casework, and I know that many other Members have encountered similar problems in their own casework.

We have had numerous debates on the urgent need for more, and better-quality housing. I support efforts to increase the number of houses being built, and that should be happening at a faster rate. It is also vital that those homes are council-owned—I have always believed in that, and the privatisation of housing since 1980 has contributed to the issues that I will be addressing.

In Coventry, we have had several problems with housing organisations' unhelpfulness when responding to their residents' concerns. A quick search of our casework database has shown that dozens of constituents have contacted me this year about their housing situation. Housing organisations seem to be particularly unhelpful when responding to complaints, and the same names of problematic housing organisations keep coming up.

Tulip Siddiq (Hampstead and Kilburn) (Lab): I thank my hon. Friend for bringing this important debate before the House. Many of the concerns that he has cited, and those I am sure he will be citing later, have been represented to me by my constituents who face similar issues, especially Robert Taylor from the Camden Federation of Private Tenants. Does my hon. Friend agree that it is high time that a Select Committee inquiry takes place, examining the accountability of housing associations and their lack of oversight by both tenants and Members?

Mr Cunningham: I could not agree more. Such a review is long overdue, as even the data protection people do not give us clear answers about what information we are entitled to. They seem to forget that at the end of the day, we are the last line of defence for tenants—and anybody else who has problems, for that matter.

Jon Cruddas (Dagenham and Rainham) (Lab): Does my hon. Friend agree that one of the major problems is the transparency of housing associations? We had a notorious case in Orchard Village in South Hornchurch,

which was raised in a debate in this place. One of the big problems was that housing associations were departing from their historical, ethical role of filling gaps in the market and becoming housing developers themselves, lacking oversight and transparency, and therefore no comeback was possible on behalf of our constituents.

Mr Cunningham: My hon. Friend has highlighted another major problem: at times, housing organisations hide behind the Data Protection Act 1998 to obscure the fact that they are bad managers of housing estates. That suggests that there is a wider issue with competition in the market, allowing poorer customer service to go unchallenged. Like most parts of the country, Coventry has recently seen some new, small-scale housing developments, and issues have arisen in a significant number of those developments as a result of the quality of the build. One recent example in Coventry has been the Philmont Court development in Tile Hill. That development of 48 flats is actually in my neighbouring constituency, that of my hon. Friend the Member for Coventry North West (Mr Robinson), who cannot be here today because he has other business.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): My hon. Friend is making some powerful comments, and I thank him for securing the debate. Over the past few years, I have had considerable issues in my constituency, particularly with A2Dominion and FirstPort. Does he agree that the quality of build requires stronger regulation? I have had issues with letterboxes where mail can be taken from outside, and with residents saying that poor-quality materials are being used, particularly in areas where there is shared ownership rather than private ownership. All of that reduces confidence, particularly among first-time buyers, and those who are struggling and making ends meet in order to get on to the housing ladder and feel proud of the home they live in.

Mr Cunningham: That is why I mentioned the Philmont estate in the constituency of my hon. Friend the Member for Coventry North West. There, there has been bad workmanship—to say the least—and a bad build. Residents have been moved out of their houses for a period of about 40 weeks and cannot get any compensation. They have to rent privately to get accommodation; who is going to compensate them? My hon. Friend the Member for Feltham and Heston (Seema Malhotra) has highlighted similar problems to those we have in Coventry. The builders, Persimmon, have particularly let down residents by refusing to take any responsibility or pay compensation.

Of course, there are sometimes unforeseen issues with the quality of the design and building of a house. However, there seem to be widespread problems with new builds due to rushed building and substandard resources. I also hear from an increasing number of constituents about delays in moving into their new-build houses. I have one constituent who has had a seven-month delay in the building of her new home this year, which has made her and her children homeless: they are having to get by in a friend's spare room. I am certain that that is the case across the country, as my hon. Friend touched on. I am also sure that there are many more people out there who are affected by delays, but who never contact us because they do not think they will get anywhere.

[*Mr Jim Cunningham*]

I would like the Government to review the checks that are currently in place regarding the design and build of houses. They should also look at the support offered to customers by housing organisations when issues arise. We must make sure that mistakes and errors are found early in the process, and that delays are lessened as much as possible.

Mary Glendon (North Tyneside) (Lab): Can we please note that the things that are wrong with these houses are not simply minor issues? I spoke to a woman on Saturday whose staircase had twice collapsed. Another constituent had the roof of their new home collapse. These problems are really serious; they are not just little things that need to be put right after someone has moved in.

Mr Cunningham: I fully agree with my hon. Friend. Given local government cuts, trading standards officers cannot police this sector any more—it is as simple as that. That is one reason why these housing organisations are getting away with it, but the law should be tightened up as well.

Seema Malhotra: Does my hon. Friend agree that poor-quality materials can have other impacts, not just on the benefit of the asset if it is in shared ownership, but by creating situations where the quality of the ceilings or the walls results in greater noise going through from one property to another—people being able to hear each other's toilets flush, for example? That impacts on neighbourly relations and puts residents in a difficult position. Finally, regarding the architecture of how blocks are built, there have been cases where bin storage areas have been built on the ground floor of flats. That has resulted in rats running riot through those properties, causing tremendous damage and requiring expense on the part of residents to put it right.

Mr Cunningham: I agree with my hon. Friend. We are building up health problems among future generations, particularly the young children who are growing up in these properties. We had thought we had moved away from the type of housing that people used to experience in the 1930s.

I now want to discuss the accountability that Members offer when we work on behalf of constituents through our casework.

Dr Dan Poulter (Central Suffolk and North Ipswich) (Con): I congratulate the hon. Gentleman on securing the debate. He is making some very good points, but on the wider issue of accountability, rather than accountability just to Members, we are talking about a comprehensive public service that is offered to residents, including those with disabilities, older residents and people recovering from illness. Do we not need more oversight and more joined-up thinking between housing providers and other parts of the public sector? The current lack of oversight and lack of integration with the housing associations makes things very difficult. We end up further marginalising some very vulnerable people as a result.

Mr Cunningham: I agree with the hon. Gentleman, but I would add that we need the resources, too. We cannot have joined-up thinking without providing them. We have to provide the resources for resolution of the

problems, even if we have joined-up thinking. I do not necessarily disagree with him, but it is a question of resources.

I recently had a piece of casework where a constituent had an issue with his housing association, Orbit Housing, in Coventry. Without going into too much detail, the constituent had a concern that Orbit Housing was not adequately dealing with. I wrote to Orbit Housing, and we had the usual initial exchange of correspondence before it investigated the matter further. However, the correspondence I was receiving soon stopped, and I had to chase it for what was an undetailed response. We have all had experiences of delayed and undetailed responses to casework correspondence—I would like to see an improvement in the speed and helpfulness of responses—but that is not the main issue arising from this case. When I eventually received a final letter from Orbit Housing, it was highly unsatisfactory after such a delay.

Orbit Housing said that it could not tell me what steps it was taking because of data regulations. I make it clear that I do not want to know what people have in their bank account or when they got married. We do not want that information; we want to know that the issues we are raising are being pursued, and we want to know the details of how they are being pursued.

Grahame Morris (Easington) (Lab): I congratulate my hon. Friend on securing the debate. He is making an important point about how public bodies are using the General Data Protection Regulation to obstruct Members of Parliament seeking to represent their constituents. On a housing-related issue involving someone with disabilities, I had to table some written parliamentary questions, and I asked the Ministry of Justice to establish an MP hotline for the tribunals service due to the difficulties I have been experiencing in getting satisfactory answers. I have had to get in the habit of copying tribunal inquiries directly to the Minister in order to obtain a response. Does my hon. Friend believe that the Government should issue guidance to public bodies, explaining what implicit consent means and stopping them obstructing Members of Parliament in carrying out their duties on behalf of constituents?

Mr Cunningham: I could not agree more with my hon. Friend. In fact, on occasions when we have been dealing with constituency correspondence with outside organisations, we have also asked the constituent to sign a form giving us permission. We should not have to go to those lengths. When we talk about trust in politicians, that is a good example of where we are not being trusted. Our constituents trust us because we are the last line of defence. Where do they go after us, whatever the problem might be?

I have had the problem of organisations refusing to give me information on a constituent's case many times. It used to happen a lot after the passing of the Data Protection Act 1998, before being somewhat dealt with by the Data Protection (Processing of Sensitive Personal Data) (Elected Representatives) Order 2002. However, it seems that more and more organisations are using the new data regulations to avoid responding to casework. I am clear that I do not consider the case closed with Orbit Housing, and today is a good chance for us all to recognise that we need to be bloody difficult people on behalf of our constituents to get results.

As I have already said, the problem I had with Orbit Housing is not unique. I have asked other Members whether they have had similar problems in conducting their constituency casework. Members have made clear through their interventions today that they have, as have many Members who cannot be here today. The vast majority of Members who replied to me said that they had faced some form of obstruction. That ranged from delays to a complete refusal to share information with Members due to the data regulations—at least, that was the excuse. After receiving the response from Orbit Housing, I started looking at how data regulations apply to Members. I also wrote to the Information Commissioner and the Leader of the House to request clarification.

The EU's General Data Protection Regulation and the UK's Data Protection Act 2018 are our core data regulations. According to the legislation, we are data processors when we are handling a constituent's casework. Data processors have to make sure they have a specific reason to process someone's information. We are covered in our casework by two of the reasons outlined in the legislation: consent and public task. When a constituent writes asking for us to take action on an issue, it constitutes them giving us consent to discuss their personal data with a third party. Some organisations, however, do not always accept a letter from a constituent. That is the whole point.

However, consent is not necessarily always required, as we have a good second legitimate reason. Public task is when data processing is necessary to perform a task in the public interest or for official functions. The 2018 Act outlines that that covers elected representatives fulfilling their parliamentary functions. Conducting casework is one of our core functions and therefore falls under public task. We are therefore usually covered by two clear reasons when discussing a constituent's information with a third party. That is the case regardless of whether we are discussing someone's name or email, or a special category of protected data such as health or sexual orientation data.

Ultimately, the legislation is clear that we can discuss a constituent's details with third parties. However, the issue I encountered comes from how the legislation applies to the third party in the casework. When we write to an organisation, we expect them to respond saying how they will fix the issue, but the data regulations add a layer of complication. As the organisation is itself a data controller, it needs to judge whether it can give a constituent's information to us. Despite the fact that Members of Parliament are completely entitled to act on their constituent's behalf, the organisation in question can still decide that it cannot give us the information we need. The constituent's case is then forced shut, with no room to challenge the decision. That is exactly what happened to me with Orbit Housing, and it has happened to many other Members.

In this instance, data legislation is actually weakening our constituents' rights and empowering the organisations that hold their data. Members cannot solve every issue, but we should be able to advance a case more than a constituent could alone. If third-party organisations can refuse to share information on a constituent's case with us, our constituents suffer and we are left failing them due to legislation.

In summary, I would like to see several things from the Government as a result of this debate. First, they should assess the effectiveness of the current methods used to judge whether a building has been designed and built

adequately. The Government started to look at that in the aftermath of the tragedy of Grenfell. I implore them to renew their efforts, considering their stated aim of radically increasing the number of homes being built each year. It is important that their rush to build does not lead to substandard homes being built, as Members have mentioned and as has happened too many times recently.

Secondly, the Government should conduct a review of the accountability of organisations, especially large house builders and housing associations, as my hon. Friend the Member for Dagenham and Rainham (Jon Cruddas) mentioned. The Government's stated aim to soon increase the number of homes being built will mean hugely increased business for the larger housing companies in the UK. It is right that they are held to account if they build inferior housing or ignore customers. Just last month, the chief executive of Persimmon Homes ignored questions about his record bonus of £75 million—quite a salary. It is wrong that in an industry where so much money is made by those at the top there is little accountability when customers or residents are let down.

Lastly, I ask that the Government consult Members to evaluate whether we are stifled by data regulations in our ability to conduct casework effectively. It is my opinion that the regulations give organisations a loophole to ignore accountability. Some organisations might do it innocently, but there are definitely organisations out there using that loophole inappropriately. That represents a serious threat to our ability to progress casework and to hold organisations to account. The law must be tightened up to empower us and, in turn, to empower our constituents.

4.21 pm

The Minister for Housing (Kit Malthouse): It is a pleasure to appear once again before your wise and well-tempered supervision, Mr Hollobone. I congratulate the hon. Member for Coventry South (Mr Cunningham) on securing this important debate on a number of housing issues, which I will seek to address.

First, I thank the hon. Gentleman and other Members for assisting their constituents with numerous housing issues. I know from my own experience that housing can form a large part of an MP's postbag, and I am grateful for the liaison with landlords and the resolution that is brought about by the actions of Members when something has gone wrong and when a service has not been as expected.

Let me start with complaints. A good complaints process must start with landlords. The regulator of social housing expects all registered providers of social housing to have in place a complaints process that is clear, simple and accessible. Landlords are also expected to publish their performance against those standards through an annual report. The regulator does not proactively enforce standards on complaint handling. The onus is on individual landlords, working with residents, to set their approach and timescales for handling residents' complaints. However, the regulator considers every referral made to it, signposting those not within its remit to other organisations, including the housing ombudsman service.

I stress that if any hon. Member acting on a constituent's behalf is unhappy with the response provided by a registered provider of social housing, once the landlord's complaints process has been exhausted, that hon. Member

[Kit Malthouse]

may take the matter further. Social housing residents can approach the housing ombudsman service at any time to seek advice. However, currently they must pass the democratic filter, either referring a complaint to a designated person—a local councillor, Member of Parliament or tenant panel—or waiting eight weeks after their landlord's investigation has concluded before a complaint can be formally investigated by the housing ombudsman.

The Government's social housing Green Paper consultation, "A new deal for social housing", which closed on 6 November, sought views on how to improve the system for seeking redress for social housing residents. We engaged extensively with residents to inform and shape the Green Paper. We heard that residents want redress quickly when things go wrong, and want processes to be clearer and simpler. We want to ensure that residents receive the help that they need to put things right when they have a housing problem. The Green Paper asked a range of questions on how we could deliver that, including questions about the future of the democratic filter, which can delay the complaints process.

Alongside those questions, the Green Paper set out proposals better to hold landlords to account. We consider that stronger action is required against landlords who consistently fail their residents. Part of the solution is to enable residents to understand and compare the performance of landlords. We have proposed a limited number of key performance indicators to achieve that, including a potential indicator on the effective handling of complaints.

Following publication of the Green Paper, we continued our face-to-face engagement with landlords and residents across the country. We wanted to give them an opportunity to input into and influence the consultation outcome. I assure hon. Members that they had some strong views about the handling of complaints, both positive and negative, which I heard myself, having visited six such events across the country. We are currently analysing the findings of those events alongside the other consultation responses, and we aim to publish our response in the spring.

As Members will know, the General Data Protection Regulation, also known as GDPR, imposes new rules on controlling and processing personally identifiable information. In addition, the regulator of social housing is clear that registered providers of social housing should accept complaints made by advocates, including Members of Parliament authorised to act on behalf of a social housing resident. I am not aware of the specific circumstances that the hon. Member for Coventry South mentioned, but I reassure him and other Members that nothing in GDPR or in the Data Protection Act 2018 prevents us from acting on behalf of our constituents in discussions with a registered provider of social housing.

Mr Jim Cunningham: It would be helpful if the Minister circulated that advice on data protection to all concerned, so that the situation is perfectly clear. We often get conflicting views about it.

Kit Malthouse: That is a good suggestion. I have to stress that the hon. Gentleman, and other hon. Members who wish to act on their constituents' behalf, must be instructed by the constituent before they can do so.

That is no different from the arrangements that existed before the GDPR was introduced. In requesting assistance from their Member of Parliament, any resident is effectively giving consent for that MP to process their personal data. A housing association should normally accept a Member of Parliament's word. However, I appreciate that a housing association or local authority landlord might, if the case is particularly sensitive or other individuals are involved, double-check with the tenant. I stress that that should not be used as a delaying or obstructive mechanism; it is merely an extra protection for the tenant in specific circumstances.

Of course, if the constituent or their MP considers that the processing of the concerned resident's data goes beyond what the resident might have expected, they should be consulted first. Let me make it crystal clear to all landlords that they should co-operate and engage constructively with Members of Parliament when they act as advocates, within the constraints of data protection. I am pleased that the Information Commissioner has issued the following guidance:

"Consent can be implied from a relevant action, in this case the raising of the matter by a constituent with the Member in the expectation that his or her personal data will be further processed by the Member and relevant third party organisations."

I can circulate the commissioner's guidance after the debate.

Finally, I will talk about checks on the quality of building and design—an important issue, given the scale of house building that we are experiencing, and hopefully will in increased numbers in the years to come. As a Department, we are focusing on the quality of build and design as a critical issue for the future expansion of house building. I hope that the hon. Member for Coventry South accepts, though, that when it comes to a new building, the person carrying out the building work is responsible for complying with the requirements of the building regulations. That person remains legally liable for non-compliance.

All new buildings are subject to building control supervision, either by the local authority or an approved inspector. Both are required by law to take all reasonable steps to check on the compliance of building work. Where work is found not to comply, the building control body will require it to be put right before giving a compliance certificate. We are sending a clear message that if something goes wrong with a newly built home, house builders and warranty providers, including the National House Building Council, should fulfil their obligations to put things right.

In addition, on 1 October, the Government announced a new homes ombudsman to champion the rights of homebuyers and to hold developers to account. Once a building is occupied, social housing landlords are required to comply with the regulator's home standard, which sets two clear outcomes. First, homes must be of good quality through meeting the decent homes standard. Secondly, landlords must provide a cost-effective service to homes and communal areas that responds to the needs of, and offers choice to tenants, and aims to complete repairs and improvements first time.

Once again, I thank the hon. Gentleman for securing this valuable debate. I hope that he and other Members will continue to support all residents, including those living in social housing, in dealing with housing complaints. We are committed to ensuring that social housing residents

can seek timely and effective solutions when they have a housing problem. I also hope that in future all landlords ensure that issues such as those raised today do not hinder or delay their residents' seeking effective and efficient redress.

Question put and agreed to.

UK Sovereign Capability

4.30 pm

Mr Paul Sweeney (Glasgow North East) (Lab/Co-op): I beg to move,

That this House has considered UK sovereign capability.

This is a subject that I have spoken about frequently since my election and is close to my heart. I grew up in a shipbuilding family, so from a very early age I became acquainted with the concept of feast and famine orders in shipbuilding in this country. I also developed an awareness of what we need to do to maintain a sovereign capability, not just in shipbuilding but across the full spectrum of defence.

I will be 30 years old in January. Britain's defence industry landscape has diminished considerably since I was born. Look at shipbuilding. I attended my first ship launch—of HMS Lancaster—when I was one year old. There were a number of shipyards around the UK that built surface vessels, including Swan Hunter in Tyneside and Cammell Laird—

Frank Field (Birkenhead) (Ind): In Birkenhead.

Mr Sweeney: In Birkenhead, as my right hon. Friend says. We also had Vosper Thornycroft in Southampton, and Harland and Wolff in Belfast, to name just a few, but today the landscape is much diminished. The Clyde is the only UK location capable of building complex warships, and even its capabilities have been significantly downsized. In 2013, when I was working in that very shipyard, more than 1,500 jobs in the shipbuilding industry were lost, and the BAE Systems shipyard in Portsmouth—formerly Vosper Thornycroft—closed.

Some 75% of shipbuilding jobs in the UK have been lost since the 1980s. That downsizing was predicated on a realisation that Britain did not have a naval fleet big enough to sustain the industrial base that existed at the time. Rather than drip-feeding orders to yards that would never be at full enough capacity to invest in world-class infrastructure, the idea was to cut our cloth accordingly, so in 2009 the then Labour Government signed a terms of business agreement with BAE Systems. The concept was to introduce a proper and rigorous strategy for shipbuilding in the UK. In return for rationalisation and transformation, the industry would be guaranteed a certain drumbeat of industrial capacity that would give it the confidence to invest in reaching the upper quartile of the world.

When I started working in the shipyards as a young graduate, one of my jobs was to study every other shipyard in the world that was building complex warships, benchmark us against them, determine what they were doing right and develop a prescription that would allow us to design a world-class shipyard in the UK. That seemed a laudable aspiration, because if we could build an infrastructure in the certainty of a pipeline of orders, we could build ships that achieved world-class performance, saving the taxpayer money. It was such a great idea that other countries followed the same model—most notably Canada, which developed its own national shipbuilding strategy and, indeed, employed the very same person from the Royal Navy who developed our strategy under the terms of business agreement.

[Mr Sweeney]

Sadly, when I corresponded with the Minister for defence people and veterans last November, he informed me that the terms of business agreement had been extinguished in return for the signature of the Type 26 manufacture phase 1 contract. It was then superseded by the national shipbuilding strategy, which in the meantime was used as cover to significantly reduce the scope of ships that the UK had been qualified to build, and that had given certainty to UK industry. The very first page of the strategy document states:

“It is only by building ships that we will once again become good at building ships”.

Well, quite. That seems like a laudable aspiration and exactly what we all want to achieve, but unfortunately the strategy itself undermines that effort, restricting the scope of orders that can go through UK shipyards by limiting the exclusivity of UK build to frigates, destroyers and aircraft carriers.

The 2009 terms of business agreement made very clear the range of ships that were to be built exclusively in the UK without competition, including aircraft carriers; amphibious vessels; all forms of frigates and destroyers; mine countermeasure vessels, including all design and major subcontracted work; all minor naval vessels, including patrol ships; and complex auxiliary ships, which at the time meant the vessels for joint sea-based logistics and joint casualty treatment. That certainty would have enabled British industry to invest in world-class facilities that delivered world-class performance for UK shipyards, achieving the competitive advantage that we had so long striven for. Given that other countries are successfully employing the very same model—Canada now plans to build 15 Type 26 frigates, as opposed to Britain’s much diminished effort of just eight, if we even get them—it is self-evident that we are doing something very wrong by undermining that effort.

It seems to me that the national shipbuilding strategy, particularly the Type 31e frigate project, is a classic example of the Government misidentifying the root cause of the problem that they are trying to solve. The UK prosperity agenda and the effort to make our industry better would be much better served by providing certainty for industry to invest in being world class. That would achieve the opening gambit set out in the strategy document.

Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): Does the hon. Gentleman agree that one of the challenges for the prosperity agenda, and for the Royal Navy’s aspiration to be part of making us a global maritime nation again post Brexit, is that the Treasury does not have a model that helps the Ministry of Defence to plan for that or values the impact that building in the UK rather than abroad would have on the coffers of UK plc?

Mr Sweeney: I thank the hon. Lady for that pertinent intervention, which drives home the point that I am trying to make. I am highlighting the landscape as I see it now, which is not what we want to achieve and is not optimal. That is not necessarily the fault of the Ministry of Defence, but of what Sir John Parker’s report refers to as the “total enterprise” of shipbuilding, which very much includes the Treasury as financial controller.

Mr Kevan Jones (North Durham) (Lab): Further to the point raised by the hon. Member for Berwick-upon-Tweed (Anne-Marie Trevelyan), the MOD is at fault. It

takes no account whatever, either in shipbuilding or in other procurement contracts, of the value added to the UK economy, not just in skills but in the money that the Treasury gets back through tax and national insurance.

Mr Sweeney: The Minister might have been hopeful that I was absolving him of all blame in the matter, but I did not quite mean that; I meant that it was not entirely the fault of the Ministry of Defence, because there is a combined silo mentality across Government. My right hon. Friend makes the important point that in shipbuilding and in major defence procurement programmes, there has been a failure to understand the total prosperity effort across the UK. Royal Caribbean would never approach financing the building of a cruise ship in the way that the Ministry of Defence finances its frigates. The MOD does not achieve anywhere near the sort of efficiencies that commercial operators such as Cunard or Royal Caribbean achieve.

The MOD and the UK Government’s considerations ought to be about what maximises industrial and economic benefit to the UK as a whole, but they have failed to incorporate that into their processes for making these critical decisions. To give a classic example, modelling done by the Confederation of Shipbuilding and Engineering Unions makes it clear that if major shipbuilding programmes were procured in the UK, the return of wage and supplier payments to the Exchequer would effectively achieve a 20% net material discount. The prosperity of those programmes would flow back into the UK economy instead of being bled out into another country.

Frank Field: The hon. Gentleman described the order for eight frigates earlier. Before the first world war, there was the great cry for dreadnoughts—“we want eight and we can’t wait.” Whatever the size of the Government’s programme, is not one of the problems the reliability of the dates for when they start commissioning the programme, which is very important for the longer-term future of shipbuilding? Is it not also about, with this phase, the confirmation that they will give a role in bidding—and therefore a chance of winning—to yards such as Cammell Laird’s, which has done so well recently in helping to build defence orders, but also in winning a major merchant contract, which I think is the first for a British yard in 20 or 30 years?

Mr Sweeney: The right hon. Gentleman makes a very important point. Britain became a pre-eminent naval power because its industry was pre-eminent and because it was an innovator. That is what we need to get back to. The national shipbuilding strategy is trying to achieve that, but it falls short on how it will deliver it, because it militates against the very objectives it is trying to achieve. Industry needs certainty of capacity, so that it can invest with a degree of vigour in shipbuilding.

I talked about HMS Lancaster and the launch of the Type 23 frigate, which was my first ship launch, as a babe in arms, at Yarrow’s in Scotstoun. Sir Bob Easton was chairman of Yarrow’s at that time and made it quite clear that the Type 23 frigate was being bid in batches of three. It was Swan Hunter versus Yarrow. In 1990, Bob Easton said, “I am currently employing 2,500 people in my shipyard. I can employ them until the end of 1991. If I don’t get an order next year, I am making 1,000 of those people redundant, and that is the stark reality of

what I am facing. It is not just about the jobs. I would like to invest in a new covered shipbuilding facility. I would like to invest in modernised plant machinery, but the business case does not stack up, unless I know for sure that I am going to be building all of those Type 23 frigates.”

The same issue is playing out today. The national shipbuilding strategy harks back to the same mentality, driving the same behaviours. Whether it is Cammell Laird or BAE Systems, they will not be able to say that they have a prescription for a world-class frigate factory, as it was dubbed, or a modern dock hall covered facility. They will not be able to make that business case stack up. They will not be able to put their shareholders’ money into that and to finance it, unless there is the certainty on the horizon that they will be building the entire programme, and unless there is legal certainty that that will happen. Without that certainty, companies cannot make the investment and we therefore cannot get the operational efficiencies that deliver the savings and the cost reductions that would enable the Royal Navy, ultimately, to build a larger fleet. That is the virtuous cycle that we ought to be striving towards. Unfortunately, the strategy document undermines it.

When it comes to Type 31, the same point is still an excellent one. By bidding it in blocks and spreading it around the country, we lose the critical mass and do not get the certainty that would allow a shipyard such as Cammell Laird’s to invest in building a production line of Type 31 frigates, in parallel with a production line of Type 26 frigates. Ultimately, we want to get to exactly what the Americans do. They have been building Arleigh Burke cruisers since the 1980s; they have built the exact same ship in a consistent way for the last 30 years or more.

Carol Monaghan (Glasgow North West) (SNP): The hon. Gentleman is making a very good point. Does he agree that we were promised 13 frigates in 2014, not eight plus five general purpose ships? The shipyard workers in both Scotstoun and Govan have been hugely let down by those broken promises.

Mr Sweeney: I thank the hon. Lady for Glasgow—

Carol Monaghan: North West.

Mr Sweeney: Glasgow North West. It was much better when we had the proper place names for constituencies.

Carol Monaghan: Anniesland.

Mr Sweeney: Yes, Anniesland. I was one of those shipyard workers at the time. I agree that certain understandings were given about investment. Indeed, the bulk of Scotstoun shipyard was demolished on the premise that it was going to be rebuilt as a new modern dock hall. I was personally involved in the project to design it; my personal investment in that project is second to none. However, it has to be recognised that the Clyde has certainty to the 2030s, although we need to go further in making the most of the opportunity we have.

I understand from the MOD that its ultimate aspiration would be to build Type 26 frigates in perpetuity if it could—if it had that certainty of financing and planning. Then we could be certain that the Clyde would always be the centre of production for those larger frigates.

That would mean that other yards around the UK, such as Birkenhead, could focus on smaller projects, such as the Type 31, which could form a critical mass of a learning curve and a productivity enhancement, and secure the investment that would make it excellent at building those ships and more likely to win overseas orders as a result.

Frank Field: A strategy like that, with unit costs coming down, would allow us to compete seriously in the export market.

Mr Sweeney: Unit costs ought to come down but the problem is that the way that the shipbuilding strategy is defined makes it more likely that the cost reductions will not be maximised. That is a great shame, because it undermines the aspirations of the strategy.

I am a vice-chair of the all-party parliamentary group on shipbuilding and ship repair, and we hope to bring forward a report on the strategy very soon. It will highlight some of the opportunities to improve it, because we all share the same aspiration. We want to see a world-class industry in the UK that has the certainty to invest. We want a world-class product that is cost-effective enough to grow the size of the Royal Navy.

John Spellar (Warley) (Lab): My hon. Friend rightly focuses on warships, but it is also about the civilian ships for the Ministry of Defence. Unlike every one of our European competitors, the Ministry of Defence stubbornly insists on advertising abroad. There is a point about maintaining a competent workforce and the drumbeat of production, as well as the supply chain and the supply ecosystem, which is so important for sustaining all the yards. Can my hon. Friend find a logical, rational explanation for why the Ministry of Defence refuses to behave like every other European naval country?

Mr Sweeney: My right hon. Friend’s point goes back to that made earlier about the Treasury’s behaviour. I feel that this is almost about an economic orthodoxy that drives behaviour and says that we must maximise competitive tendering for the sake of it, because there is some sort of axiom that it works because it does. That approach does not bear scrutiny. Shipbuilding has the highest barriers to entry of any major industry in the world. It is a hugely capital-intensive industry and the only way to make it work, and the only way to get to a world-class, market-dominant position—much like with aerospace, where, as we know, the Americans and Europeans built their own champions in the form of Airbus and Boeing—is by having that synergy between Government, industry and the research and development base that makes it work. That is what we ought to have with shipbuilding in the UK. Fragmenting it in the way proposed in the national shipbuilding strategy serves only to undermine the UK’s long-term sovereign capability in shipbuilding. It is the primary sovereign interest of the UK to have that capability. We are an island nation, a nation of islanders and shipbuilders, and we ought to maintain that capability.

There are critical issues at stake here. We have already heard that Appledore, owned by Babcock, is due to close in March, which will be a devastating blow to the local community and to the UK’s wider defence

[Mr Sweeney]

manufacturing base. It is yet another shipyard to fall. Once it falls, it will not recover and be reopened—that is a simple fact. Once it is gone, it is gone. Despite the recent contract announcement at Cammell Laird, it is also completing an HR1 notification form and making significant redundancies. That is very unfortunate, and speaks to the point about feast and famine. We cannot have these cycles in capacity any more; we need to smooth the cycle as much as possible.

In the context of major shipyard closures and significant downsizing, whether that is at Rosyth or Appledore, it is bizarre that the Government are quite happy to tender contracts overseas in international open competition. Under article 346 of the treaty on the functioning of the European Union, the Government could quite easily designate the industry as UK-protected. It is entirely at their discretion. Any notion that their hands are tied is bogus. They could do that, smooth the production cycles and build a firm and stable footprint for UK shipyards, which would enable them to get match fit and then go out into the world and compete effectively for other orders. That is exactly what they do in Italy with Fincantieri, and what they do in France with DCNS. It is exactly what happens in Germany.

I do not understand why other European Union member states can achieve the same objectives much more effectively than us, but we are so holier than thou that it hurts when it comes to the zealous application of these EU rules and we seem to undermine our own industrial base and our prosperity as a result, meaning that communities are broken and skills lost. Ultimately, we undermine our objective of building a more resilient and effective industrial base to serve our defence industry and, potentially, commercial spin-offs.

Barrow-in-Furness is another example. The gap between the end of the Vanguard programme in the 1990s and the beginning of the Astute programme meant that the shipyard was essentially unable to build a submarine and they had to go to General Dynamics in the United States to be retaught how to build them. That is what we risk losing again if we are not careful.

John Spellar: It was surely not just the design capability and the managerial capability, but the actual day-to-day work experience and the work teams that have been created and then broken up. It took 12 to 24 months to rebuild that capability and was hugely expensive. The Ministry of Defence and the Treasury have still not learnt that lesson.

Mr Sweeney: My right hon. Friend makes a very prescient point. There is no calculation of the opportunity cost when those skills are lost or of how much it costs to build them back up. The feast and famine cycle is hugely costly and inefficient, and the national shipbuilding strategy risks going back to that pattern. I think that is a critical point that the Minister really ought to address in his remarks about the national shipbuilding strategy.

Let me make it clear that we are all here to try to deliver the best outcome for defence infrastructure in the UK—we are trying to get to the same end goal. We are trying to offer the best of our understanding and experience of these issues to inform this document and improve it as much as we can, and it is fair to say that we want to achieve the same objectives.

We have also seen the development of a combat air strategy—the Tempest programme—which is laudable and looks promising, but there is a lack of an overarching objective on defence. We have already lost the capacity to build large fixed-wing aircraft through the cancellation of the Nimrod programme, which was done hastily by the disastrous 2010 strategic defence and security review and means that we have permanently lost that capability in the UK. Similarly, we have lost the capacity to build main battle tanks.

What else is at risk, and where is the risk profile of the sovereign capabilities that will be lost? What is expendable and what is indispensable? That is not defined in the national shipbuilding strategy, where there is talk of potentially putting the Type 31e combat management system out to international tender. Why do we not define what the key sovereign capability is—not just in the shipbuilding programme, but in aspects of its critical supply chain, including gearboxes, gas turbines, combat management systems, weapons systems and so on? We need to have that granularity of detail in the national shipbuilding strategy, but it is not there. That leaves it open to interpretation and extreme gerrymandering by the Ministry of Defence.

Those are the key issues that we have to highlight, whether they are across land, maritime—I am biased towards maritime, which I have focused on heavily—or aerospace. I am sure that other Members are willing to contribute and add their own thoughts to this debate, but essentially that is an overview of my main concerns about our UK sovereign capability and the risks to sustaining it.

Several hon. Members rose—

Mr Philip Hollobone (in the Chair): The debate can last until 5.30 pm, and I am obliged to call the first of the Front-Bench spokespeople at 5.7 pm. The guidelines limits are five minutes for the Scottish National party, five minutes for Her Majesty's Opposition and 10 minutes for the Minister. We will then have time at the end for Mr Sweeney to sum up the debate. Two Members are seeking to catch my eye, and there has to be a time limit of six minutes and 30 seconds each. I first call Kevan Jones.

4.53 pm

Mr Kevan Jones (North Durham) (Lab): I congratulate my hon. Friend the Member for Glasgow North East (Mr Sweeney) on securing this debate. He emphasised the lack of strategy on maritime sovereign capability, but we need to ask the broader question of why we are in this mess today.

Since 2010, this Government have had no industrial strategy on defence. Some of the short-term decisions that were taken in 2010, when the Government slashed the defence budget by 16%, have resulted in capability gaps. A revolving door has been put on the office of the Minister for Defence Procurement, which means that they have a life expectancy a bit longer than a mayfly. That is not helpful when we need a champion in that role who can argue against the Treasury.

Why is sovereign capability important? If we want to have certain capabilities for the defence of our nation, we need to invest in them. The right hon. Member for Birkenhead (Frank Field) has raised the issue of defence exports. He is right to say that if we are to nourish that

industry, there is a defence export role to it. The Ministry of Defence and the Treasury have adopted Donald Trump's mantra of "Make America great again", because the procurements that have taken place are suggestive of an "America first" strategy. In the past few years, they have procured more than \$8 billion-worth of contracts from the United States.

As my hon. Friend the Member for Glasgow North East and my right hon. Friend the Member for Warley (John Spellar) both said, those procurements were not put out to contract; they were simply awarded. There were no competitions. We have the Apache contract and the P-8 contract—direct foreign military sales—and we have the scandalous situation of the airborne warning and control system, or AWACS, and I understand the Department is now going down the Wedgetail route. From talking to colleagues in NATO, I know that the Ministry of Defence has had no role, and nor is it interested, in partnering the programme that is replacing the 15 AWACS NATO aircraft. It is going down the Boeing route again. I am not sure whether soon we will have a sign at the Ministry of Defence's Main Building saying, "Sponsored by Boeing", but that seems to be the way it is going.

We also have the joint light tactical vehicle contract that was awarded to Oshkosh, with £1 billion of sales to replace armoured vehicles. There was no competition at all. At the same time, the Ministry of Defence and the Treasury are saying that the contract has to go out to competition. This is dangerous for our capability. It is not just about jobs, which are important, but about our supply chain and investment in research and development in our technology. My hon. Friend the Member for Glasgow North East will not remember the Falklands war, where we faced the issue of kit procurement from abroad. It reached a situation where we wanted to use the kit independently but were told that we could not.

I have serious concerns about this off-the-shelf approach to defence strategy, because there is no commitment at all. It would not happen in any other country—it would certainly not happen in the United States. If we were to sell equipment to the United States, there would have to be some offset in terms of jobs or investment there. This Government have not even tried. They trumpet the £100 million going into Lossiemouth, but that would have had to go anywhere. Boeing is going round on a public relations exercise, with glossy adverts that say it is now a British company, but it is not. There is very little evidence of real investment going into jobs and technology. That is not just today; our technology in this important sector is in long-term decline.

The hon. Member for Berwick-upon-Tweed (Anne-Marie Trevelyan), who is no longer in her place, said that there is no indication that the Treasury or the Ministry of Defence recognises that if a contract is awarded in this country, the money will come back straightaway. That is a serious problem for them. Short-term decisions taken now will have long-term implications for our effectiveness not just at maintaining our sovereign capability in a whole host of areas including shipbuilding, which has been outlined by my hon. Friend the Member for Glasgow North East, but at maintaining our capability to use that kit in certain situations. For example, will we be able to get the upgrades on Apaches if a future US Government determine that we should not? That is why we need sovereign capability.

I hate to use the phrase "go back to basics", but that is what the Treasury and the Ministry of Defence need to do. They need to make it clear that we need to procure and manufacture in the UK under sovereign capability, which should be the starting point for the defence industrial strategy. We have been promised it by the revolving door of Ministers for Defence Procurement, but it has never been put in place. It has to be a joined-up approach across Government that includes the prosperity agenda, which does not seem to matter when it comes to those huge contracts that have been awarded without competition. When there is a situation such as the fleet solid support ship contract, where we could have investment in UK jobs and prosperity, we put it out to foreign competition. My right hon. Friend the Member for Warley is right: no other nation in Europe would do such a thing.

John Spellar: Will my hon. Friend give way?

Mr Kevan Jones: I am sorry; I am running out of time.

This scandal needs to be highlighted. I hope the Minister, in the time he has got in his new role, stands up to the knee-jerk "America first" reaction.

4.59 pm

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate my hon. Friend the Member for Glasgow North East (Mr Sweeney) on his superb oratory.

We are back here again: the same people are largely in the same chairs making the same arguments, although we have a different person in the Chair—you are very welcome, Mr Hollobone—and a different Defence Procurement Minister. I think he is the third since I was elected. We made effectively the same speeches to the previous Ministers, but he should not worry: these are good speeches with good arguments, and I am sure he will enjoy hearing them.

I think that we have a good Minister now. His freshness to defence means that he will bring a new approach to procurement decisions, and I hope that that will yield different results. We need different results, because our sovereign defence capability is at risk. I do not say that lightly, because I know that people who wish our country ill listen to these debates. We must present a strong and forthright position, and we must ensure that our military has the best equipment, the best training and, importantly, a supply chain and support structure that enables it to continue to operate at a high level. Russia is on the rise—it is increasing its threat to our country and making incursions into our airspace and waters—and China is growing its ambitions in the far east. The risk of state and non-state actors threatening the UK's interests and those of our allies is high.

I will focus my remarks on the Royal Navy, about which much has been said. As the MP for Devonport, I would perhaps be expected to do that. The Royal Navy has suffered the greatest ill done to our sovereign defence capability. It could be said that that is also true of fixed and rotary-wing aircraft, and to Army equipment, but the Royal Navy has suffered the biggest impact. The shipyards that support our Royal Navy are not just

[*Luke Pollard*]

about concrete, steel, bricks and mortar; they are about the people and skills, which must be invested in and grown over time. We have had holes in our procurement exercises in the past because there has not been a constant stream of investment in our shipyards. Although we do not build ships in Devonport, we refit them, and we need a constant stream of ships to be refitted to ensure we keep up our skills. That is why it is so important to get the Type 26 and Type 31 right.

I congratulate the Government on what they have done in supporting the industry to sell the Type 26 overseas. I hope the Americans adopt the Type 26 as a platform for their future frigate procurement, which they are struggling with at the moment. The Type 31 is an example of what we need to get better at. There was great potential for it in the national shipbuilding strategy. We need more hulls that can do defence engagement work, station keeping, and the forward deployment roles that are so important in our Royal Navy, while maintaining the high-end capability of the Type 26.

As hon. Members know, I have a problem with calling a Type 31 a frigate. I would much prefer it to be a world-class corvette, rather than a rather poor frigate. I normally use more colourful language, but I will mind my p's and q's in this Chamber. We need to sell the Type 31 as the best in class. That would make our international allies want to buy it, rather than one of the plentiful array of small frigates and corvettes that are on the market. The Type 26 shows that people want to buy high-end British technology. The procurement delays and the disruption in the procurement process over the summer do not give us much confidence in the procurement of the Type 31s.

We also need to look ahead. Over the past year, since I and many others in this House were elected, we have been fighting to save HMS Albion and HMS Bulwark. Other Members who would have been here if they had turned up might have claimed the success of the campaign to save those vital capabilities from being cut. Now that we have done that, we must ensure that we plan for suitable replacements for them. If Albion and Bulwark will go out of service in 2033 and 2034 respectively, we need a plan to build their replacements in UK shipyards. That is important, because it builds on the battle to ensure our Royal Fleet Auxiliary ships are built in UK shipyards, too.

We must maintain our sovereign defence capability to build such complex warships. I regard an RFA fleet solid support ship as a complex warship—the Government may stick it in a different column of their spreadsheet, but given that it has the roles and the capability of the RFA, I think it is a complex warship, and it should be built exclusively in UK shipyards.

Mr Sweeney: Will my hon. Friend give way?

Mr Philip Hollobone (in the Chair): Order. I cannot stop the hon. Gentleman intervening, but, including his summary at the end, he will have had 26 minutes of a 60-minute debate. I have to call the Front Benchers at 5.7 pm.

Luke Pollard: My hon. Friend the Member for Glasgow North East is very enthusiastic, Mr Hollobone, and I know that he will make a speedy reply in his two minutes at the end.

We must support the trade unions. I am a proud GMB member, and it is important that its “Making It” campaign is heard loud and clear, not only by Labour Members but by Conservatives. Building the RFAs in UK shipyards is good for British business. It is good for those regions’ economies, the cities in which the shipyards are based, the supply chain and, perhaps most importantly of all, the Exchequer. Why are we exporting that money? If we do not invest in our shipyards, what happened to Appledore will happen again. Appledore is not in my constituency, but workers that came from it are working in Devonport now because Appledore ran out of orders. Without orders, shipyards cannot stay open, which means they cannot hire new apprentices and support the local supply chain. Ultimately, we lose that capability.

We need to talk louder about sovereign defence capability, because we need to preserve it. We need a discrete strategy to preserve our sovereign defence capability. I encourage the new Minister, for whom I have high hopes, to ensure sovereign defence capability runs like a golden thread through all the procurement decisions he and his Department take. It needs to be there if we are to secure jobs and our future capabilities.

5.6 pm

Carol Monaghan (Glasgow North West) (SNP): I congratulate the hon. Member for Glasgow North East (Mr Sweeney) on securing this debate. If the UK aspires to be strong, global and influential, as the 2015 national security strategy announced, it needs access to a capable and resilient supply chain for its armed forces. The hon. Member for Plymouth, Sutton and Devonport (Luke Pollard) talked about the provocations of certain nations, and we must be alert to the threats they pose.

Defence spending should not exist in a silo. Defence contracts have a series of economic consequences, the most obvious of which is the tax revenues that are generated. It is disappointing that, until now, the Government seem reluctant to take account of that. They receive an estimated 37% of the money spent on contracts in tax revenues, and that is not taking into account the multiplier effect of employees’ spending. That raises a question about their definition of value for money. When bids are considered in the future, we must take into account their impact on tax revenue and employment.

The ability to develop and maintain equipment depends on a rich research landscape and a skilled workforce, so it is critical that there is a commitment to increase science and technology funding, especially in the pure research phases of the development cycle. Most hardware requires after-sales service. We saw that in the equipment plan, which shows that in 2018-19 the MOD spent about £7.8 billion on new equipment and nearly £8.1 billion on support.

Once the capability to develop and produce complex systems has been given up, rebuilding it is difficult, time-consuming and risky. The hon. Member for Glasgow North East raised the issues with the Astute submarine programme. The excessive running-down of the Barrow workforce after the completion of the Trident programme is a classic illustration of that. As the hon. Member for Plymouth, Sutton and Devonport said, those workers are highly skilled and sought-after. There are plenty of industries ready to snap them up if our defence industry does not have opportunities for them.

We must be able to operate independently, so our capability should not be linked to the foreign policy of a supplier, as the right hon. Member for North Durham (Mr Jones) said. There are no guarantees that the UK will only ever conduct military operations that the US recognises and supports. We may have to—or wish to—operate independently.

The contracts for the fleet solid support ships have been problematic for a long time. The idea of putting them out to international competition is short-sighted and reflects our siloed thinking. We know that other Governments subsidise their shipbuilding industries, thus allowing bids to appear competitive, and effectively buying industrial contracts. I wrote to the Minister's predecessor earlier this year about that. He responded:

"We are confident in the measures we have in place to ensure the integrity of the FSS procurement process, including measures to ensure it is conducted strictly in accordance with the EU rules on state aid. Although these rules do not apply to non-EU companies, the MOD will make no such distinction in their application and all bids will be judged against the same standards."

I would like some assurance from the Minister that those measures are still in place.

Many nations have shipbuilding capability, including many small nations. Denmark has been able to build all nine of its frigates, three arctic patrol vessels and seven large patrol craft, all in Danish shipyards. The Norwegian navy's fleet is built in Norwegian yards. We must have the ambition—beyond 2030—to build not just our frigates and warships but our fleet support ships in yards here in the UK.

5.11 pm

Wayne David (Caerphilly) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I offer my warmest congratulations to my hon. Friend the Member for Glasgow North East (Mr Sweeney) on securing such an important debate.

The defence industry is vital to the British economy, with a planned spend of £180 billion in the almost 10 years leading to 2026-27. That is a huge opportunity for the country's economy, but one that has been lost because the Government have clearly rejected—despite their recent rhetoric—the idea of developing a sovereign capability for this country. Sadly, as we have heard this afternoon, the Government are increasingly buying kit off the shelf, principally from the United States of America. That is one reason why the Ministry of Defence has a deficit of £14.8 billion, according to the National Audit Office. Many MOD contracts are given without competition or openness, according to the single-source process, as my right hon. Friend the Member for North Durham (Mr Jones) made clear. The mechanised infantry vehicle contract was recently given to the Boxer without any competition or openness, and it seems that the AWACS replacement will go the same way.

Where there is competition, we see international tenders, as my right hon. Friend the Member for Warley (John Spellar) highlighted with the example of fleet solid support ships. We will be up against tenders from state-subsidised shipyards throughout the world, particularly in Korea, so it is not a level playing field. We could be ensuring that British industry and shipyards benefit from the investment coming from those contracts, but what do we see? Recently there was the announcement that Babcock was going to close Appledore shipyard in

Devon, at a loss of nearly 200 skilled jobs. That shipyard has been open since 1885 and has the proud record of producing 350 vessels, but this Government are allowing it to be shut through inactivity. As the right hon. Member for Birkenhead (Frank Field) knows full well, nearly 300 workers at Cammell Laird are going to lose their jobs on the Mersey. There has also been a process of casualisation of the workforce, which will drive costs down but erode both employment and the skills of the workforce.

As the debate has demonstrated, we clearly need a sovereign industrial strategy for the defence industry. We need an industry that ensures a drumbeat of orders and provides jobs in all sectors of the defence economy, and as has been mentioned, we need to make particularly sure that our shipyards are fully provided with work and sufficient investment. We also need to think ahead and invest in technology as well as the skills of workers, and to be mindful of this country's capacity to export, which sadly the Government are not.

I firmly believe that the shipyards and their workers should be at the very heart of this country's industrial strategy. I believe that opportunities would present themselves if the Government decided, through the exercise of their political will, to bring forward a Type 31e frigate programme. If they decided, even at this late stage, to withdraw the international tender in order to ensure that the fleet solid support ships were built in British shipyards, there would be marvellous opportunities. That requires not just political will but an overarching perspective that looks beyond the short-term costs of the Ministry of Defence and instead at a holistic industrial strategy for the country, of which our industrial defence capability should be a central part.

In short, we need a Government who put the national interest first and do not look at pounds, shillings and pence in the short term, but have a long-term perspective that places British workers at the heart of an industrial strategy.

Mr Philip Hollobone (in the Chair): Order. If the Minister could conclude his remarks no later than 5.27 pm, that would allow Mr Sweeney time to sum up. I call the Minister.

5.16 pm

The Parliamentary Under-Secretary of State for Defence (Stuart Andrew): Thank you very much, Mr Hollobone; it is a pleasure to serve under your chairmanship. I too offer my congratulations to the hon. Member for Glasgow North East (Mr Sweeney) for securing this important debate. I know that this is a matter close to his heart and an issue of great importance to him. I was somewhat depressed, however, by the fact that he said he will be 30 in January, given that I will be 47 next weekend, but there you go.

The right hon. Member for North Durham (Mr Jones) wondered how long I would be in post, and I am afraid that is one question on which I am not prepared even to speculate. I hope that I have proved, in the few months I have been in the role, that I am prepared to listen to all arguments—I will agree with some and disagree with others—and will take the time to absorb all the information. That is why I have spent a lot of time going around the country to listen to industry, the people working within

[Stuart Andrew]

it, and of course, the armed forces, to whom we are trying to supply important equipment. As the Minister, I am clearly responsible for procuring that equipment to ensure that we get the best value for our armed forces. It is also important to maintain the relationship with the UK industry and to promote exports and prosperity. Those issues are close to my heart. The debate has been informed by a clear recognition of the importance of the UK industry to our national security.

The debate has also given us an opportunity to remind ourselves of the extensive work that has already taken place to foster innovations and a competitive defence sector. The UK defence industry, working alongside our armed forces, plays a crucial role in delivering UK national security objectives. It is crucial to protect our people, project our influence around the world and promote national prosperity.

Every day since I took office, it has been a privilege to see the difference that the UK defence industry makes, whether that be the people, the equipment being provided, the training, the support, the infrastructure or the technology. Those elements are all there to help our nation's defence. I think we are all proud to have a world-leading defence sector. The figures speak for themselves: in 2017 alone its turnover was £22 billion, with £9 billion of exports, and it supports over 140,000 jobs.

The report by my hon. Friend the Member for Ludlow (Mr Dunne) showed that defence plays an important part in our economy. It is crucial to strong manufacturing technology and has a broad footprint in every corner of the United Kingdom. As a customer, we are always aware of the need to get the right capability for our armed forces, while ensuring value for money for the taxpayer. The key to that is a thriving and globally competitive defence sector that is an important part of a wider industrial base.

Helping that industry to grow and compete in a global market is a key objective of the defence industrial policy refresh that was published last year. The three strands to our approach are, first, to improve the way defence delivers wider economic and international value and national security objectives; secondly, to help industry be internationally competitive, innovative and secure; and thirdly, to ensure that it is easier to do business with the Ministry of Defence, which is an issue I have heard about particularly from small and medium-sized businesses.

We are committed to maximising value for the UK by taking into account potential economic impacts, strategic international interests and national security objectives. In the defence industrial policy refresh, we committed to a more systematic approach to considering prosperity and international and industrial security and ensuring that we are early in developing high-value business cases. Earlier, more holistic decisions will improve how we inform choices for military requirements and ensure that the acquisition strategy and commercial engagement support a full range of desired outcomes.

Hon. Members made a number of points; I will try to go through them all, but I suspect I will run out of time. If I do, I commit to write to each Member with an answer. First, I note the comment of the right hon. Member for Birkenhead (Frank Field) about the merchant contract that was secured. If we can make our shipyards as competitive as possible across the globe, they will be

more likely to secure more of those contracts. That is precisely why we have the national shipbuilding strategy. The hon. Member for Glasgow North West (Carol Monaghan) mentioned in an intervention that we had let down some shipyards. I want to emphasise that we have committed to 20 years'-worth of work for those shipyards. We are in the first batch of the three frigates, costing around £3.7 billion. The commitment to the remaining ones is there; we want to follow a process so that we learn from the first three and get the advantage of a better ship and better value for the taxpayer.

The hon. Member for Plymouth, Sutton and Devonport (Luke Pollard), whose constituency I was pleased to visit, talked about the Type 26s. Hopefully America is listening. I had the privilege of being in America recently, where we tried to push the point he made. We need to push wherever we have the opportunities. We should recognise the successes we have had with Australia and Canada. There is still a bit of time to go, but we are working hard on that. I hope industry will be given the confidence to look for contracts all over the globe, so that we can provide security.

The hon. Member for Glasgow North West asked for reassurance about state aid. The response that my predecessor gave her stands for the future contracts—I hope that reassures her. My hon. Friend the Member for Berwick-upon-Tweed (Anne-Marie Trevelyan), who has left her place, mentioned tax and prosperity. We have to take into account the recently refreshed Treasury Green Book guidelines as part of our procurement process. The forward plan is exactly what the national shipbuilding strategy is about; it sets out the 30-year forecast of what the Royal Navy's requirements will be, so we can give the industry the greater clarity it needs.

Appledore shipyard was an issue that arrived on my desk fairly early on. We engaged with Babcock and looked at all sorts of possibilities and options, but the timescales for the Type 31e and the FSS build would not have sustained the jobs at Appledore—or Cammell Laird, in fact.

Wayne David: The Minister mentioned the Type 31e. Let us not forget that the Government deliberately delayed the programme and put it out to tender again, having withdrawn the initial programme.

Stuart Andrew: There were issues with the start of the procurement process. We have reset that, and I reassure the hon. Gentleman that we are sticking to delivery of the first one by the end of 2023. We have made that commitment; this is an ambitious project, and we are determined and working incredibly hard to ensure that we catch up any time that may have been lost. Each time I have updates, I get more optimistic about how we are progressing.

Many Members have talked about the FSS. It is not quite true to say that the Norwegians are building theirs—they are not, actually. They are being put out to international competition and are being built in South Korea. Australia and New Zealand have taken the same approach as us. We have been clear that a warship is as characterised in the national shipbuilding strategy.

Mr Kevan Jones: You are hardly making a warship, though.

Stuart Andrew: It is not a warship by definition, for the simple reason that the definition is based on the UK's requirement to retain the ability to design, build and integrate frigates, destroyers and aircraft carriers for reasons of national security, ensuring that the complex nature of the construct is an important part of it from the very beginning. We will continue to have this argument—unions are coming to meet me very soon to discuss it.

I congratulate the hon. Member for Glasgow North East again on securing the debate. I will constantly review this matter and take it on board, but the Ministry of Defence has made a decision. I assure him that we are doing everything we can to ensure that our industry, whether in maritime, on land or in the air, is there to compete on the global stage, to secure the jobs we need and the expertise we have in the UK.

5.28 pm

Mr Sweeney: I thank the Minister for his reply and thank right hon. and hon. Members who have contributed so effectively to the debate. In reply to the Minister's last remark about the need to maintain the UK's sovereign

capability to build complex warships being arbitrarily restricted to frigates, destroyers and aircraft carriers, the only reason we can build those ships in the UK today is that the last Labour Government placed an order for an auxiliary ship, the RFA Wave Ruler, at Govan shipyard in 1999, which enabled that yard to continue in operation. Also, there are five River class batch 2 patrol vessels being built at Govan to sustain production there until the Type 26 kicks in. By utilising those less complex, but none the less complex, warships to smooth the build cycle, we can retain the skills, infrastructure and critical mass we need to build complex warships including frigates, destroyers and aircraft carriers. We must look beyond that arbitrary restriction and maximise the purchasing power of the Ministry of Defence to deliver UK sovereign capability in the long term. We should broaden our horizons.

Question put and agreed to.

Resolved,

That this House has considered UK sovereign capability.

5.29 pm

Sitting adjourned.

Written Statements

Tuesday 20 November 2018

EDUCATION

Universal Children's Day

The Parliamentary Under-Secretary of State for Education (Nadhim Zahawi): Today is Universal Children's Day, a day that marks the anniversary of the date that the UN General Assembly adopted both the declaration and the convention on the rights of the child.

The UK is a proud and long-standing signatory of the United Nations convention on the rights of the child (UNCRC) and this Government remain fully committed to the promotion and safeguarding of children's rights.

The UNCRC sets out an enduring vision for all children to grow up in a loving, safe and happy environment where they can develop their full potential, regardless of their background. This Government share that vision and are dedicated to providing the best possible opportunities for all children but especially those who have the hardest start in life.

It has now been over two years since the UN scrutinised the UK's progress in implementing the UNCRC and published their concluding observations. Since the last report, the UK Government have continued to raise their ambitions for all children and have made concrete progress in making sure that all children have the opportunity to thrive and develop.

For example, my Department has:

- strengthened the quality and range of support for society's most vulnerable children through the Children and Social Work Act 2017;

- revised the "Working Together to Safeguard Children" guidance to better safeguard and promote the welfare of children;

- improved support for children's mental health in schools; and,

- we are making relationships and sex education compulsory for all secondary school pupils so that young people learn what healthy, safe and respectful relationships look like.

We, as parliamentarians, all play a role in building a fairer society where children can lead happy lives and fulfil their potential. I urge all Government Departments to consider what more they can do to make sure their policies promote the best interests of the child. To help Government Departments to do this, we are proud to be launching a comprehensive children's rights training package across Government today, which has been developed with the support of children's rights experts. I strongly encourage my ministerial colleagues to encourage the civil servants in their Departments to take up this training so that children's rights are further embedded in policy and law making.

In 2010, the UK Government made a commitment to give due consideration to the UNCRC when making policy and legislation. As we approach the 30th anniversary of the convention on the rights of the child, I would like to reaffirm the value that this Government place on

the UNCRC and our ongoing commitment to give due consideration to the UNCRC when making policy and legislation.

[HCWS1093]

INTERNATIONAL TRADE

Post-Council: EU Foreign Affairs Council (Trade)

The Minister for Trade Policy (George Hollingbery): The EU Foreign Affairs Council (Trade) took place in Brussels on 9 November 2018. I represented the UK at the meeting. A summary of the discussions follows.

WTO modernisation

Member states unanimously supported the Commission's approach to modernising the World Trade Organisation (WTO).

The discussion focused on the blocking of new appointments to the WTO appellate body and what this meant for its ability to function as the most urgent and serious issue. The functioning of the WTO more generally was also discussed. I highlighted the significance of these issues, and the need for political engagement to support the international rules-based system. I also highlighted the importance of engaging developing countries in the process of reforming the WTO.

Legislative files

The presidency provided updates on foreign direct investment screening and the bilateral safeguard regulation. The Commissioner is seeking political agreement on both files by the end of November. The Commissioner also called on Council to agree a mandate for the recast of the existing EU dual-use regulation by the end of 2018.

Ongoing trade negotiations

The Commissioner updated the Council on the state of play of ongoing EU trade negotiations. On EU-Vietnam, the Commission had adopted and published the English language text for Council decisions on the signature and conclusion of the free trade agreement (FTA) and the investment protection agreement (IPA). The Commissioner also informed Ministers that the European Parliament was due to vote on the EU-Japan economic partnership agreement (EPA) in December and on the EU-Singapore FTA and IPA in early 2019.

The Commission hoped to conclude negotiations with Mercosur and to present the Mexico agreement at the earliest opportunity ahead of the European Parliament elections in spring 2019.

Negotiations were also progressing with Chile, Indonesia, Australia, New Zealand and Tunisia, and on a multilateral investment court (MIC).

Implementation of EU FTAs

The Commissioner presented the EU's second annual implementation report. She highlighted how FTAs remove trade barriers and open markets, while allowing protection of sensitive products. She also noted that insufficient preference utilisation rates can leave some of the potential from FTAs untapped.

Member states welcomed the report. I highlighted the UK's ratification of CETA on 8 November and suggested that more could be done to demonstrate the development impact of economic partnership agreements.

[HCWS1092]

Ministerial Corrections

Tuesday 20 November 2018

CABINET OFFICE Infected Blood Inquiry

The following is an extract from Questions to the Cabinet Office on Wednesday 14 November 2018.

Jeff Smith: Last month, the chair of the inquiry, Sir Brian Langstaff, said that many victims of the infected blood scandal are still living on the breadline today. The inquiry is not due to look at financial support until 2020, so what more now can the Government do to help the people affected?

Mr Lidington: As the hon. Gentleman knows, different compensation packages have been agreed by the Department of Health and Social Care in the different parts of the United Kingdom. Sir Brian did ask the Government to look at the case for some additional measures, which are being considered by the Secretary of State for Health and his ministerial team, and the Minister responsible for mental health, my hon. Friend the Member for Thurrock (Jackie Doyle-Price), is very willing to talk to the inquiry team about that.
[*Official Report, 14 November 2018, Vol. 649, c. 297.*]

Letter of correction from the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office:

An error has been identified in the response I gave to the hon. Member for Manchester, Withington (Jeff Smith).

The correct response should have been:

Mr Lidington: As the hon. Gentleman knows, different **financial support** packages have been agreed by the Department of Health and Social Care in the different

parts of the United Kingdom. Sir Brian did ask the Government to look at the case for some additional measures, which are being considered by the Secretary of State for Health and his ministerial team, and the Minister responsible for mental health, my hon. Friend the Member for Thurrock (Jackie Doyle-Price), is very willing to talk to the inquiry team about that.

The following is a further extract from Questions to the Cabinet Office on Wednesday 14 November 2018.

Diana Johnson (Kingston upon Hull North) (Lab): May I suggest to the Minister that one measure that he could take quite quickly is to level up all the payments that those who are infected and affected receive? There is a variation around the United Kingdom at the moment because of devolution, and such a move would go a long way to show good faith to this community.

Mr Lidington: The hon. Lady has always been the most ardent champion of those who have been affected by this scandal, but it is the legal and constitutional position that each part of the United Kingdom is responsible for its own compensation scheme, which reflects the devolution settlement as regards health policy.
[*Official Report, 14 November 2018, Vol. 649, c. 298.*]

Letter of correction from the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office:

An error has been identified in the response I gave to the hon. Member for Kingston upon Hull North (Diana Johnson)

The correct response should have been:

Mr Lidington: The hon. Lady has always been the most ardent champion of those who have been affected by this scandal, but it is the legal and constitutional position that each part of the United Kingdom is responsible for its own **financial support** scheme, which reflects the devolution settlement as regards health policy.

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