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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Friday 8 February 2019

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The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Michael Tomlinson (Mid Dorset and North Poole) (Con): I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163), and negatived.

Animal Welfare (Service Animals) Bill

*Bill, not amended in the Public Bill Committee, considered.
Third Reading*

9.34 am

Sir Oliver Heald (North East Hertfordshire) (Con): I beg to move, That the Bill be now read the Third time.

I wish to thank Members who co-sponsored this Bill, those who were selected for the Committee and all the other Members and supporters, such as the hon. Member for Halifax (Holly Lynch) who has been very supportive but who is currently on maternity duty. They have been great supporters of this small but important change in the law, popularly known as Finn's law. I also thank all those who have campaigned for this measure, including PC Dave Wardell, Sarah Dixon of the Finn's law campaign, many animal charities, the media, including the "Today" programme, *The Sun* and the *Daily Mirror*; all police and crime commissioners, including David Lloyd from Hertfordshire, and mayors such as Andy Burnham. I am grateful to the Administration Committee for agreeing that Finn could attend the various stages of the Bill accompanied by PC Wardell and Sarah Dixon. I thank my Whip, my hon. Friend the Member for Castle Point (Rebecca Harris), who has championed the Bill and helped me a great deal with this. I also thank you, Mr Speaker, for your advice early on in the proceedings when you told me to keep persisting and perhaps I would get there, and it looks as though I may, so thank you very much.

This Bill, which received a Second Reading on 6 July last year and passed Committee on 16 January, arises from events that I explained to the House in my ten-minute rule Bill application on 5 December 2017. My constituent PC Dave Wardell is a police dog handler from Buntingford in my constituency where he lives with his family and Finn, now a retired police dog. On Wednesday 5 October 2016, PC Wardell and Finn were on duty in Stevenage when a robbery suspect ran off and they followed. The suspect was found hiding in a garden when a light came on. PC Wardell called, "Stop! Police!" but the suspect started to jump up a fence. Finn took hold of his lower leg to restrain him. The man lunged at Finn with a 10-inch bladed hunting knife and stabbed him right through the chest several times. He then turned his attention to PC Wardell. Finn intervened to save PC Wardell as the blade was aimed at his face. Finn put himself in

the way to save the officer, and PC Wardell received a hand wound, but the dog received serious head wounds as well as the chest injuries. PC Wardell believes that Finn saved his life.

As other officers arrived, the suspect was apprehended. Finn was badly injured, bleeding and was taken to the vet and then on to a specialist vet. He was in a terrible shape with his lungs punctured in four places and yet he was licking his handler's hand wound. Finn had a four-hour operation to save his life. The vet commented on his strength and bravery. PC Wardell slept downstairs with Finn for the next four weeks, and I think we are all pleased that Finn made a remarkable recovery. After 11 weeks, he was ready to go back to work with PC Wardell. On his first shift, on 22 December 2016, they arrested a fleeing suspect on their first outing.

Finn is one of the most successful police dogs that Hertfordshire police has known. He has won national recognition for his bravery: Action Animal of the Year; Hero Animal of the Year; and the PDSA gold medal, which is known as the animals' George Cross. However, when it came to charging the offender, it became clear that there is a problem with the law. For the assault on the officer, it was a straightforward offence of assault occasioning actual bodily harm, but there were two potential charges for the injuries to Finn himself—either causing "unnecessary suffering" to an animal under section 4 of the Animal Welfare Act 2006, or section 1 of the Criminal Damage Act 1971. Neither offence properly provides for the criminality involved in the attack on Finn. In the event, an offence of criminal damage was brought, but this treated Finn as though he were simply a piece of police property that had been damaged—a bit like a police radio or something of that sort.

Theresa Villiers (Chipping Barnet) (Con): May I thank My right hon. and learned Friend for his persistence in introducing this Bill and say how strongly I support it? He is making the compelling case that treating these animals in the criminal justice system as items of property is entirely unjust, and it does not reflect their bravery and service.

Sir Oliver Heald: I entirely agree with my right hon. Friend my right hon. Friend the Minister for Policing and the Fire Service, who was here a moment ago, told me that he thought it was unpalatable to think of police animals as equipment. In addition, the penalty for criminal damage is largely determined by the value of the property that is damaged, and a seven-year-old police dog who is close to retirement is simply not worth much money. And so it proved at court, where no separate penalty was imposed on Finn's attacker for the attack on Finn.

The offence under section 4 of the Animal Welfare Act is potentially a better route, but there are two problems with it. First, the maximum penalty is only six months' imprisonment. After a consultation, happily the Government have committed to increasing that to five years, and that has been widely welcomed. I pay tribute to the campaigners who have pressed for that, including Battersea Dogs and Cats Home, which is also a strong supporter of this measure. The Government's commitment to a maximum penalty of five years clearly represents a great improvement.

[Sir Oliver Heald]

Secondly, there is a difficulty with the application of section 4(3)(c)(ii) of the Animal Welfare Act, which sets out that various factors must be taken into account in deciding whether the infliction of suffering on an animal can be considered unnecessary—those factors include the protection of a person or property—and currently contains no reference to the role of service animals. Clearly, the mission of a service animal is to restrain a suspect or to use its physical presence to support the actions of an officer in accordance with his or her duty, but there is no reference to that in the Act. We have heard from police dog handlers, prosecutors and all the police and crime commissioners in the country that there is concern that the provision allows defendants to argue that they are justified in applying force against a service animal in self-defence, rendering the force necessary. That has apparently been an issue in deciding not to prosecute for the offence under the Animal Welfare Act.

John Spellar (Warley) (Lab): I thank the right hon. and learned Gentleman—on this occasion, I will call him my right hon. and learned Friend—for the doggedness with which he has pursued this Bill, and I thank those who have campaigned outside. It is unfortunate that the campaign has been necessary. Surely we should be protecting those who protect us. In this instance, we are talking about police dogs, but the same should apply to uniformed staff and the blue-light services. We should treat attacks on them and attacks on service animals as aggravating circumstances, and the CPS should get that message loud and clear.

Sir Oliver Heald: I certainly agree with my friend the right hon. Gentleman. He is right that such attacks are really attacks on those who keep us safe, and it is a pity if that is not adequately recognised in law. I pay tribute to him; in his support for the measure, he has been like an old dog with a bone—[*Interruption.*] I will not repeat the sedentary comment that has just been made.

I thank Ministers in the Department for Environment, Food and Rural Affairs, particularly Lord Gardiner; my right hon. Friend the Secretary of State; My hon. Friend the Minister for Agriculture, Fisheries and Food, who is the Minister today and who was supportive at an earlier stage; and the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Macclesfield (David Rutley), who dealt with the Bill in Committee. They have discussed the matter with me at length, and now they are supporting the Bill, which is the outcome of discussions. The Bill follows the example of the Australian Animal Welfare Act, which makes similar provision for service animals. This approach is becoming the norm in advanced countries, and that is good to see.

Clause 1 provides that the consideration in section 4(3)(c)(ii) of the Animal Welfare Act 2006 should be disregarded if the animal was under the control of a relevant officer at the time and was being used by that officer in the course of the officer's duties, in a way that was reasonable in all the circumstances. A relevant officer is defined as a police constable or a person such as a prison officer who has the powers of a constable, or persons in analogous positions. Clause 2 makes provision for commencement in the normal way. The measure applies to England and Wales, but it is fair to mention

that a campaign for Finn's law to apply in Scotland is gaining ground, and the same is true in Northern Ireland. My hope is that this will become the law across the United Kingdom.

Taken together with the Government's increase in the animal welfare penalty, this change in the law will mean that for the first time there is suitable protection for service animals and a proper sentence for offenders. Service animals such as Finn do a great job, and there are 1,200 police dogs in service at any time. There should be proper recognition in law of their vital role, and I commend the Bill to the House.

9.45 am

Victoria Prentis (Banbury) (Con): I was not expecting to be called to speak so soon, so it falls to me to say what an enormous debt of gratitude this House owes to Finn—I understand that he is not here at the moment, but he will be later—[*Interruption.*] Oh, Finn is here. Super! I look forward to meeting him later. Look, he is standing up, so we can see him—marvellous! I am sorry that those on the Opposition Benches probably cannot quite see him, but I hope that you can, Mr Speaker.

As I think we will hear from Members from all corners of the House, we owe an enormous debt of gratitude to Finn, to PC Dave Wardell and to my right hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald). The Bill has not had an easy passage through this House, and I fail to see how someone without my right hon. and learned Friend's many years of experience in a wide range of judicial and barristerial posts could have got it this far. Many congratulations to him.

It is a genuine honour to speak in support of the Bill. I am sure we all agree that service animals, from the police to the prison service, do a very important job. There are 1,200 police dogs in service, and more often than not their role is to help in unpredictable and very dangerous situations. Between April 2017 and March 2018, they were used in nearly 2,000 incidents, including 557 occasions when the suspect had a weapon. In just 99 of those incidents, the suspect escaped. I suspect that that is rather better than the statistics for humans who try to apprehend suspects.

As we know from the case of PC Dave Wardell and Finn, however, the result is not always a happy one for the dogs in the line of duty. Finn is just one of hundreds of dogs to sustain an injury while they are doing their jobs. My own local neighbourhood inspector in Cherwell, John Batty, told me about an incident that he witnessed. He says:

“I will always remember an incident in Slough when I was on firearms a number of years ago. A suspect made off from us and the dog, Tyke”—

he is, perhaps, not known to Finn—

“was released to catch him. The suspect had a knife on him and he stabbed Tyke causing him to lose an eye and although he eventually recovered he had to be retired. It was very traumatic, especially for the dog handler, so anything we can do to evidence the need for such a law is well worth the effort.”

I could not agree more.

Today's Bill brings in long-overdue changes to provide proper recognition in law of service animals' vital role. Service animals are used widely across the prison service; police dogs are bred and trained to be brave, and, where

necessary, aggressive; and sniffer dogs also have specific characteristics. Those characteristics may make life after service very difficult for such animals, and it is not always easy to rehome them. We know from well publicised cases that the retirement of military dogs can be difficult, and it may require sensitive handling. Now that we recognise that these dogs exist and we can talk about military service—at an earlier point in my career, we certainly were not permitted to do that—it is important that we talk about the needs of those dogs and their handlers. They really are a fourth or fifth emergency service. They play an essential part in keeping the brave men and women who protect us safer than they would otherwise be, and it is important that we recognise that.

I am glad to see the Minister here. I hope that he will remind us later of the Government's commitment to increase the maximum penalty for animal welfare offences from six months to five years. My right hon. Friend the Prime Minister has spoken of her desire to make sure that the United Kingdom is a world leader in the care and protection of animals. This Bill takes us one step closer to achieving that aim. This Bill is for Finn, who is sitting very quietly in the Gallery; for Tyke, who I hope is still enjoying his retirement; and for all of our brave service animals.

9.50 am

James Cartlidge (South Suffolk) (Con): I, too, pay great tribute to my right hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald), who is the very embodiment of a sensible but compassionate Conservatism that is still, in my view, right at the heart of our party, and long may that be so. There is huge support for this measure. I have even had to bring my spectacles today to give it extra attention because of the huge importance that I attach to it. Apparently, the optics are very important these days.

There are two key things I want to talk about. First, there is the principle. I think that most of us were here when we had the Second Reading of the excellent Bill promoted by the hon. Member for Rhondda (Chris Bryant) to protect public servants and introduce stiffer penalties for assaults on them. In effect, the principle is the same. We are saying that where a police dog, for example, is there in the line of duty, that is not a normal procedure—it is something extra special. It is about an animal that is performing a task to protect us and to uphold public service. I very much welcome that principle.

I also want to give the local angle from Suffolk. We have had a very moving case not dissimilar to that of PC Wardell, to whom I pay tribute, up in the Gallery. It concerned a dog called Aman. During an incident in Ipswich in 2011, police dog Aman was stabbed as he attempted to stop an armed man who had stabbed a person after breaking into a home and trying to avoid capture. His handler, to whom I also pay tribute, was PC Steve Jay, who was also injured in the attack. Less than four weeks later, they were both back at work. So excellent was the performance and so vital the role played by Aman in effectively saving a life that in March 2012 he was given the police dog action and humanitarian action of the year award at Crufts—a very special award. In November 2011, the pair were together presented with a special recognition gong during the Stars of Suffolk awards.

Unfortunately, police dog Aman is no longer with us—he has passed on to a special place. However, I have this tribute from retiring Chief Constable Gareth Wilson, who has just retired as the chief constable of Suffolk:

“It's probably timely to recognise the bravery of our police dogs following the recent death in retirement of one of our heroes, Police Dog Aman, they truly are a pleasure to watch working—well, unless you are a criminal running away from a crime scene, then it must be pretty frightening!

We often talk about the ‘police family’ and we naturally think about police officers, PCSOs, Specials and volunteers—but we also mustn't forget our police dogs who play a key operational role and with their handlers provide a really important service to the force.”

That is an excellent tribute. In quoting it, I should pay my own tribute to the departing chief constable. Speaking as an MP, he has been an excellent support to us. He was with the Essex murder squad before he came to Suffolk, so he has a real, gritty background in frontline crime. I always found him to be approachable. He had strong views on policing. I pay tribute to him as he retires to a quieter life in Suffolk.

This is an excellent Bill that embodies a very noble principle of supporting those who protect us. We usually think of people but today it is about animals, and animals that are performing an incredible service day in, day out. I join other hon. Members in supporting the Bill.

9.54 am

Maggie Throup (Erewash) (Con): It is a pleasure to follow my hon. Friend the Member for South Suffolk (James Cartlidge) in this Third Reading debate. I, too, congratulate my right hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald) on getting the Bill to this stage. I supported his Bill when it was a ten-minute rule Bill, going back well over a year now, and it was a great pleasure to serve on the Bill Committee. I have been able to see his dogged determination to get the Bill to this stage.

The Animal Welfare (Service Animals) Bill, to give it its full title, is more commonly known as Finn's law. It is great that Finn is here today. The Bill is a much needed reform to ensure that the perpetrators who injure animals in service get the sentence they truly deserve. I was honoured to meet Finn and his handler, PC Dave Wardell, when they came to Parliament during the Committee stage of the Bill. From my childhood, I have had a fear of Alsatians and German Shepherds, so it took quite a lot of courage for me to go up to meet Finn when he was in New Palace Yard, but he was so docile and loved being made a fuss of. However, I was assured by PC Wardell that if he gave the command, the dog would have become a very, very different dog. Luckily, he did not need to give that command, so we were all safe, but we did not get to see a police dog in true action, which I know is quite spectacular. Police dogs are trained meticulously, and that is so important. They are really, really skilled animals. Just as we respect people with skills, from a human point of view, we also need to respect animals with such skills. I commend all police dogs and their handlers for those skills.

This new piece of legislation could so easily have been called Axle's law. Police dog Axle, better known as PD Axle, is another police dog that was almost killed when he was stabbed three times in nearby Amber Valley

[*Maggie Throup*]

in Derbyshire. The attacker had tried to attack a police officer while avoiding arrest earlier that day. After stabbing Axle, he threatened another police officer with a knife. I am sure that all Members will be pleased to learn that PD Axle has recovered from emergency treatment and is now back on duty. Everybody was really pleased to see that. Axle received very many good-will messages. There were posts on social media and requests to know where to send goody bags with doggy treats. Axle became quite a celebrity, just as Finn has. He has perhaps put on a few pounds from eating all the doggy treats as he was recovering.

This Bill is much needed to protect our heroic service animals and to ensure that all those who harm these wonderful animals get a sentence they really deserve. I am delighted to support it today.

9.57 am

Trudy Harrison (Copeland) (Con): I commend the relentless efforts of PC Dave Wardell, my right hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald) and the entire Finn's law team for their efforts with this Bill. As my right hon. and learned Friend said, the Bill has incredible support, and it is so obvious why when one reads Finn's story. It is not only about the tragic event itself but everything that followed—the agonising wait during Finn's four hours of surgery, his 11-week recovery in which he was supported by PC Wardell's loving family, and the wave of public support for a change in the law demonstrated by the online petition. It is an emotional account of remarkable bravery and the crucial role that service animals play in keeping us all safe. Their willingness to protect those on the frontline who protect us reinforces the need for this Bill.

The passage of this Bill would represent a lot more than a recognition of Finn's and PC Wardell's sacrifice. We have heard many accounts of why the Bill is needed. It would demonstrate that this House recognises the daily sacrifice that our service animals and their handlers make to protect our communities. The strong penalties that it can implement will act as a serious deterrent to those who think that they can get away with harming our police dogs. Given that at any one time there are over 1,200 police dogs in service, it is right that the whole House recognises that these animals protect us every single day.

I saw this for myself when I undertook a night shift with our local police constabulary, Whitehaven, in Cumbria, over mad Friday, one of the busiest nights of the year. I had the opportunity to meet Jamie, our dog handler, who talked about some of the scenarios in which his dogs were used, which really brought home to me the terrifying experiences a dog handler has to go through. He gave the example of having had to chase his dog as it was chasing a potential criminal and then having to face this criminal in a dark wood as they turned on him with a knife. It was his dog that used its initiative and protected its dog handler. That really brings home how necessary police dogs are in our forces and how we must protect them.

I am pleased to see the implementation of suitable protections in the Bill. The service animal must meet the following requirements: it must be “under the control of a relevant officer”;

it should be being used by an officer in the course of their duties; and it must be used

“in a way that was reasonable in all the circumstances”.

Those amendments prevent misuse of the statute and allow for a pragmatic solution.

As my right hon. and learned Friend stated, the Government are committed to the very highest standards of animal welfare, and the Prime Minister has set out that we will make the United Kingdom a world leader in the care and protection of animals. I am encouraged that the Government will ensure that any changes required to UK law are made in a rigorous and comprehensive way to ensure that animal sentience is recognised after we leave the EU.

In conclusion, I commend once again the hard work of all those involved in bringing the Bill forward, and I look forward to its progressing through the House.

10.1 am

Kevin Foster (Torbay) (Con): I will keep my remarks fairly short, in the spirit of the debate, and given my keenness to see the Bill progress through the House today. I welcome the fact that it has made the progress that it has, and I congratulate my right hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald) on all the work he has done to bring it to Third Reading from where it will—hopefully, soon—head to the other place and pass through there as well. It is particularly welcome that the Bill follows the work done on the private Member's Bill to protect emergency service workers. We are now looking to bring in this Bill to provide more appropriate sentences for those who attack service animals.

To be clear, this is not about attacking a piece of equipment; it is not like smashing a window or damaging a desk—this is about attacking a living creature. It is not much of a step up from using violence against a police dog to using violence against a police officer. Therefore, it is right that the courts have more appropriate sentencing penalties available to them when dealing with people who commit the type of offence that was committed against Finn, who, as other Members have said, is with us in the Public Gallery today.

As Members will know, I am a strong fan of animal welfare legislation, having introduced some of my own Bills. Sadly, they did not get through, but, thankfully, the ideas in them have been picked up by the Government to strengthen the penalties available to our courts against those who abuse animals. I am clear that the mindset that would justify stabbing a police dog in the way that Finn was stabbed could just as easily justify using violence against a human being. Therefore, it is absolutely right that we pass this Bill to give our courts the powers they need to sentence much more appropriately and to make it clear that a service animal is different from just any piece of equipment: it feels pain; it is sentient; and it can express its own emotions. This is not like a truncheon or a light being broken, so it is absolutely welcome that the Bill will soon progress through the House and become law.

I am keen for us to make progress today and, therefore, before I resume my seat, I will just say that I very much hope that all Members—I suspect there will be cross-party consensus—

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op) *indicated assent.*

Kevin Foster: I see my friend on the Opposition Front Bench nodding. I hope the Bill will receive support from all Members present and will soon be, not just a Bill before this House, but an Act of Parliament.

10.4 am

Neil O'Brien (Harborough) (Con): I, too, congratulate my right hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald) on a very important piece of legislation. It is brilliant that Finn is here—I would say “in person”, but I should really say “in dog” I suppose. I also congratulate PC Dave Wardell and everyone who has brought forward this Bill, on all their hard work and indeed on their service to this country.

The Bill is clearly needed; there is a clear deficiency in the law. Dogs, as my hon. Friend the Member for Torbay (Kevin Foster) pointed out, are not just property; they are hugely sentient beings. The dog my parents-in-law have tends to whimper or cry whenever I set off back to Westminster; I do not know whether that is a comment on the state of Westminster at the moment, but it is clear proof that dogs are hugely sentient and indeed emotional beings.

The Bill is a wonderful natural complement to the private Member's Bill put through by the hon. Member for Rhondda (Chris Bryant), which aimed to protect those who protect us and to increase sentences for people who attack police officers in the line of duty. This Bill naturally builds on that and protects police animals, too. The sort of person who is prepared to stab a dog with a 10-inch blade is clearly incredibly dangerous.

Research shows that such incidents are not as rare as we might think. Of the 1,920 incidents in which a police dog was deployed over the last year, 557 have involved a suspect armed with a weapon. The terrifying scenario that my right hon. and learned Friend the Member for North East Hertfordshire set out is therefore not rare. That is why this piece of legislation is so necessary. Of course, it also builds on some other good things that are happening at the moment: the ban on puppy smuggling; the ban on third-party and black market sales of puppies and kittens; and the ban on electric-shock dog collars that is coming in.

Without wishing to be the dog in the manger in the debate, I do think it is important to at least draw attention to the safeguards. My right hon. and learned Friend is a great legal brain, and I am reassured that the safeguards in the Bill are important. Sadly, a constituent was bitten by a police dog at a Leicester City match. It was a really terrifying incident, and he was bitten for about 90 seconds; indeed, the handler of the dog was also bitten. However, the safeguards in the Bill about the dog being used in a reasonable way in the line of duty make clear the difference between self-defence and a criminal attacking a police dog.

Sir Oliver Heald: When I was drafting the Bill, I looked at what has happened in other countries. Australia has a similar provision to that which I am proposing, and it has worked in practice. That is why those safeguards are there.

Neil O'Brien: I thank my right hon. and learned Friend, who is very knowledgeable. I am not surprised to be reassured that he has thought through all the implications in full.

This is a hugely important piece of legislation. I congratulate my right hon. and learned Friend on steering it through the House, and I hope we will pass it today to protect the police animals that protect us.

10.7 am

Gillian Keegan (Chichester) (Con): It is a pleasure to follow my hon. Friend the Member for Harborough (Neil O'Brien). Like everybody else here, I congratulate my right hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald). I also welcome Finn and his handler and supporters up in the Public Gallery.

It is safe to say that our relationships with animals have stood the test of time, and none more so than that with man's best friend. Dogs, in particular, have become an important part of the police in the post-war period. It is thought that the first ever police dog was used in 1859, when a bloodhound helped Luton police track down a murderer. Today, dogs are used in maintaining law and order, fighting the war on drugs and supporting counter-terrorism operations.

These intelligent and dedicated animals have demonstrated time and again that there is nothing they will not do for their handlers. Finn's story shone a light on that. We have heard how Finn, even having been stabbed in the chest with a 10-inch blade, still intervened to save his handler, PC Wardell. That is an amazing story, and it gives us such faith and hope that there are dogs such as this on our streets to protect us.

Trudy Harrison: Does my hon. Friend also recognise that police dogs are incredibly capable at what they do, with a really remarkable success record? Just 5% of the 1,920 incidents mentioned resulted in a suspect escaping. That is just to reiterate how effective police dogs are in their work.

Gillian Keegan: Absolutely. I totally agree with my hon. Friend. The value of dogs in the force is clear. As she says, in 95% of deployments involving dogs the suspects are apprehended.

In Sussex, our police force utilises dogs in tackling a range of criminal activity every day. Recently, when Sussex police attempted to stop a car, a brief chase ended with the suspect vehicle crashing into a roundabout and all three passengers fleeing the scene. Police dog Isla was sent after the driver first, and once the dog was spotted the chase ended rather quickly. Isla then started a fresh pursuit for the first passenger. She was found sitting in front of the suspect barking continuously, as she was trained to do, until her handler back-up arrived. However, two out of three was not enough, and police dog Isla then led her handler 300 metres down the road, where she located the third and final suspect. All three were arrested for the theft of a vehicle.

As well as Isla, in the past few months police dogs Sparky, Lottie, Gonzo, Jack and Bobby have all contributed to arrests in my constituency. The great thing about this Bill is that it has given all of us the opportunity to go and meet our police handlers and the dogs, as well as to learn all about their incredible work. The police handlers

[Gillian Keegan]

told me that the dogs are frequently beaten and kicked on duty when assisting in an arrest or working to control crowds.

It is the bravery of a serving dog that has led to this debate, but it is also worth highlighting the important role that our mounted units play. This Bill will of course protect all service animals, including many of the horses we see in mounted units. I have had the experience of watching police horses actually break up a huge crowd of people in my home town of Liverpool.

Finn's story and others highlighted in this debate show how vital these service animals are to the police—they tackle crime on our streets every day, and they keep their handlers and the public safe—so it is simply wrong not to have the protections in place that they need. I am so pleased that this Bill will put in place all the protections that they deserve:

“You can judge a man's true character by the way he treats his fellow animals.”

10.11 am

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op): I particularly thank the right hon. and learned Member for North East Hertfordshire (Sir Oliver Heald) for bringing forward this Bill and for his persistence in championing the cause of police dogs for so long. As in the previous stages, the Opposition will fully support this Bill as it corrects a crucial imbalance in animal welfare. Service animals are sentient beings that bravely and loyally serve the public. The law should recognise them as such and give them the protections that they deserve.

I join hon. Members in paying tribute to the brave police dog Finn. Opposition Members could not quite see him when he made his tour de force in the Public Gallery, but we look forward to being invited to the Government Whip's Office for a photo later. This is not something that normally happens to Opposition Members. [Interruption.] Ah, there he is—brilliant. I look forward to visiting the Whip's Office to see Finn in person, and to say thank you to PC Dave Wardell and all those who have campaigned for Finn's law.

As we have heard from the right hon. and learned Gentleman, Finn protected PC Wardell from an attack that might have cost him his life or at least given him serious injuries. Finn's case was extreme but, sadly, not unusual for police dogs. Life is rough, so we are told, and police animals are routinely put in harm's way to protect us in the name of the law. Surely the time has come for the law to protect them as well. Every service animal matters and this Bill, when implemented, will make that true for police dogs. Police dogs and police horses are valued public servants and, like Finn, can be real victims of violence and animal cruelty. The law must give them the protection they deserve.

I am sure many Members in this House are followers of Devon and Cornwall police dogs on Twitter—DC_PoliceDogs. Rightly, it is one of the most popular Twitter accounts in Plymouth and the far south-west. It is a reminder of the daily work that police dogs do not just in big cities, but in rural areas such as the far south-west. It is fantastic to see how they join up with other service animals, such as the Devon and Somerset fire and rescue service specialist search dogs. All of them deserve good protection.

Labour Members have been at the forefront of protecting animal welfare for many years. Indeed, we like to believe that we are the party of animal welfare. From bringing forward the landmark Hunting Act 2004 to protecting domestic animals under the Animal Welfare Act 2006, Labour has always placed the welfare of animals high on the policy agenda. At a European level, Labour secured better welfare standards for battery hens and chickens, and tightened the rules on the transport of live animals. It is a record that my party can rightly be proud of, but it is also a record that requires us to support—and ensure that we support—all those who are fighting for animal welfare. It is the reason why we are very pleased to support this Bill.

The right hon. and learned Gentleman rightly mentioned that animals are not property and should not be treated as such under the law. The current law is inadequate in that respect, and the omission of service animals from the protection of animal cruelty legislation needs to change. It is fantastic and overdue that this Bill creates a specific offence for those who seek to injure service animals. They deserve appropriate recognition for the vital role they fulfil.

Recourse to the Criminal Damage Act 1971 is not good enough, and in cases such as Finn's, it has been shown that that approach simply does not work. Some 1,200 police dogs are protecting us at any time, and their protection must be made clear in law. Labour welcomes the Sentencing Council's updated sentencing guidelines on animal cruelty, which now include a new aggravating factor of causing unnecessary suffering to an animal that is being used in public service or as an assistance dog.

In reality, however, we know that we need to go much further. The law as it stands is not a successful deterrent, and many people who work with service animals think it is failing to offer protection. The Animal Welfare Act was a watershed moment in animal rights, but we must continue to build on the progress that we achieved over a decade ago.

Sir Oliver Heald: The hon. Gentleman may be aware that his right hon. Friend the Member for Exeter (Mr Bradshaw), who was the architect of the 2006 Act, is one of the Bill's co-sponsors and agrees that this change is needed to improve that landmark piece of legislation.

Luke Pollard: I thank the right hon. and learned Gentleman for that intervention, and it is good to see on the back of the Bill the list of luminaries who are backing it. I note that my right hon. Friend the Member for Exeter (Mr Bradshaw) is among those champions. Indeed, his work in supporting the welfare of animals is something that I think all of us on both sides of the House can be proud of.

I am pleased that the Government have announced increased sentences for animal cruelty. That is an important step forward for which Labour has been arguing for some time. I would be grateful if the Minister told the House when he intends to bring forward legislation to put that into practice. Sadly, on every single day that goes by without that strong deterrent being put into law, examples of animal cruelty are being carried out across the country for which there are insufficient criminal penalties. I would be grateful to the Minister if he clarified the position.

Let me turn briefly to implementation. This really important Bill extends to England and Wales. As was said by the right hon. Member for Hemel Hempstead (Sir Mike Penning) on Second Reading, there is the question of how we can extend the Bill's provisions to the entire United Kingdom, with devolved Administrations making the appropriate decisions for their locality, but may I ask in particular about Northern Ireland? Northern Ireland does not have a sitting Assembly at the moment, so the devolved legislature does not have the ability to take action. I would be grateful if the Minister outlined what discussions have taken place with the Northern Ireland Office about how these really important provisions can be extended to police dogs in Northern Ireland.

Sir Oliver Heald: I am very eager that the law covers the whole United Kingdom. The position in Northern Ireland is slightly difficult because it has a different animal welfare law from the 2006 Act, which covers only England and Wales. When I looked into this with the House authorities, I found that it would be very difficult to amend my Bill to cover Northern Ireland, for example because the long title refers to the 2006 Act, which applies only to England and Wales. I was told that if I tried to amend the Bill to include Northern Ireland, I might lose it. However, this is clearly a very important thing to look at, and I am certainly supportive of doing something for Northern Ireland.

Luke Pollard: As someone who grew up watching films of dogs travelling the country to protect their owners and rescue people, I know that where there is a will, there is a way. I hope that Ministers will take forward the belief that extending Finn's law to cover all parts of the United Kingdom is a sensible and prudent way for us to make sure that police dogs, wherever they are serving, enjoy the same protection as they will in England and Wales under the Bill.

The concerns raised by the hon. Member for Harborough (Neil O'Brien) about safeguards are important, and we must also consider concerns about self-defence. I know that the right hon. and learned Member for North East Hertfordshire addressed such concerns in the Bill's early stages, but as we close one loophole regarding cruelty towards police dogs, we must not risk opening another. That is especially important when considering the implementation of the Bill and how it will be judged by the courts, and we must send the strong message today that we do not seek to create new loopholes around self-defence, especially regarding the excessive use of force.

The Opposition fully support the Bill. Animals do not have a voice in politics, and it is our job to give them one. There will be people across the country who, over the past few months, might not have looked at the House of Commons and decided that it is politics at its best, but today they will see hon. Members on both sides of the House coming together in favour of something that carries the overwhelming support and good will of the British people.

I hope that the Bill will create headlines in the media today. It is up to us all to show that when considering important matters such as protecting animals from cruelty, we will close any loopholes in the law that enable the perpetrators of such cruel violence to get away with it. That is something of which the House can

be rightly proud. It has never been more important to have an ambitious animal welfare agenda, and the Opposition fully support the Bill.

10.21 am

The Minister for Agriculture, Fisheries and Food (George Eustice): I am delighted to speak in support of the Bill promoted by my right hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald) and to follow the able contributions of so many other hon. Members, including my hon. Friends the Members for Banbury (Victoria Prentis), for South Suffolk (James Cartledge), for Erewash (Maggie Throup), for Copeland (Trudy Harrison), for Harborough (Neil O'Brien), for Chichester (Gillian Keegan) and for Torbay (Kevin Foster). Each and every one of them made a great contribution, often citing specific issues in their constituencies.

I pay tribute to my right hon. and learned Friend the Member for North East Hertfordshire for championing the cause of our much-loved service animals and promoting this important Bill in recognition of the strong support among the public for Finn's law. In particular, I congratulate him on his persistence. The original draft of the Bill would have created a completely new offence, and he will be aware that at the time—I think that I first discussed this issue with him about a year ago—the view of lawyers was that a new offence was unnecessary. However, I had tremendous sympathy for the cause that he advocated, and I was delighted to ensure that the Department for Environment, Food and Rural Affairs engaged with him to consider how his Bill could address this challenge. Together we came up with a sensible solution that is built on a model used elsewhere in the world, particularly in western Australia. It effectively removes an assailant's ability to claim self-defence under the Animal Welfare Act 2006 in circumstances involving a service animal.

The Government recognise that service animals do invaluable work that can take them into dangerous situations, and the highest level of protection for such animals should be made clear in law. That is why the Government are supporting the Bill, which introduces what has become known as Finn's law. I might add that it shows their characteristic commitment that both PC Wardell and Finn have followed each and every stage of the Bill's passage through Parliament from the Public Gallery, and we are delighted to see them here today as well.

When the Bill becomes law, animals such as Finn will have more protection from unprovoked, callous attacks. That is because the Bill amends the Animal Welfare Act 2006, as it applies in England and Wales, to make it clear that someone's ability to claim that they were acting in self-defence when they attacked a service animal shall be disregarded. No longer will someone be able to inflict suffering on our much-loved service animals—police dogs like Finn, police horses, or animals that support the prison service—and say that they were simply protecting themselves.

In supporting the Bill, we agree with my right hon. and learned Friend that using offences under section 4 of the 2006 Act to prosecute attacks on police and other support animals that cause unnecessary suffering could be made more difficult due to fact that the court must

[George Eustice]

consider whether the defendant was acting in fear of harm. The Bill will make it easier successfully to prosecute people for causing animal cruelty by attacking a service animal. We are also taking separate steps to help to protect all animals under our care and protection—including our heroic service animals—by increasing the maximum penalty for animal cruelty from six months' imprisonment to five years. The hon. Member for Plymouth, Sutton and Devonport (Luke Pollard) asked when that measure will be introduced; it will be brought forward as soon as possible. As he noted, the House is often preoccupied with other issues at the moment, but the matter remains at the top of the Government's agenda. It is a clear commitment, and we will bring forward that legislation as soon as possible.

John Spellar: The Minister is pleading absence of parliamentary time, but did we not finish at about half-past two in the afternoon on Wednesday?

George Eustice: The parliamentary agenda and timetable are somewhat unpredictable at the moment, but the point remains that we are committed to raising the maximum penalty for animal cruelty to five years' imprisonment. Specifically, we will amend the maximum penalties set out in section 32(1) of the Animal Welfare Act 2006. That will cover cruelty caused by attacks on service animals, which is the second limb of the Finn's law campaign.

As my right hon. and learned Friend pointed out, Finn was stabbed by an assailant in 2016 when he assisted his handler, PC Dave Wardell, in the apprehension of a suspected offender. Finn received serious injuries, but we are all thankful that he survived and was even able to return to duty, before later retiring and attending debates such as this. In August 2018, my right hon. Friend the Secretary of State had the pleasure of meeting Finn and PC Wardell at DEFRA's offices. The Secretary of State stated clearly that

“every day service animals dedicate their lives to keeping us safe, and they deserve strong protections in law.”

That was why he undertook to continue working with my right hon. and learned Friend the Member for North East Hertfordshire in developing this law.

The Bill is concerned with the offences under section 4 of the Animal Welfare Act 2006, which relate to animal cruelty or, as the Act states, causing

“unnecessary suffering to an animal”.

When considering a prosecution for cruelty, the court must currently consider whether the defendant was acting in fear of harm. Relevant here is the list of considerations in section 4(3) that the court must consider, which include whether the suffering was caused for

“a legitimate purpose, such as...the purpose of protecting a person, property or another animal”.

In other words, the perpetrator of an attack on a service animal could use that provision to claim that they were acting to protect themselves. The Bill amends section 4 so that that consideration shall be disregarded with respect to incidents that involved unnecessary suffering inflicted on a service animal that was supporting an officer in the course of their duties. It will therefore be easier successfully to prosecute people for causing animal cruelty by attacking a service animal.

Clause 1 amends section 4 to allow the self-defence provision relating to animal cruelty to be disregarded if it concerns a service animal under the control of, and being used by, a relevant officer in the course of his or her duties in a way that was reasonable, and if the defendant was not the relevant officer in control of the service animal.

Lyn Brown (West Ham) (Lab): May I just say how delighted I am to be here this morning? I was the shadow Policing Minister during the first debate on Finn's law, and I am so pleased that we are today passing this Bill, and that I am in the Chamber as well.

George Eustice: I am grateful to the hon. Lady for making that point. I think that we are all delighted to be here today to pass such feel-good legislation, which we all support.

The provisions will apply to dogs and horses used by the police and to dogs used by prison officers—they tend not to use horses, unsurprisingly. Service animals are defined in the Bill by reference to the person who is in control of them. The Bill applies only to animals that are under the control of a relevant officer at the time of the attack. The definition of “relevant officer” covers a police constable, a person who has the powers of a police constable and a prison custody officer. The type of animal is not restricted either; it can include dogs and horses, or indeed any other animal in the service of a relevant officer.

Clause 1 also provides the Secretary of State with a power to amend by regulations under the affirmative procedure the definition of relevant officer, provided that the additional persons are in the public service of the Crown. That provides the flexibility to add additional officers in the public service of the Crown who might not have been considered at this stage.

The Bill also provides for situations in which a police or prison officer may be required to use restraint against their own service animal, for example, to protect themselves or a member of the public. It provides that new subsection (3A) will not apply in a section 4 prosecution where the defendant is a relevant officer.

Clause 2 provides for the extent, commencement and short title of the Bill, and sets out that the Act will come into force two months after it is passed, which is the normal time for the commencement of Bills following Royal Assent. It sets out that the Act will extend only to England and Wales, as does the Animal Welfare Act 2006, which it amends. The shadow Minister noted that Northern Ireland is not covered. As my right hon. and learned Friend pointed out, that is because the Animal Welfare Act 2006, which the Bill amends, extends only to England and Wales. I should point out that Scotland has its own animal welfare legislation, the Animal Health and Welfare (Scotland) Act 2006, and Northern Ireland has the Welfare of Animals Act (Northern Ireland) 2011, so they have the powers to make their own equivalent legislation, although I take the point about the absence of an Administration in Northern Ireland.

In conclusion, the Government have put animal welfare at the very top of our agenda. We are increasing the maximum sentence for animal cruelty from six months to five years. We have made CCTV mandatory in slaughterhouses. We propose to ban the use of electronic shock collars on pets, and third-party sales of puppies

and kittens. We have also modernised animal welfare standards for dog breeding, pet sales and other licensed activities involving animals.

It was noted at the start of the debate that my right hon. and learned Friend the Member for North East Hertfordshire has been particularly dogged and persistent in championing this cause. I was very pleased to be able, as a DEFRA Minister, to bring forward the regulations that changed the licensing regime for puppy breeding, which is something I have championed since I was first elected in 2010. Today, let me underline the fact that attacks on service animals such as brave Finn will not be tolerated. That is why we support the Bill, which will provide additional protection for our service animals. We hope that it will now make a swift passage through the other place without amendment.

10.33 am

Sir Oliver Heald: I thank all Members who have spoken today for their invaluable support, including my hon. Friends the Members for Banbury (Victoria Prentis), for South Suffolk (James Cartlidge), for Erewash (Maggie Throup), for Copeland (Trudy Harrison), for Torbay (Kevin Foster), for Harborough (Neil O'Brien) and for Chichester (Gillian Keegan), as well as the Minister and the shadow Minister. I also thank the Public Bill Office, which has been very helpful, particularly Adam Mellows-Facer, and the civil servants in DEFRA and other Departments who have helped with the Bill. I wish the Bill well in the other place and thank my noble Friend Lord Trenchard, who lives in my constituency—close to where Finn lives—for agreeing to take it through that House. We heard mention today of three brave police dogs—Aman, Isla and Axle—and I think that from Chichester we heard about Sparky, Lottie and Gonzo. In a way, the Bill is a tribute to all the brave service animals in our country. I hope that it can now proceed.

Question put and agreed to.

Bill accordingly read the Third time and passed.

Value Added Tax Bill

Second Reading

10.35 am

Sir Christopher Chope (Christchurch) (Con): I beg to move, That the Bill be now read a Second time.

I presented the Bill on 5 September 2017, and it is with a wry smile that I rise to speak to it today, with some four hours ahead of us—perhaps not all of that time will be needed to consider it. I put it down on the Order Paper for consideration very late in the Session because I anticipated that it would be a topical matter on the eve of our departure from the European Union. We are now just seven weeks away from the UK's independence day, on 29 March, when UK citizens will end their enslavement by the European Union.

There has been a lot of discussion about trade, but leaving the EU is about much more than that; it includes control over our own taxes. Reducing VAT, as the Bill proposes, will reduce the cost of living for consumers and the burdens on business, and it will reduce significantly the cost of living for people living in fuel poverty, which is also topical, bearing in mind yesterday's announcement that what we all thought would be a cap on fuel prices has turned out to be more like an opera hat—it can go up very significantly at short notice. The Bill is therefore particularly relevant at this time.

When the Prime Minister made her Lancaster House speech some two years ago, she talked about the UK being able to develop an alternative economic model in the event that the European Union tried to impose what are effectively punishment terms as part of the withdrawal agreement. I think that we are now in that situation. The deal that the European Union is offering is not satisfactory. We are moving towards leaving without a deal, but in circumstances in which it will be open to the Government to take back control over important parts of the economy, and VAT is an important part of that.

The history of VAT goes back to 1 January 1973, when the United Kingdom joined the European Economic Community and, as a consequence, purchase tax had to be replaced by value added tax, which came in on 1 April that year. The then Conservative Chancellor, Lord Barber, set a single VAT rate of 10% on most goods and services. That standard rate is now 20%, which indicates the increasing burden of taxation upon ordinary people up and down the country.

James Cartlidge (South Suffolk) (Con): I congratulate my hon. Friend on introducing the Bill. It is certainly very timely, but the increase in the tax rate and in taxes generally is due to the increase in our outgoings on the national health service, the state pension and so on. Although I welcome the principle, I am concerned that to fund any significant changes in VAT will be expensive to the Treasury at a time when we face increasing costs in the health service and so on.

Sir Christopher Chope: I disagree with my hon. Friend; he is taking a conservative view rather than looking at the dynamic effect on the economy of making tax reductions. My hon. Friend is not yet a Parliamentary Private Secretary in the Treasury and that is why he is able to participate in this debate, but I know that he would very much like to be a Treasury Minister in due

[*Sir Christopher Chope*]

course. When we were in opposition and I was a shadow Minister, my hon. Friend was an important adviser in that Ministry. I know that he has a keen interest in the Bill. One of my concerns is that the Treasury is not always on the side of the dear British consumer, and I am putting the case on behalf of the consumer today.

Let us remind ourselves of the history of VAT. When the Labour Government came into office in 1974, they attempted to introduce extra rates of VAT. One way and another, things were changed around, but eventually Denis Healey reduced the higher rate to 12.5% in April 1976. Geoffrey Howe organised an increase in VAT when he was the Conservative Chancellor. He raised the standard rate from 8% to 15% in June 1979, but in so doing abolished the higher rate.

After that, the rate stayed the same until 1991, but was then raised from 15% to 17.5% by Norman Lamont, now Lord Lamont, when he was Chancellor. At the 1992 general election, the Conservatives were elected—unfortunately, I was not among them; I was defeated in that election—on a promise not to extend the scope of VAT. In March 1993, Norman Lamont announced that domestic fuel and power, which had previously been zero-rated, would have VAT levied at 8% from April 1994. My Bill would take us back to the time before 1994 when there was no VAT on domestic fuel and power. That is one of the most important parts of my Bill.

This issue is close to my heart, not least because I was present during the by-election campaign in Christchurch in July 1993, when the biggest issue on the doorsteps was the Government's imposing VAT on fuel, reneging on their manifesto commitments. That by-election saw the largest ever swing against the Conservatives, and a Conservative majority of more than 20,000 was converted into a Liberal Democrat majority of more than 17,000. That was my inheritance when I became the prospective parliamentary candidate. I know that my constituents feel strongly about VAT on domestic fuel and power, and I hope that the Government regret the decision that was taken then, over which they were subsequently not able to have any control. Although the Labour Government eventually reduced the rate to 5%, under European Union rules it is not possible for this sovereign Parliament to reduce VAT below 5% when it has already been set in train. That opportunity will be available to us as soon as we leave the EU.

Another criticism of VAT is that it is regressive because it is paid by all consumers whether they be rich or poor, young or old. The poorest spend a larger proportion of their disposable income on VAT than those who are financially much better off. The Office for National Statistics report has shown that in 2009-10 the poorest 20% spent 8.7% of their gross income on VAT while the richest 20% spent only 4%. That is another reason why reducing or eliminating VAT on various goods and services would be an effective way of creating a dynamic effect in the economy, and would be fair and equitable at the same time.

I have outlined some of the general issues relating to the Bill. It paves the way for sharing and securing for consumers and businesses one of the key benefits of leaving the EU on 29 March, taking back control over indirect tax policy on goods and services.

The first key element of the Bill is to enable the Government to raise the maximum turnover thresholds for exemption from the requirement to register for VAT. That is set out in clause 1. We in the United Kingdom have a registration threshold of £85,000, the highest in the EU. In my submission, it is not high enough. That is why I have put in clause 1 a suggestion that there be a modest initial increase in the threshold to £104,000 and that the threshold for deregistration should be £100,000. The consequence would be that many small businesses would be taken out of VAT and consumers would be saved the cost of VAT on the services provided by them.

I am delighted that my hon. Friend the Exchequer Secretary to the Treasury is on the Front Bench to answer this debate. I have been perplexed about Government policy on VAT thresholds. Currently the threshold is £85,000 and that was due to be the situation until March 2020, but under EU law it is open to the Government to increase the thresholds every year in real terms. That has traditionally been what has happened. However, the present Government, for reasons that I hope my hon. Friend will be able to explain, have decided to freeze the threshold until the end of March 2022. The consequence, apart from giving some extra money to the Treasury through what is effectively a stealth tax, is that many more small businesses will be caught up in VAT registration.

The current threshold means that 3.5 million businesses do not have to account for VAT, which is half of all businesses in the United Kingdom. We know how important small business is. It provides half of all the private sector jobs and accounts for more than a third of our national income. Why would it not be sensible for the Government's policy to be to increase the VAT threshold to the maximum that is allowable under EU law rather than freeze the threshold, thereby making it difficult to increase it in the future by a significant amount?

The Government issued a consultation paper on the VAT threshold and called for evidence following a paper the Chancellor commissioned from the Office of Tax Simplification, and that consultation made it clear that the threshold cost the Exchequer £2.1 billion in 2017-18—the cost has not risen since because the threshold has not been increasing as it was before that date.

Following the OTS paper, the Government consulted on whether to increase or reduce the threshold. A table annexed to the call for evidence showed that the £81,000 threshold in 2014-15 had deterred 50% of sole proprietor and partnership businesses from increasing their economic activity for fear of passing the threshold. What a ridiculous artificial constraint on enterprise! Surely, we should be encouraging businesses to expand, not introducing measures that deter that activity.

The consultation concentrated on the large number of businesses just below the threshold and on what could be done to reduce the cliff edge and smooth the transition for businesses registering for VAT. Following the consultation, the Government concluded that nothing had been decided—in that respect, it was not an unusual process of public consultation. Paragraph 4.35 of the paper that summarised the responses reads:

“Many responses committed to the view that an increase to the threshold would make it much easier for newly-registered businesses to cope with the administrative and financial implications of registration. For example, if the threshold were to be raised to £100,000, businesses would likely be able to afford

the cost of professional advice to cope with the administrative burden, while also being more able to absorb the cost of VAT. One representative body felt that the administrative burden would only be taken out of the equation if the threshold was much higher. The UK is currently unable to increase the level of its VAT registration threshold in real terms, under EU law, but there may be scope to review this in the future.”

It will come as no surprise to the Minister to learn that I took the figure of £100,000 in my Bill from that paragraph. I have not gone as far as the OTS suggested in its original paper, but I could see the merit, if the Bill ever gets into Committee, of raising the threshold to something like £500,000. Then we would be talking only about really substantial businesses having to pay VAT, which would significantly reduce the burden on business and encourage entrepreneurial activity in our enterprise society.

Neil O'Brien (Harborough) (Con): What estimate has my hon. Friend made of the cost to the Exchequer of increasing the threshold to that level?

Sir Christopher Chope: The estimate made is not mine but comes from the OTS paper:

“Raising the threshold significantly, for example to £500,000, would potentially impact around 800,000 businesses. Of those, between 400,000 and 600,000 businesses might choose to deregister, while 200,000–400,000 might choose to remain...registered. This would simplify the tax obligations for businesses that chose to deregister, reduce VAT-related competitive distortions between registered and unregistered small businesses, and reduce the administrative burden on those businesses. However, raising the threshold to such a high level would cut the funds available for public services by between £3bn and £6bn a year.”

My hon. Friend will be conscious, however, that those figures are much lower than the £39 billion figure that is on the lips of most members of the public, if not Members of this House, as we prepare to leave the EU on 29 March, when we will have the opportunity to save ourselves £39 billion.

Neil O'Brien: I congratulate my hon. Friend on introducing the Bill to discuss this important issue and this potentially big simplification, but am I right that the £6 billion price tag is roughly equivalent to half the budget for the entire police force of England? This is a substantial sum. Beyond the £39 billion, does he have any suggestions for how to raise enough money to make good the hole?

Sir Christopher Chope: I do. It is a mistake to look at these issues without considering the dynamic behavioural effects flowing from changes in the regulatory environment. We are all agreed—certainly the Treasury and the Chancellor have expressed concern about it—that the country is suffering from a crisis in productivity, and it is clear from the OTS reports and the consultation that people in the engine room of our economy find VAT to be very burdensome and that it adversely affects their productivity. The problem of productivity centres around this bunching issue. Why are we inhibiting businesses from expanding and becoming more economically productive by imposing an artificial threshold? To an extent, it has been imposed on us by the EU, but we can break free on 29 March. I hope my hon. Friend will take a dynamic perspective and not just look at the straight line figures produced by the Treasury.

Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): I want to highlight the point my hon. Friend is making. When the income tax rate went up to 50%, I had small businessmen come to me saying, “I’m not going to work any harder if I have to hand over 50%. I’ll work four days a week and play golf on Fridays. I’m not going to invest my capital in a business if the Treasury doesn’t understand the pressures of running a small business,” and they stepped away from increasing their productivity—indeed, went backwards—until we started to reduce the rate. Too often, we fail to understand the consequences of tax policy on behavioural patterns.

Sir Christopher Chope: My hon. Friend makes a brilliant point. This used to be at the heart of Conservative thinking and policy making on the Treasury Bench. It was that dynamic thinking that was behind past decisions to significantly reduce the top rates of tax. I hope we can rediscover that much more dynamic approach to the behavioural consequences of high taxes and artificial thresholds.

Neil O'Brien: I thank my hon. Friend for being so generous in giving way again. I think he is wrong to say that it is not the approach of our Front Benchers to think in dynamic terms: the Treasury has produced a wonderful paper showing that a third of the cuts in corporation tax are made up for by dynamic gains. Active work is being done on this; it is a Conservative belief. However, I would only ask my hon. Friend what proportion of the £4 billion or £6 billion loss to the Exchequer that he is talking about does he think might be made up for by dynamic effects? I agree that there are dynamic effects and I agree that this is a wonderful simplification; I just caution him that another Conservative principle is sound money and not running a huge £150 billion a year deficit like Labour did.

Sir Christopher Chope: Obviously, we are all united in wanting to be fiscally and financially prudent, and, going back to the intervention of my hon. Friend the Member for Berwick-upon-Tweed (Anne-Marie Trevelyan), having looked at the evidence that came forward on this issue, I was horrified to see that, for example, if some cafés in tourist resorts think they are going to exceed the VAT threshold in a particular quarter they will close down for a week or two. What contribution does that make to the UK economy? How ridiculous is that, with the consequence that people are not being employed in those cafés and so on? I agree it is desirable that more work be done on this, and that in a sense is the purpose of today’s debate: to try to get people to think about the radical ways in which we could change VAT now that we are going to have the freedom to do it. VAT is the third largest tax in this country; it generates £120 billion or thereabouts. Surely we should now be looking at our ability to examine the best way in which that tax on goods and services can be applied so that it delivers the best productivity results and does not lead to the distortions we have been speaking about.

There is a problem with the Treasury approach to a lot of this. It produces a document setting out the cost of reliefs. It says that not having VAT on food—having zero rating on food—costs the Exchequer some £18 billion a year. We should look at that not in the context of saying, “We can’t afford to lose £18 billion,” but in the context of saying, “Why should we be charging people

[*Sir Christopher Chope*]

who want to go off and buy some food £18 billion?" The mere fact that the Treasury continues to draw up estimated costs of principal tax reliefs shows that it is looking at this from the wrong end of the telescope. The Treasury also says the reduced rate for domestic fuel and power is costing the Exchequer £4.85 billion. What an extraordinary approach that is, as it implies that the Treasury might be minded to put domestic fuel and power VAT back up to 20%. This gives me the feeling that the mindset in the Treasury needs a lot of alteration and that at the moment it is far too negative and unimaginative on a lot of these issues.

Our inability to increase the threshold or meaningfully alter the design of VAT without the unanimous agreement of all other member states is a big problem. It has not stopped the EU Commission of course publishing proposals to cap the thresholds at €85,000 from July 2022 and establishing a new EU-wide threshold of €100,000. That is another example of the statist expansionist agenda of the European Union about which the British people spoke so strongly in the referendum just over two years ago.

The EU Commission is proposing changes that will affect tourism, construction, accommodation, food, traders, professional and scientific and IT service providers and so on, and we could still be faced with an €85,000 VAT threshold if we do not leave the EU on 29 March. If we stay in the EU under some transitional arrangements without knowing what the final outcome will be, throughout that period we will be subject to EU laws relating to VAT. Bearing in mind that the VAT thresholds across the rest of the EU are often only about €20,000 rather than €85,000, we could find the law being changed against us because we would not have a veto. We would be outside the EU so we would not be able to veto this, but we could find that our VAT law was made even more restrictive than at present, although many of our constituents will have thought that we had actually left the EU and got rid of this gross interference in our lives.

I mentioned earlier the compliance costs for VAT. One survey cited by the Treasury found that for UK small and medium-sized enterprises over 40% of all financial costs of tax compliance and 50% of time costs are due to VAT, and that statistic has been confirmed by the Federation of Small Businesses. VAT is particularly unattractive to businesses providing business-to-consumer activities, because they tend to be more labour-intensive, and labour of course is not subject to VAT. We must also think about the impact of VAT on consumers and the cost of living.

I hope I have been able to make a strong case in relation to clause 1, and I shall now turn to clause 2. It sets out the second element of the Bill, which is to make provision for the exemption of certain goods and services from liability to VAT and for connected purposes. The goods and services that are subject to VAT are set out in the Value Added Tax Act 1994 and clause 2 would ensure that domestic fuel or power in group 17, fitness items in group 18, goods subject to excise duties in group 19, insulating materials for home improvement in group 20, repairs and improvements to historic buildings in group 21 and women's sanitary products in group 22 would all be exempt from VAT, rather than being subject to VAT as they are at present.

James Cartlidge: I hate to sound like a stuck record but want to repeat a point. My hon. Friend gave a basic estimate of the cost of raising the threshold, but it seems to me that this would bring a separate cost to the Exchequer; has he a cost for these exemptions in terms of potential lost revenue?

Sir Christopher Chope: Yes, of course I do. I have an estimate—not quite done on the back of an envelope, but on a rough piece of paper. The Government's figures say that the reduced rate—5% instead of 20%—for domestic fuel and power, which is by far the largest item here, currently costs the Exchequer £4.8 billion. That implies, based on my maths, a yield of some £1.6 billion from having the rate at 5%. Therefore, of all the measures in clause 2, that is by far the largest cost. However, I would have thought that that cost was more than justified by the social and economic benefit of introducing such a policy.

The Government told domestic consumers of electricity and gas that they were on their side and that they wanted to cap their costs, so they introduced, with the sounding of trumpets, a cap on energy costs. We then found out yesterday that the cap is being increased by some 10%, the consequence of which will be an increase of £100 on an average household bill of about £1,200 a year. If we add VAT, that is another additional cost. If we removed VAT from a £1,200 bill, that would be a saving of about £60 per household on average. I would have thought that that would be worth while, and it would be one way of mitigating the effects of rising energy prices across the world and rising prices of the raw materials. Why not go for that? If we look at all this like an accountant—although I am not an accountant, I did once work for a large firm of accountants, so I know the mindset that can be associated with such activity—why are we not considering the political benefits that will flow from eliminating VAT on domestic fuel and power?

James Cartlidge: Many households in my constituency, including my own, use heating oil, and I am sure that people would be very grateful. However, it is not an accountancy view to ask about the impact on the Treasury given the cost of vital public services, such as health and education, which we all want to see better funded. That is my angle, and it not about accountancy.

Sir Christopher Chope: If we look at things in a dynamic way, what is the extent of the burden on the health service and social services of having people who are unnecessarily cold in their own homes because they cannot afford the cost of heating? I give that as an example of why we need to consider the wider picture, rather than just focusing on the accountants and the numbers. I do not know whether my hon. Friend is an accountant, but if he is, I had not intended any criticism of him specifically. As the public's representatives, we should be examining such things on the basis of what is in their interest. If there ever was a demonstration of how hostile people are to the idea of being taxed on domestic fuel or power, it was apparent during the Christchurch by-election to which I referred earlier.

I presume that the only reason why my hon. Friend would be in favour of some of the items in clause 2(2) is that there would hardly be any significant cost associated with them. However, if one thinks about repairs and

improvements to historic buildings, for example, is it not important that there should be an incentive? There certainly should not be a disincentive for people to repair and improve historic buildings—the heritage of our great nation. As for insulating materials for home improvement, surely it is sensible that if people are to improve the energy efficiency of their homes, they should not be subject to a disincentive tax.

I shall now turn to clause 2(2)(b). Fitness is something of which we speak frequently in in this House, and it is directly linked with the health service, the obesity agenda and so on. Why are we charging VAT on a whole range of fitness services? How can that be consistent with the public policy objective of encouraging people to get fit and thereby not only improve their quality of life, but relieve the burden on the health service?

Kevin Foster (Torbay) (Con): As always, my hon. Friend is giving a detailed explanation of his proposals. On the topic of fitness, how would he deal with the fact that while a computer console can run fitness games that allow for physical movement, people may just buy one to sit in front of TV and play games? How would that be defined under this Bill?

Sir Christopher Chope: I am glad that my hon. Friend made that intervention, because if he looks at clause 4, he will see that I am saying that the Treasury may by regulations define “fitness equipment”. If and when the Bill gets on the statute book, he should engage in discussions with the Treasury about what he believes to be the best definition of fitness equipment, so that the measure achieves the objective that I just articulated and does not enable people to avoid paying VAT.

Neil O’Brien: Given that lawyers spent several decades arguing over whether a teacake was a type of biscuit, I caution my hon. Friend that allowing the Treasury to define “fitness equipment” and other general terms has the potential to be a bean feast for lawyers.

Sir Christopher Chope: The problem with the teacake or the Jaffa Cake case—

Neil O’Brien: That is a separate case.

Sir Christopher Chope: Yes, but the problem is that all that was subject to decisions by the European Court of Justice. Can my hon. Friend think of anything more ridiculous? If the matter had been under the control of our domestic laws set by Parliament, we would have been able to amend a finance Bill to redefine something, and the situation could have been changed overnight. However, because this all comes under the complex regime in the European Union, all of which is subject to the European Court of Justice, lawyers who specialise in this area can have a field day. The volume of law on VAT is vast, and surely there is a case for keeping it much simpler and well defined.

It would also be useful to have more transparency over what is subject to VAT. Supermarkets do not currently provide VAT receipts, so people do not know whether the digestive biscuits or the Jaffa Cakes that they just bought were or were not subject to VAT. However, there are various blogs that enable people to discover the best value items to purchase that are not subject to VAT but are quite similar to other products that are subject to VAT.

Speaking of transparency, clause 2(2)(c) would exempt from VAT goods that are already subject to excise duties, because I strongly believe that we should not have double taxation. Why should somebody who is paying duty on petrol then also have to pay VAT on that duty?

James Cartlidge: It raises a lot of money.

Sir Christopher Chope: But would it not be much more transparent if excise duty was raised and petrol was not then subject to VAT, which is a hidden tax? When my hon. Friend campaigns so actively to ensure that fuel duty is frozen, I hope he will extend his campaign to ensure that fuel duty is not subject to VAT. Clause 2(2)(c) would achieve exactly that objective.

James Cartlidge: My hon. Friend knows what I am going to ask. How much?

Sir Christopher Chope: Nothing. It need not be anything. To be transparent, whether on cigarettes, fuel or any other item subject to excise duty, it should just be excise duty, which could be set at whatever level the Chancellor or Parliament chooses. It should not be distorted and disguised by adding extra VAT. When the Chancellor increases the excise duty on a bottle of whisky, he never says, “By the way, it is also going to be subject to 20% VAT.” He puts VAT on the increase in excise duty. Why do we not make it simpler and more transparent? That is what clause 2 would achieve. I am glad that my hon. Friend has been softened up, and I hope he sees the benefits.

Clause 2(3) properly defines domestic fuel or power in some detail, which I hope will meet with the approval of interested colleagues. As I said earlier, items under groups 18 to 22 are less well defined in the Bill, although the items in group 22 are specifically defined.

We were told by the EU that women’s sanitary products would be, or could be, exempted from VAT. We were told there would be an EU consultation. That was all the talk when the former Prime Minister David Cameron was trying to negotiate a better deal for the United Kingdom in the European Union. Women’s sanitary products being subject to VAT is a controversial issue, but nobody seemed to be prepared to stand up and defend such a policy. In the end, the European Union promised that it would consult and look at it with a view to amending the policy, but it never did. That has resulted in the Government having to continue charging VAT, and they have used the revenue generated therefrom for other purposes. What a ridiculous distortion. What a waste of energy. Why cannot we just change the law and do what we think suits us best as an individual Parliament, and not be subject to the ghastly laws of the European Union?

I have explained some of the Bill’s content, but it only touches the surface—a starter for 10—because I see the opportunities opening up beyond 29 March. We will have the opportunity to change our laws on VAT much more imaginatively than we could with this Bill, and I will give just one example.

To protect and encourage British manufacturing after 29 March, why could we not remove VAT on all cars, or any other product, manufactured 100% in the United Kingdom? Obviously, we cannot do that at the moment because of the VAT rules and the European Union state aid rules. If we want to generate a dynamic offshore

[*Sir Christopher Chope*]

economy in which taxes are low but with strong incentives for manufacturing, why not do something like that? It might be a step too far for this Bill, but I put it down as a marker. It will be interesting to see whether my hon. Friend the Minister has a briefing on such a proposal. When the Prime Minister said that no deal is better than a bad deal, she said that no deal would be really good because it could enable us, as a United Kingdom, to develop a dynamic alternative economic model.

There is a lot of food for thought in this Bill, and I remind my hon. Friends that it is not within its scope to increase VAT or to remove any exemptions. Before they get on their hobby horses and say that we need more money from VAT and from consumers, I remind them that that is outside the Bill's scope.

11.27 am

Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): It is a pleasure to follow my hon. Friend the Member for Christchurch (*Sir Christopher Chope*), although I would highlight that I am a chartered accountant—and proud to be so. My training perhaps gives me a different perspective on politics, and I often from myself thinking in a different way from Members who are lawyers—not in a good or a bad way, but simply in a different way. Such training offers a breadth of policy, planning and thinking that we need to bring together. I am thrilled to speak on my hon. Friend's important Value Added Tax Bill, and about how we might start to make significant improvements to this regressive and most punitive of taxes on the poorest, and on small businesses' growth and productivity, after we leave the EU—very shortly, I hope—and are free to make such improvements once again.

I will address three areas of policy change proposed by the Bill, although there is much more I could discuss: VAT thresholds for small businesses; the flexibility of VAT rates on energy; and the big, thorny question of the sanitary products challenge that we have to solve. The first area on which this Bill offers an excellent improvement to our present VAT rules is the threshold for paying VAT. A small business whose main activity is one of human endeavour—the “services” part of goods and services—must monitor its monthly sales on a rolling 12-month basis these days, and must register to pay VAT as soon as the cumulative total reaches £85,000. Most small businesses that have many VAT-charged goods, such as plumbing businesses, are more likely to be VAT registered from the beginning, so such monitoring does not have to happen—those businesses are already in the VAT system because they want to reclaim the VAT on goods they have to use.

The threshold means that, overnight, a business suddenly goes from not being VAT registered to being VAT registered and having to charge an extra 20% on its bills. Imagine going in for a monthly haircut that used to cost £20 and suddenly finding that it costs £24. That business will then find that a smaller, non-VAT registered business down the road is more competitive, and it will immediately risk losing customers, so what does it do? Does it hold down prices by employing another staff member, at great speed, to increase business and grow the volume of sales, or does it stop accepting custom in order not to hit the threshold in the first place? My hon. Friend gave

the example of cafés, but in Northumberland, there are tourism businesses that see the threshold coming and therefore slow down or close their doors early not to make further sales. This arrangement is simply anti-competitive and surely it is not the sort of business driver that any Conservative Government would mean to be encouraging.

A real-life example that highlights the problem is that of a young businesswoman with exactly this dilemma in my constituency. This young woman owns a small hairdressing business in a small town, and employs two stylists full time and one part time. Her turnover is about £100,000—above the £85,000 threshold—and she is therefore VAT registered. Her VAT payments to the Treasury are in the region of £16,000, leaving her with net sales of £84,000. A number of competitors have set up business in the area and purposely kept their audited income below the £85,000 threshold to avoid paying VAT, while still charging prices comparable to VAT-registered retailers. Of course, the clients do not know whether a business is VAT-registered in that small business environment, but there is a 20% advantage in favour of that non-VAT-registered business—20% more for doing less work. This young woman does not make any profit worth mentioning, but she pays herself a wage and keeps three trainees employed, and she enjoys her work. Her father, who is also a constituent, has advised her to close the business and save all the hassle that goes along with self-employment and running a business. Is it not a tragedy that a father feels he has to say that to his energetic and business-focused daughter?

Let us look at this woman's options and the consequences. She could follow her father's advice and close her business, putting four people out of work. That would involve vacating the premises and creating an empty shop on one of the small high streets in my constituency. She could lay off a member of staff to reduce the income to below the threshold and de-register for VAT, although perhaps still charge the VAT-hiked prices and see whether clients will pay. This is a simple but brutal example of the anti-business growth of our present VAT rules. I have been frustrated by this for a long time—as an accountant and in politics—because we have been trapped in this position. We have no control over it because we are operating under the EU VAT directive.

I would go further than my hon. Friend has proposed in his Bill so far. It is wonderful to have a Treasury Minister in the Chamber, because I have written a number of times to a number of Chancellors on this subject, and I have the opportunity to make my argument again verbally today. Where other thresholds exist, such as for income tax, national insurance and stamp duty, there is an exemption on charges for amounts up to the threshold, with payments made only against the remaining amount over the threshold limit. If, in the case of any small business, we made VAT payable only on income above the threshold, we would offer a sliding scale of price increases or sales volume that would support the business and encourage the employment of more staff, unlike with the disincentive of the dramatic cliff edge at £85,000. Whether we are talking about £100,000 or £20,000, the effect is the same: there is a cliff edge from paying no VAT to entering the VAT world, with all the commensurate costs, stress and extra time spent dealing with it. It seems odd that there is no threshold step for VAT, just a cliff edge.

In the context of small business as a whole, the threshold is very low, despite the fact that it is one of the higher ones in the EU. It is an excellent start to see the Bill's proposal of, in the first instance, raising the threshold to £104,000. Should this excellent Bill gain Government support and make progress, however, I would propose to go further and call on the Treasury to make all income below the threshold exempt from VAT, with further turnover up to a certain point—for example, £150,000—having VAT charged only on that marginal trading activity. Businesses could then carry the sales tax burden across all sales without having to force it on the customer in the hard way that happens now. This is important for the small business cohort; we are not talking about businesses whose turnover has reached £1 million and are employing 10, 15, 20 or more people. We are talking about the small business that suddenly falls under the complex and heavy burden of VAT, which is genuinely having an anti-competitive effect on them. We are doing ourselves and our businesses no favours at all.

The approach I am setting out would give small businesses a window of growth and investment opportunity, and the chance to take on more staff, before being hit with a 20% surcharge on all sales. Such a fairer, graduated system would level the playing field between small below-the-threshold firms and those growing businesses. It would stimulate growth in the small independent retail sector and might even be a policy that could help to revitalise our empty high street shops.

The Bill offers much more besides increasing the threshold for VAT for small businesses, as it takes up the long-overdue opportunity to exempt some critical goods from VAT altogether once we have left the EU and the limitations that the EU's VAT directive forced upon us in 2006. The directive aimed to harmonise VAT across the European Union. Although it makes cross-border sales activity easier and has some merit for the simplification of sales taxes, it has limited any individual country's ability to determine whether or not to exempt goods from VAT. VAT on fuel has been a matter of contention for years. To his credit—everyone take note, because I am not going to say that very often—the then Chancellor, Gordon Brown, brought that tax levy down to 5%, which was a very creditable decision, but under the EU directive, he had no independent authority to scrap it completely.

Let us consider the position for my poorest constituents in rural Northumberland—"deepest, darkest rural Northumberland", as my mother refers to some of my more wonderful and hard-to-reach communities. In these areas, the choice in heating solutions is limited to wood, coal, expensive electric heating, which often does not work when the weather is really bad, or oil tanks, assuming the snow does not prevent the tanker from getting to a farm in the first place. There is no mains gas, so people do not have the opportunity of consumers in more urban areas of choosing a supplier from a competitive range of offers. The 5% VAT levy adds to their already higher than average heating cost burden, because all those other products are just more expensive. It would be a wise Government, after Brexit, who at last agreed that rural poverty—it has been ignored for far too long by Whitehall, in my humble opinion—could be alleviated in the first instance by removing this tax. As my hon. Friend identified, there might be an initial

cost to the Exchequer of up to £1.6 billion, but the policy would have a broad range of principled and practical social and health benefits. The Government's commitment to those is clear by their words, but such a change would make that clear by their actions, too.

If my rural constituents are disadvantaged by VAT on fuel supplies to keep their families warm, how much worse is it that our own Government could not unilaterally determine—nor indeed manage to persuade the EU while we have still been within its laws—that a 5% tax on sanitary products is a direct discriminatory charge against all women of menstruating age? A friend said to me on learning that I was going to speaking in support of my hon. Friend's Bill today that

"women really ought to have tax deductions for being female—what with tampons and tights that ladder, being expected to wear makeup and have changes of wardrobe, you all should get a discount from the Government"

I concur wholeheartedly, as I am sure you do, Madam Deputy Speaker, although that might be a step too far for the Treasury. A small and immediately helpful step in that direction would be to scrap VAT on all sanitary products, and indeed on incontinence products, which are also listed in the Bill. This outrageous tax puts these things into the "luxury items" category of products and reminds me that we have far to go to make sure that policy making has common sense at its heart.

It is wonderful that, as in the battles for women's voting rights 100 years ago, there are men like my hon. Friend leading the charge to change the law in support of women's rights and fairness. There have been excellent campaigns from across this House in recent years to push the Government to effect change, and the Bill is the next step to get this VAT discrimination sorted out. By scrapping VAT on sanitary products and making them exempt, as is the case for food and children's clothes, this Government would be sending a clear message that they understand that the tax system can be an incentiviser or a punisher. For too long, I have been shocked that the EU has chosen to continue to ignore this call for fairness, allowing—no, forcing—women to have to pay more for sanitary products, which are an indispensable part of our daily lives, to boost Treasury coffers across Europe. I look forward to hearing from the Treasury in the Budget that follows our departure from the EU that it has understood and will immediately remedy this discriminatory tax.

Sir Christopher Chope: Does my hon. Friend share my concern that if we do not leave on 29 March without a deal, people will have had their expectations raised that we will have left the EU, but will be frustrated by knowing that such issues cannot be resolved by this Parliament?

Anne-Marie Trevelyan: My hon. Friend is absolutely right. Personally, I would rather leave with a deal that ensures that the bucket of issues that have to be sorted out are dealt with as we move forward from our legacy relationship into a new relationship, because that would make things easier for everybody, but the approach has to be right. The reality is that until we have left the EU, we have to follow the VAT directive, which means that we are not able to control that part of our tax law. I am grateful that we are leaving and that we will not move into the whole area of tax that the EU is looking to take control of across the board, which is a terrifying issue

[Anne-Marie Trevelyan]

of taxation without representation. I am very glad that the British people have decided to step off the EU train before we move into that part of its policy making.

It would be a shocking failure not to remedy the discriminatory tax on sanitary products, so I hope that, in the most visible and practical of senses, the Government appreciate that constituents feel we have lost the ability to make good choices. We must take the opportunity, as soon as possible, to set the train in the right direction on this issue.

The VAT directive may not sound sexy or dramatic, but it has long been one of my most hated of all the directives under which we have had to work as members of the EU, as it emasculates Chancellors of whatever political colour in critical policy areas and disenfranchises us from being able to support small business, our poorest and, indeed, the female 52% of our population. It has meant that in a major area of tax policy, we have had to suffer taxation without representation for far too long. We will be able to send the clear message to the senior people in the EU Commission who determine, without oversight, what EU laws should be, that as in so many policy areas, the UK will lead the way in improving our citizens' lives. I commend the Bill to the House and wish it every success in reaching deep into the Treasury's conscience, which I know is there, so that we can make these proposals a reality after 29 March.

11.41 am

Maggie Throup (Erewash) (Con): It is a pleasure to speak in the debate, and I congratulate my hon. Friend the Member for Christchurch (Sir Christopher Chope) on getting one of his many private Members' Bills to Second Reading. I thank him for giving such a comprehensive history of VAT in the early part of his speech and for his forensic analysis of each part of the Bill.

At first, I thought that the subject of the Bill seemed rather dry, but the more I looked into it, the more interesting it became. Prior to my entering this place, I ran my own marketing business, which was registered for VAT. I did not see being registered for VAT as a hindrance; I saw it as a sign of success, as it meant that my turnover was growing and quite substantial. Some business owners I spoke to were concerned that splitting VAT on a quarterly basis was quite onerous. I always found that the quarterly returns helped me to focus on the financial side of my business and provided an opportunity for a regular review. They helped me to review my business costs and the charging structure for my marketing services. In effect, I was carrying out a quarterly audit that helped me to keep my business on the straight and narrow over the 19 years for which I ran it. Some businesses may have criticised me for carrying out such a check only every three months, but it worked for me.

We are debating whether the £85,000 VAT threshold is the right one and if we should make provisions to exempt certain goods and services from VAT liability. In November 2017, the Office of Tax Simplification produced an excellent report. I must declare that I could be slightly biased, because the chair of the office is Angela Knight CBE. For those Members who are not fully aware of the political history of the Erewash constituency,

Angela Knight was its Member of Parliament from 1992 to 1997. One of her claims to fame—among many, of course—was that she was the Treasury Minister responsible for the introduction of the £2 coin. She has had a varied and at times much-publicised career since leaving this place, and she was the perfect person to be appointed chair of the Office of Tax Simplification.

The views of my hon. Friend the Member for Christchurch on the EU are well known, and he has expressed them today. His Bill is timely, because Conservative Members want to take back control on 29 March. We need to make sure that the VAT threshold will encourage businesses to grow while at the same time maintaining the tax take for Government, because that pays for our vital public services. Members from all parties want to make sure that we have the right investment for our wonderful public services. The current £85,000 threshold is the highest general threshold in the OECD, so some may argue that we should consider lowering the threshold rather than looking to increase it.

Some anomalies have already been mentioned. The Bill proposes exemptions, including for domestic fuel and power and for repairs to historic buildings. We have also already discussed fitness equipment and the difference between cakes and biscuits. The prime example of the latter is Jaffa Cakes: if it is a cake, it is zero rateable, but if it is a biscuit, it is taxable. It has been deemed to be a cake, so it is zero rated. Closer to my heart are the gingerbread men made by Stacey's bakery in my Erewash constituency. In my opinion, they are the best gingerbread men a person could buy in the whole country. If the gingerbread men have chocolate trousers, they are subject to VAT. If they just have chocolate eyes but no chocolate trousers, there is no VAT. In the interests of equality, why do we not have gingerbread ladies? If we did and they had chocolate dresses, would they be subject to VAT? I am sure that we could all highlight many more anomalies, but the ones I have mentioned help to illustrate just how important it is to ensure that any changes to VAT legislation are well thought through and appropriate.

I could spend a lot more time talking about whether higher or lower threshold levels encourage more or less entrepreneurship, or about the optimal threshold to maximise the tax take without stifling business, but I am sure all that will be thrashed out in Committee. VAT is the third largest source of tax revenue collected by HMRC, after income tax and national insurance contributions, so I am sure it is above my pay grade to recommend a new threshold to the Treasury. It is clear to me that we should not jeopardise the £120 billion collected in 2016-17—I am not sure of the figures for the following year—which represented 22.5% of all taxes. I fear that the removal of one tax would only result in the increase of another tax to balance the nation's books.

Sir Christopher Chope: Will my hon. Friend give way?

Maggie Throup: I was just about to finish, but I will give way.

Sir Christopher Chope: In her zeal to leave the European Union, surely my hon. Friend has not forgotten that we will be able to keep a big dividend in the form of the £10 billion to £20 billion a year that we currently pay to the European Union. Why can we not spend that on our own priorities?

Maggie Throup: My hon. Friend makes an important point; this is about priorities, and our priority may not actually be changing the level of VAT.

I look forward to hearing the Minister's response and analysis of the proposed changes in this Bill.

11.48 am

James Cartlidge (South Suffolk) (Con): It is a great pleasure to follow my hon. Friend the Member for Erewash (Maggie Throup). She has highlighted how the VAT rules do somewhat take the biscuit when it comes to gingerbread men. My hon. Friend the Member for Christchurch (Sir Christopher Chope) has shown that, on Europe, we really cannot have our cake and tax it.

I wanted to clarify one point that my hon. Friend the Member for Christchurch made earlier in reference to me. He very kindly referred to me as a former senior Treasury adviser. In fact, I did serve a brief apprenticeship after leaving university at the Policy Research Unit when it was founded, but I then started my own business. I was never at the Treasury—although it can feel like that when running a business.

Interestingly, when I was a mortgage broker, I found that mortgages were exempt—mortgage commissions are exempt from VAT. We were very much of the belief that mortgages would one day be done online—this was back in 2004—and, of course, many of them now are. When we invested for the first time in a new souped-up piece of IT kit, we received a very expensive bill with VAT on it, which we could not offset, and that created many problems for us. Since then, we have diversified. Most of our income is VATable: we run a big home show at the QE2 and a property portal for shared ownership properties. It is a good business. The great frustration that I have with VAT is that it is very unpredictable in those quarterly comings and goings, particularly as we have a home show every six months. As my hon. Friend said, we should run our businesses as if we are reviewing them quarterly to make sure that we can fund them.

The key point that I wanted to touch on with this Bill is the issue of unfunded tax commitments—a central point on which, in effect, my hon. Friend the Member for Christchurch and I debated through interventions. We were joined by my hon. Friend the Member for Harborough (Neil O'Brien) who was here earlier. That is not to say that any of the measures in this Bill would not be desirable. As I said earlier, I represent a rural constituency. Most of my constituents are on heating oil, so why would I object to cutting the VAT on heating oil? Of course I would not do so on principle. The same is true for sanitary products. My hon. Friend the Member for Berwick-upon-Tweed (Anne-Marie Trevelyan) made a very good case for reducing the VAT on those to zero, which I am sure the Treasury will do once it has the power. The question is not necessarily about desirability, but, of course, about affordability.

Anne-Marie Trevelyan: My hon. Friend and I both have rural constituencies and constituents who do not keep their houses as warm as they should because the cost is too high. The question is one of breaking the silos of government to assess the differential in loss to the Treasury compared with the saving to the NHS for those health and lung issues that would not end up in

the health service at all. The challenge, if we need to prove it before we make a change in policy, is how we do that across departmental boundaries.

James Cartlidge: Of course. Although that is a very good point, it does assume a competitive marketplace where that tax change would be passed on in full to the consumer, and it remains to be seen whether that would be the case.

The point that I was trying to make is that when the Labour party makes unfunded commitments, we talk about the magic money tree. I have to say that I was trying to keep a tally as my hon. Friend the Member for Christchurch was speaking, and he seems to have opened up something that we might call a wondrous wonga arboretum of revenues. At one point, we were looking at £7.6 billion, once we added in the heating exemptions and the potential increase in the threshold to half a million pounds. These are not inconsiderable sums of money. The key thing that we have to remember is that, yes, there are those who argue about dynamic effect on behaviour, which means that these things are revenue-neutral. Perhaps I am a small c conservative, like a former great Chancellor, my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke), whom I admire greatly. He was talking about this very Budget. He used to take the view that we should never rely on forecasts; everything has to be paid for. If we make a commitment, we have to find a corresponding item to fund it. I take that view as well. That is how one should run a business. It is cautious—one always assumes that there is a downside and an upside. Unfortunately, we now live in an era in which we cannot talk about downsides, because there is this “Project Fear” thing, but that is the sensible way of politics and prudence.

Stephen Pound (Ealing North) (Lab): I rather doubt that the hon. Gentleman spent a great deal of his life at Labour party conferences back in the '60s and '70s. Had he done so, he would have recalled Barbara Castle's blackboard—it is probably called a chalkboard now—on which she entered every single spending commitment ever agreed by the Labour party conference with two totals. Every time we made a spending commitment, we had to vire something in the other direction. Does he pay tribute, as many of us do, to the late Barbara Castle?

James Cartlidge: The hon. Gentleman is correct: I do not spend a lot of time at Labour party conferences. I am sure that, because he is there, it is huge fun. I know that he has a great sense of humour and so on. I never met Barbara Castle, but I am sure that it would have been a great honour to meet her. I do agree with that basic set of housekeeping accounts, which, by the way, the great Margaret Thatcher also used to believe in.

Maggie Throup: As my hon. Friend mentioned Barbara Castle, I want to put it on the record that she had the same education as I did. We went to the same school—Bradford Girls' Grammar School. On both sides of the House, we can make sure that we chalk up our balances on the chalkboard—or the whiteboard as it would be now.

James Cartlidge: That is an excellent point. What worries me is that if we make unfunded commitments that do not result in the so-called dynamic behaviour that has been predicted and the Treasury loses revenue, the people who pay will not be us in this Chamber or

[James Cartlidge]

anyone outside, but people who have not yet been born. We will stick the balance on the national credit card and, ultimately, the national debt. That is what happens if we do not take control of public finances.

I also want to talk about the transition period and leaving without a deal. My hon. Friend the Member for Christchurch seemed to suggest that we would benefit from not having a transition, because we would be able to vary VAT. He will remember that in his speech in the recent no-confidence debate—he spoke eloquently, although it took me some time to work out whether he had confidence in the Government or not—he advocated a WTO-terms exit. I intervened on him to ask what he would do about the 40% tariff on sheep meat, and he said to me that that was “Project Fear”.

In fact, if we leave without a deal, we will have to have the default WTO schedule, because there is nothing else. That schedule includes some very onerous tariffs indeed, not least for our farmers and exporters. In a debate about the cost to consumers of VAT, it is quite something to advocate allowing certain household items that we take for granted—such as dry pasta and tinned tomatoes—to be tariffed at 15% or 20% in a few weeks’ time. This is most significant for our exporters. In my constituency, I have household name companies—by that, I mean that they are very well known in the constituency—that have written to me about no deal. The matter is critical for them; in one case, the default tariff exceeds the margin that the company makes. That is serious stuff, which we need to be prepared for.

Victoria Prentis (Banbury) (Con): My hon. Friend is making an important point about tariffs on agricultural products. Does he agree that it is very difficult for farmers, who are dealing with living animals, to plan their sales in the most helpful way? I meet a farmer regularly—indeed, whenever I drop my children off at the school bus—who tells me that he is selling sheep at the moment, much earlier than he would have liked, because he is worried about the effect of no deal.

James Cartlidge: That is a good point. I was simply trying to make the point that we are talking about the impact of VAT on the consumer, yet if the no-deal scenario that some Members wish for happens, consumers will face onerous costs. By the way, even if we decided that we wanted to cut tariffs unilaterally, we could not; we are not taking back control of France, Germany and the rest. We cannot cut tariffs on our exports, and we would have far less leverage in trade deals. That is an extremely serious prospect, and we need to think about it.

Anne-Marie Trevelyan: I have a large number of lamb farmers in my constituency—the finest lamb comes from Northumberland, of course—and the challenge for them is: what are the Government preparing to do in the case of no deal? I certainly would not prefer that outcome; it would be much more constructive to have a deal. Should we leave without one, however, I hope very much that my Government will be prepared, and that there will be plans—contingency plans, if we want to call them that—in place to support the farming industry.

One of the great challenges has been the lack of communication from the Treasury and DEFRA. That is quite understandable, because we are still making our best endeavours to reach a deal, but there is a real difficulty in suggesting that it is therefore better to say we cannot have a no-deal scenario because of the risk. That leaves the business community at the greatest risk of facing challenges without knowing the answers.

James Cartlidge: I am grateful to my hon. Friend for that intervention. It will be the last intervention that I take, because I am a strong supporter of the Bill promoted by my right hon. Friend the Member for Chipping Barnet (Theresa Villiers), and I want her to be able to speak to it shortly.

I want to finish with a point about productivity and investment, which has been made by several people. Going back to what I said earlier about IT and so on, the key to productivity is investment, and as a country we under-invest, relatively speaking. For most of the larger companies that want to invest, the ability to offset VAT is fundamental. If I had a wondrous wonga arboretum and I was told that I could cut some money for business tomorrow, I would go for business rates. I would do so because business rates are an on-cost that directly hits investment in small businesses, and I am convinced that they are what is holding back productivity in the SME sector. I will stop there, because I think the next Bill is an excellent one. I hope that if the Bill promoted by my hon. Friend the Member for Christchurch makes progress, we will find a prudent and responsible way of implementing it.

11.59 am

Lyn Brown (West Ham) (Lab): I am delighted to be here today to discuss this fascinating subject—what a lovely way to spend a Friday morning!

Unlike most other taxes, VAT is paid by us all, and we all have an interest in ensuring that it is applied in the fairest and most effective way possible. As Members know, 16.8% of tax collected in 2018-19 is forecast to come from VAT, according to the Office for Budget Responsibility. With that in mind, we must weigh our words carefully. As we have rehearsed, we have to consider both the rate and the tax base of VAT, as VAT revenue goes towards the public services that most of us rely on. The significance of VAT to the Exchequer has fluctuated over the years. The total amount raised from VAT has grown over time from £57 billion in 1999 to 2000 to £122 billion in 2012-13, with the only sustained dip being in the years of the financial crisis, when VAT revenue dropped from £81 billion in 2007-08 to £74 billion in 2009-10. However, as we know, as a proportion of GDP it has increased only slightly, from 5.5% in 1999-2000 to 6.1% in 2016-17.

As we have discussed today—I think that almost every speaker has alluded to it—VAT does not affect our constituents equally. The most recent data from the Office for National Statistics shows that the poorest fifth of households paid 13% of their disposable income in VAT compared with 7% paid by the richest fifth of households. To quote the ONS,

“indirect taxes increase inequality of income.”

As we all know, different Governments have taken different approaches. Members with long memories—I see that my hon. Friend the Member for Ealing North

(Stephen Pound) is behind me, and I am sure that the hon. Member for Christchurch (Sir Christopher Chope) will be included in this group—may remember that it was a Conservative Government who first introduced VAT in 1973, another Conservative Government who raised it to 15%, and yet another Conservative Government who raised it to 17.5%. It was therefore a bit of a surprise when, ahead of the 2010 election, the Conservative party spokespeople said that they had “absolutely no plans to increase VAT”

to 20%. I think I hardly need remind the House of what happened next, or of the fact that the headline rate of the VAT has remained at 20% since the coalition Government put it there. I always like to remember the Liberal Democrats at this point. They are not here today.

Stephen Pound: They are not anywhere.

Lyn Brown: They are not anywhere today.

After considering these matters of history, let me touch on the question of which goods and services VAT is applied to. The choice of which goods and services we apply reduced rates to is political, not just technical. It is an example of the priorities we have as a society. We see that in some of the items that are exempt from VAT, such as sports activities because we want to encourage physical and mental health, and admission charges to museums, art exhibitions and education services because we think that that sort of thing is good for the education and mental health of our nation. There has been much discussion—I thank hon. Members in all parts of the House for this—about the imposition of VAT on sanitary products. When the rate was reduced by the last Labour Government, it was the lowest rate permissible under European legislation. On the other hand, my party unveiled plans ahead of the 2017 general election to charge VAT on private school fees. The money we raised could have been used to pay for free school meals for all primary school children—a policy that has already been implemented at local level by some really insightful Labour councils, including my own in Newham.

The current Chancellor was reportedly considering copying the idea—if newspapers are ever to be believed.

The Exchequer Secretary to the Treasury (Robert Jenrick): No.

Lyn Brown: I hear that.

We are told that the Chancellor was forced into ditching the policy only because Conservative Members were up in arms. It seems quite clear, therefore, that there are political rather than technical reasons for what we choose to exempt and not to exempt from VAT.

We should also understand that fraud continues to be a serious issue for the Exchequer in relation to the collection of VAT. On Government estimates, VAT fraud currently costs the UK about half a billion pounds a year, with an extra £1.5 billion of uncollected debts and around £100 million of avoidance. VAT fraud was discussed at length during the Committee stage of the Finance Bill in October 2017, when the Government introduced a new clause to place new obligations on fulfilment houses to help tackle VAT fraud, which has worsened with the rise of online sellers who obtain goods through third-party vendors based abroad.

The Opposition believe that small businesses need more support in getting to grips with the tax if we are ever to close the VAT gap. The situation has been worsened by the Government’s disaster-struck attempts to transition to making tax digital, which have thankfully been delayed until next year to give businesses the chance to adapt.

Many of us spend a large proportion of our lives online, so it is unsurprising that more UK consumers than ever buy a larger proportion of their goods through online marketplaces such as Amazon, eBay and others. In 2016, 14.5% of UK retail sites were online—up from 2% in 2006. Just over 50% of these sales were through online marketplaces, rather than directly from the seller.

The Campaign Against VAT Fraud on eBay & Amazon in the UK—a snappy title, which was possibly created by accountants—estimated that online VAT fraud “equates to £27 billion in lost sales revenue”

and

“additional taxes to UK businesses and the public purse in the last 3 years.”

Her Majesty’s Revenue and Customs has stated that it does not have data on online fraud and other losses before 2015-16.

Sadly, the slowness of HMRC in responding to growing fraud online has been criticised by the Public Accounts Committee, which first raised concerns in April 2013. It found that HMRC had only recently begun to tackle the problem seriously, despite the fact that such fraud leads to significant loss of revenue to the Exchequer. It found that HMRC, rather than trying to use its existing powers, waited until the introduction of new measures under the Finance Act 2016 before even attempting to hold online marketplaces responsible for the VAT fraudulently evaded by traders. HMRC has been too cautious in using these powers, and the Government have refused to name and shame complacent traders. To my knowledge, they have not prosecuted a single one for committing online VAT fraud.

As the UK leaves the protection of the EU VAT area, the possibility of VAT fraud will, arguably, rise. It is therefore logical that any new legislation on VAT should consider additional measures to tackle online VAT fraud. I understand from the Treasury Committee that HMRC believes there is a £3.5 billion VAT gap resulting from mistakes made by businesses when they submit their VAT returns. The overall VAT gap in 2016-17 was £11.7 billion. I am sure we can all agree that that is a high number and therefore probably requires some fairly urgent, radical action.

The Chartered Institute of Taxation has six recommendations to help address this gap. I want to focus on just one of them today, in the interests of time and sanity, which is

“resisting the temptation to introduce widespread changes that are disruptive to the majority of compliant businesses”.

Possibly, this connects to a concern about the clause we are addressing.

I am aware that there is something of a live debate on registration thresholds. There were several briefings ahead of last year’s Budget that moves were afoot to reduce the threshold and force more small businesses to register for VAT. There are, I honestly believe, arguments both in favour and against such an approach. I have actually debated this over my breakfast table with my husband,

[Lyn Brown]

who just happens to be a small business owner. A concern about the threshold is not an argument for a particular threshold, because I think the only way to address such a concern would be to reduce the threshold to zero, which is something we certainly do not support. Conservative Members may claim that by setting the threshold too low we are disincentivising businesses. There are some who claim that the existence of health and safety legislation or, indeed, employment law is a disincentive to business—I know that to be true because I have done many Friday mornings—so we should be very careful where that argument takes us.

There is much in this Bill that I am sure the hon. Member for Christchurch would agree needs further consultation. First, I am not sure how the shift in threshold for registering taxable supplies in this Bill, from £85,000 to £104,000, has been worked out. It would be great if the hon. Gentleman, in his summing up, could let me know. It would also be useful to know how much consultation has gone into the exemptions for the use of coal, oil and gas as domestic fuel or power, because it is not clear to me that, as we seek to reduce fossil fuel emissions, the use of such fuels should be subsidised. I am sure he would agree that, again, this needs a broader consultation and consideration of how such a measure sits alongside other measures being taken, including by this Government—

Sir Christopher Chope: Will the hon. Lady give way?

Lyn Brown: Let me finish my sentence. Such consultation should include how such a measure sits comfortably alongside other measures being taken by the Government—for example, through the Climate Change Act 2008. If I finish the next bit, just to wrap it all up, the hon. Gentleman may find that easier. I wonder how workable or sensible it is to propose exempting VAT from items already subject to excise duty, such as alcohol and tobacco, and whether this could be counterproductive as it could amount to two policy measures pulling in different directions, with excise duty increases to try to discourage consumption and a VAT exemption in effect reducing the price.

Sir Christopher Chope: Does the hon. Lady recall—perhaps she does not—the 1993 Christchurch by-election, after the Government had introduced VAT on fuel? In that by-election, the Government's argument for introducing VAT on fuel was that it would promote fuel efficiency, and the electorate in Christchurch gave the Government's argument a big raspberry.

Lyn Brown: Can I say that I am not at all surprised—not at all—by that? No, I do not remember the 1993 Christchurch by-election. However, I assure the hon. Gentleman that, after I have driven to my friends' this evening, I will ask them to look it up for me so that as soon as I get my gin and tonic, I will have an opportunity to refresh my memory of the politics of that by-election.

I am genuinely delighted—I mean this sincerely, which is why I wanted to say this at the end—that the hon. Gentleman wants to exempt women's sanitary products through this Bill. There has been ongoing work, driven by some of my Labour colleagues and, to be fair, by some Conservative Members as well, to allow lower VAT rates or even a zero rating for sanitary products. I

wholeheartedly agree, and I genuinely believe that we should be striving massively to do it. There is real poverty in some sections of our communities and poverty in relation to sanitary products really should not be exacerbated by having VAT on them. In January last year, the European Commission came back to us with revised proposals to allow countries in the EU to introduce lower rates for sanitary products, and in part that was in response to campaigns from this Chamber. As we know, the proposals still have to be agreed at EU level, and of course the UK has yet to finalise its relationship with the EU.

This has been a genuinely interesting debate, and I thank the hon. Member for Christchurch for entertaining me so thoroughly on a Friday morning. He will be unsurprised to hear that should the Bill be pressed to a vote, sadly I will not be able to support him in the Lobby.

12.15 pm

The Exchequer Secretary to the Treasury (Robert Jenrick): From the heart-warming and uplifting bravery of Finn and his fellow service dogs, to VAT—such is the unique ability of the Treasury to change the mood in the Chamber. I thank my hon. Friend the Member for Christchurch (Sir Christopher Chope) for promoting this Bill and raising these issues, and all hon. Members across the House who have had the chance to contribute today. In my experience, my hon. Friend's rather dim view of the bean-counting accountants at the Treasury is unfair to the excellent civil servants who work there. My office has a portrait of Nigel Lawson on the wall. He was one of the great Chancellors who understood the dynamic effect of simpler and lower taxes.

Stephen Pound: And now he lives in France.

Robert Jenrick: Part of the time.

I am grateful to my hon. Friends the Member for Berwick-upon-Tweed (Anne-Marie Trevelyan), and for Erewash (Maggie Throup)—not “ear wash” as it was pronounced in the previous debate by my hon. Friend the Member for South Suffolk (James Cartlidge), who is the voice of small c conservatism in this place. The hon. Member for Ealing North (Stephen Pound) made a fleeting cameo appearance in the debate to recommend Barbara Castle, who I agree was one of the great politicians of the 20th century. Modern politics might have been different if she had been able to take forward the reforms that she set about in the late 1960s. Briefly—he is no longer in his place—my hon. Friend the Member for Harborough (Neil O'Brien) set out the twin pillars that any Conservative Chancellor must balance: sound money and respect for the public finances so that we do not leave the next generation worse off than we found it, and the liberating dynamic effect of lower taxes. Every Chancellor has the opportunity to balance the two responsibly and drive the economy forward, and that is very much the context for this debate.

The Government champion small business people and entrepreneurs, who are the backbone of our economy. A simple tax system helps those individuals and the businesses they create to operate in a productive and profitable manner, as we heard from numerous colleagues across the House. We want to find opportunities wherever we can to help them move their businesses forward.

Under UK VAT rules, UK businesses must register for VAT once their total taxable turnover crosses the threshold, which is currently set at £85,000. Businesses can de-register if their turnover falls below £83,000. The Government recognise that accounting for VAT can be burdensome on small businesses, but it should not be over-estimated—our research shows that the cost to a small business of meeting its VAT responsibilities is generally around £300 a year. That is not inconsiderable, but it is perhaps not as much as some might suggest.

We want to maintain a VAT threshold that supports small businesses, and we do. As we heard from my hon. Friend the Member for Erewash, the United Kingdom's VAT threshold is the highest in the European Union and the OECD. To put that in context, the EU average is €33,000, and \$44,000 in the OECD. The German threshold is only £15,600, and ours is £85,000. We compare extremely favourably with our competitors around the world. That benefits 3.5 million UK businesses that are not required to account for or pay VAT—not half of all small businesses, but 60%. It is also worth noting the large and growing number of enterprises in the sharing economy, such as individuals taking up Airbnb businesses, generally below the VAT threshold, providing the kinds of services that might, in an era before the technology was available, be provided by VAT-registered businesses such as hotels and B&Bs.

Views on the right level at which to set the threshold are divided, despite the fact that it is, by international comparisons, very generous. Two years ago, the Chancellor asked the Office of Tax Simplification to examine the impact of making the threshold higher or lower. We did not prejudice that research; we asked the OTS to come forward with its views. Its report, published in November 2017—colleagues have quoted it today—found that the relatively high level of the threshold in the UK has a distortionary effect on business growth.

One reason for that, as we have already heard, is the “bunching” phenomenon, whereby small businesses limit their turnover to remain below the threshold. In the same way that welfare reform improves the ability of individuals to work extra hours or take a promotion, we do not want to discourage entrepreneurs from taking on an extra client, expanding their business or growing their sales. The bunching effect is significant, and raising the threshold somewhat, for example to £100,000, would not eliminate it; it would just move the problem further up the chain.

As a result of that report, the Chancellor committed to explore whether the design of the threshold could better incentivise growth. He launched a call for evidence in March last year, to understand the effects of the threshold on small businesses and ways of easing the burden once they become VAT-registered. During the call for evidence, businesses raised concerns, not dissimilar to those we have heard today, about the administrative and financial implications of registration, but there was no clear consensus on reform. That was not obfuscation of the kind alluded to by my hon. Friend; there was simply no clear answer on how to proceed. Numerous businesses wanted the threshold to be increased, and numerous wanted it to be decreased. The Chancellor therefore announced that the Government would maintain the threshold at its current level of £85,000 until March 2022, taking a balanced approach, with the UK continuing to lead the EU and the OECD in support for small businesses in this manner.

Anne-Marie Trevelyan: I agree with the Minister that the consultation was difficult and did not seem to come up with a solution, but will the Treasury seriously consider having a sliding scale for VAT registration, as is the case for other taxation systems?

Robert Jenrick: That suggestion, which my hon. Friend set out so eloquently in her speech, has been discussed on many occasions. It is an interesting proposal, but it would have significant fiscal implications, and it would mean that any business would be able to take advantage of that; large multinational corporations would benefit, not just small and medium-sized businesses. However, it is something we might consider in future.

Sir Christopher Chope: The Minister says that the consultation outcome was inconclusive, but paragraph 4.34 states:

“Above all, the most consistent response regarding the level of the VAT threshold was that a reduction in the threshold would be damaging for UK business and the economy.”

Paragraph 4.35 states:

“Many responses committed to the view that an increase to the threshold would make it much easier for newly-registered businesses” and so on. Was not the balance actually in favour of raising the threshold?

Robert Jenrick: As one might expect, many people wanted it to be increased, but a very large number of those who took part in the survey came to the conclusion that the bunching effect that my hon. Friend described, which is the fundamental issue here, would simply be kicked further down the road if we increased the threshold to £100,000. Of course, if one increased it to a very large figure such as £500,000 or £1 million, that might be of less concern because it would take out a swathe of small and medium-sized businesses, but the fiscal cost would be even higher. While I am the first person to seek a dynamic approach to taxation and lower taxes, we have to balance those two considerations and ensure that we do not live beyond our means as a country. As my hon. Friend the Member for South Suffolk said, taken together the proposals in the Bill carry a significant fiscal cost of several billion pounds, which I will mention briefly later.

The Bill proposes a threshold of £104,000. We already have the highest in the EU and OECD, so we lead the international business community in that respect. There is no evidence to suggest that the policies that the Government have adopted are leading to a diminution in the number of small businesses created in this country. There is a new start-up every 75 seconds. We are the start-up capital of Europe. We are the most dynamic and supportive economy in the world for entrepreneurs. If the UK economy has any challenge in this respect, it is how to help a business to scale up into a much more substantial business, far beyond the VAT threshold. We have been trying to tackle that issue in a number of ways that I do not have time to discuss today.

The measure is expensive, as we have heard. Its estimated cost to the Exchequer would be about £2.1 billion per year. I take my hon. Friend's point that it might have a dynamic effect and that we need to take such things into consideration. It can be a criticism of the Treasury and the OBR that the processes that we have created in the past 15 years make it much harder to take the kind of attitude that a Chancellor such as Nigel Lawson

[Robert Jenrick]

would have taken in the 1980s. None the less, there is a substantial fiscal cost to the measure. The loss in revenue has to be balanced by reduced public spending, increased borrowing or increased taxation elsewhere, all of which we want to avoid. While we support the desire to improve business growth, concerns remain that increasing the threshold would simply shift the problem higher up the level.

I want to mention some of the issues that my hon. Friend and others spoke about. I know that many right hon. and hon. Members care strongly about VAT on women's sanitary products, as do I, and wish to see change as soon as possible. The Government have taken action to address the issue, but we have been unable to succeed as a result of our continued membership of the EU. There will be opportunities for reform in the future, but not until the UK leaves the EU or after the end of the implementation period, should there be a deal, which we hope there will be. At that point, we will have the opportunity to address some of the issues.

It is worth saying that since the referendum on leaving the EU, the Government have received in excess of £40 billion of requests for reliefs from VAT using the additional flexibilities that we may have when we leave the EU. In addition, numerous other requests have been made to us, whether on excise duties or air passenger duty. In aggregate, these produce a substantial cost to the Exchequer, which would harm our ability to fund public services. We have to be realistic about our ability to act and to reform these taxes once we leave the EU.

Sir Christopher Chope: Is my hon. Friend prepared to publish that list of bids so that there can be a wider debate about which ones are most popular?

Robert Jenrick: It is not a secret. These matters are frequently discussed in the House. If my hon. Friend comes to Treasury questions, he will hear debates from colleagues who have regional airports, who would like us to reduce air passenger duty. He will hear colleagues from Northern Ireland asking us to reduce the aggregates tax so that they can increase their competitive position with the Republic of Ireland. There are numerous requests for us to use the freedoms that we will have when we leave the EU. We may be able to meet some of them, but we will have to do so judiciously. If we did all of them, as I think he might wish, we would end up with tens, if not hundreds, of billions of pounds less revenue with which to fund our public services, but he is absolutely right to want a good public debate in the years ahead about how we do this.

The Government agree that women's sanitary products should not be subject to VAT and, in the Finance Act 2016, introduced measures to enable the zero rating of VAT for women's sanitary products to take effect as soon as legally possible. In the meantime, at 5%, the UK applies the lowest VAT rate currently possible under EU law.

Until we are legally able to remove this tax, the Government will continue to award £15 million a year to women's charities—equivalent to the amount of VAT raised for the Exchequer from the sale of women's sanitary products. To date, over 70 charities have received grants from the tampon tax fund and £62 million has

been allocated since autumn statement 2015. This is a ridiculous and unfair tax that we want to remove as soon as we have ability. Rest assured, this Chancellor and this Government will do so.

In summary, I thank my hon. Friend for raising these issues and for the good debate we have had today. I would not always say this, but he is ahead of his time in raising these issues. The flexibilities he wants are not available today but might be in the years ahead. This prompts an important national debate about how we can continue to champion small businesses and have a tax system that supports enterprise and entrepreneurship long into the future. Unfortunately, at the present time, under EU law, we cannot act on many, if not all the measures, he has set out and so cannot support the Bill.

12.31 pm

Sir Christopher Chope: I thank everyone who has participated in the debate. We have raised a lot of issues that, once we have left the EU on 29 March, we can develop into important legislative proposals.

I am grateful to the Minister for reminding me of the time I spent in the Treasury as a PPS to the noble Lord Lawson, who did indeed understand the dynamic effect of tax reductions and who—incidentally—has since been a consistent critic of the ridiculous waste of public expenditure consequent on the Climate Change Act 2008 in his work for the Global Warming Policy Foundation, for which we should all pay him great tribute.

The Minister mentioned women's sanitary products. He called the tampon tax ridiculous and unfair, saying we must abolish it as soon as possible, but he manifestly failed to say when. Does that not sum up the problem with the EU? It is always delaying and delaying while lacking the will to do anything. It duped us during the Cameron negotiations into thinking we could get our own way on this ridiculous tax, yet it has failed to deliver since 2016, and my hon. Friend still does not know when it will deliver—we will, I hope, have left the EU before it happens.

I thank my hon. Friends the Members for Berwick-upon-Tweed (Anne-Marie Trevelyan), for South Suffolk (James Cartlidge) and for Erewash (Maggie Throup) for their contributions. I hope that they will participate in the ongoing debate that I hope will develop across the country as people realise that VAT is no longer in a closed category and can be debated openly. Perhaps we will get to see the £40 billion shopping list of costings, too, because the public should be debating these things. We are bringing back control to this House partly to have more control over this great area of taxation, so why not have a much more rational and transparent debate?

I am grateful to the hon. Member for West Ham (Lyn Brown), who identified important issues around online VAT fraud. My hon. Friend the Minister was not able to respond on those issues in his remarks, but we should not allow that to pass unremarked, because if there is an £11.7 billion gap, we should be putting a lot of resource into seeing what we might be able to do about it.

I could not agree with the hon. Member for West Ham about VAT on school fees, but I do agree that we in this country should have the right to decide such issues for ourselves. If there were a Labour Government—God forbid—who imposed VAT on school fees, would

it not be ridiculous if an incoming Conservative Government were then not able to remove VAT on school fees completely because, under existing EU law, they would have to leave VAT on school fees at the level of 5%? How ridiculous and undemocratic is that?

I have two options: withdraw the Bill, or put it to a vote of the House. I am confident that were I to put it to a vote, it would get a Second Reading, but I do not think there would be sufficient time in Committee and on Report to do it justice in this Session, and as my hon. Friend the Minister said, there is still the problem that we have not yet got to 29 March, so there are some things up in the air. It is easy for the Government to defend themselves against policy changes by saying that there is uncertainty, but I hope that that uncertainty will be resolved on 29 March. To remove the uncertainty relating to this Bill, however, I beg to ask leave to withdraw the motion.

Motion, by leave, withdrawn.

Holocaust (Return of Cultural Objects) (Amendment) Bill

Second Reading

Madam Deputy Speaker (Dame Rosie Winterton): I inform the House that the Scottish Parliament has approved a legislative consent resolution relating to this Bill, which is available in the Vote Office.

12.36 pm

Theresa Villiers (Chipping Barnet) (Con): I beg to move, That the Bill be now read a Second time.

Just over two weeks ago, Parliament held its annual debate in anticipation of Holocaust Memorial Day on 27 January, the anniversary of the liberation of Auschwitz-Birkenau. As we so often do in such debates, we saw the House of Commons at its best—recounting what happened, remembering the victims, commending the courage of survivors, and demanding that the lessons learned are never, ever forgotten. From across the House came stories of those who perished and those who survived, of the people who bravely stepped up and saved their Jewish neighbours and of those who stood by and did not. And from across the House came the clear commitment that we must never let antisemitism and racism go unchallenged, because we have horrific proof in our history of where that can lead. I believe that that is an appropriate background against which to consider the Holocaust (Return of Cultural Objects) (Amendment) Bill today.

This two-clause Bill has a simple objective: to retain on the statute book the Holocaust (Return of Cultural Objects) Act 2009, which would otherwise lapse on 11 November this year. My Bill would remove the sunset clause that is section 4(7) of the Act, with the result that it stays in force.

The case to save the 2009 Act is strong. It empowers a list of our national museums and libraries specified in section 1 to return items lost, stolen, looted or seized during the holocaust to their rightful owners or heirs. Prior to 2009, certain institutions, such as the British Museum and the British Library, were unable to return works of art to the people from whom the Nazis stole them because legal restrictions forbade them from giving away their collections. This was a bar even in cases when the museum was convinced of the merits of the claim and wanted to return the disputed item. Even where the Spoliation Advisory Panel established by the Government to look into these cases concluded that a fair outcome was restoration to the heirs of the original owner, that still could not be done.

The panel was set up following the historic declaration at the Washington conference of 1998, where representatives of 44 Governments from around the world came together to make a commitment to increase their efforts to identify and return Nazi-looted art and objects to the families of the original owners. The declaration recognised that the holocaust was a unique case that required specific measures on restoration of stolen art and property.

As well as the horrors of state-run industrialised mass murder, the Nazi campaign against Europe's Jewish community involved the widespread and systematic seizure of property. Seizure of material possessions was central to the Nazi project. Throughout the long history of antisemitism in Europe, toxic tropes and lies associated with wealth, property and greed have been used again

[Theresa Villiers]

and again. Sadly, as last year's debate on antisemitism showed, venomous and hurtful slanders are still deployed against Jewish people by some individuals today.

I never fail to be moved by the commemoration event hosted by Barnet Council to mark Holocaust Memorial Day. The theme for commemorations across the country this year was "Torn from home". An emotional moment during Barnet's commemoration came when a student from East Barnet School, Chloe Blott, read out a statement about her visit to Auschwitz, where she saw piles of front-door keys taken from new arrivals at the camp—keys that they no doubt hoped they might one day use to return to the homes from which they had been torn.

The Holocaust (Return of Cultural Objects) Act 2009 was passed with cross-party support after extensive scrutiny, and a legislative consent motion has been secured for my Bill from the Scottish Parliament. Examples of art returned under the 2009 Act include the Beneventan Missal, which was looted during the bombing of southern Italy in 1943, a John Constable painting stolen when the German army invaded Budapest in 1944, and three Meissen figurines seized in 1937 after the death of Jewish German art collector Emma Budge. This legislation is targeted and limited in scope to a specific period in history, a specific set of circumstances and specific type of object. It therefore has no bearing on wider debates about the potential return of museum objects to their countries of origin. It has worked well in practice, and the museum community has widely welcomed proposals to retain it on the statute book.

The volume of objects looted during world war two sadly means that there is still uncertainty about the full provenance of some of the cultural treasures housed in our national museums. Extensive work has been done by those institutions to check the origins and history of everything in their collections, but the task can probably never be fully and finally completed. I want to highlight the 2016 case in which the British Library returned a book to the family of its owner Karl Mayländer, an Austrian Jewish art collector who was deported to the Łódź ghetto and subsequently murdered. For technical legal reasons, that specific case was not dependent on the operation of the 2009 Act, but it illustrates an important principle. The book was valued at just £20, but Anne Webber of the Commission for Looted Art in Europe said

"every time a family gets a book back it always means a huge amount to them because it is something their relatives held in their hands and read and cared about".

We all know that objects can provide a strong link to people we have lost. With that in mind, I want to read several comments from people involved in cases establishing the right to restore lost art and objects. Not all these submissions to the Commission for Looted Art in Europe relate specifically to the provisions of the 2009 Act, but they all illustrate the crucial principle that underlies it. The first says:

"Please accept our sincere feelings of gratitude for your attempt to undo some of the enormous evil. These books of our murdered grandmother...have seemingly turned from passive objects to be read into witnesses whose voice will be heard and treasured".

Another family told the commission:

"I have a need to get this painting back. It was a present from my grandparents to my parents. I remember visiting the artist in his studio with my grandfather. I lost my mother, I lost my father, they were both murdered, it all just gets stronger."

A third family said:

"Of all the pictures in the collection we are particularly pleased that this one has been rediscovered. It was one of the favourites of our grandparents and our aunt remembers it hanging on the dining room wall of her childhood home. As a young child she always liked it so much and she is so happy that she has had the chance to see it hanging in the family home again."

Another family said:

"In a real sense, my family has been waiting for this moment for eighty years, when they fled Vienna with their lives and little else, and left their beloved art collection to an uncertain fate. I hope that this will serve as an example to other institutions and individuals, which may have objects that came to their collections through similar circumstances, that it is never too late to grant a measure of justice and compassion."

The last comment says:

"70 years after the end of the Second World War, there are still many thousands of people looking for their looted property, objects that mean so much. These are not just impersonal items from a lost collection, but objects that carry a huge symbolic and emotional value, to many, part of the landscape of a lost family, of a life destroyed."

Although, sadly, there is nothing we can do to make up for the pain of losing family members in the holocaust, the return of a book or a cultural object could provide a unique connection to one of those 6 million souls whose lives were cut short by humanity's greatest crime. Two week ago, we paid many tributes to holocaust survivors in a debate to mark Holocaust Memorial Day. The respect we accord to these incredibly brave people should include restoring precious works of art stolen from them and from their families. I commend this Bill to the House.

12.47 pm

Stephen Pound (Ealing North) (Lab): I have no doubt that I speak with the approval of the entire House, and far beyond, in heartily paying tribute to the right hon. Member for Chipping Barnet (Theresa Villiers) for introducing this crucial legislation, particularly at this of all times. It is noteworthy that one of her Barnet predecessors—although not a previous Member for her constituency—Andrew Dismore, who was a regular attender on Friday mornings, also spoke with great passion about the return of the Parthenon marbles, and I have no doubt that he would have been here to support the Bill. It is also noteworthy that a legislative consent motion has been received from the Scottish Parliament, which shows the national support. We all feel the same.

The right hon. Lady spoke intensely powerfully about the emotional impact of objects. One of the things stolen from the victims of the holocaust that we can never return is their lives, or their hopes, their dreams, their culture, their community and their ambition. That can never be returned, and that stain on humanity will always be there, deep and dark, but what we can do is acknowledge the looting, the theft and the appalling way in which these priceless objects—many of them of religious significance—were ripped from those households and, in some cases, exhibited in the homes of the temporary victors within the Nazi party.

Imagine the agony of someone seeing their own cultural artefacts, perhaps a menorah or some other item of great symbolic or religious significance, being exhibited as a spoil of what was perceived to be a war. The pain must have been almost unendurable, which is

why we in this country have to do what we can, with the support of our museums and all the cultural community, to return these items from whence they should never have been taken. Is it not a shame that we cannot legislate beyond these shores? Throughout the world there are many, many countries that still hold these artefacts and objects, which should be returned.

As we see in the reports of the Simon Wiesenthal Centre in the '50s and '60s, which list the number of paintings, we are talking not just about famous ones—the Rembrandts, Kandinskys and Chagalls and the ones we know about—but about many smaller paintings, many of which are family portraits. What could be more cruel than to have the portrait of a deceased relative, someone who had died in Auschwitz-Birkenau or in another camp—that painting, that memory, that link with that life—taken away and somehow treated as a piece of art that has a monetary value, not its spiritual and emotional value?

I find myself agreeing very much with the right hon. Member for Chipping Barnet on many occasions. She was a most distinguished Secretary of State for Northern Ireland, and when I held a minor office on the other side, I never had anything less than utter respect for her. That respect has grown even more today, but if the word “respect” is to be used in the Chamber today, it must be extended to those of the Jewish community and those Jewish relatives—the relatives of the holocaust. It must be extended to those people who suffered so grievously. We must show them not just the emotional respect that they are entitled to demand, but tangible respect, where we say, “We will do all we can to return to your home, to your hearts, to your hearths these objects that should never, ever have been taken away.” These objects are not stone, canvas, metal or paint—they are culture. They are the cultural embodiment of that community. They are the atoms that go to create that community. They are the very indication of what that community was, is and shall forever be.

Let us give the right hon. Lady a fair following wind with her Bill and let us spread the message even further, beyond these shores, that what we do today should be emulated throughout the world, in recognition of, and in some pale, minor recompense for, the greatest and most appalling crime the 20th century saw.

12.51 pm

Gillian Keegan (Chichester) (Con): It is a pleasure to follow the hon. Member for Ealing North (Stephen Pound), who gave a wonderful and powerful speech. I think we would all agree with every word he said. It is also a pleasure to participate in this debate and to support the Bill put forward by my right hon. Friend the Member for Chipping Barnet (Theresa Villiers), who does so much to speak up for the Jewish community. As he says, it is particularly poignant to be discussing this, given that less than two weeks ago we were here marking Holocaust Memorial Day.

In my contribution to the Holocaust Memorial Day debate last month, I raised the story of Simon Gronowski, who survived the holocaust and managed to escape the gas chambers of Auschwitz after being thrown by his mother from a moving transportation train in 1943. I had the honour of welcoming him to Parliament last week, where community groups from Chichester staged an opera that was based on his life story. Simon lost his

mother and his sister in the gas chambers. He also lost his home and his possessions. He lived out the rest of the war in hiding, being cared for by another family.

Simon's story is unique—it is as unique as it is inspirational, after he forgave the collaborator who put him on the train—but his experience of discrimination and loss is very common. The 1930s and 1940s were marked by Jewish people and minority groups having their property stolen and precious objects confiscated. In many countries occupied by the Nazis, special departments were set up to organise the stealing of Jewish property and items of value. Money, houses, jewellery and works of art were the most common items stolen. As recently as 2012, the state prosecutor in Augsburg, Germany, discovered and confiscated more than 1,400 framed and unframed paintings stolen by one of the Nazi war profiteers, Hildebrand Gurlitt. It is estimated that about 100,000 items still have not been repatriated to their original owners or families, having been looted by the Nazis between 1933 and 1945.

In my view, one that I am sure will be shared by every Member who participates in this debate, there should be no time limit on trying to right the wrongs of the past by returning lost possessions to the families affected by these atrocious crimes. By scrapping the original expiry date, as clause 1 would do, we will be following the precedent of most other European countries, such as France and Germany, which do not have time limits on survivors and their heirs making claims.

It was absolutely right that in 2009 Parliament enacted legislation to allow our museums to return items looted during the Nazi era. Thanks to the work of the Spoliation Advisory Panel, 23 works of art have been successfully returned since it was set up in 2000. We have a moral duty to ensure that any other items held by our museums and galleries that were stolen in such awful circumstances are returned to their rightful owners. As has been argued before, many may simply be unaware that they are in possession of such pieces.

Although not many objects have been discovered in Britain, we should not treat that as a reason to shut the door on heirs and families making claims in future. After all, these objects were cruelly and illegally stolen from victims who were often left with nothing. That is why I am pleased to hear that the Government have given their full support to scrapping the so-called sunset clause of the 2009 Act. As I have said, there should be no time limit on our attempts to right the wrongs of the past. As the hon. Member for Ealing North said, we cannot undo the insidious crimes inflicted by the Nazis, but we can make sure that survivors and heirs have their rightful property returned to them. This is a moral duty as much as any other.

In 1998, 44 states committed themselves to the Washington principles, which sought to make sure that possessions ransacked by the Nazis were returned to their rightful owners and families. If we do not amend the 2009 Act to remove the sunset clause, we will do ourselves a great disservice in the upholding of our international and moral agreements, which is why I give my full support to the Bill.

12.56 pm

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op): I join my hon. Friend the Member for Ealing North (Stephen Pound) in praising the work of the

[*Luke Pollard*]

right hon. Member for Chipping Barnet (Theresa Villiers) in introducing this timely Bill, which enjoys cross-party support.

I rise to speak about a curious personal story. Last year, I found out from my mum that her mum was Jewish—something that my sister and I did not know. As someone who prides themselves on being a massive gay, it has added an extra dimension when talking about rising hate. Not only would those evil Nazis not have liked me because I have fallen in love with someone of the same sex, but they would not have liked me because of the background of someone I never actually met. That is really timely, because the objects that we are talking about tell personal stories. They are not just the grand paintings that we can see in national galleries; they are the personal stories and personal objects of the people so cruelly killed by the Nazis. It was not just the Jewish community, but people from a lesbian, gay, bisexual and transgender background, trade unionists, socialists, Gypsies, Roma and the people with disabilities who were so inhumanely slaughtered in the pursuit of a corrupt and broken ideology. That is really important.

The removal of the sunset clause is a really important part of the Bill. I looked back at the debates in this place from 2009, when the sunset clause was described as

“on the one hand, sufficient time to facilitate claims and identify objects, and, on the other,”

enough time to give

“certainty for the public collections concerned.”—[*Official Report*, 26 June 2009; Vol. 494, c. 1045.]

Those were the words of Andrew Dismore. We should send the message from this House that although that sunset clause was deemed appropriate a decade ago, we should now remove it and allow the original legislation to continue in perpetuity, because the message that would send about those looted artefacts—be they worth millions, or if their value lies in a family’s personal connection to an object once held by a family who are no longer here—is incredibly powerful.

Just as we spoke about the need to remember those people who were lost in the holocaust with Holocaust Memorial Day only a few weeks ago, it is important that we tell the stories about why it is so important to continue to stand up against hate in all its forms. As the Member of Parliament for the oldest Ashkenazi synagogue in the English-speaking world, which is in Plymouth—a place not many people would expect to find it—I know how important it is that we tell the stories about the Jewish community and those communities that were attacked by the rise of the far right. Whether they are communities with a lot of people or, as in Plymouth, much smaller communities, we must tell the story of why we must stand up to rising hate, be it from those people we oppose or, importantly, when it comes from people who in many cases share similar values to ourselves. It is very important not to allow the creeping cancer of antisemitism into our politics and communities. I support the Bill strongly and wish it the best of luck as it goes through the parliamentary process.

12.59 pm

Kevin Foster (Torbay) (Con): It is always a pleasure to follow the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard), especially as he represents

my birthplace and my home town. Sadly, as he will know, the Freedom Fields Hospital is no longer there; it is now a housing estate. There is something else that we share, which is support for this Bill, and it makes eminent sense to take it forward.

The hon. Member for Ealing North (Stephen Pound), who has sat through one or two of my speeches on a Friday—they were slightly longer than this one will be—will be relieved to know that I have no intention of looking to beat one of my Friday records today. [*Interruption.*] I hear the disappointment from the Front Bench, but I certainly do not want to put this Bill in jeopardy by attempting to do that. It is absolutely right that, with this Bill, we look to remove the 10-year time limit and the sunset clause from the 2009 Act. I can understand why, perhaps a decade ago, Parliament thought that these matters may be resolved or that we should allow a period for review. It clearly makes sense to allow claims to be made; we should not just have a legal cut-off date that was picked a decade ago. There are not just practical reasons for that, but symbolic ones as well.

We must remember that the goal of the Nazis was not just to murder their victims, but to annihilate all trace of them and to annihilate all trace of the Jewish people. They did not just murder those who were living; they demolished cemeteries, burned down synagogues and sought to erase the entire culture from Europe. That is why it is so important that where these artefacts are preserved and retained, they are returned so that they can be exhibited and shown by families again as a reminder of what once existed.

Let us be clear: the Nazis had exactly the same plans for the United Kingdom had they managed to cross the channel and invade us in 1940. The SS had already drawn up a list of several thousand people to be executed almost immediately—they were literally going to work through it A to Z. The list comprised not just political or military opponents, but anyone involved in the cultural life of this nation, because they wanted to annihilate them and subjugate the culture to their own perverted ideology in which they replaced the Bible with “Mein Kampf” and any other god in which people believed with a belief in Adolf Hitler. Thankfully, many of our forebears, including those whom we commemorate in this Chamber, stood firm against that regime, paying a terrible price for doing so, and actually brought to an end its dominance and its reign in Europe.

It is now right that we continue to commemorate and remember those who suffered and who were murdered. As was touched on by the hon. Member for Plymouth, Sutton and Devonport, it was not just the Jewish community who suffered and were annihilated, but homosexuals and anyone who defied the Nazis. None the less, they put great emphasis on the Jewish people. Even today, there is one European city that is paved in cobblestones. When those cobblestones are turned upside down, one can see that they are Jewish headstones that have been used to pave the streets. Again, that was all part of the Nazis’ mission to demolish the whole community and to remove any trace of it. For me, one of the greatest victories against National Socialism is the fact that the victims are remembered. While the Nazis are condemned in history for their actions, their brutality and their murderous crimes, their victims are remembered as the people they were, as the culture they represented,

as the hopes, the dreams and the aspirations that they all had that were snuffed out in a bizarre, murderous craze that gripped the extremists of the National Socialist movement.

I am conscious that others wish to speak and that we are pressed for time. This Bill is very worth while. I welcome it and look forward to it achieving its Second Reading today.

1.3 pm

Maggie Throup (Erewash) (Con): I congratulate my right hon. Friend the Member for Chipping Barnet (Theresa Villiers) on her stewardship of this small but important piece of legislation to remove the sunset clause contained within the original Holocaust (Return of Cultural Objects) Act 2009.

As a Parliament, as other Members have said, we recently came together to mark Holocaust Memorial Day with a Backbench Business debate during which we remembered the 6 million Jewish men, women and children who were systematically murdered by the Nazi regime. Although this dark episode in global history may grow more distant with every year that passes, these horrific crimes against humanity must not, and will not, be forgotten. The history of what happened on the continent of Europe during this period is often viewed through the prism of what we know happened at Dachau, Belsen and Auschwitz.

To understand the full extent of the holocaust and its lasting effect on victims and their relatives, we must also understand the events that led up to the final solution. From Hitler's rise to power in 1933 to the passing of the Nuremberg laws in 1935 and Kristallnacht in 1938, the Nazis first marginalised and then set about eradicating the Jewish population with increasing speed and intensity. One major element of the programme was the looting and pillaging of around 20% of Europe's cultural treasures, including hundreds of thousands of pieces of artwork owned by the Jewish community, and it is estimated that some 100,000 cultural objects remain hidden.

It should be recognised that since the war, UK institutions have been at the forefront of efforts to identify objects with uncertain provenance. Since it was established in 2000, the Spoliation Advisory Panel has advised on 20 claims concerning looted artwork. In the case of 23 cultural objects, either they have been returned to their rightful owners or compensation has been paid out.

The Holocaust (Return of Cultural Objects) Act 2009 has been instrumental in facilitating this process, which had been hindered by rules governing the disposal of such items from UK collections. Although I have no doubt that the consultation conducted prior to the introduction of the legislation was sincere in its conclusion regarding the need for a time limit, it has become increasingly clear that we have a moral obligation to the last remaining survivors and their families to continue to allow UK institutions to reunite them with looted objects beyond the 11 November deadline, which is fast approaching. Therefore, I offer this Bill my full support. Although we will never be able to make right the atrocities of the past, we can and should right this small injustice. I again congratulate my right hon. Friend the Member for Chipping Barnet on her work on breaking down these barriers, and I look forward to the success of the Bill.

1.6 pm

Peter Heaton-Jones (North Devon) (Con): I echo Members from across the House in congratulating my right hon. Friend the Member for Chipping Barnet (Theresa Villiers) on her stewardship of this extraordinarily important Bill. Other Members have reflected on the power of physical objects, and that was brought home to me about 18 months ago when my mother passed away in the summer of 2017 and I became the custodian of a small box of family heirlooms. To my shame and regret, I had never really looked at them in the 54 years in which I could have done so, and I was perhaps not aware of their significance. Inside the box were some war medals, which had been awarded to my paternal and maternal grandfathers. I only met one of them; my mum's dad was known to me, but my dad's father died when my dad was only a very young boy, in 1930.

I had never seen those medals before, and, clearly, I never had the opportunity to meet my grandfather, but the physical act of holding the medals in my hands demonstrated the strong emotional power of physical objects and the connection that they can provide to the past. I can only imagine that that is multiplied 10 times, 100 times or 1,000 times in the case of Jewish communities in which families suffered so awfully in the holocaust. That is why it is so important that the physical objects in question are returned to the families, as my right hon. Friend's Bill seeks to do.

The holocaust is an horrific stain on human history. The murder of more than 6 million individuals cruelly cut short their lives and potential. It is worth remembering the full horror of it, with whole villages being taken into the forests and killed, and millions being deported from their homes. As my fellow Devon MP the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard) reminded us so well, it extended beyond the Jewish community to encompass Gypsies, the Romany and the gay community. It was an utterly shameful part of history.

Those horrific crimes can never be remedied. As well as taking those people's lives, the Nazis stripped them of their possessions and property. Indeed, it is estimated that 20% of what we regard as Europe's cultural treasures are in fact the rightful property of the Jewish families who suffered in the holocaust. We must therefore do everything in our power to ensure that Nazi-looted works of art are returned to their rightful owners.

Knowing that my right hon. Friend's Bill was being debated today, I did a bit of research on why the sunset clause was introduced in the 2009 Act. It is intriguing that one would ever have believed it was right to say that there is an arbitrary cut-off point of 10 years beyond which it would no longer be appropriate or possible to return such objects. When one looks into the history, one can see, to some extent, the thought process that was in force at the time. In 2006, prior even to the introduction of the original legislation, there was a consultation in which the majority of respondents agreed that as time passed it would become more and more difficult to determine the rightful ownership of some of these objects and some of this property.

That might have seemed sensible and measured at the time, but, as my right hon. Friend has so powerfully demonstrated in her speech today and in others that she has made on this subject, we have learned as we have

[*Peter Heaton-Jones*]

gone on that actually what was right then—what was rightly achieved by the 2009 Act—is just as right now. There is still plenty of opportunity and plenty of work to be done to identify the rightful owners of some of these objects and to return them in the same way. That is why I am very pleased to be supporting this Bill today. It is absolutely right that we amend the 2009 Act to remove the sunset clause due to take effect on 11 November this year and thereby extend these provisions indefinitely so that we can try to right some of the wrongs of the past.

During my research, I was very struck by some of the comments that my right hon. Friend made when introducing this Bill, when she said better than I certainly could why this is important:

“Surely, it would be heartless and wrong to deprive the last survivors of their right to recover treasured works of art.”—[*Official Report*, 13 March 2018; Vol. 637, c. 754.]

That is exactly the essence of this Bill. It removes the sunset clause. It allows items stolen during the holocaust to be returned to their rightful owners indefinitely. It is an important piece of legislation and I am pleased to support it wholeheartedly.

1.12 pm

Tom Watson (West Bromwich East) (Lab): I thank the right hon. Member for Chipping Barnet (Theresa Villiers) for bringing this important Bill to the House today. I am glad to say that it has the support of both the Government and the Opposition. She spoke with her customary dignity and authority on an issue on which she has not only served her constituents well but served the British Jewish community well—and, indeed, the Jewish community throughout the world. That is perhaps why the Bill has enjoyed so much support across the House today. I was particularly impressed with the speech by the hon. Member for Torbay (Kevin Foster) and his allusion to the idea of the Nazi Kulturkampf, because we know that if we eradicate culture, we are halfway towards eradicating humanity.

Devon has been well represented in the Chamber today. The hon. Member for North Devon (Peter Heaton-Jones) spoke movingly of his parents and of his grandparents who served their country with great valour. I am sure that they would have been proud of his speech. I could not help but be moved by the short contribution by my hon. Friend the Member for Plymouth, Sutton and Devonport (Luke Pollard), who found out last year that he was actually Jewish. He is part of a richer cultural heritage for that, and he should be very proud that he has that heritage in his family.

I was also moved, as ever, by the contribution by my hon. Friend—my very old friend—the Member for Ealing North (Stephen Pound), who spoke very movingly about the power of physical objects and paid tribute to the work done on this Bill by Andrew Dismore, the former Member of Parliament for Hendon and current London Assembly Member for Barnet and Camden.

As a former Friday Whip, I remember him well. Once, after he had spoken for three hours, he said, “Mr Speaker, as I begin to conclude,” and everyone cheered. But then he added, “my opening remarks,” and everyone let out a breath of dismay. He was a great Friday Chamber Member.

However, Andrew Dismore also worked tirelessly to get the Act through the House back in 2009—even rolling out his sleeping bag and sleeping on the floor of the Public Bill Office overnight to make sure he had a high enough slot to get it heard, and how proud we are of him for doing that. He was the driving force behind Holocaust Memorial Day, introducing the private Member’s Bill that established it in 2001. He was always, and has always been, outspoken against antisemitism and helped to highlight the work of the great Holocaust Memorial Day Trust. Let me use this opportunity to also praise the work of the Holocaust Educational Trust—an institution dear to my heart and, I am sure, to all of us in the Chamber—which is ably led by the wonderful Karen Pollock.

The holocaust was one of the worst events in human history. I do not need to rehearse the facts about the millions of lives extinguished and the millions more changed forever. The horror of the Shoah will never be forgotten, and we must pay thanks to the important work of all the organisations that make sure the world will never forget.

The Bill addresses a very important subject: the return of cultural objects looted by the Nazis. During the Nazi reign of terror, millions of precious cultural objects were stolen from the Jewish community. Some have been recovered, but many thousands remain missing. As the hon. Member for Erewash (Maggie Throup) so ably noted, around 100,000 objects stolen by the Nazis are still missing today. It is estimated that 20% of Europe’s cultural treasures were lost during world war two.

Nothing can undo the horror of that period, but we should do everything we can now to reunite cultural objects that surface with their rightful owners. More than 70 years on from world war two, there are still families who have not been reunited with heirlooms that rightly belong to them. As many survivors of the holocaust are passing away, it is vital that their descendants have confidence that this Parliament and this Government are committed to ensuring that they get back what is rightfully theirs, and I hope this debate will assure them that we are.

The Bill repeals the sunset clause in the Act brought in by the Labour Government in 2009, which gives our national museums and galleries the power to return these special cultural objects on the recommendation of the Spoliation Advisory Panel. Since the panel was established in 2000, 23 cultural objects taken by the Nazis have been returned to their rightful owners, and we must ensure that the panel can continue its vital work. Some of those treasures have been referred to already. The right hon. Lady mentioned the John Constable painting that was stolen by the Nazis after the invasion of Budapest, which was returned by the Tate in 2015. The 800-year-old manuscript the Beneventan Missal has also been returned.

The panel has carried out its work fairly and delivered justice to the families of those whose precious possessions were stolen. It works in co-operation with our national museums and galleries, which support its work and are in agreement on the urgency and necessity of returning stolen objects to their owners.

As the right hon. Lady said, this is carefully targeted, specific legislation that works well. Once the Bill has passed, which I hope it will soon, the panel will be able

to continue its important work. It is particularly important for those whose stolen possessions have, sadly, still not been found that, once they are, the Bill will give them the power to get back what is theirs. Also, for those who may not even know about this process, and may not even harbour a hope of getting back what their families once treasured, the Bill should give them that hope.

It is important that we support this cause and the moral beliefs underpinning it when the spectre of antisemitism is on the rise once again. I was horrified to read in the news just days ago that antisemitic hate crimes hit a record number in 2018. That is something that should scare and anger us all, and we must do everything in our power to stamp it out.

Before I congratulate the right hon. Lady on bringing in this important Bill, let me just reflect on what the hon. Member for Torbay said about the wider symbolism beyond this Bill that unites this House. Such unity is borne out of a commitment to oppose antisemitism in all its forms, wherever it exists and in every institution, and it requires a zero-tolerance response.

As we unify and commit to supporting this Bill, let us not forget our honourable colleagues on both sides of the House who have been the subject of death threats, the subject of racist abuse, the subject of misogynistic abuse and the subject of bullying and antisemitism. As the deputy leader of my party, let me say to my friend and comrade, my hon. Friend the Member for Liverpool, Wavertree (Luciana Berger), as I do to honourable colleagues facing that abuse, that she has our solidarity and she has our support as she battles the bullying hatred from members of her own local party. They bring disgrace to the party that I love.

I would like to end by thanking the right hon. Member for Chipping Barnet once again for her work on this vital Bill, which delivers a small amount of justice to those who have suffered so greatly.

Madam Deputy Speaker (Dame Eleanor Laing): Before I call the Minister, I want to add on behalf of the whole House that I am sure every Member of this place would echo what the hon. Gentleman has just said about the hon. Member for Liverpool, Wavertree (Luciana Berger). She has the support of us all, and we must all stand together to stand up for her and defend her in every way possible. We must root out the sort of behaviour that is going on, which has no place in our free democracy.

1.21 pm

The Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport (Mims Davies): It is an honour to speak at the Dispatch Box on this important Bill, and to follow the Opposition spokesman, the hon. Member for West Bromwich East (Tom Watson). In the poignant words at the end of his speech, he spoke about a loss of culture being equated with the loss of humanity. The last time I spoke at this Dispatch Box, it was on discrimination in sports and on the fact that ugly acts of hatred are not welcome in sport. Such acts are not welcome in any part of our society or any of our political processes. The Government absolutely recognise that and will stand up for people subjected to such vile hatred.

There is therefore good reason to come together to support the very thoughtful words in the introduction from my right hon. Friend the Member for Chipping

Barnet (Theresa Villiers). With moving passion, she made a thoughtful speech, and I would like to recognise the broader work that she does. She mentioned that 6 million souls were lost to families and communities in the holocaust, and that stark reminder was echoed by the hon. Member for Ealing North (Stephen Pound). My hon. Friend the Member for Chichester (Gillian Keegan) spoke about a constituent of hers saying that there was no time limit on righting these wrongs. We also heard the personal story of the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard).

I thank my hon. Friend the Member for Torbay (Kevin Foster) for his, as ever, very thoughtful words. He spoke about remembering the impact of the aim to annihilate and subjugate, how culture was not to be supported and how families' precious items were part of the murderous demolition. There was another thoughtful speech from my hon. Friend the Member for Erewash (Maggie Throup) in support of this important Bill, and we heard from my hon. Friend the Member for North Devon (Peter Heaton-Jones) about the physical connections and preciousness of family objects. That is why the Government support this Bill, and we see it as an absolute imperative to do so. The Government's view remains that it is correct to right the wrongs that took place in the Nazi era, and when it comes to cultural objects lost in such circumstances, we must provide fair and just solutions for families who suffered persecution.

As we have heard, an estimated 20% of Europe's cultural treasures were stolen or plundered by Nazi Germany, mostly from Jewish families, and more than 100,000 works remain lost and are presumed to be in private collections. Despite their valiant efforts, the monuments men—a band of art historians, museum curators, professors and other unsung soldiers and sailors in the allied armies' monuments fine arts and archives sections—could not bring everything home to those who wanted it. A massive volume of cultural artworks was lost, including works by Vermeer, van Gogh, Rembrandt, Raphael, Leonardo, Botticelli and many other artists.

Stephen Pound: I apologise for interrupting the Minister who, as ever, speaks powerfully and from a well-informed position. Given her comments about the immensity of the task, does she recognise that today we are able to send out a message to victims of the other genocides? I think particularly of the Armenian genocide of 1915, when an entire community was treated just as foully and appallingly. Does she agree that we could send out a signal to the wider world that we are finally seeking some recompense for those sins and crimes of the past?

Mims Davies: Today, we are focused on a particular issue, but we are speaking about an extremely solemn area. I served on the Cultural Property (Armed Conflicts) Bill Committee, and the Bill rightly became an Act. We must look more broadly, because throughout history so much culture has been lost on a truly astronomical scale, and we must send a message that there is no time limit when people have suffered injustices. It is right to continue on our mission of returning looted art, which is no less important now than it was then. As we have heard, there is a clear consensus across the House that we want to do the right thing, and we in the UK are sending out a message because we have a perfect piece of legislation that enables us to do that.

[Mims Davies]

The Holocaust (Return of Cultural Objects) Act 2009 allows 17 cultural institutions in the UK to return objects lost between 1933 and 1945, and it enables them to do that effectively, by using the appropriate advisory panel. Today, we heard about the importance of having a fair and just way of returning to people those cultural objects lost during the Nazi era. The institutions covered by the 2009 Act are statutory bodies that would otherwise be prevented from doing that by Government legislation, and therefore returning those objects would be too difficult. The Act from 10 years ago ensures that we can continue to reunite objects with their claimants, alongside the advisory panel, and supported by the Secretary of State.

We heard about the Beneventan missal, which was the first item to be returned under the 2009 Act. That fine example of a 12th-century manuscript was in the possession of the British Library, and a claim was first considered by the Spoliation Advisory Panel in 2005. The panel concluded that the manuscript was looted and should be returned to its rightful owner, and for that to be possible, it recommended the introduction of legislation to permit the restitution of such objects. In the absence of such legislation at the time, the British Library sought to agree a long-term loan of the missal to Italy. Only after the introduction of the 2009 Act was the claim referred back to the panel, and the missal was finally returned to the place where it had been lost after the allied bombing in September 1943. The return of the missal became highly symbolic for the city of Benevento and its cathedral, and they were delighted to have it back. It is now kept in the chapter library, attached to the cathedral, which was rebuilt after damage sustained during the war.

The principle of correcting past injustices, as exemplified in this case, has not been affected by the passage of time. In fact, arguably that principle is strengthened as memories start to fade, as we have heard today. It is not necessarily easy to make sense of what happened more than 70 years ago. With fewer survivors among us, we must rely increasingly on written testimony and second-hand accounts.

On Holocaust Memorial Day this year, my Department was incredibly fortunate to hear the personal testimony of Harry Bibring, a holocaust survivor who told us how his parents sent him and his sister, who were both in

their early teens at the time, on the Kindertransport to England, along with 10,000 other children aged from nine months to 16 years. Sadly, they never saw their parents again. There are many such stories still to be told. We must continue to listen and seek redress where we can. The Bill is the right legislation to allow that process.

Today, Sir Nicholas Serota, director of the Tate from 1988 to 2017, and the National Museum Directors Council's lead on spoliation from 1998 to 2017, issued the following statement:

"The UK has been an international leader in responding to the challenges associated with Spoliation claims. The creation of the Spoliation Advisory Panel in 2000 established a model and a procedure that has been adopted by other countries. In recent years, new claims have become less frequent, but there is a strong moral case to remove the 'sunset' clause that provides for a time limit on cases being considered. It is important that potential claimants should not feel that the door is being slammed in their face."

It is worth noting that claimants are unlikely to be able to pursue a legal claim for the return of their property through the courts. Referral to the Spoliation Advisory Panel is, in nearly all cases, the sole remaining route for pursuing the return of cultural objects lost in these circumstances. Just last week, the Government announced that the UK has joined four other European countries—Austria, France, Germany and the Netherlands—to form a new network for increasing international co-operation on the return of works of art looted during the Nazi era. The UK has always sought to lead by example, so it is absolutely right that we all support the Bill.

1.32 pm

Theresa Villiers: I would like to express my gratitude to all right hon. and hon. Members who have taken part in today's debate and expressed support for this important Bill, particularly both Front Benchers, and to Department for Digital, Culture, Media and Sport officials, who provided me with a helpful briefing and support on this important matter. I associate myself with all comments in which Members have, once again, made a commitment that we will not tolerate antisemitism in any form whatsoever. I very much hope that the House will support my Bill.

Question put and agreed to.

Bill accordingly read a Second time; to stand committed to a Public Bill Committee (Standing Order No. 63).

Rivers Authorities and Land Drainage Bill

Second Reading

1.33 pm

David Warburton (Somerton and Frome) (Con): I beg to move, That the Bill be now read a Second time.

I am delighted to speak to a Bill on a topic that, unfortunately, can be close to us all, and sadly can have a devastating and dramatic effect on our constituents and many of us—flooding. The sad reality is that many of our constituencies have at some point experienced flooding, and some, such as mine, face the risk regularly. Flooding is a natural disaster that we have little means of preventing, and of course it occurs all over the world, as we have seen recently in Australia and America. However, we have the power to help our communities to better manage the risk of their homes and businesses being affected by flooding by taking precautionary action to be better prepared so that when the weather does turn out to be against us, there is less risk to life, livelihoods and property, and recovery is quicker.

I am sure that many of us have heard shocking accounts from our constituents, and many hon. Members will, like me, have seen such devastation themselves. The Bill will specifically help us to manage better the risk of flooding and to improve our water management and, vitally, our environment. Hon. Members will remember the devastating flooding that hit the country during the winters of 2013 and 2014. The widespread flooding covered all four corners of the country, as we experienced the wettest winter for 250 years. Some 11,000 properties were flooded, and the total economic damage for England and Wales is estimated at £1.3 billion.

In Somerset, water entirely covered the levels and moors and devastated the land; 150 sq km of land was submerged for many weeks. According to the Environment Agency, 100 million cubic metres of water covered Somerset's otherwise green and pleasant land. By my reckoning, we were up to our necks in 40,000 Olympic swimming pools-worth of water. Lives, homes, businesses and infrastructure were all affected, and I will never forget making visits to the village of Muchelney in 2014 not by road, but by boat. I stood in people's houses that not only were waist deep in water, but had been flooded only 12 months before. Livelihoods really were driven to the brink, and people were understandably driven to despair. The cost to Somerset was estimated at £147 million.

Michael Tomlinson (Mid Dorset and North Poole) (Con): I congratulate my hon. Friend on introducing this important Bill, which will help his constituents and many of ours. He said that flooding affects all four corners of this country. Perhaps the Minister may be able to pick this up, but the explanatory notes and the Bill's territorial extent and application clause refer only to England. A subsequent subsection refers to the legislative competence of the Scottish Parliament and so on, but will my hon. Friend or perhaps the Minister explain what will happen to the whole United Kingdom? My hon. Friend is bringing forward such important matters that the Bill should touch our whole United Kingdom.

David Warburton: My hon. Friend is right that the Bill refers to England alone. It does not cover the separate competency that the Scottish Parliament will

have. I am sure that my hon. Friend the Minister for Agriculture, Fisheries and Food will explain more about that.

After the devastation of the 2014 floods came grief and blame, and finally—thankfully—a desire to take action. I am sure that these thoughts are replicated after every disaster. One action that was taken was the creation of a 20-year flood action plan for the area. This was done at the sensible request of my right hon. Friend the Member for North Shropshire (Mr Paterson), the then Environment Secretary. A key innovation that came from that plan was the creation in 2015 of a new body, the Somerset Rivers Authority. Since then it has overseen more than 120 projects.

The first measure in my Bill will allow for the creation of rivers authorities. They will be locally accountable flood risk management authorities with the power to issue a council tax precept. A rivers authority will bring together other local flood risk management authorities and use the precept to fund additional local flood risk management work. Such a body could be created anywhere in England where there is local support, and if proposed by a flood risk management authority.

We are fortunate in Somerset that we already have such a body, but we need the Bill to incorporate it fully. In doing so, the Somerset Rivers Authority would be able to secure its future. A flood risk management authority would have duties and would, for the first time, be able to put its finances on a stable footing as a precepting body. The Bill includes additional safeguards for local tax payers, of course, and would allow the rivers authority to plan its water and flood management schemes into the future and thereby create a safer, more secure environment for us all.

James Cartlidge (South Suffolk) (Con): I congratulate my hon. Friend on bringing forward this important Bill, but is there not an issue with the Environment Agency's role? In Suffolk, it has pulled back from some of its responsibilities—in many ways, quite understandably. Would this new authority not, in effect, be performing roles that many of my constituents would argue the Environment Agency should be performing?

David Warburton: My hon. Friend reads my mind. I was about to come to that point. The Somerset Rivers Authority brings together the county council, the five district councils, the Environment Agency, the Wessex Regional Flood and Coastal Committee, Natural England and the three internal drainage boards. In other words, it does not usurp the position of any of those partners but, rather, complements them. It brings everyone together to provide this very special part of the west country with additional and vital flood protection and resilience.

The Somerset Rivers Authority is currently funded through a shadow precept on local council tax payers. This funds projects such as additional maintenance for rivers, watercourses and many locally significant structures. It also contributes towards other projects, such as upgrading and securing the River Soway and King's Sedgemoor drain; much-needed dredging and monitoring of silt build-up; unblocking, clearing and repairing culverts and gullies; clearing away 1,000 extra tonnes of debris from 60 miles of road edgeways; maintaining a new flood alert system for two major roads; natural flood management in both rural and urban areas; and better land management and the uptake of sustainable drainage systems.

[David Warburton]

The Somerset Rivers Authority will also continue to work with and help communities, households, businesses and landowners to become more resilient to flooding and its impacts. As ever, this includes encouraging greater participation in groups and networks, and identifying and supporting our most vulnerable people. All this work has kept our waterways functioning and—so far—our feet dry, but now we need the final piece to secure the future of the rivers authority.

Alongside rivers authorities, there are other important bodies that tackle flood risk management, such as our internal drainage boards. In Somerset, we are, as ever, fortunate, because we have three—Axe Brue, North Somerset Levels and Parrett—and I am aware of others across the country and of hon. Members who support their work. These bodies maintain watercourses, reduce flood risk to people and property, and manage water levels for agricultural and environmental needs within their internal drainage district.

Some parts of England, however, do not have the benefit of an internal drainage board. Enabling the creation of new internal drainage boards, or the expansion of existing ones, requires a change to the Land Drainage Act 1991, and that is what the second measure in my Bill would do. In essence, the problem is down to incomplete ratings data. The Act requires an amendment to accept a newer ratings dataset that could be used to create new charging methodologies. It is important to stress that these new methodologies would use existing tax data and would not be a new form of taxation.

Internal drainage boards are mainly funded via charges levied on the communities they serve. The first—drainage rates—is paid by agricultural landowners, while the second, which is a special levy, is paid by households and businesses. The new charging methodologies would enable these charges to be apportioned using up-to-date council tax and business rates data. To ensure that the apportionment calculation is up to date and to reduce the risk of imbalance on either side, this measure would update both charging methodologies.

As I said at the start of my speech, we are all aware of the potential wide impact and terrible aftermath of flooding. The Bill helps to deliver greater protection through two different but equally important public bodies. Hon. Members owe it to our constituencies, communities and anyone who has been flooded or is at risk of flooding to take all possible steps to mitigate that risk. The measures in this Bill are enabling; nothing will be forced, and only where there is local support will the Government be able to act. However, without the Bill, the Government cannot act, so I very much hope it strikes a chord with Members in the Chamber and that it will have unanimous support.

I would like to put on record my sincere thanks to both the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Suffolk Coastal (Dr Coffey)—unfortunately she is unable to be present for the debate as she is opening the new Ipswich barrier—and the Government for their support in this process. I think I speak for Somerset and indeed other parts of our country when I say that we all hope that the Bill will enable local action to be taken so that we will see dry feet and nothing leaking over the tops of our wellies for some years to come.

1.46 pm

Victoria Prentis (Banbury) (Con): I did not think we would get on to this Bill today, but I am thrilled that we have, because I have always felt strongly about flooding. That is partly because of my paternal grandfather, who always used to say that there was no better sound than that of a well-running drain. Also, I hesitate to say this but my mother is Welsh and Wales does suffer from a certain amount of wet weather. So this runs in my veins, and I grew up to become a barrister who prosecuted water companies, and I was always very interested in the way in which we could regulate both clean raw water and the clean water in our taps. As we all know, many in this House have tried very hard to reduce the amount of plastic waste that we produce, and one way to do that is to drink tap water instead of drinking water out of plastic bottles. I was glad to see from my prosecution days that the water that runs out of our taps is of very superior quality.

I now have the honour to represent Banbury and Bicester. They are wonderful places in many ways, but it has to be said that we are quite damp locally: not as damp possibly as the constituency of my hon. Friend the Member for Somerton and Frome (David Warburton), but we do suffer from a very high water table. I met the Environment Agency last week and was very pleased to be shown the map of my constituency. I say I was very pleased, but in fact I was completely horrified because it showed the quality of raw water described in colours, with the darker the colour meaning the more worried we should be. Part of me was proud to see that the only green on the map represents a very small area very near where my family farms; part of me was pleased about that and I keep meaning to mention it to my father—perhaps I am doing to so in the Chamber this afternoon—who I know would be proud. The rest of the map was very troubling, however. Most of it was dark orange and some areas were red. The Environment Agency explained that there are reasons for that: apparently if a drainage course is altered, that in itself can lead to an area being in the red, and it does not necessarily mean the quality of the raw water is of concern. In looking at this matter, we might therefore need to consider whether the mechanisms we use to measure water quality are a little clunky; the Minister might want to address that later.

It is worrying, however, that an area that is damp—traditionally, geographically—and where the water quality really matters to us should have this problem. As Members know, we are very keen on our house building programme locally; we are keen to promote growth, but we are also keen that this should not be at the expense of the natural environment. I have asked the Environment Agency to follow up what it told me last week and I will be continuing to monitor this matter very closely.

The other reason I am particularly proud to speak this afternoon is that, following severe flooding in my area over the winter of 2015-16—some years after the floods mentioned by my hon. Friend the Member for Somerton and Frome—over £200 million was made available to help communities and businesses across the UK recover and a further £130 million was given to be spent on repairing damaged transport infrastructure. We were very interested in that scheme and responded to it.

Many of my constituents will recall the Easter of 1998 not as a time of celebration but as a time of severe devastation. Heavy rain caused a flood that closed our railway station and many roads. Approximately 125 residential and 35 commercial properties were affected, resulting in more than £12.5 million of damage. Another flood in the summer of 2007 reinforced the need for a comprehensive flood alleviation scheme in Banbury.

The geography of the valley alongside the river that runs through Banbury makes the town susceptible to flooding following heavy rain. The alleviation scheme consists of five elements: a large flood storage reservoir upstream of Banbury; a key elevated highway into the community; new earth embankments, flood walls and pile walls in strategic locations; a new pumping station; and a bio-habitat, complete with ponds, trees and hedgerows. The scheme has worked enormously well, transforming both the town and the area downstream of Banbury, where I live, which used to suffer from being flooded on purpose when Banbury was at risk.

The other thing that makes me particularly proud of the scheme is that it was funded by a combination of means, both private and public, and the model should be considered and taken up nationwide. The project was funded by the regional flood defence committee, Cherwell District Council, Thames Water and Network Rail and was brilliantly spearheaded by the Environment Agency. Prodrive, a private motorsport company, also constructed part of the defences to protect its bases on Chalker Way. The scheme is a good example of how to deal with flooding, and this Bill is a good and sensible step forward.

Michael Tomlinson (Mid Dorset and North Poole) (Con): I can tell that my hon. Friend is about to close her speech, but she mentioned at the beginning her expertise in prosecuting in this area in her previous career as a barrister. We do not want to anticipate that things will definitely go wrong, but things inevitably do, so what does she envision for the regulatory supervision of the new rivers authorities? What advice can she give about supervision, specifically for this Bill, given her previous expertise?

Victoria Prentis: I would not want to step on the toes of my successors in the Government Legal Service, but I am sure that they will be studying the Bill's provisions carefully. In my view, anything that further highlights this important area is of use to those who prosecute to ensure that our water, both drinking water, in which I used to specialise, and raw water, is clean, and it is really important that we concentrate on both types. This country has some fantastic legislative provisions to protect our very good drinking water, but raw water is also important. People walk by it, play in it, swim in it and, of course, it often becomes the water that we drink. The Bill is a good and sensible step forward, and I look forward to seeing how rivers authorities will carry out their work. I am proud to support my hon. Friend the Member for Somerton and Frome today.

1.54 pm

James Cartlidge (South Suffolk) (Con): It is a pleasure to speak on this important Bill. I congratulate my hon. Friend the Member for Somerton and Frome (David Warburton) on putting his case eloquently.

The Bill goes to a fundamental part of daily life that we can take for granted until we receive the terrible news that we have been flooded. East Anglia is probably most famous for coastal flooding, but I will address two specific issues, one technical and the other more general.

First, I have had feedback from constituents about the position of riparian mill owners. I have had a lot of correspondence and surgery attendances from constituents who happen to have purchased properties that include an old mill with floodgates. This might sound obscure, but there are quite a few of them in my constituency. The issue is that the Environment Agency has been writing to riparian mill owners to say that it will no longer have responsibility for floodgates in such cases and that those responsibilities now lie with the riparian owner.

A constituent in Hadleigh came to see me. He is not a riparian owner, but he lives next to the floodgates and has to operate them because the owner is recently deceased. He has expressed concern: if the Environment Agency is pulling out of responsibility in such areas, who will co-ordinate? His argument, and it is a fair argument, is that if there is a flood, the use of the gates has to be co-ordinated. One set cannot be operated without taking account of the gates further down the river. I therefore intervened on my hon. Friend earlier to try to clarify the relationship between a rivers authority and the Environment Agency. Now that the EA is pulling out of responsibility, what can be done to co-ordinate those who now hold that responsibility? That is an important and germane question, technical and specific as it may seem.

I am not sure whether my hon. Friend the Minister for Agriculture, Fisheries and Food, has had correspondence on this, although I have spoken to and corresponded with my constituency neighbour, the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Suffolk Coastal (Dr Coffey), who is the Minister responsible. The latest correspondence I have received from the Environment Agency about mill owners says that, in its view, the gates do not make enough difference to flooding. That is the Environment Agency's subjective opinion, with which many mill owners disagree.

At the moment, although it may not be widespread, there are people in my constituency who would like to see the sort of action my hon. Friend the Member for Somerton and Frome is talking about, including the greater co-ordination of efforts to deal with flooding. If the community thinks the Environment Agency is not doing enough, what else can be done? If a rivers authority is the sort of body that could take up some of those responsibilities, I would certainly welcome it.

Michael Tomlinson: My hon. Friend picks up an interesting point. My hon. Friend the Member for Somerton and Frome (David Warburton) said that the initiative to establish a new rivers authority must come from local flood risk management and that it must have local support. My hon. Friend the Member for South Suffolk (James Cartlidge) has just been making that point about co-ordination and support. Does he share my concern about what happens when there is a dispute and when the local community does not speak with one voice on whether this is the right way forward? What

[Michael Tomlinson]

happens then? Perhaps the Minister could address that point in his closing remarks. Is there a gap in the Bill that needs to be considered?

James Cartlidge: That is an excellent point. Let us be honest; most of my constituents are not mill owners and do not have trouble at t' mill, and are not overly concerned about the duty of others to operate these gates, which is a heck of an operation.

Secondly, how do we indicate that there is support? How do we bring forward such an authority in an effective way? There will be those who are not particularly bothered about it but who will notice the new charge on their council tax. I strongly support the use of precept funding for specific services, and not just in connection with the Bill. I have always defended the current Government policy of using precepts to fund increases in police expenditure, establishing the principle that the council tax payer knows where that increase is going. Many of my constituents might say, "Look, central Government fund the police. If we want more police officers, it should come from central Government funds." I argue that, under the precept, all the money will be spent on the Suffolk constabulary, which provides better accountability.

On the principles of this Bill, I very much like the idea of using the precept model, as it is clear what people are getting. For that to be supported, it would have to be obvious to the public at large that this area needed a greater level of co-ordination for flood risk. I guess that is, ultimately, the whole point of the Bill. I know it contains measures on drainage boards as well, because we do not have to go the whole hog of setting up a rivers authority. I just make the point that this kind of local empowerment, saying to an area, "You have this choice should you wish to. Don't just rely on the centre," is a good way to go in terms of public policy.

Other than that, I just want to congratulate my hon. Friend the Member for Somerton and Frome on the Bill. I look forward to seeing whether the Minister is able to give any clarification on the position of mill owners and the co-ordination of gate operation in the event of flood risk, as that is an important issue for some of my constituents. I wish the Bill well.

2 pm

Peter Heaton-Jones (North Devon) (Con): It is a pleasure to follow my hon. Friend the Member for South Suffolk (James Cartlidge) and to speak on this Bill, which is promoted by my hon. Friend the Member for Somerton and Frome (David Warburton). I am about to say something that I rarely say in this Chamber, which is that I look upon Somerset with envious eyes. As one knows, Somerset is merely the county one passes through to get to Devon. I will not finish that idiom by saying that Devon is there to avoid having to go to Cornwall, on the basis that the Minister for Agriculture, Fisheries and Food, my hon. Friend the Member for Camborne and Redruth (George Eustice) will be replying shortly—and a fine Minister he is, too.

The reason I look upon Somerset with envious eyes is that, as my hon. Friend the Member for Somerton and Frome has rightly pointed out, his area has the Somerset Rivers Authority. This Bill seeks to put such authorities

on a statutory footing as far as their funding is concerned. The SRA has done extraordinarily valuable work for his constituents, and householders and residents in the other constituencies across Somerset. We do not have such a thing in Devon—we do not have a Devon rivers authority—but a little history and research proves that there was once such a thing. Perhaps we could bring those days back. So here is a little history, for those who are interested—and indeed for those who are not, as they are going to get it anyway. The Water Resources Act 1963 came into force on 31 July 1963, two days before I was born. I am pleased to say that unlike that Act, I am still around. It was repealed on 1 April 1974. That Act created 27 rivers authorities, one of which was the Devon River Authority, but all of them went by the wayside, abolished when that Act was superseded from 1974 onwards.

I particularly welcome my hon. Friend's Bill and his contribution today, because it seeks to hark back to a time when we rightly had rivers authorities, which were doing work that is best done by local experts, local people—those who know the environment. The importance of this has been brought home to me in my constituency in much the same way as it has for my hon. Friend in Somerton and Frome by the flooding that we have experienced.

Michael Tomlinson: I am jealous, as Dorset was not mentioned in my hon. Friend's great journey throughout the south-west. I want to make a serious point, which I think he has touched on and I raised with my hon. Friend the Member for South Suffolk (James Cartlidge). It relates to whether there is consensus in a local area. My hon. Friend the Member for North Devon (Peter Heaton-Jones) talks about the historical position in Devon, but of course this Bill would require local support for its proposals. What would happen if that local support was not there? What measures would there then be in Devon to help prevent such flooding and provide support?

Peter Heaton-Jones: As always, my hon. Friend makes an extraordinarily good point. A number of other arrangements and organisations are in place in North Devon and the wider county that seek to do that work. I was going to mention some of them, and my hon. Friend's helpful contribution provides me with the perfect opportunity to move on—to the House's relief—and to do that.

Another measure in the Bill that is relevant and significant for me in North Devon is the one that addresses the obstacles for the raising of expenses for certain internal drainage boards. If I heard my hon. Friend the Member for Somerton and Frome correctly, he has three IDBs in Somerset; I have one, the Braunton Marsh internal drainage board. I have had a lot to do with this organisation because historically Braunton, a large village in my constituency, has suffered serious flooding because of its location near the coast, on the fringes of the estuary. The main period of flooding, which some Members may remember, happened over Christmas in 2012. The village was the victim of flash flooding and many people were forced out of their homes over the entire Christmas period. Many businesses suffered, and some sadly closed because they never recovered from having to be closed during the floods.

I have spoken to the Minister and other Ministers about how we can deal with the victims of flooding. In particular, I have been involved in a lot of discussions about the Flood Re scheme and about the benefits or otherwise of some of the commercial insurers that provide support for businesses that might be the victims of flooding. There is more work to be done, but the Bill starts, if I may use this phrase, to build the foundations on which we can ensure provision for some of the bodies that provide valuable support and flood maintenance and flood prevention schemes, such as the IDBs, the Environment Agency, and in my constituency the Braunton Marsh inspectors, a fine body set up by a piece of legislation dating back to Victorian times. They all do sterling work. The Bill promoted by my hon. Friend the Member for Somerton and Frome would add to that. It is welcome and I look forward to hearing the Minister—although a Cornish Member—voice his support for it shortly.

2.7 pm

Kevin Foster (Torbay) (Con): I will keep my remarks fairly brief; I have no intention of taking the debate towards 2.30 pm, because the Bill is very welcome and will make a difference to many communities.

It is ironic that since I was elected to this House I have ended up spending quite a lot of time talking drainage. It has mostly been about the joys of the Middle Level Act 2018—yes, it is now an Act, and I see some fellow travellers on that journey present in the Chamber today, including my hon. Friends the Members for Mid Dorset and North Poole (Michael Tomlinson) and for Aldridge-Brownhills (Wendy Morton), both of whom heard my various reflections on how to modernise the regulation of that system.

This Bill also makes sense. Having a proper rivers authority and proper authorities maintaining waterways is about not only the obvious benefits for drainage, but leisure facilities and making sure a river is accessible. The middle level itself is a massive drainage ditch that has become a leisure resource that many people want to use.

Trudy Harrison (Copeland) (Con): Does my hon. Friend agree that although drainage is incredibly important, it is also important that we see more stocks, particularly of salmon and sea trout, in our rivers? I am sad to say that, because I am in the Chamber, I will have to miss a meeting this evening about that urgent subject.

Kevin Foster: My hon. Friend may be missing that meeting, but her constituents will see her in the Chamber yet again standing up on the issues that make a difference to Cumbria and her area in particular. I agree with her comments: it is vital that rivers are living bodies of water. We can also use drainage solutions and land drainage boards to improve environmental outcomes. Before I stood to speak, I was reflecting with my hon. Friend the Member for Bury St Edmunds (Jo Churchill) about her time dealing with drainage issues. I think she ended up dealing with endangered eels, of all things, and providing a habitat. It is not just about providing ways to drain water off the land, but sometimes about providing a habitat to allow other species to thrive. Normally, I would have gone through this Bill in some detail, especially on the composition of the authorities. I would be interested to hear the Minister briefly outline the selection process.

James Cartledge rose—

Kevin Foster: I will not give way, because we are tight for time. I do not want to rob the Minister or the shadow Minister of their chance to speak.

I would also be interested to hear from the Minister how he will identify where there is local support for such measures. I am conscious of the time and of those on the Front Bench awaiting to speak. I look forward to this Bill getting its Second Reading very shortly.

2.10 pm

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op): It is good that there is cross-party consensus for this Bill, because my fearful band of Opposition MPs and I have been waiting in the Chamber to deal with these measures.

It is good that this debate has had so many contributions from the west country. As a fellow Devon MP, I will not go quite as far as the hon. Member for North Devon (Peter Heaton-Jones) did in praising the south-west. None the less, it is important to say that the south-west has been affected by flooding over many years and it is an area for which the regulatory environment has not always worked in the best way. That is why the Opposition welcome this Bill and thank the hon. Member for Somerton and Frome (David Warburton) for bringing it forward.

The Bill is long overdue. It is important to state here that many of its measures should have been introduced long before they were proposed in this private Member's Bill. We have had plenty of parliamentary time recently to have discussed a Bill of this technical nature. Government time should have been used much earlier on this Bill, because my fear is that regulation in relation to flooding tends to be a kneejerk reaction to a large flooding event. We need to invest time and energy in the consideration of proposals to make sure that they work for all our communities. We need measures to deal with climate change, the increased risk of flooding, and the amount of house building on our floodplains to make sure that we have a regulatory system that is fit for purpose.

This Bill aims to provide local communities with new powers to organise and protect themselves from flooding. That is hardly controversial given the increased likelihood of extreme weather events due to climate change in the next few years ahead. This Bill receives strong backing from the Environment Agency, the National Farmers Union and the Association of Drainage Authorities to name but a few.

The rivers authorities that would be established under the Bill would be a good thing. They would be locally accountable with powers to issue a precept to billing authorities, which would then collect the money from council tax payers for additional local flood risk management work. I understand from the ADA that the Department for Environment, Food and Rural Affairs is not expecting a flurry of requests for the establishment of new river authorities. Local councils and authorities will not be compelled to create them; they are there for those who want to be proactive. Does the Minister think that that is the correct approach? Given the amount of pressure on our local authorities at this moment, with cuts and increased demand on services, is it right that the work is not done at a national level to help identify and encourage those local authorities,

[Luke Pollard]

many of which might not have the capacity or the in-house expertise to realise the benefits that could be derived from the implementation of this Bill?

I note that the hon. Member for Torbay (Kevin Foster) did not go into the composition of the new authorities, but I would like to ask the Minister whether there has been any thought about the personnel on these new drainage authorities. Can he tell us how they will be drawn and selected from the local community and what effort has been made to make sure that those authorities will be gender-balanced in the future?

We must ask ourselves why these reforms have taken so long to appear and whether they should have been brought forward in Government time, rather than have this Bill sitting at the back of a line for a sitting Friday for almost a year. This Bill is being introduced to rectify well known long-standing issues. In many cases, the data that would be used to create some of the new river authorities and internal drainage boards is quite historic in itself.

The ADA first raised the potential need for legislative change with DEFRA during proceedings on the Water Bill in 2014. I think the Government are adopting a twin-track process. A Government consultation entitled “Improving our management of water in the environment” was launched in January, alongside the efforts in this private Member’s Bill. If the Bill fails to progress via the usual channels, Ministers will have the opportunity to pick up its content in the consultation, but I ask the Minister not to rest on his laurels in that respect because it is important that we have clarity.

The debate about flooding has historically occurred at certain times of the year, and we are in one of the times of year when flooding is particularly significant. I represent a constituency that is at the end of a fragile and precarious train line, which passes not only through Dawlish—that beautiful stretch of track is in desperate need of Government funding to make it more resilient—but through the Somerset Levels, an area that is also prone to flooding. We must recognise that flooding not only affects the communities in which it occurs—where there is far too much water—but can cause disruption to large parts of the country that may not experience it in their locality.

I want to ask the Minister who should pay for some of these costs. It is noticeable that the proposals will be funded either by local authority taxpayers or by landowners, but not necessarily by those who use land for business purposes. I would be grateful if the Minister looked at whether they might be an alternative source of revenue to help to drive this activity, rather than relying on the local tax base. Has he assessed whether the “polluter pays” principle could also be used to fund some of the schemes from industries that exacerbate climate change, which causes extreme weather events?

Looking back to storm Desmond, rainfall on that scale used to be described as a one-in-100-year, one-in-200-year or one-in-1,000-year event, but more extreme weather events are now occurring every single year as a result of man-made climate change. We need to make sure that our regulatory system and our flood defences are fit to meet that challenge. George Monbiot said:

“Exceptional events are...no longer exceptional.”

The Committee on Climate Change recently warned that rises in sea level of more than one metre could occur this century, and 200 km of coastal defences in England are projected to become vulnerable to failure during storm conditions. That does not include defences on river systems further inland.

We face unprecedented challenges in defending our lowland areas and coastal communities from flooding. The Bill is welcome, and it will help communities if local authorities use the powers. We need to look at how we can incentivise communities to get there, and we need a comprehensive plan for every community at risk of flooding. If we cannot get this private Member’s Bill through Parliament, I encourage the Minister to ensure that the Government swiftly adopt the measures to make sure that communities that could benefit are not hindered by the fact that the Bill was not introduced in Government time.

2.17 pm

The Minister for Agriculture, Fisheries and Food (George Eustice): I begin by congratulating my hon. Friend the Member for Somerton and Frome (David Warburton) on bringing this important Bill to Parliament. He spoke eloquently about the devastation that flooding can cause. Sadly, like many hon. Members in this House, he has first-hand experience of dealing with the matter in his own constituency; indeed, his constituency was at the centre of controversy during the floods in the winter of 2013-14. Five years ago, in January 2014—shortly after I became a DEFRA Minister in 2013, and shortly before he was elected to this House—he invited me to meet a group of his constituents at Long Sutton golf club, which had suffered repeated flooding as a result of the problems on the rivers. I recall that I was stopping off on my way back from Cornwall but I was late, because one of the bridges—I think it was the Long Load bridge—had been cut off by the flooding, and I had to go on quite a long diversion to get to the venue.

At the heart of the problems experienced in Somerset were issues about how best to manage river systems in flood plains. In my hon. Friend’s case, the river in question was the River Parrett, if I remember correctly. Many hon. Members will have had to help constituents deal with the consequences of floods. In my own constituency, there have been issues not only with coastal surge flooding but fluvial floods caused by heavy rainfall, which we are prone to get in Cornwall. To tackle this natural hazard, the Government continue to invest record amounts in protecting communities across England with new flood defence schemes and the maintenance of existing ones.

Alongside this, the Government are keen to empower communities to take further action at a local level. In our 25-year environment plan, we have committed to bringing the public, private and third sectors together to work with communities and individuals to reduce the risk of harm from all environmental hazards. Later in 2019, the Government will publish a policy statement on flooding and coastal erosion in England, and the Environment Agency will publish an updated national flooding and coastal erosion strategy.

As my hon. Friend pointed out, following the devastating floods in 2013 and 2014, there was a strong political desire for co-ordination across Somerset to devise a bespoke new local initiative. In January 2014, my right hon.

Friend the Member for North Shropshire (Mr Paterson), the then Secretary of State, asked Somerset County Council and the Environment Agency to work with the local community to come up with a flood action plan. As my hon. Friend is aware, this plan led to the concept of a new body—a rivers authority. The plan recommended the creation of a such a body in Somerset. The aim was to establish a new way of bringing together the different bodies that have a responsibility for, or interest in, flood risk management. By raising additional local funding, and through co-ordinating and utilising the expertise of individual partners, the Somerset Rivers Authority is able to provide a better level of protection than may otherwise have been possible, but it does not seek to replace existing flood risk management authorities or their funding mechanisms.

The Government fully understand how important this issue is for the people of Somerset and fully support the work of the Somerset Rivers Authority. The Government showed their support for the Somerset Rivers Authority with a £1.9 million funding package to help with its start-up costs. A review of the long-term funding options was commissioned that recommended precepting powers. Incorporating river authorities and securing the Somerset Rivers Authority's future requires new legislation. I am pleased that this is provided for in clause 1 of my hon. Friend's Bill.

While there is widespread support for the decision on the Somerset Rivers Authority, that decision is not taken lightly. The Government are aware that any precept will be funded by local taxpayers, as is already the case under the existing shadow precept used in Somerset. Putting this legislation into statute will make the Somerset Rivers Authority an autonomous precepting authority, making it more transparent, ensuring that safeguards are in place to protect local council tax payers and ensuring that its funding is ring-fenced solely for this important work. It will also secure its future and enable it to deliver more. The Bill also sets out how, through regulations, Parliament will have the opportunity to scrutinise further the creation and governance arrangements of a rivers authority.

My hon. Friend also mentioned internal drainage boards, which are dealt with in the second part of the Bill. As he pointed out, three of those are based in Somerset, and there are a further 109 across England. Internal drainage boards have been in existence for many years. Their main focus originally was on the drainage of agricultural land in low-lying areas, but they have since moved on and now play a much wider role as a key partner in local flood risk management. This model has worked well, but, as he said, not everywhere has such a body. There is interest in other parts of England and Wales in creating new internal drainage boards, and many of those that already exist would like to expand. However, a combination of issues has stopped the creation of new, or the expansion of existing, internal drainage boards. As he said, there have been issues with the ratings tables, which date right back to 1991 and, in many areas, no longer exist. A change in legislation is therefore required. I am pleased that this is provided for in clauses 2, 3 and 4 of his Bill, establishing a power to introduce new regulations relating to charging methodologies. We can therefore have both the creation of new internal drainage boards and expansion of existing ones.

I want to turn to some of the points made by hon. Members. In an intervention, my hon. Friend the Member for Mid Dorset and North Poole (Michael Tomlinson) raised an important point about Wales. I should point out to hon. Members that these matters are devolved. We asked the Welsh Government which elements they would like to be involved with. While they do not at this point want to see the introduction of rivers authorities in Wales, they did want the ability to expand internal drainage boards in Wales and the power to establish different charging mechanisms through regulations. I draw my hon. Friend's attention to clauses 2(7) and (8), which create powers for the Welsh Government to do just that through regulations.

My hon. Friend the Member for Banbury (Victoria Prentis) gave a passionate speech, and it was interesting to hear the comments of her grandfather—I think everybody who has experienced flooding can agree that nothing beats the sound of a good, functioning drain. She also made an important point about the impact of this problem on some of our farmland.

My hon. Friend the Member for South Suffolk (James Cartledge) gave a very supportive, important speech about how certain businesses can be affected. He alluded to the question of how we will know whether local council tax payers do indeed support such precepts. I draw his attention to proposed new schedule A1, on page 20. Paragraph 2 sets out specific requirements and a duty to consult, so the Government would not even consider bringing forward regulations unless and until a local authority had carried out a consultation. An authority must consult other relevant risk management authorities and Natural England, but also

“persons liable to pay council tax”,

so those people would be fully involved in any consultation process.

My hon. Friend the Member for North Devon (Peter Heaton-Jones), while showing a distinct lack of west country solidarity, nevertheless made some important points. In particular, he raised the local issues he faces on Braunton Marsh. He also made an important point about the role and value of local knowledge in delivering solutions to some of these problems.

I congratulate my hon. Friend the Member for Torbay (Kevin Foster), who has finally got through a Bill that addresses similar issues. I am pleased to hear that the Bill, which I have seen on the annunciator many times, has now completed its passage.

Finally, I want to touch briefly on some of the issues raised by the shadow Minister, the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard). He raised a specific issue about the composition of the authority and who would be on it. It is open to us, through regulations under proposed new section 21C, to stipulate what provision should be put in place for that, so the issue can be dealt with through regulations by the Government of the day.

The hon. Gentleman also asked about the “polluter pays” principle. I can reassure him that, while the focus of these measures is very much on flood risk management, the “polluter pays” principle is at the heart of much of what we do, and it is an approach taken by Natural England and the Environment Agency in all their work.

[George Eustice]

In conclusion, this is an important Bill. We have made good progress today, and we have had some interesting contributions. The Government fully support the Bill going to the next stage.

2.28 pm

David Warburton: I thank the Minister for his support and indeed for remembering his wet visit to Somerset four years ago. I also thank the Government and the shadow Minister for their support.

It was lovely to hear from so many hon. Members. It was interesting to hear the reflections of my hon. Friend the Member for Banbury (Victoria Prentis) about the winter of 2015-16. We also heard about trouble at t'mill from my hon. Friend the Member for South Suffolk (James Cartlidge). My hon. Friend the Member for North Devon (Peter Heaton-Jones) was quite rightly envious of Somerset. It was also nice to hear my hon. Friend the Member for Torbay (Kevin Foster) forgo his customary forensic analysis in the case of this Bill.

I am grateful to everybody for their support, and I look forward to this level of consensus continuing as the Bill moves forward to its Committee stage.

Question put and agreed to.

Bill accordingly read a Second time; to stand committed to a Public Bill Committee (Standing Order No. 63).

Business without Debate

POSTAL VOTING BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 15 March.

VOTER REGISTRATION (NO. 2) BILL

Motion made, That the Bill be now read a Second time.

Mr Peter Bone (Wellingborough) (Con): Madam Deputy Speaker, if it is very helpful to the House, let us do it now and get it over and done with.

Hon. Members: Object.

Bill to be read a Second time on Friday 15 March.

HOSPITAL (PARKING CHARGES AND BUSINESS RATES) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 15 March.

DRONE (REGULATION) (NO. 2) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 15 March.

KEW GARDENS (LEASES) (NO. 2) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 15 March.

CHILDREN ACT 1989 (AMENDMENT) (FEMALE GENITAL MUTILATION) BILL [LORDS]

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 15 March.

HEALTH IMPACTS (PUBLIC SECTOR DUTY) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 22 March.

CREDITWORTHINESS ASSESSMENT BILL [LORDS]

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 15 March.

Community and Voluntary Services: Derbyshire

Motion made, and Question proposed, That this House do now adjourn.—(*Wendy Morton.*)

2.32 pm

Ruth George (High Peak) (Lab): I rise to pay tribute to our community and voluntary services across Derbyshire. They are the fabric that holds our rural and often isolated society together. In my own constituency of High Peak, we have four offices—in New Mills, in Whaley Bridge, in Buxton and at the Bureau in Glossop. They organise volunteers, provide services for frail, elderly and isolated people, and give the volunteers a sense of purpose and wellbeing.

One of the volunteers told me that his volunteering “gives me a purpose, a reason to get up in the morning. It makes me feel like I’m giving something back, rather than being an outcast. I’d lost my wife who died from cancer and my job on the same day. I was her carer for 18 months until she died and I had a breakdown.”

Now, however,

“I can hold my head up high... I’ve reduced my medication for depression”,

and he feels

“part of a family again and feeling stronger and more confident.”

That is what our voluntary sector can do for us as a society. Another volunteer said:

“While I’m here it takes my mind off what’s happening at home. I care for my wife and my son. My wife has mental health issues and my son has ADHD and neurofibromatosis.”

These are very giving people. They give in their life at home to their family, but they are also prepared to give to others.

A befriender from my constituency said:

“The person I befriend has become so much chattier, less depressed and healthier in general since we have been seeing each other. I honestly believe befriending and regular companionship is the remedy to loneliness, and if this service is cut then it’s going to be devastating for those who rely on their befrienders for social contact, and feeling like someone cares. My ‘friend’ has told me about how it feels to be lonely: they don’t speak for days at a time and they haven’t been touched by another human being for weeks, until they go to the shop and the cashier gives them their change, or until the nurse gives them an injection. It is heartbreaking because these lonely people have so much left to give and no one to give it to, and it is something that is all too common in today’s disconnected society.”

That is why I and communities across Derbyshire are so devastated that our community and voluntary services are facing more than half a million pounds of cuts—part of £51 million of cuts made by Derbyshire clinical commissioning groups, more than £100,000 of which fall on the High Peak and Dales CCG. Those cuts led all affected GP services in High Peak to write and raise their concerns about the decision of the new clinical commissioning group to make cuts of almost £100,000 to the community and to voluntary health and care provision. They say that the cuts will affect many of our patients, in particular the elderly, the frail and the isolated.

There is a night sitting service—the only one available—and it supports carers when patients come out of hospital. Without it, more patients will wait in hospital when they could have come home. The “home from hospital” service, which also faces cuts, has the same effect wherever

it operates. Community transport is facing cuts, even though it is often the only option for patients to attend medical appointments where there is no public transport and they cannot afford a taxi. I have already heard about patients who sent in a sample for bowel screening but were not able to attend the follow-up appointments. They say that the next time they will not bother doing the screening because they cannot get to the follow-up appointment. Community transport drivers offer companionship as well as a driving service, and they keep an eye on frail patients.

As I have set out, the befriending service is appreciated by people who are isolated and lonely. Their regular social contact gives them something to look forward to and helps to prevent depression, which affects their physical as well as their mental health. GPs say that providing activity and support also helps volunteers, and it gives them a sense of purpose and wellbeing in helping to care for people who value their support and company. That is especially helpful for people who are newly retired, who live on their own, or who are recently bereaved, because it helps them to keep well.

The cuts will impact on GPs and already over-stretched health and care services, yet there has been little to no direct consultation with individual GPs or their practices. The services are extremely cost-effective, and although the cuts bring short-term gain, they will cost the NHS considerably more in the long term. Our GPs believe that the cuts contravene the aims of better care closer to home and the proposed model of community services that support health and care. If the cuts go ahead and our voluntary services are drastically reduced, it will be extremely hard to set them up again to support localities, as envisaged by the NHS 10-year plan.

Ironically, on the 70th anniversary of the NHS, all voluntary sector organisations across Derbyshire received letters stating that their funding from clinical commissioning groups was to be cut. The voluntary sector provides friendly, personalised local care for far less than any other service could. For example, last year the night sitting service supported 93 people with more than 2,000 hours of care, at a total cost of just £34,000—on average, just £369 per person for three nights of support each. Just one of those nights in a hospital could have cost the CCG more than that.

The CCGs have themselves calculated that for every £1 spent on voluntary services, they save £8. On that basis, the £500,000 saved this year will cost £4 million in extra care next year, and every year thereafter. That comes on top of all the other cuts to health and social care in Derbyshire. We have seen our county council lose more than half its revenue support grant since 2010, so in large swathes of High Peak, it is impossible to get a care package and the only help is from the voluntary sector.

My constituent Debbie has a son with autism who wanted to live independently but needed the support of a care package. The package could be provided only by the voluntary sector, but the CCG cuts meant that it could no longer be afforded, so they were facing the prospect of residential supported care, which would have cost far more, until I intervened.

The lack of care packages means that people are stuck in rehabilitation beds, such as an 82-year-old constituent of mine with a muscle-wasting disease. She could not walk unaided and could not get a company to

[Ruth George]

bid for her care package, but she received four letters from the CCG and her social worker, telling her that she was no longer able to stay in the rehab ward. They reduced her to tears. That ward is the only one of its kind in my constituency—Fenton ward in Buxton—but it is due to lose more than half its beds, despite a waiting list of patients in our acute hospitals needing those beds, even during the summer months.

We have seen the loss of our local dementia assessment and support ward in Buxton, a gold-standard service that took the most difficult patients with dementia and helped them back into care in their own home in an average of less than six weeks. We are seeing community hospitals across Derbyshire facing the loss of 84 beds. Anyone would think that we are seeing a reduction in the number of patients with dementia, or elderly and frail people who need rehabilitation to get them home from hospital. Of course, we are not. Instead, there has been an explosion in need for those services, at a time when our NHS is being forced to make short-term cuts, by the end of March, that will have long-term implications for the care of our patients and for the skilled staff we need to keep in the NHS. At the same time, we are seeing cuts to our voluntary sector services, which provide care much more cost-effectively.

Given all the rhetoric from the Department of Health and Social Care about sustainability, why is that happening? Why are short-term financial decisions impacting so hard on frontline health services and on voluntary services, which are vital for that long-term sustainable service and for the frail and vulnerable people who need them?

What is happening in North Derbyshire is in stark contrast to what is happening in the other part of my constituency, in Glossop, which is part of the devolution of health in Tameside and Greater Manchester, where the Bureau is providing a fantastic social prescribing service that is assisting people across the area. That is in stark contrast to what is happening in North Derbyshire, which has not seen the devolution of healthcare or a Labour council supporting local services to deliver much more cost-effectively. We are seeing our healthcare needs rise at 3.5% a year, but our CCG says that it will have to cut costs by 5% a year, and not just this year but for the foreseeable future, despite the long-term plan for the NHS. That will have a devastating impact on our health services. Without our voluntary services, they will be even harder hit.

In my debate in September, the Minister told me:

“It is unhelpful to scare local people ahead of those consultations, because those decisions have not been taken.”—[*Official Report*, 4 September 2018; Vol. 646, c. 62WH.]

She said that there would be full consultation with patients, GPs and other stakeholders, but, as GPs have made clear to me, that consultation has not happened. The decision to cut £500,000 of voluntary sector funding was made just before Christmas.

How can our NHS deliver a low-cost model without our voluntary sector? As one of my constituents asked me:

“Please put up a good fight for these services! I doubt any of the people making the decisions have ever been as lonely as my friend has been, it takes only a smidge of empathy to understand why these services are vital. I am really passionate about combating isolation and loneliness ... however, this latest news feels like a big step backwards.”

That is why I am asking if the Minister is prepared to meet me and local GPs in High Peak to discuss all the cuts that are being made across health, social care and the voluntary sector in High Peak and across Derbyshire to make sure that we can get a sustainable service that delivers for local people on the ground without the sort of suffering that the cuts will create.

2.45 pm

The Parliamentary Under-Secretary of State for Health and Social Care (Jackie Doyle-Price): I thank the hon. Member for High Peak (Ruth George) for bringing forward this important matter for debate.

First and foremost, I would like to reiterate the vital role that the voluntary sector plays in ensuring that people have access to the services that they need in the places where they live. Indeed, I go much further: I am an extremely firm advocate of encouraging NHS commissioners to commission services from the voluntary sector to get much better coverage nearer people's homes and achieve better outcomes for patients at good value for money. I defer to no one in my support for the voluntary sector. The principle of making use of and commissioning services from the voluntary sector is a key theme in the long-term plan, and we will be investing at least an extra £4.5 billion a year in primary care and community health services.

This is the first time in the history of the NHS that real-terms funding for primary and community health services is guaranteed to grow faster than the rising NHS budget overall. Clearly, that is not reflected in the comments that the hon. Lady has just made. I understand her concerns about the cuts in funding for services in Derbyshire. I am advised by the CCG that it has confined the cuts to those services that are not associated with delivery of their statutory services and that of a potential £1.25 million that was earmarked as meeting those criteria, only £300,000 has been cut. It is worth putting into context why that is.

Clearly, the Derbyshire CCGs have a duty to ensure the long-term sustainability of health services in the area. In the light of well-known financial challenges, that CCG has had to make difficult decisions on where to prioritise funding. As part of asking taxpayers to contribute £20 billion more a year to the NHS, it is right that we ask how effectively that money is spent and that we ensure that local areas are not running at a deficit. This is absolutely essential if we are to have an NHS that is financially sound and sustainable in the long term. Owing to their financial position, all Derbyshire CCGs are required to scrutinise their financial spend to ensure the best outcomes for patients for the investment made and to deliver financial balance. They have been working on that in close collaboration with NHS England. The joint saving plan agreed with NHS England states that if the CCGs make savings of £51 million, the remaining £44 million will be absorbed by NHS England. It is very much a joint approach to tackling the financial position in which the Derbyshire CCGs find themselves. None the less, they need to live within their means, and that is why they have had to review the overall spend and identify where savings can be made. It is challenging, but I have been assured that the absolute top priority of the CCGs is to minimise the impact that cuts have on patients.

I listened with sympathy to some of the points the hon. Lady made about spending on services provided by the voluntary sector that keep patients out of hospital and support them to live independently, and clearly I want to encourage all CCGs to commission exactly those services. I am reassured that those services that continue to be funded by CCGs, rather than remaining with grants, have been issued with NHS commissioned contracts—that has been done for stroke support, eating disorder and bereavement services—and I am satisfied with the efforts of CCGs in that area.

Ruth George: The Minister says that the cuts are to services that do not deliver such good statutory support. How does she think that community transport does not deliver for patients struggling to get to, say, follow-up appointments for bowel screening?

Jackie Doyle-Price: The advice I received from the CCGs was that they had reduced grants only for services not part of their statutory functions, which fall to other agencies, particularly local authorities, with which they are working closely to make alternative funding available for some of the organisations that have been cut. I cannot answer the hon. Lady's specific question about transport, but I understand that the total cut to transport amounts to £24,000 out of £300,000, so we are talking about quite a small part of what have been significant savings of £44 million that the CCGs have had to find. Support for local transport and accessibility normally falls to local authorities.

The voluntary and community sector has been an important part of the health system for many years, and partnership working between the voluntary sector, local government and the NHS is crucial to improving care for people in their communities. I expect all local CCGs to build much stronger relationships with local authorities to better join up all support services for patients. I welcome the scrutiny of this process by the health overview and scrutiny committees. I appreciate that it has been extremely political, but it is important that those decisions be taken transparently.

We also recognise the important role the community can play in helping people to maintain their health and wellbeing. Social prescribing is crucial. We are encouraging CCGs to look much more at such solutions, and not just at the medicalised solutions, and we will be using part of the £4.5 billion investment set out in the long-term plan to recruit more than 1,000 social prescribing link workers. I hope they will be able to work with the voluntary sector in the hon. Lady's constituency.

We will also be looking at funding expanded community multi-disciplinary teams, meaning that in five years all parts of the country will have improved the responsiveness of their community health response services to deliver crisis services within two hours and reablement care within two days.

I appreciate that it will always be difficult to tackle a financial deficit of the size of that of the Derbyshire CCGs, and I welcome hon. Lady's engagement in that process and the public scrutiny. I also pay tribute to the work of my hon. Friend the Member for Erewash (Maggie Throup), who has been representing the concerns of her constituents in this respect. I am assured and satisfied, however, that the Derbyshire CCGs have done the best they can to support funding for the voluntary sector where it has been delivering a valuable service to the rest of the health sector. Indeed, one of the overriding criteria for making decisions regarding these cuts was that it would not lead to additional demand on health services and additional spending elsewhere, and I am satisfied that the decisions have been taken on that basis.

Ruth George: The GPs on the CCG themselves stood up in the meeting and said there was a recognised risk that these service cuts would create cost pressures on other areas of services, so I am sorry, Minister, but it is simply not guaranteed at best, very likely at worst.

Jackie Doyle-Price: I say respectfully that we expect the CCGs working with NHS England to properly interrogate the implications of their decisions, and they have done that; I have been given that advice, and I stand by the advice I have received from them on that.

I recognise, however, that those local commissioners in Derbyshire have had to make very difficult decisions, and we do believe that they are best placed to make those decisions. They have access to the local expertise and clinical knowledge needed to make an informed decision.

While I recognise the hon. Lady's concerns, I hope she can reassure her constituents that the local CCGs are working to provide sustainable services that meet the needs of the people living in Derbyshire. The Government will continue to work with the local CCGs and NHS England to help progress with ongoing work and to help create those sustainable services for the future.

Question put and agreed to.

2.56 pm

House adjourned.

Written Statements

Friday 8 February 2019

TREASURY

Aggregates Levy Review

The Exchequer Secretary to the Treasury (Robert Jenrick): Longstanding litigation on the aggregates levy has now been concluded, with the litigation against the Government and the European Commission being withdrawn. The Government remain committed to devolving the aggregates levy to the Scottish Parliament following the conclusion of this litigation and are working with the Scottish Government to work out the next steps.

The aggregates levy has been largely unchanged since its introduction in 2002. The Government will now conduct a comprehensive review of the levy over the next year, working closely with the Scottish Government, and consulting the Welsh Government and Northern Ireland Executive throughout. The review will be comprehensive, looking at the latest evidence about the objectives of the levy, its effectiveness in meeting those objectives, and the design of the levy, including the impact of devolution.

The terms of reference for the review will be published in spring 2019 and a working group will be established to inform it. The review will aim to conclude by the end of 2019.

[HCWS1315]

EXITING THE EUROPEAN UNION

Norway, Iceland and Liechtenstein: EEA-EFTA Citizens' Rights

The Secretary of State for Exiting the European Union (Stephen Barclay): The UK has concluded discussions with Norway, Iceland and Liechtenstein (the EEA-EFTA states), on an EEA-EFTA citizens' rights agreement that would protect the rights of UK nationals already living in the EEA-EFTA states and EEA-EFTA nationals already living in the UK in the event of a no-deal scenario.

Delivering the deal negotiated with the EU remains the Government's top priority. This has not changed. However, the Government must ensure the UK is prepared for every eventuality. It is the responsible thing to do.

The EEA-EFTA citizens' rights agreement would ensure that citizens would be able to continue living broadly as they do today, regardless of the outcome of negotiations with the EU. The arrangements in the agreement closely mirror the arrangements for citizens in the EEA-EFTA separation agreement, published on 20 December 2018. Citizens falling within scope would have broadly the same entitlement to work, study and access public services and benefits as now. The EEA-EFTA separation agreement relies on some of the provisions of the withdrawal agreement which would not apply in a no-deal scenario. In such a scenario, therefore, we would instead bring this no-deal citizens' rights agreement into force.

Together, these agreements will protect around 17,000 UK nationals living in these countries and approximately 15,000 nationals from these countries in the UK in any scenario.

I am depositing a copy of the agreement and an explainer in the Libraries of both Houses.

[HCWS1312]

HOME DEPARTMENT

Review of Drugs: Appointment

The Secretary of State for the Home Department (Sajid Javid): In October, I announced that there would be a major independent review of drug misuse. This will look at a wide range of issues, including the system of support and enforcement around drug misuse, in order to inform our thinking about what more can be done to tackle drug harms. The review will make sure that we know as much as possible about who drug users are, what they are taking and how often, so that law enforcement agencies can target and prevent the drug-related causes of violent crime effectively. The review will also look at the health and social harms associated with drug use, identifying evidence-based approaches to preventing and reducing drug use, as well as where there are any gaps in the evidence about what works.

I am pleased to announce today that I have appointed Professor Dame Carol Black to lead the review. Dame Carol has a wealth of experience and I am confident that she will bring independence, integrity and a strong focus on analysis and evidence to the review.

The review will be held in two parts, with part one focusing on:

the demographics of drug use. This will look at demand, including who uses which types of drugs, together with patterns of, and motivations for, use; and

the drugs market. This will look at supply into and within the UK and how criminals meet the demand of users.

The scope of the second part will be determined once the first part has reported.

The review will focus only on England for those matters which are devolved and the UK for those matters which are reserved.

[HCWS1314]

Immigration

The Secretary of State for the Home Department (Sajid Javid): The Government launched a public consultation on 19 July 2018 seeking views on proposals for a Windrush compensation scheme. I am today updating the House on the progress of the Government's response to that consultation. Righting the wrongs experienced by the Windrush generation remains one of my top priorities.

The consultation period was originally intended to last 12 weeks. I made a written statement on 11 October extending the consultation period, on the advice of Martin Forde QC, the independent adviser I appointed to oversee the development of the scheme. I agreed to this extension in order to give all those who would like to respond, the opportunity to do so.

Over 1,000 leaflets advertising the consultation were delivered via volunteers and community groups, and over 2,500 paper copies of the consultation document were distributed. The document was published on gov.uk,

and information about the consultation was disseminated via email and social media. Assistance in completing responses was available through a freephone helpline and email address.

During the consultation period twelve focus groups were also held, involving over 300 participants. These took place in Croydon, Birmingham, Cardiff, Newport, Walsall, Woolwich, Leicester, Brixton, Wolverhampton, Reading, Coventry and Telford.

Since the consultation closed on 16 November, we have given very careful consideration to the 1,435 responses that were received from people and organisations, as well as the feedback from the focus groups. These views have been considered in addition to the 650 responses to the call for evidence which preceded the consultation. I also have met with Martin Forde QC to discuss his views on the design of the scheme.

I intend to publish the formal Government response to the consultation shortly, which will set out the detailed design of the scheme. I will also publish more detailed rules and guidance about the scheme, and information about how eligible claimants can apply. The compensation scheme will then be opened for claims as soon as possible.

I would like to thank all those who responded to the consultation and who took part in the wider engagement throughout this period. The views and experiences that have been shared have proved invaluable in shaping the Government's policy, ensuring it addresses the matters raised by those affected.

[HCWS1313]

HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

Rough Sleeping

The Secretary of State for Housing, Communities and Local Government (James Brokenshire): On 31 January, figures for the 2018 rough sleeping count were published and showed a welcome 2% reduction in the number of

rough sleepers. While this decrease is encouraging, I know we must maintain our focus on making sure nobody has to spend even a single night sleeping on the streets. This Government are determined to get to the root of the problem, unique to every local authority, and tackle the complex range of reasons why people sleep rough, helping to prevent it from happening in the first place.

Early Adopters of the Rapid Rehousing Pathway

In December, we announced the locations of our first 11 Somewhere Safe to Stay hubs, one of four elements that make up the rapid rehousing pathway as announced in the rough sleeping strategy in August.

Today, I am pleased to announce the allocation of funding to a further 42 areas across the country for the three remaining elements of the rapid rehousing pathway—navigators, supported lettings and local lettings agencies.

Navigators are specialists assigned to rough sleepers, acting as a single point of contact to support people into settled accommodation, helping them access appropriate local services and sustain a safe life away from the streets;

Local lettings agencies work to source, identify, or provide homes and advice for rough sleepers or those at risk, supporting them into affordable, settled accommodation;

Supported lettings support individuals with a history of rough sleeping to help them to sustain their tenancies.

This funding will enable more than 80 navigators to work with up to 1,600 people sleeping rough, provide up to £2.8 million for supported lettings across 17 areas and up to a further £1.25 million for local letting agencies across nine areas. We estimate supported lettings to support around 600 rough sleepers, with local lettings agencies expected to make around 1,200 properties available.

Local areas will be able to connect people with the right support and sustainable housing to move them swiftly away from the street and facilitate their journey to recovery, bringing us a step closer to ending rough sleeping for good.

The full list of the 42 areas can be found at: www.gov.uk/government/publications/rapid-rehousing-pathway-additional-42-early-adopters

[HCWS1316]

WRITTEN STATEMENTS

Friday 8 February 2019

	<i>Col. No.</i>		<i>Col. No.</i>
EXITING THE EUROPEAN UNION	25WS	HOUSING, COMMUNITIES AND LOCAL	
Norway, Iceland and Liechtenstein: EEA-EFTA		GOVERNMENT	27WS
Citizens' Rights	25WS	Rough Sleeping	27WS
HOME DEPARTMENT	26WS		
Immigration	26WS	TREASURY	25WS
Review of Drugs: Appointment	26WS	Aggregates Levy Review	25WS

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CONTENTS

Friday 8 February 2019

Animal Welfare (Service Animals) Bill [Col. 511]

Not amended, further considered; read the Third time and passed

Value Added Tax Bill [Col. 528]

Motion for Second Reading—(Sir Christopher Chope)—withdrawn

Holocaust (Return of Cultural Objects) (Amendment) Bill [Col. 556]

Motion for Second Reading—(Theresa Villiers)—agreed to

Rivers Authorities and Land Drainage Bill [Col. 571]

Motion for Second Reading—(David Warburton)—agreed to

Community and Voluntary Services: Derbyshire [Col. 587]

Debate on motion for Adjournment

Written Statements [Col. 25WS]

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
