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**HOUSE OF COMMONS**  
**OFFICIAL REPORT**

**PARLIAMENTARY**  
**DEBATES**

**(HANSARD)**

**Monday 27 April 2020**

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# House of Commons

*Monday 27 April 2020*

*The House met at half-past Two o'clock*

## PRAYERS

[MR SPEAKER *in the Chair*]

*The House entered into hybrid scrutiny proceedings (Order, 21 April).*

[NB: [V] denotes a Member participating virtually.]

## Oral Answers to Questions

### JUSTICE

*The Secretary of State was asked—*

#### **Covid-19: Prisons**

**Alan Mak** (Havant) (Con): What steps his Department is taking to tackle covid-19 on the prison estate. [901938]

**Peter Aldous** (Waveney) (Con): What steps his Department is taking to tackle covid-19 on the prison estate. [901947]

**Mrs Sharon Hodgson** (Washington and Sunderland West) (Lab): What assessment he has made of the preparedness of prisons to respond to the covid-19 outbreak. [901944]

**Dan Jarvis** (Barnsley Central) (Lab): What assessment he has made of the preparedness of prisons to respond to the covid-19 outbreak. [901952]

**The Lord Chancellor and Secretary of State for Justice (Robert Buckland)**: We have taken significant and unprecedented action during this very difficult period to save lives and to protect the NHS. We know that further progress is needed if we are to continue to strike a balance between limiting the spread of covid-19 and protecting the public. We have restricted regimes in prisons and minimised inter-prison transfers to reduce the spread of the virus, and we are implementing units to protect the sick, to shield the vulnerable and to cohort new arrivals to reduce risk. There are positive signs that our carefully implemented approach is limiting the impact of this initial phase of the pandemic. The number of cases and deaths is much lower than originally predicted, but we will continue to do everything possible to ensure that that remains the case.

**Alan Mak** [V]: Prison officers, including those from Havant, are working on the frontline to tackle covid-19 on the prison estate. Can my right hon. and learned Friend assure me that they have the right protective clothing and equipment to keep them safe?

**Robert Buckland**: I thank my hon. Friend for that question. Indeed, we continue to focus effort on ensuring that we have an adequate supply of personal protective equipment in all its forms and reliable supply chains too. Our reporting shows that we have a sufficient level of supply to meet our current forecast demand position on most items, including aprons, eye protection, gloves, masks and hand sanitiser. We have stock of most of those items in the tens of thousands, with further deliveries scheduled to allow us to meet forecast demand. We are currently running low, however, on coveralls, where there is a shortfall in the low thousands. We have a large delivery on order, and it is expected this week or next.

**Peter Aldous** [V]: I am grateful to the Secretary of State for that answer. The feedback that I am receiving from officers working in prisons in Suffolk and Norfolk is that social distancing guidelines are not being adhered to and that there is a limited amount of PPE, with a notable absence of face masks. Can he assure the House that he will work with prison officers and their representatives to address those understandable worries?

**Robert Buckland**: My hon. Friend can be assured that my officials work closely with the Prison Officers Association. The restricted regimes we have put in place mean that prisoners are spending more of their time in their cells, to support social distancing. When they are allowed out of their cells—for example, for exercise, association or showering—it is on a rota basis, in small, manageable groups supervised by officers, allowing for social distancing to be maintained. The message to stick to the guidance is being reinforced through gold command as part of the command and control structures that now operate right across our prison estate, and we are reinforcing that message through a range of activity—for example, via posters and prison radio.

**Mrs Hodgson** [V]: While most prisons are taking every precaution to prevent the spread of covid-19, union sources report that some rogue governors are attempting to return to business-as-usual practices, such as unlocking large numbers of prisoners and restarting training courses. Does the Secretary of State condemn that reckless behaviour and agree that all governors should be following official guidance, without exception?

**Robert Buckland**: The hon. Lady is right to point out the danger of over-enthusiasm going ahead of the guidance. It is clear that the work that has been done by governors, staff and, indeed, the prisoners themselves in our institutions has helped to minimise the sort of explosive outbreak that we were quite rightly worried about. My advice—my instruction—to everybody involved in this is to stick to the guidelines. We are not in a position yet to change that regime. Please follow the guidelines that have been set out clearly by Her Majesty's Prison and Probation Service.

**Dan Jarvis** [V]: Tomorrow the nation will mark International Workers' Memorial Day with a minute's silence, to pay tribute to workers—including prison officers—who have lost their lives while protecting us. Will the Secretary of State join me in recognising the dedication and sacrifice of our prison staff and thank them for performing a vital public service while putting their own health and safety at risk?

**Robert Buckland:** I am extremely grateful to the hon. Gentleman for reminding the House and the country of the sacrifice made by many dedicated public workers, including our incredible prison staff. I will be speaking again to the Prison Officers Association later this afternoon to extend my continued thanks to them and their members for their dedication. I pay tribute to those who are unwell and I remember those members of our prison and probation service who have sadly died because of covid-19.

**Mr Speaker:** I call the Chair of the Select Committee on Justice.

**Sir Robert Neill** (Bromley and Chislehurst) (Con) [V]: I know that all members of the Select Committee will wish to associate themselves with the Secretary of State's tribute to prison staff and their work.

Does my right hon. and learned Friend accept that although the rates of infection are mercifully much lower than expected and anticipated—we are glad of that—very great strain is none the less being placed particularly upon overcrowded, older and Victorian and local prisons, which are frequently carrying far more prisoners than they were intended for? Will he confirm that the Government will use all measures, including, where appropriate, targeted early release, to meet our legal responsibilities in domestic and European law to protect the welfare of prisoners in the state's custody and that of staff employed to carry out their duties in safeguarding those prisoners?

**Robert Buckland:** I am grateful to my hon. Friend, the Chair of the Select Committee, for pointing out the vital importance of maintaining HMPPS's current approach of making sure we do not end up with explosive outbreaks of covid-19 on the estate. He is right to point out the early release scheme. It is but a part of a co-ordinated strategy that has included the compartmentalisation of prisoners to prevent the seeding and feeding of the infection, and that, together with the increased capacity we are developing at pace, plus a reduction in the overall number of prisoners in the estate, has helped us reach a position where, while we are not out of the woods, we are coping and dealing well with the threat of covid-19.

**Mr Speaker:** I welcome the shadow Secretary of State, David Lammy, to his new place.

**Mr David Lammy** (Tottenham) (Lab): I am very grateful, Mr Speaker. It is nice to be back.

I am grateful to the Secretary of State for giving me two detailed briefings since I took office. He announced on 4 April—coincidentally, the day the Labour party elected a new leader—that he wanted to introduce a release scheme for up to 4,000 prisoners. Can he update the House on how many prisoners have been released and how many prison officers and staff and prisoners have sadly lost their lives?

**Robert Buckland:** First, I welcome the right hon. Gentleman back to the Front Bench and congratulate him on his new position. I am grateful to him for his engagement with me, and I will indeed, on his invitation, update the House first on the confirmed cases. These figures are accurate as of 5 pm on Saturday. On the number of confirmed deaths, sadly five members of prison staff

have died as a result of the virus, and we have 15 confirmed prisoner deaths. On the number of confirmed cases, there are 321 among prisoners and 293 among prison staff.

On early release, progress has, I admit, been careful and slow, but we have reached a position now where, also taking into account the release of pregnant women, a total of 33 prisoners have been released. The right hon. Gentleman will know that I did not embark upon this scheme lightly. It is the result of a very careful risk assessment to minimise the risk to the public, and of course it is coupled with the increase in prison capacity of about 3,000, which to my judgment and that of those who advise me is already making a big difference in creating the space we need to increase compartmentalisation and reduce the spread of the virus.

**Mr Lammy:** With just 33 released out of up to 4,000, the Secretary of State will recognise that, under the restrictive regime he talked about, prisoners cannot be kept in their cells for 23 hours a day, which puts prison staff at risk, never mind potentially seriously breaching important human rights. What is his exit strategy in terms of tracing, upping testing and moving back to a degree of order in our prisons, without which we could see rising tensions across the country?

**Robert Buckland:** The right hon. Gentleman will know that that is very much on my mind every day. I view the strategy as a long-term one. As conditions change in the community, the pressure will be on within the prison estate to do similar. I think that prisoners have so far understood and been brought with us in terms of the need to isolate. Our policy of compartmentalisation—which, do not forget, is not yet fully complete across the estate—will allow us the space and the room to accommodate the needs of prisoners even more widely. That policy, together with the progressive reduction in the overall number of people in the male estate in particular, will have the cumulative effect that the right hon. Gentleman wants to see, and that we all want to see, over the next several months.

**Mr William Wragg** (Hazel Grove) (Con): Can my right hon. and learned Friend the Lord Chancellor assure me and the House that all prison officers and staff who have required a covid-19 test have been able to access one in a timely fashion? Are those prison officers and staff being prioritised for the home testing kits?

**Robert Buckland:** My hon. Friend knows that prison staff were made a priority by my colleague the Secretary of State for Health and Social Care, and I am grateful to him for that. That of course includes probation staff. In addition, HMPPS was invited to use some of the available NHS testing capacity for our prison and approved premises staff, and that is prior to the full roll-out plan. Over the past two weeks, we have referred more than 2,000 staff for testing, to which hundreds have already had direct access. We will continue to work with the DHSC to ensure that all our key workers have access to testing of all appropriate types as the weeks go ahead. Recalling the question by the right hon. Member for Tottenham (Mr Lammy), that will, I hope, extend to prisoners, too, when we have that capacity.

**Joanna Cherry** (Edinburgh South West) (SNP) [V]: May I join others in welcoming the shadow Justice Secretary to his place?

The suspension of prison visits during the current crisis affects not just the welfare of prisoners but also their families and loved ones, who have of course been guilty of no criminality. The Scottish Government have committed to providing every prisoner in Scotland with a mobile phone that will be locked so as to enable outgoing calls to approved numbers only. Will the Ministry of Justice be able to match that commitment for every prisoner in England and Wales?

**Robert Buckland:** The hon. and learned Lady is absolutely correct to talk about the need for contact with families. I am pleased to say that as a result of investment that we have made, we have rolled out even more direct access to telephones across the prison estate in England and Wales. Wherever possible, we have—with controls, of course—issued telephones in-cell or very close to the cell that can be used safely by the prisoner. We have also provided £5 free PIN credit per week for every prisoner, which allows for approximately 60 minutes of free calls.

**Angela Richardson** (Guildford) (Con) [V]: The Government announced recently that key workers would be tested for covid-19, and I am delighted to hear that the Secretary of State is making it a priority that prison officers will be tested. Can he confirm that this will be extended to members of the family who might also be symptomatic for covid-19, and will he make that a key priority for his Department?

**Robert Buckland:** I am grateful to my hon. Friend, and she is right to remind us that many prison officers are unable to go to work because they are in households where people might be symptomatic. Having said that, the current attendance figures for prison officers at work are outstanding, and fortunately we have only about 12% or 13% who are unable to come into work for covid-related reasons. That is once again a reason to thank them for their service. I note my hon. Friend's point, and I would hope and expect to see more help given to households where we desperately need the public service worker to come in and help.

#### Public Protection from Serious Offenders

**Scott Benton** (Blackpool South) (Con): What steps he is taking to protect the public from (a) serious offenders and (b) terrorists. [901946]

**The Lord Chancellor and Secretary of State for Justice (Robert Buckland):** Protecting the public is the primary duty of any Government and we have acted swiftly to stop the most serious offenders being released halfway through their sentence. Our recent changes mean that anyone given a standard determinate sentence of seven years or more for the most serious sexual or violent offences must spend two thirds of that term in prison. We have passed legislation which means that terrorist offenders will no longer be released early without Parole Board approval and not before the two-thirds point of their sentence.

**Scott Benton** [V]: All too often, we hear that the time offenders spend in prison simply does not reflect the severity of the crimes they commit. What steps is my

right hon. Friend taking to restore confidence in the criminal justice system among victims and the wider general public?

**Robert Buckland:** I have outlined one measure that we have taken. It came into force on 1 April, but that is just the first step, because we will also be bringing forward a sentencing White Paper, which will include further proposals to deal with serious violent and sexual offenders, and we will be introducing further terrorist legislation to ensure that the most serious and dangerous terrorist offenders spend longer in prison and face tougher licence conditions.

**Mr Speaker:** I welcome Peter Kyle to the Front Bench.

**Peter Kyle** (Hove) (Lab): Thank you, Mr Speaker. Many of the serious offences are occurring within people's families. We know that this is a Government who care about domestic violence because tomorrow the Domestic Abuse Bill comes in for its Second Reading, but since the lockdown, arrests for domestic violence have increased by 25%. We know that in the first two weeks of the lockdown, 14 women and two children have been murdered in their families. I know that when the coronavirus made its way towards our shores, the Secretary of State and his team and Department started making preparations for a strategy to keep people safe in their homes. Can he tell the House how successful he believes that strategy has been, and what he will be doing in the next few weeks to keep people safe that was not happening in the last few weeks?

**Robert Buckland:** I congratulate the hon. Gentleman and welcome him to his new position. I am sure he will be taking a keen interest in tomorrow's debate on the Domestic Abuse Bill, which I shall be leading for the Government. He will be glad to know that, as a result of the recent announcements on the £5 billion covid-19 fund and the £750 million support for charities, we have already made available about £600,000 of funding to be used for the expansion and national roll-out of digital and helpline services. I take his point about the number of cases being pursued. I am glad to note that the police are pursuing these cases, and we are already talking directly with them to ensure that our courts system can deal with those cases expeditiously and that victims can be supported. This is a tough time for victims of domestic abuse, and we are there for them. "You are not alone" is the message that we have to send, time and again, to give them the support that they deserve.

#### Covid-19: Crown Prosecution Service

**Andrew Bowie** (West Aberdeenshire and Kincardine) (Con): What steps he is taking with the Attorney General to ensure the continued operation of the Crown Prosecution Service during the covid-19 outbreak. [901939]

**The Lord Chancellor and Secretary of State for Justice (Robert Buckland):** Covid-19 poses an unprecedented challenge to our criminal justice system, but I am pleased to say that we have successfully implemented contingency plans, including in the CPS and our criminal courts, to ensure that justice continues to be administered. Important hearings such as custody cases continue

to happen. We have consolidated physical hearings into a smaller number of open courts and introduced additional measures to make them clean and safe. I am in regular contact with my right hon. and learned Friend the Attorney General and the national Criminal Justice Board, which has set up a strategic command to oversee our response to covid-19.

**Andrew Bowie [V]:** I thank my right hon. and learned Friend for his answer. Across both England and Wales and in Scotland, private companies such as GEOAmev work in close proximity to and with the CPS and the Crown Office and Procurator Fiscal Service to provide vital court services. What discussions have gone on and, indeed, what work has been done to ensure that employees working for those companies have the correct PPE, so that they can continue to do their work as safely as possible, which is vital to ensure that our justice system can continue to function?

**Robert Buckland:** I thank my hon. Friend. He of course knows that the GEOAmev contract in Scotland is managed entirely by the Scottish Government, but we recognise how vital it is for all frontline staff to be supplied with PPE. Arrangements are in place, for the management and movement of any prisoner who is suspected or confirmed as having covid-19, to make sure that PPE is available for those responsible. In England and Wales, HMPPS is supporting GEOAmev in its procurement of PPE, and PECS—prisoner escort and custody services—contractors are able to access the various HMPPS hubs around the country to collect additional equipment, as required.

**Jessica Morden (Newport East) (Lab) [V]:** Gwent police are hard at work, I know, in tackling criminality, including domestic violence, but with the lockdown added to the existing backlog in our court system, the people they arrest now might not be brought to court for many months and may go on to commit other crimes, so will the Secretary of State be specific about how we are going to speed up the justice system?

**Robert Buckland:** I thank the hon. Lady for that question. She will be glad to know that daily work is going on between my officials and Her Majesty's Courts and Tribunals Service, the senior judiciary and the senior magistracy to make sure that we can progress more cases through both the magistrates and the Crown courts. Of immediate importance are magistrates court hearings: I want to see more of them come forward. We can do a lot of them virtually, and I know that the work being done by my hon. Friend the Minister for Crime and Policing, together with my Department, will help improve the speed of the delivery of these important cases.

#### **Covid-19: Prison Staff and Prisoners**

**Siobhain McDonagh (Mitcham and Morden) (Lab):** What steps he is taking to ensure the safety of (a) prison staff and (b) prisoners during the covid-19 outbreak.  
[901940]

**Christine Jardine (Edinburgh West) (LD):** What steps he is taking to help prevent the transmission of covid-19 among (a) prison staff and (b) prisoners.  
[901961]

#### **The Minister of State, Ministry of Justice (Lucy Frazer):**

I would like to take this opportunity to thank all our prison and probation staff for the outstanding work that they are doing on a daily basis. They are some of our hidden heroes.

We are working very closely with Public Health England to ensure that our approach is based on the best scientific advice available. We are putting in place a number of measures to ensure that the regime in prisons satisfies requirements for social distancing, shielding and household isolation. We are also working with providers to ensure the supply of PPE for staff and ramping up staff testing.

**Siobhain McDonagh:** I thank the Minister for her answer. In relation to the comments made earlier by the Secretary of State, will the Minister acknowledge that there can be a difference between what the Minister is told and how officers on the ground feel about access to PPE—not only quantity, but quality? Certainly, prison officers at Wandsworth are telling me that they are concerned about both those issues, together with having the facilities for putting on their uniform at the beginning of the day and taking it off at the end to keep themselves safe.

**Lucy Frazer:** I appreciate it is very important to get a view from the ground as well as to understand what is said by officials. As the Secretary of State has already identified, we are confident in our supplies of PPE, except in relation to coveralls, of which we have a flight coming in from China this week. I do regularly speak to a large number of people in relation to a vast number of issues—from the unions to prison group directors and those who work in the sector—to try to ensure that we get an overall picture of what is happening on the ground.

**Christine Jardine [V]:** There is grave concern about the potential transmission of covid-19 among both prisoners and prison staff. Organisations such as the Prison Governors Association, the Howard League and the Prison Reform Trust are all urging the Government to go further and faster in reducing the prison population. Will the Government consider urgently ending overcrowding by releasing prisoners who are on short-term sentences and suspending any new short sentences to slow the spread of covid-19?

**Lucy Frazer:** As the Secretary of State has outlined, we have a many-pronged approach to ensuring that we reduce the headroom in the estate. We are, as the Secretary of State mentioned, following Public Health England advice, which is that we have to reduce the headroom, and we are on track to do that by a variety of means, including release, natural reduction in the population and additional accommodation on our prison estate. That is not all we are looking at, though. The hon. Member mentioned short sentences; we have done a considerable amount of work to ensure that people do not come into prisons unnecessarily. We are looking at people on remand and trying to ensure that those who are on remand and have served their sentence have their court hearing quickly. It is about ensuring that we have good mechanisms in respect of bail and good offers in relation to non-custodial orders. We have a variety of work strands and are looking at all such issues carefully.

## DIGITAL, CULTURE, MEDIA AND SPORT

*The Secretary of State was asked—*

### **Covid-19: Disinformation**

**Rob Roberts** (Delyn) (Con): What steps his Department is taking to tackle disinformation on covid-19. [901871]

**Dame Cheryl Gillan** (Chesham and Amersham) (Con): What steps his Department is taking to tackle disinformation on covid-19. [901883]

**The Secretary of State for Digital, Culture, Media and Sport (Oliver Dowden)**: I welcome the hon. Member for Cardiff Central (Jo Stevens) to her position as shadow Secretary of State; she will participate virtually later. I also pay tribute to my hon. Friend the Member for Lewes (Maria Caulfield), who is not present because she has temporarily returned to the nursing profession to help to combat covid-19—she would normally be our Bench Whip.

Accurate, trusted information is more important than ever in this public health crisis. The cross-Whitehall counter-disinformation unit is providing a comprehensive picture of disinformation and misinformation on coronavirus. I have engaged personally with social media platforms, which have made technical and policy changes to stem the spread of misinformation. For example, YouTube now removes content that denies the existence of covid-19 or contradicts NHS information, and WhatsApp has reduced the number of contacts to whom a message can be forwarded.

**Rob Roberts**: Sadly, public trust in the media is collapsing, as many elements are seemingly more interested in catching politicians out and creating a story than reporting the news. What further work can my right hon. Friend and his Department do with the media to provide useful and accurate information to the public about support for vulnerable people and struggling businesses as we continue to tackle this crisis?

**Oliver Dowden**: I thank my hon. Friend for his question. At this time we need trusted information more than ever. We all know that the media do not always get it right, but I pay tribute to the work of the news industry in providing much-needed information. We see that work in our national and local newspapers and in our local commercial and BBC radio stations, which bring together communities and provide reliable news. It is for that reason that we have designated people who work in the production and distribution of news as key workers. We are also addressing the keyword blocking that undermines the advertising revenue on which the sector so relies, as well as ensuring that the Government directly communicate their messages through advertising.

**Dame Cheryl Gillan** [V]: Many social media platforms are being used to spread disinformation and vitriol, which is particularly dangerous to communities and individuals at this time. What assessment has the Secretary of State made of the industry's initiatives to warn people about misinformation and its willingness to remove destabilising and abusive messages?

**Oliver Dowden**: Most platforms have taken positive steps to curtail the spread of harmful and misleading narratives related to covid-19. However, when I spoke to the platforms earlier this month I made it clear that they need to explore how they can further limit the spread of misinformation. In my meeting, the platforms agreed to exactly the sort of initiatives that my right hon. Friend correctly mentions, and also to increase messaging to users about how to identify and respond to misinformation. Since then, Facebook has announced that it will show in its newsfeed the messages to anyone who has interacted with a post that has since been removed. That sort of work needs to continue at pace across all platforms.

**Julian Knight** (Solihull) (Con): Some of the most pernicious pieces of disinformation, such as on 5G, and—let us be frank—the lie about the Government's fake NHS accounts, have been amplified by blue-tick verified users on Twitter. Will the Secretary of State join me in calling on Twitter to be much more robust and to remove verified status from even prominent users should they be found spreading fake news and disinformation?

**Oliver Dowden**: My hon. Friend is, as always, absolutely right. At the roundtable I was clear that those platforms need to go further and faster to drown out disinformation and to help to spread vital public health messaging to stay at home. I have encouraged Twitter, and all platforms, to explore all the ways they can further limit the misinformation on them. That clearly means enforcing their own rules, which of course Twitter can do by removing verified status. I assure my hon. Friend that I shall watch his Select Committee discussion with the platforms with great interest.

### **Covid-19: Civil Society and Charities**

**Matt Vickers** (Stockton South) (Con): What steps his Department is taking to help ensure the sustainability of (a) civil society organisations and (b) charities affected by the covid-19 outbreak. [901877]

**The Secretary of State for Digital, Culture, Media and Sport (Oliver Dowden)**: Charities provide so much compassion and care to the most vulnerable in our country, and that role has never been more important than it is right now. In order to ensure that charities can continue their vital work in our national effort to fight the coronavirus, we announced a package of grants worth £750 million, alongside all the measures that my right hon. Friend the Chancellor has already announced to support charities. That recognises the unique role of the sector in helping us through this crisis and bouncing back on the other side.

**Jo Stevens** (Cardiff Central) (Lab) [V]: I thank the Secretary of State for his very kind welcome. He will know that, after 10 years of the hollowing out of public services through austerity, it is many charities that are providing frontline public services to the most vulnerable people at the greatest risk during the national response to covid. Although I welcome the support that he has announced, he also knows, because the charities sector has told him, that it is nowhere near enough, representing just 20% of their usual income during a 12-week period. They, and we, want to hear an explicit commitment

from him that further funding will be announced before it is too late and charities go to the wall. Vulnerable people are relying on them for support and the Government must not let them down. Can he guarantee that?

**Oliver Dowden:** I thank the hon. Lady for her question. We will, of course, do everything that we can to support charities. It is worth noting that we have ensured, through the Department for Culture, Media and Sport in discussions with the Treasury, that charities can access all the existing schemes. For example, they can benefit from VAT deferral, they can use the remaining business rate relief—they already get 80% relief; they can now get 100%—and they can furlough staff.

In addition, the measures have been designed to help the frontline. However, it is not just the £750 million that the Government have provided. There is huge work across philanthropic institutions—for example, £100 million from Barclays—not to mention what great charitable fundraising efforts, such as those of Captain Tom, have provided for the nation.

**Bim Afolami (Hitchin and Harpenden) (Con) [V]:** I thank the Secretary of State for his previous answer. I have charities that serve my constituents, such as Garden House Hospice, Tilehouse Counselling in Hitchin, the Harpenden Trust and many others. I commend him on the work that he has done with the Treasury on the charities package that has been agreed, but in relation to these quite small charities, can he give some further information to me and the House, and indeed to them, on how they can more easily access the fund that has been agreed, because some of them are saying that the next few weeks and months are looking very difficult?

**Oliver Dowden:** My hon. Friend is right to raise that issue. Charities such as Garden House and Tilehouse play a vital role in our country, and it is exactly those sorts of local charities on the frontline that we want to help. As part of the £360 million that is being distributed through Government Departments, up to £200 million will go to hospices. In addition, a further £310 million will be distributed by the National Lottery Community Fund. We are finalising the eligibility criteria, and I will write to him, and to all hon. Members, explaining the process and the criteria for those applications.

Of course, that sits alongside the great public national effort. In particular, I welcome the £33 million that has been raised so far by “The Big Night In”. That has been matched by Government fundraising, and sits alongside such things as the 2.6 London marathon challenge.

#### **Covid-19: Technology Sector**

**Alan Mak (Havant) (Con):** What discussions he has had with representatives of the technology sector on its response to the covid-19 outbreak. [901879]

**The Secretary of State for Digital, Culture, Media and Sport (Oliver Dowden):** We are facing an immense challenge in how we live and work, and more than ever we are reaping the benefits of our world-class digital infrastructure and leading tech industry. I am grateful to all the companies that have made generous offers of support; I am consistently impressed by their generous and innovative response. Thanks to the tech sector, NHS workers have been given smart devices to connect with patients; people’s

data caps have been lifted; and millions of video-calling apps have become the living essentials that we all rely on to do our jobs and to stay in close touch with loved ones.

**Alan Mak [V]:** I thank the Secretary of State for his answer. The development of British apps such as the covid symptom tracker could hold the key to ensuring that life returns to normal. What support is he giving the British tech sector to develop similar apps that could aid our economic recovery?

**Oliver Dowden:** The Government are working closely with industry on the tech solutions that will enable us to beat covid-19, and I am sure that tech companies will play a key role in our economic recovery. We have already announced a new £1.25 billion package for innovative firms to ensure that our world-class tech sector remains resilient through this challenging period. That includes Government match funding for £500 million in convertible loans for businesses that require equity investment but are currently unable to access existing loan schemes. In addition, we have made available £750 million of loans and grants for exactly those small and medium-sized businesses to which my hon. Friend refers, which focus on research and development.

**Tracy Brabin (Batley and Spen) (Lab/Co-op) [V]:** I thank the Secretary of State for his answer: during this pandemic, access to digital devices and fast, reliable internet connection are more important than ever. We have gone online not only to shop, connect with friends and colleagues, order prescriptions and apply for support, but to access culture. The BBC’s “Culture in Quarantine” has brought joy to homes, and in a recent survey of 1,000 people in the north-east, 55.6% said that they were using tech to watch arts and culture that they had never considered prior to the pandemic. He knows that the creative industries fear for their future and that if they are to rebuild and flourish, the digital platform must grow, but, sadly, the cost of devices and poor connections mean that many cannot participate. What steps is he taking to ensure that cost does not discriminate against the digitally disadvantaged, and what plans does his Department have to widen access to the creative industries post-covid?

**Oliver Dowden:** I thank the hon. Lady for her questions—she raises a number of points and I will try to address them. First, I very much welcome the BBC’s “Culture in Quarantine”. I have had discussions with Tony Hall, the director general of the BBC, and we are working together on that. Indeed, I have engaged with some of it myself. The National Theatre put on “One Man, Two Guvnors”, and I very much enjoyed watching that and seeing arts in a remote form. I very much pay tribute to all the arts organisations doing that kind of innovative work.

It is very important that everyone can access technology, particularly the vulnerable. So, for example, we have announced that we are supporting the DevicesDotNow campaign, led by FutureDotNow, which is seeking donations of equipment from industry to help connect vulnerable people to vital Government services. We are going further, and I am working closely with my right hon. Friend the Secretary of State for Education to connect disadvantaged families and young people who do not currently have devices.

### Covid-19: Football

**Mr Toby Perkins** (Chesterfield) (Lab): What recent assessment he has made of the financial effect of the covid-19 outbreak on professional football; and what steps the Government are taking to support football clubs during that outbreak. [901882]

**The Secretary of State for Digital, Culture, Media and Sport (Oliver Dowden)**: Football clubs form an integral part of this country, and it is important that they are given as much support as possible during these difficult times. Ministers and officials in my Department are engaging with football governing authorities about how they can access Government schemes—many have done so. I welcome the Premier League's announcement that it will advance funds of £125 million to the English football league and national league, to help clubs throughout the football pyramid. In addition, I have personally been in talks with the Premier League with a view to getting football up and running as soon as possible, in order to support the whole football community. Of course, any such moves will have to be consistent with public health guidance.

**Mr Perkins**: I am sure that many people will be delighted to hear what the Secretary of State had to say about football getting going again, particularly with Sheffield United's ambitious European campaign in full flow. He is absolutely right about the impact on the professional game. Many lower league clubs and clubs across the football community have done incredibly important work in their communities over this time, stressing the extent to which they are community assets rather than simply businesses. Can the Secretary of State say anything about what can be done to protect those lower league and national league clubs, which face unprecedented problems at this moment in time?

**Oliver Dowden**: I thank the hon. Gentleman for his question; he raises an important point. The first thing we can do is help get the premier league up and running again, because that will then help release resources through the rest of the system. We have already seen the £125 million support that has been made available, and in addition to that the Department for Digital, Culture, Media and Sport is working with Sport England. They have £195 million for sport and physical activity, including a £20 million emergency grant for clubs and community assets that are in trouble.

### Covid-19: Vulnerable Online Gamblers

**Yvonne Fovargue** (Makerfield) (Lab): What recent discussions he has had with representatives of the gambling industry on protection of vulnerable online gamblers during the covid-19 outbreak. [901870]

**Stephanie Peacock** (Barnsley East) (Lab): What recent discussions he has had with representatives of the gambling industry on protection of vulnerable online gamblers during the covid-19 outbreak. [901880]

**The Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport (Nigel Huddleston)**: I have had calls with the Betting and Gaming Council and gambling businesses, including five of the largest online operators. On 20 April, I wrote to the gambling companies urging faster progress on new player protection measures,

data protection provisions and safer gambling messaging, and I understand that the industry made an announcement on advertising today.

I will be having further calls this week and next and will continue to make it clear to the sector that it must obey player protection rules and be particularly responsible at this challenging time. I am monitoring the situation closely, as is the Gambling Commission. Any operator exploiting the current situation or vulnerable consumers will be held to account.

**Yvonne Fovargue** [V]: It is welcome news about the advertising, but a high number of people have withdrawn from the self-exclusion scheme—[*Inaudible.*] What actions are being taken to monitor this and how will people be protected who have previously identified that they have a gambling problem but who have recommenced gambling during this period?

**Nigel Huddleston**: I assure the hon. Lady that I, the Department, the Gambling Commission and the gambling industry take these concerns very seriously. She will be aware that we have extended the comprehensive online self-exclusion scheme, GAMSTOP, and taken additional measures, including that made on credit cards just this month. We are moving forward with both non-legislative and legislative programmes.

**Stephanie Peacock** [V]: Last year, the Government announced that they had launched a consultation on the national lottery age limit, which allows 16-year-olds to buy scratch cards and gamble online. Did the Government consult on this and will they introduce national lottery regulations in line with those on all other UK gambling businesses, to protect young people from gambling-related harm?

**Nigel Huddleston**: We did look at this issue and we will be making an announcement in due course.

**John Nicolson** (Ochil and South Perthshire) (SNP) [V]: Estimates indicate that as many as 200,000 people in Scotland are problem gamblers. Last week, a Survation poll showed an apparent fall in part-time gambling as a result of the coronavirus lock-in, perhaps masking more intense betting among problem gamblers. In the absence of sporting fixtures, many are turning to riskier products, such as online casino games—advertising for these has been ramped up by betting companies during lockdown, which of course is shameful. Will the Minister call on gambling companies to provide clear and prominent covid-19 addiction warnings on betting site pages and will he impose an ongoing suspension on gambling advertising beyond the end of the current lockdown period?

**Nigel Huddleston**: I thank the hon. Gentleman for those comments. Of course, we are all aware that problem gambling can have a devastating impact on those affected and their families. We take the issue very seriously indeed. Although I welcome the current movements from the industry—it has come up with plans—we have also asked it to offer shared data in a more meaningful manner, so that we can make educated choices. We have also announced a review of the Gambling Act 2005 and will in due course make more announcements about the scope of that review for potentially more comprehensive measures.

### Racing Industry

**Laura Farris** (Newbury) (Con): What steps he is taking to support the racing industry. [901872]

**The Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport (Nigel Huddleston)**: We are committed to supporting our world-leading horse-racing industry. The Government have put in place an unprecedented support package of business rates relief and support with employment costs, which is helping racing, like other businesses. The Horserace Betting Levy Board is making £20 million of cash flow available to race courses, alongside the £8 million that the Racing Foundation is providing to support participants. The Government are working closely with the industry and the levy board to understand and address the ongoing challenges.

**Laura Farris** [V]: I represent some of the UK's leading racehorse trainers, in Lambourn. The British Horseracing Authority has been working hard on plans for behind-closed-doors race meetings, limited to 12 jockeys in a single race and no crowds. What commitments can my hon. Friend make to supporting such creative solutions, for an industry under intense pressure, once the lockdown restrictions are relaxed?

**Nigel Huddleston**: I thank my hon. Friend for her support of the horse-racing industry. All major sports need to look after their staff, competitors, stakeholders and fans, and that includes having an eye to when competition might resume.

At this stage, it is not possible to give a timescale for when current restrictions will be relaxed. Potential conditions in which sport might return include behind closed doors, with neutral venues and with limited staff and broadcast crew. Other considerations would include first responder capacity and the availability of regular testing. We are in regular contact with the sector on what might be possible in future, but this will be entirely dependent on public health guidelines.

### Covid-19: Rugby League

**Emma Hardy** (Kingston upon Hull West and Hessle) (Lab): What assessment his Department has made of the potential long-term financial effect of the covid-19 outbreak on rugby league. [901873]

**The Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport (Nigel Huddleston)**: I have spoken with the chief executive of the Rugby Football League, Ralph Rimmer, and have been fully briefed on the extreme challenges presented by the suspension of the rugby league season. We recognise that many RFL clubs are on very tight financial margins. The value of rugby league and other sport clubs extends well beyond their immediate balance sheets. They play a pivotal role in their local economies and communities—as you well know, Mr Speaker. Economic interventions such as the job retention scheme will ease some immediate pressures, but we will continue to do what we can to further support them and the wider sport sector at this extremely difficult time.

**Emma Hardy** [V]: I thank the Minister for his positive response to my question, because as I am sure he is aware, if any city can claim to be the city of rugby league, it is the city of Hull. As he mentioned, our rugby league clubs do so much more than just offer sport. They offer support for troubled youngsters and help in the community; they are indeed a part of our city.

My hon. Friend the Member for Kingston upon Hull East (Karl Turner) has been leading a campaign to save rugby league. I welcome the Minister's comments on the furloughing scheme, but I also welcome the fact that he acknowledges that this is not enough. What guarantees can he give our brilliant rugby league clubs that the Government are listening and will take action soon to secure their financial future?

**Nigel Huddleston**: I can give the hon. Lady an assurance that I have a great deal of sympathy for what she has said. I have heard representations from both sides of the House, including from her neighbour, the hon. Member for Kingston upon Hull East (Karl Turner). Many of the measures that the Government have implemented are useful and are helping, but I am aware that there are particularly acute pressures for rugby league. I and my Department will continue to work across Government, as well as with the RFL. I am also very aware of the time sensitivity of the issue that the hon. Lady has raised.

**Mr Speaker**: We now go across to Marie Rimmer, on her birthday.

**Ms Marie Rimmer** (St Helens South and Whiston) (Lab) [V]: For many northern towns, rugby league is more than just a sport. It is part of our identity—our culture. Most of the clubs are old enough to have survived the two world wars, but they desperately need our help and support. The sport must survive this crisis. What will the Minister do to make sure that rugby league is still around for our communities to go back to after coronavirus?

**Nigel Huddleston**: Many happy returns to the hon. Member! I assure her that we are taking the issues very seriously. We will continue the dialogue and I am hopeful that we can come to a positive conclusion.

### Covid-19: Heritage and Tourism Sector

**Maria Eagle** (Garston and Halewood) (Lab): What steps he is taking to support the heritage and tourism sector during the covid-19 outbreak. [901878]

**The Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport (Nigel Huddleston)**: The Government are committed to our world-class heritage and tourism sectors. I and my officials are engaging across Government and are in regular weekly discussions with industry stakeholders. The Chancellor has set out an unprecedented support package for businesses and workers, including those in the heritage and tourism sectors, to help protect them in the current emergency. We have also announced a £1.3 million scheme to support destination management organisations, and both the National Lottery Heritage Fund and Historic England have announced sectoral support packages.

**Maria Eagle [V]:** Liverpool's visitor economy brought in £3.3 billion last year, supporting 6,300 businesses and 57,000 jobs, but by June almost £1 billion will have been lost in Liverpool alone because of the lockdown. Will he undertake to push the Chancellor to extend further the business support he announced to those with a rateable value over £51,000 and to extend help to the self-employed and micro-businesses in the sector, who are falling between the cracks of the available support schemes?

**Nigel Huddleston:** The hon. Lady is absolutely right about the enormous economic value of the tourism industry—not only in her area, but right across the country. I assure her that we are in regular conversations and dialogue with not only the industry but the Treasury, and those discussions will continue.

**Robbie Moore (Keighley) (Con) [V]:** The Keighley and Worth Valley railway—Yorkshire's No. 1 tourist attraction—has welcomed over 7 million visitors to Keighley in the last 50 years, all supporting our much-loved heritage railway and the local economy in Keighley. Like all heritage railways, it is run predominantly by passionate volunteers, with an economic model based on ensuring that ticket sales are plentiful. With social distancing restrictions unlikely to be relaxed for a significant time, will the Minister outline what additional support he will consider providing to the heritage railway sector?

**Nigel Huddleston:** The importance of the heritage rail sector was recognised last year, when the National Lottery Heritage Fund gave a grant of nearly £800,000 to bring the Keighley and Worth Valley railway back into service for the first time in 25 years. My hon. Friend may wish to apply to the £50 million emergency programme launched by the heritage fund to support the heritage sector through the covid-19 pandemic. He may also want to approach Historic England, which has announced an additional £2 million programme of grants for smaller specialist organisations and projects.

**Alex Sobel (Leeds North West) (Lab/Co-op) [V]:** It is a pleasure to make my Dispatch Box debut, albeit virtually; I believe I am the first Member to make an inaugural appearance from the Front Bench online.

On Friday, G20 Tourism Ministers met. The UK tourism sector is greatly exposed to the lockdown and, with the summer season coming, the uncertainty is causing distress. The sector learnt that it would be among the last to exit lockdown merely as an aside from the Minister for the Cabinet Office on "The Andrew Marr Show". In contrast, President Macron outlined a strategy for the French tourism trade including flexible furlough, a 100% state-backed loan—not 80%—and state backing for postponed rather than cancelled holidays. Our system of refund credit notes can be expanded and extended to protect our domestic tourism industry. Did the Minister discuss those measures at the G20 meeting? What consideration has he made on introducing them?

**Nigel Huddleston:** I congratulate the hon. Member on his first virtual appearance from the Opposition Front Bench. He raises many important issues. We had a constructive conversation with the G20 tourism Ministers, primarily around the recovery programme. We are continuing the dialogue, both domestically and

internationally, on all those issues. Of course, the tourism, hospitality and leisure sector has benefited from additional measures including business rate relief, and we will continue the dialogue with all stakeholders to ensure that the sector is looked after.

### **Covid-19: Local and Regional News Organisations**

**Mohammad Yasin (Bedford) (Lab):** What support the Government are providing to local and regional news organisations during the covid-19 outbreak. [901874]

**The Minister for Media and Data (Mr John Whittingdale) [V]:** The Government recognise the vital role that local and regional newspapers play in the provision of reliable, high-quality information during this time. We have already put in place an unprecedented financial package to provide support to all businesses and have taken a number of steps to provide specific support to news publishers. We are continuing to work closely with publishers to fully understand the specific challenges that they are facing with the supply chain and the fall in advertising revenues and options for addressing these.

**Mohammad Yasin [V]:** The Government have agreed an advertising deal with the News Media Association, which has been presented to the wealthiest publishers, but have so far overlooked independents. Does the Secretary of State agree that independent publishers such as the *Bedford Independent* are providing a vital service to communities across the UK, and will he meet with the independent sector representative body, the Independent Community News Network, to agree an advertising deal for the local independent press?

**Mr Whittingdale:** I agree with the hon. Gentleman that the independent community news sector is very important and plays an essential role in continuing to provide public information alongside the NMA members in the regional and local press. The agreement that we have reached for advertising will cover 600 national, regional and local titles, which reach something like 49 million people, but I am in touch with the ICNN and we are looking to see what other measures could be put in place to support it and to see whether it could benefit from the Government's own advertising package.

**Mr Marcus Fysh (Yeovil) (Con) [V]:** In Somerset, we are fortunate to have some excellent community radio stations, but, across the country, such stations are in need of financial support at this time. What more can the Government do to make sure that community radio stations are not forced to close because of coronavirus?

**Mr Whittingdale:** I thank my hon. Friend for his question. I very much agree with him that community radio plays an essential part in the media landscape, and I am very conscious of the pressures that many community radio stations are currently under. We are looking at ways in which we can support them, perhaps through the use of a community radio fund. That is something that I hope we can say more about very shortly. I am determined to give whatever help is possible to support community radio as well as commercial radio.

**Mr Speaker:** We now come to the statement on the economy. I will call the Chancellor of the Exchequer to make a statement for up to 10 minutes. We will run this for one hour.

## The Economy

3.32 pm

**The Chancellor of the Exchequer (Rishi Sunak):** Thank you, Mr Speaker, for giving me the opportunity to update the House on our economic response to the coronavirus. Let me say at the outset that I am grateful to Members from all parts of this House, including the hon. Member for Oxford East (Anneliese Dodds), the new shadow Chancellor, for their contributions to this debate.

We should be in no doubt about the seriousness of the economic situation. The Office for Budget Responsibility has published a scenario showing that the coronavirus will have very significant impacts, both at home and in the global economy. More than 1.5 million new claims have been made to universal credit, over 4 million jobs have now been furloughed, and survey evidence suggests that a quarter of businesses have stopped trading. These are already tough times and there will be more to come.

Although our interventions have saved millions of jobs and businesses, we cannot save every job and every business. I understand and share people's anxiety, but right now the most important thing that we can do to protect our economy is to protect the health of our people. As my right hon. Friend the Prime Minister said this morning, we are making progress. We are beginning to turn the tide but, if we lose control of the virus again, we risk seeing a second spike, which we all want to avoid. The goal of our economic strategy is to provide a bridge over what will be a sharp and significant crisis by keeping as many people as possible in their existing jobs, supporting viable businesses to stay afloat and protecting the incomes of the most vulnerable. In other words, it is to maintain the productive capacity of the British economy, so that, once we are able to refine the public health restrictions, we can as quickly as possible get people back to work, businesses reopening and the self-employed trading again.

The Office for Budget Responsibility has been clear that, if we had not taken the actions that we have, the situation would be much worse. The International Monetary Fund has said that our approach has been "aggressive" and "right". Taken together, I believe our response has been one of the most comprehensive of any country anywhere in the world. Working closely with the Bank of England, business groups, trades unions, banks, charities and many others around the country, we have developed a plan to protect public services, people and businesses.

Let me address each of those areas in turn. Public services such as the NHS are on the frontline of the fight against coronavirus. I repeat today that whatever resources our NHS needs it will get. At the Budget in March, I announced a coronavirus emergency response fund, initially allocating £5 billion. We have now provided more than three times that initial amount, with the NHS and public services receiving £16 billion so far.

We are also providing extensive support for people's jobs and incomes. Our most important and far-reaching policy is the coronavirus jobs retention scheme to keep people in employment. The scheme launched on schedule last week, and I am pleased to report that the first grants have just been paid. Around half a million employers have already applied for help to pay the wages of over 4 million furloughed jobs—jobs that might otherwise have been lost.

Her Majesty's Revenue and Customs is also on track to deliver the self-employed income support scheme, as promised in early June, and we will publish detailed guidance this week. Alongside those new interventions, we have strengthened our existing safety net with increases to universal credit, the local housing allowance and statutory sick pay. We have reinforced our social fabric, too, with £750 million for the charity sector.

Of course, the best way to support people is to protect their jobs, and that means supporting the businesses that employ them. Our plan to help businesses means the following: almost half of all business properties in England will pay no business rates this year; almost 1 million business premises can now receive cash grants of up to £10,000 or £25,000; and more than 2 million businesses have been offered a VAT deferral, saving them an average of £30,000.

Another 2.7 million people will be able to defer their self-assessment payments; almost 60,000 people and businesses have put "time to pay" arrangements in place with HMRC; up to 2 million employers will be able to access the statutory sick pay rebate, up to £48,000 per firm; more than £14 billion of lending has been issued through the Bank of England's financing facility, and more than 20,000 coronavirus business interruption loans have now been approved. Of course, all that is on top of our furlough scheme, with payments now arriving.

Taken together, our plans are protecting millions of people and businesses across our country, through a set of interventions in the economy on a scale that we have never attempted before, and they are working. However, I know that some small businesses are still struggling to gain access to credit. They are, in many ways, the businesses most exposed to the impact of the coronavirus, and often find it harder to access credit in the first place. If we want to benefit from their dynamism and entrepreneurial spirit as we recover our economy, they will need extra support to get through this crisis. Some businesses will not want to take on more debt, which is why our focus has been on cash grants, tax cuts and tax deferrals, but for others, loans will be part of the answer.

Today we are announcing a new micro-loans scheme, providing a simple, quick, easy solution for those in need of smaller loans. Businesses will be able to apply for new bounce-back loans, for 25% of their turnover, up to a maximum of £50,000, with the Government paying the interest for the first 12 months. I and the Economic Secretary to the Treasury have been in close talks with the banks, and I am pleased to say that those loans will be available from 9 am next Monday.

There will be no forward-looking test of business liability, and no complex eligibility criteria; there will be just a simple, quick, standard form for businesses to fill in. For most firms, loans should arrive within 24 hours of approval. I have decided that, for this specific scheme, the Government will support lending by guaranteeing to the lender 100% of the loan.

Let me address that point directly. I have heard calls for the Government to underwrite all our loan schemes with 100% guarantees, but I remain unconvinced by the case for doing that universally. We should not ask ordinary taxpayers of today and tomorrow to bear the entire risk of lending almost unlimited sums to businesses that in some cases may have very little prospect of

paying those loans back, and not necessarily because of the impact of the coronavirus. I do not think it is appropriate to provide 100% guarantees on all of our schemes. Instead, these new bounce-back loans carefully target that extraordinary level of state support at those who need it most. The £50,000 cap balances the risk to the taxpayer with the need to support our smallest businesses.

Right now, the most important thing for the health of our economy is the health of our people. We are making progress in our fight against the virus, but we are not there yet. Our strategy is to protect people and businesses through this crisis, by backing our public services and NHS with increased funding, strengthening our safety net to support those most in need, and supporting people to stay in work and keep their businesses going. Our response is comprehensive, coherent and co-ordinated. It is, I believe, the right approach. I hope I can continue to rely on the support and advice of all right hon. and hon. Members as I commend this statement to the House.

**Mr Speaker:** I now welcome the new shadow Chancellor, Anneliese Dodds, who has five minutes to respond.

3.42 pm

**Anneliese Dodds** (Oxford East) (Lab/Co-op): I am grateful to the Chancellor for advance sight of his statement, and to all the Treasury civil servants, and those in HMRC and the Department for Work and Pensions, who have been working incredibly hard to get these schemes running. I fully appreciate that the Chancellor's job has not been an easy one, but it is our job as a constructive Opposition to point to problems that we are hearing from the frontline, and to indicate solutions. It appears that at least some of those problems are more acute in our country than in many others.

The Purchasing Managers' Index figures that came out last week indicated a sharp fall in business confidence. Sadly, that was not a surprise. It has been clear for some time that the economic slowdown we are currently experiencing is sharp and deep. It was, however, unsettling that those figures suggested that business confidence has taken a stronger hit in the UK than across the eurozone. I have heard from small business owners who put their life and soul into their firms, but have less than two weeks of cashflow left, and they are devastated. We all need to work together to get the different support schemes working for our country. We must fix this.

I am well aware that many of the conditions for shifting out of lockdown are not within the Chancellor's grasp. However, his Government need to be open about blocks on progress and how they will remove them. That applies to the test, track and trace regime, which must be in place before key sectors can open again. It also applies to the creation of a national tripartite system to ensure that workers and employers have confidence that they can return to work safely when the right time comes.

The Chancellor is directly responsible for the economic package, and he knows that we supported him in creating the furlough scheme; indeed, we called for it. But the evidence is that some other key elements of the economic package are failing, so, in a constructive spirit, I want to ask the Chancellor whether he would countenance solutions in three areas—first, on CBILS. It is a relief to hear from the Chancellor that he has listened to calls from

the Opposition, business and others that we need a full guarantee for at least some loans—he has stated those of up to £50,000—but we need to be clear that the UK has an enormous mountain to climb. Switzerland has a population of under 9 million, yet it approved four times as many loans in its first week as the UK has done in a month. We are running out of time, so how will the Chancellor ensure that the bounce-back loans get to the businesses that need them? How will they get out of the door, and what plans does he have to ensure that the banks will have the capacity to provide those loans?

Secondly, recent figures suggest that one in 10 in our workforce looks set to be unemployed as a result of this crisis, with all that that entails for people's future prospects, incomes, and their and their families' health. Again, I say to the Chancellor that we will work with him. We have indicated many of the gaps in existing schemes to protect incomes, and will continue to push for them to be filled. However, we must be clear: the reason that those gaps are such an income-crushing, insecurity-producing crisis for so many is that, in most cases, the only alternative to coverage by these schemes is universal credit, which pushes people right down to an average of 10% of the income of the rest of the workforce. The DWP has made some welcome changes, but failure to change the initial loan into a grant threatens to create even more of a debt crisis among households. Apparently the Government are sympathetic to changing the loan into a grant, but we are told that the computer system just will not allow it, so my second question is: will the Chancellor knock heads together and get the computers to say yes to switching UC loans into grants?

Finally, as the Chancellor knows, before this crisis we had an economy that simply did not work for so many. Around a quarter of all families lacked just £100 in savings, even before the crisis began. The UK is the most regionally unequal country in Europe, and we have just had the longest squeeze on living standards not just in a generation, but in eight generations. The recovery from this crisis must be faster and wider to ensure that as many people as possible have a job to come back to. We need a flexible furlough scheme. The Chancellor told me previously that it cannot currently be made more flexible, but other countries have done so. Will he work to amend the furlough scheme to allow workers to come back on a part-time basis, and will he do as so many other countries are doing, from Germany to New Zealand, and talk about how those hit hard by the crisis can be supported not just now, but in the future, with employment-boosting redeploying retraining schemes? The aftermath of the pit closures tells us that an approach where the Government shrug their shoulders will scar our economy for generations to come, so my last question is: will the Chancellor work together with me, trade unions, businesses and local authorities to develop a plan to offer the hope of work to those who have already become unemployed, and get our economy moving again?

**Rishi Sunak:** May I welcome the shadow Chancellor to her place, and thank her for the constructive dialogue that I have had with her over the past two or so weeks? Let me address her questions directly and swiftly. First, I turn to her question about the loan guarantee programme and the banks' operational capacity. Obviously, this is something that the Economic Secretary and I, working with the banks, have spent a lot of time on over the past few weeks. I am grateful to the banks for re-engineering

[Rishi Sunak]

their entire systems to offer this brand new bounce-back loan. I am assured that it will be available from next Monday morning. There will be a very simple application process, and the banks will not have to conduct more than the customary fraud and anti-money laundering checks, which of course would be reduced for their existing customers. If someone has an existing business account with a bank, the process should prove incredibly rapid, and they should have the cash in their bank account within a day or two. The banks are readying their systems for that launch date as we speak.

I hear a lot from many commentators that we should copy what was done in Switzerland. Now, Switzerland does have 100% guaranteed loans—I absolutely agree that it does—but it is worth bearing in mind that it does not provide very much else in the way of direct fiscal support for its businesses. Indeed, after extensive dialogue with the Swiss Government, it is very clear that, for them, the loan guarantee scheme is the primacy of their direct fiscal support to businesses. In this country, we have provided tens of billions of pounds in direct cash support—in tax cuts through reducing business rates, in cash grants of £10,000 or £25,000, and by paying people's statutory sick pay bill. These very direct cash impacts, I believe, are more generous than asking companies to take on a loan, which is why I believe that the Switzerland comparison is not analogous. Secondly, the Switzerland furlough scheme requires employers to contribute a fifth of the payment to the scheme, whereas in this country, our furlough scheme removes that very considerable cash burden from businesses.

As I always say when I am at this Dispatch Box or answering questions elsewhere, it is important to look at the totality of all our economic interventions. When measured as a percentage of GDP, it is very clear to me that, as has been empirically shown by others, the sum total of our fiscal intervention to support businesses and people through this crisis is one of the most comprehensive and generous, in terms of scope and scale, anywhere in the world.

Turning to the next question—on universal credit and support for the most vulnerable—I firmly agree that during this crisis, we must of course look after the most vulnerable in our society, and from the Budget onwards, I have striven to do exactly that. We have invested extra funds in tax credits and in universal credit, improved eligibility for statutory sick pay, improved employment support allowance, improved how these schemes work for the self-employed, improved the local housing allowance and, indeed, created a brand new hardship fund for local authorities to help people with their council tax bills. All these investments have a sum total of over £7 billion of investment by this Government to strengthen the safety net to help the most vulnerable in our society through this difficult period.

Lastly, with regard to the future, I wholeheartedly believe that the best way out of this is to ensure that as many people as possible can return to the job that they had. That is the best way to protect people and to protect their livelihoods, their families and their household incomes, which is why all our support has been conducted with that aim in mind—how can we help to support businesses? How can we help them to keep their employees attached to that business? I believe that our furlough

scheme stands at the centre of that. All the other interventions will help to support that aim so that as we emerge from this crisis, we can bounce back as quickly as possible to the life that we once knew.

**Theresa Villiers** (Chipping Barnet) (Con) [V]: The Government's support package for jobs and wages is providing a vital lifeline for millions of families, but every day that the full lockdown continues, further damage is done to the economy, so can I ask the Government to publish a road map to release from the lockdown so that businesses can start to prepare for a phased modification and a safe exit from the current emergency measures?

**Rishi Sunak:** I agree with my right hon. Friend that, of course, the economic damage that is happening at the moment is severe, which is why we have taken the unprecedented measures that we have to try to mitigate as much of that as we can. Of course, I share with her—and indeed, the Prime Minister shares with her, as he said this morning—a sense of urgency to want to restart our economy, not least so that we can get people back into work and start creating the tax revenues that we need to pay for our public services, but we are not there yet. That is why we must remain disciplined and united around our aims and meet the tests that we have set to emerge from this phase of the crisis, but the Prime Minister also said this morning that we are making considerable preparations, and have been for a while, for phase 2. In phase 2, as he said, we will be able to gradually “refine” our

“economic and social restrictions and one by one...fire up the engines of”

our “vast UK economy”. I can assure my right hon. Friend that that work is ongoing. I remain committed to it and, as the Prime Minister said, the Government will be saying much more about this in the coming days.

**Alison Thewliss** (Glasgow Central) (SNP) [V]: I thank the Chancellor for advance sight of his statement. The SNP welcomes the money that he has committed, but we acknowledge the gaps and the limitations, and we constructively ask for actions in a number of areas: assistance for those waiting for confirmation of a universal credit claim; the ending of the five-week wait and the two-child limit; additional support for carers who may be forced to stop work; support for those caught in the new starter furlough gap; support, which the Scottish Government have already put in place, for the newly self-employed; support for limited company directors, who particularly feel as though they have been left out; removing the “no recourse to public funds” conditions, which leave people without support in many cases; helping asylum seekers whose support networks may have fallen apart; and ensuring that pregnant women who were wrongly sent home on statutory sick pay and unpaid leave in March get access to the furlough scheme.

The Chancellor talks about supporting viable businesses to stay afloat, but that viability is very much in the hands of the banks, who are making decisions on tight criteria. What is he doing to ensure fairness in that assessment? The bounce-back loan scheme that he announces is good and deferring can be useful, but many small businesses feel that it will just mean storing up more debt for the future. It is understandable that

they may not want to take on more debt. Will he look at more grants, CBILS overdrafts and revolving credit to help those businesses through the current difficulties?

Will the Chancellor also look at assistance for food wholesalers who are keeping care homes and small shops supplied, and who are suffering because of the downturn in hospitality? He made no mention in his statement of the many businesses that shut their doors on public health advice and now find that their insurers refuse to pay out on business interruption claims. Will the Government step in to cover disputed claims? Businesses just do not have the time or the money to go through the Financial Ombudsman Service or the courts.

**Rishi Sunak:** I thank the hon. Lady for her constructive engagement with me and others as we go through this difficult time. With regard to helping the most vulnerable, we have put several measures in place that will help many of the people she mentioned—not least strengthening universal credit, as we have done by £1,000 over this year, and associated changes and tax cuts, as well as providing local authorities with discretionary funds to help those in their communities who, as they know better than any of us sitting here, are in most need of support. That will cover many of the groups that she talked about.

With regard to the banks and viability tests, the new bounce-back loan scheme will not ask for any forward-looking information from companies. There will be a very simple form for companies to fill in. It will be done on the basis of self-certification, and the banks will be doing customary fraud, money laundering and identity checks rather than any credit checks, given our 100% guarantee. That problem should, therefore, be solved.

I have also spent time talking to the banks, as has the Economic Secretary, tirelessly on a daily basis about the other forms of credit that they are extending to small businesses. The hon. Lady is right to point out that some businesses would prefer to have things such as overdrafts. In that vein, I am pleased to tell her that according to the last numbers I had, about 20,000 new overdrafts have been extended, together with about 60,000 capital repayment holidays. Of course, general SME lending happens outside CBILS or, indeed, our new bounce-back scheme. I can assure her that the Economic Secretary and I remain alive to that and will keep up all necessary pressure on banks to make sure that credit flows to where it needs to get to. Today, I am happy to put on record my thanks to them and their teams for helping us to work at pace to get the bounce-back loan scheme up and running for next Monday morning.

Lastly, the hon. Lady asked about insurance companies, and I think she is right to highlight this. I would point insurance companies and their policyholders to the very strong guidance set out in a letter by the FCA, which urged insurance companies to behave responsibly and flexibly in the interpretation of their policies. We have previously made it very clear: where there was a question about whether a policy should pay out, depending on whether we had closed the business as a result of Government action, that was cleared up. Of course, very few people have policies that would cover them for this, but where it is clear that they should have a reasonable expectation of coverage, it is right that the insurance companies pay out. We will keep a close eye on the situation.

**Andrea Leadsom** (South Northamptonshire) (Con) [V]: I congratulate my right hon. Friend very sincerely on the bounce-back loans, which I think will make a huge difference to small businesses. I must also say how great it was to see the Prime Minister back on good form today.

Of course we need to keep the lockdown in place until it can be safely lifted, but will the Chancellor today give employers and entrepreneurs, who are the lifeblood of our economy, reassurance that when restrictions can be lifted, they will be given some notice and some clear guidelines so that they can restart their supply chains with confidence?

**Rishi Sunak:** I thank my right hon. Friend for her comments; having held the positions that she has had in Government, she knows better than most the importance of business to our economy and to driving our economy. She is absolutely right that businesses will need time to prepare. As I have alluded to, work is already under way in government, through engaging with businesses, unions and others, to ensure that when we are in a position to get to phase 2 and refine the social and economic restrictions, work has already taken place to prepare everyone and give them suitable notice, so that they can kick-start the engines of our economy.

**Sir Edward Davey** (Kingston and Surbiton) (LD) [V]: I welcome the micro-loans scheme, but may I press the Chancellor to do more for the self-employed—in particular the self-employed who are not in his scheme, many of whom have only modest incomes, such as cleaners, builders, taxi drivers and musicians? Such self-employed people often work through limited companies, relying on dividends for income, and are getting little or no help, with devastating consequences. I know that the Treasury is worried about fraud, but I wrote to the Chancellor on 8 April with a Liberal Democrat proposal to help those self-employed people and protect the taxpayer. Will he please now help self-employed people who are dependent on dividends, before it is too late?

**Rishi Sunak:** The right hon. Gentleman mentioned groups that I engaged with specifically in the design of the self-employed scheme, and who I am fairly certain released reasonably positive comments on the day it was released, notably the Licensed Taxi Drivers Association and, I believe, one of the musicians' federations. I spoke to them both personally as we developed the scheme, and I believe that they were very supportive at the time.

We have designed these schemes at pace to get support to as many people as we can in the time available, and the decisions that we have taken enable that. At this point, complicated changes to the schemes would just mean delay in getting support to millions of people who are either already in receipt of it or very shortly to receive it.

**Steve Brine** (Winchester) (Con): The package of help for the self-employed is welcome and helps the vast majority of workers. However, there are those—not the super-rich—who have been left out, either because they earn over the £50,000 cut-off, because they are new to self-employment or because they are company directors who are not earning the majority of their income by this route. In the spirit of doing whatever it takes, while

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appreciating that it could well involve some element of “pay now, claw back later”, can the Chancellor give those workers some hope that he does not view the self-employment support scheme as a done deal and that, as Scotland has shown in recent days, he is still open to new ideas?

**Rishi Sunak:** As I hope I have demonstrated over the past six to eight weeks, I am always open to new ideas, whether at home or abroad. I have constantly sought to refine, to improve, to iterate and to respond to circumstances on the ground to make sure that our economic response is as comprehensive and effective as it can be. I can give my hon. Friend an assurance that I will continue to do just that.

**Matt Western** (Warwick and Leamington) (Lab): Businesses in Warwick and Leamington, much like those across the country, have been burning through cash in recent weeks and have been desperate for a cash injection. I welcome the Chancellor’s announcement today, but does he accept the view of Neel Kashkari, who ran the US federal bail-out programme in 2008-09, that what is critical is getting the money out as quickly and as simply as possible—like the French, who have lent seven times more than the UK, or the Germans, who have lent three times more? Does he accept that we have been too slow and too deliberative?

**Rishi Sunak:** Different countries have done things in very different ways. The hon. Gentleman talked about the US; the US has no equivalent of our furlough scheme, which is probably the most significant economic intervention that we have put in place—it was up and running four weeks after I announced it and is already, as we speak, getting money to businesses to pay wages. He talked about other European countries; there is a range. We have now issued more CBILS loans than the equivalent scheme in Germany.

**Sir Graham Brady** (Altrincham and Sale West) (Con): As we look ahead to a gradual lifting of restrictions on business in the coming weeks, will my right hon. Friend look for common-sense opportunities, such as allowing open-air markets to trade in the same way as supermarkets? Will he also look at changes to the furlough scheme to help it accommodate a gradual return to work?

**Rishi Sunak:** I thank my hon. Friend for his thoughtful comments. I know he has put a lot of personal time and energy into thinking about these things, and I welcome his engagement with me. He makes very interesting suggestions. As the Prime Minister said this morning, there will be gradual refinements to the social and economic restrictions, and my hon. Friend is right to highlight that that is exactly how the process will work, whether that is the restrictions or, indeed, how we remove some of the economic interventions that we have put in place.

**Ms Angela Eagle** (Wallasey) (Lab) [V]: The whole House will welcome the Chancellor’s announcement of his micro-loans scheme—the bounce-back loans—that he just made in his statement, but will he admit that the CBILS loans that he announced are still proving slow, overly complex and bureaucratic? Will he look again to

see what he can do to simplify that scheme so that more of the £330 billion of potential loans that he set out in his first announcements can actually get to where they need to be to save huge swathes of our economy?

**Rishi Sunak:** The hon. Member is absolutely right. I am striving to make the process as seamless and as quick as possible. We made some improvements a couple of weeks ago—removing guarantees and changing some things on the back end—which have already made a difference. More than 20,000 CBILS loans have now been issued and there are 40,000 applications that the banks are working through. The acceptance rate remains high at over 80%, but there are further tweaks that we have been putting in place over the past week. Information on that will be outlined later. It is largely technical, administrative and regulatory, but I believe those changes will continue to accelerate the pace of CBILS loans and, like the hon. Member, I think we all share that aspiration.

**Mr Steve Baker** (Wycombe) (Con): I congratulate my right hon. Friend on the wisdom and skill with which he is adopting policies that I am confident are not naturally his territory. Well done to the Government. Will he reassure me that he is conscious that we need to take early, safe opportunities to open up the economy if we are to get back to a path to sustainable prosperity? Can he reassure me that he knows how to unwind this major set of interventions, so that we can get back to sound economic principles?

**Rishi Sunak:** As ever, my hon. Friend makes excellent and informed points on economic policy. I thank him for his support as well. He is absolutely right. I share with him, as does the Prime Minister, a sense of urgency about wanting to reopen our economy so that we can start driving growth, providing people with employment and paying for our public services. He is right to acknowledge that that must be done safely. Although we have made progress, we are not there yet, but I can reassure him that extensive work is under way to plan for phase 2 of the crisis so that we can get back to the economy that he and I both want to see.

**Peter Kyle** (Hove) (Lab): In the past 10 years, there has been a very active debate about those relatively few companies that have so aggressively avoided paying tax in this country. Many of those same companies are now relying on the largesse and generosity of taxpayers to remain solvent in these difficult times. As the Chancellor and his Department start to plan for the recovery economy, will he take this opportunity to have conversations with those companies to make sure that when we do recover, they play a much fuller part in our economy going forward? Let us not aim for business as normal when we get back after this crisis; let us aim for business as better.

**Rishi Sunak:** I thank the hon. Member for that comment, and I like his phrase at the end—we will see whether it shows up in a future speech. He is absolutely right that we are all in this together. We have gone through this as a collective endeavour as a country, whether as business, Government or individuals, and it is right that people act responsibly during this process. That is something I have urged all businesses to do, and I hope they continue

to do that. He is correct: as we emerge from this, it is right to look at things in the round. As we went through this together, we must repair the economy all together.

**Anthony Browne** (South Cambridgeshire) (Con): I congratulate my right hon. Friend on the bounce-back loans, which I am confident will provide much relief to a lot of small businesses in my constituency. I also congratulate him on the strong support measures across the range, which have helped a lot of people in South Cambridgeshire. Will he confirm that he will keep the package of measures under review, not only to identify any other groups that we can help, but also to make sure that as we transition out of lockdown, we do so successfully? In particular, the job retention scheme, which, as he said, now employs 4 million people, has been very successful in protecting jobs. We need to make sure that when it does come to an end, it does so in a way that minimises redundancies.

**Rishi Sunak**: My hon. Friend is well informed on these issues. I know he has put a lot of specific thought into this topic, and I welcome further engagement with him. He is right. We must think carefully about exiting these schemes to provide maximum support to the labour market and businesses, and to ensure that we do not inadvertently distort things and hamper our recovery by stopping people going to work and businesses re-employing them, which is the outcome we all want to see.

**Hywel Williams** (Arfon) (PC) [V]: On Friday, the Government announced support for ferry services between Northern Ireland, Scotland and England. The Holyhead-Dublin route was ignored. A great deal of Holyhead-Dublin traffic is in fact between Northern Ireland and Great Britain, including the transport of time-sensitive goods such as food and medicine. It is also vital to the economy of north Wales. Is the Chancellor just standing back and waiting for Holyhead, the UK's second-busiest roll-on roll-off ferry port, to fail before stepping in?

**Rishi Sunak**: As we have demonstrated, we are prepared to support critical transportation services in this country, with huge economic intervention in rail, in buses and, as the hon. Gentleman acknowledged, in ferries. I know my right hon. Friend the Transport Secretary is well on top of that and he will bring to me any issues that he thinks need my consideration.

**Harriett Baldwin** (West Worcestershire) (Con): I thank the Chancellor and his teams for the speed with which they have managed to get so much money to help so many of my constituents. As he thinks about how he is going to balance the black hole that is his budget at the end of this, may I suggest that he consider not only ending the fair fuel stabiliser now that fuel prices have fallen by so much, but putting a windfall tax on hedge fund managers who are currently selling short the very businesses he is trying to support?

**Rishi Sunak**: I thank my hon. Friend for her support. I cannot comment on future Budgets, but I certainly hear what she has to say. I echo what I said earlier to the hon. Member for Hove (Peter Kyle). We are all in this together. As we look to repair public finances and get our economy going after we exit this crisis, it is important that everybody, from every part of society, plays their part in that.

**Mr Speaker**: Who would have thought? I call a virtual Jim Shannon.

**Jim Shannon** (Strangford) (DUP) [V]: Thank you very much, Mr Speaker. I am here virtually, but at a distance.

I thank the Chancellor for all he has done, is doing and will do in the future. Some in the hospitality sector, in particular private bus companies, do not have premises and fall just outside the present small business support scheme. Will the Chancellor agree to extend the scheme? Similarly, the coronavirus bank loan scheme has had 36,000 applications, but only 16,000 have been approved. Will the Chancellor ramp up underwriting cover from 80% to 100%, as other countries have been doing?

**Rishi Sunak**: What I would say to the hon. Member is that the new bounce-back loan scheme announced today does come with a 100% guarantee for loans of 25% of turnover up to £50,000. Given the structure of the Northern Irish economy that he knows so well, which is full of microbusinesses, I believe that that in particular will be a very significant intervention that will help the Northern Ireland economy.

**Felicity Buchan** (Kensington) (Con): I congratulate my right hon. Friend on the scale, breadth and speed of the various packages, and thank him for them. Does he agree that what is important at the moment is getting cash and liquidity to businesses and individuals, hence why the micro-loans scheme is so important? Does he also agree that over time a lot of companies are taking on additional debt, so we may have to think about debt equity recapitalisation?

**Rishi Sunak**: My hon. Friend is absolutely right. I know she has spent a lot of time with businesses in her constituency to understand what is on their minds. Cash and liquidity is king, which is why the VAT deferral in particular that we put in place and which took effect some time ago—worth over £30 billion or 1.5% of GDP—is so vital in providing that breathing room. The new bounce-back loans will be available to businesses hopefully within a day or two of applying, which will also speed up cash. The furlough scheme is now up and running, and people are getting that cash in their bank accounts as we speak.

**Alan Brown** (Kilmarnock and Loudoun) (SNP) [V]: Many workers on low basic pay rely on commission to make up their wages, but if they are furloughed, they get 80% of their basic pay only, which causes real hardship. In response to my question in the Select Committee, the Secretary of State for Business, Energy and Industrial Strategy said that he is considering that matter. Will the Chancellor write jointly with him to confirm a solution that will give those workers access to 80% of their typical earnings?

**Rishi Sunak**: At this point, it is very difficult to make changes to the operation of these schemes; that would just delay further payment. For those workers who have fluctuating wages—for example, those on zero-hours contracts—we have provided employers and employees with the ability to take either the most recent time period and look at that over a year before, if they were seasonal, or to take an average of their earnings over

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a period, to ensure that they are not inadvertently penalised by a shorter period of lower earnings. I think that that does provide flexibility and generosity to those who do not have fixed amounts of work.

**Stephen Metcalfe** (South Basildon and East Thurrock) (Con) [V]: I thank the Chancellor for all he is doing to protect jobs and income at this really difficult time, and especially the introduction of the job retention scheme. However, he will be aware that many companies do not initiate a payroll run until the end of the month. This means that new starters in early March were paid for work they did in March but were then laid off because they are unable to access the furlough scheme. Will he review that and consider other evidence of employment?

**Rishi Sunak:** When we announced the job retention scheme, I said that it would apply to those who were known to HMRC on 28 February. That was how the scheme was designed and set up. Over the last few weeks, we have moved that date to 19 March, which brings an extra few hundred thousand people into it and means that overall, just shy of 30 million people in employment are able to benefit from the furlough scheme. It is an extraordinary achievement for the team in HMRC to have conceived that in this short space of time.

**Daisy Cooper** (St Albans) (LD) [V]: Pubs and restaurants have been hit particularly badly by covid-19. Those with a rateable value of more than £51,000 do not qualify for the retail, hospitality and leisure grant fund. Six of the big pubcos are still charging their tenants rent, and now pubs are being told that they will be some of the last to reopen once restrictions start to lift. Will the Government commit to extend the retail, hospitality and leisure grant fund to properties with a rateable value of up to £150,000, instruct the big pubcos to stop charging their pubs rent, and commit to extend the furlough scheme for as long as pubs and restaurants have to remain closed or for as long as their income is affected by social distancing measures?

**Rishi Sunak:** The hon. Member is absolutely right that companies in the retail, leisure and hospitality sector are the hardest hit during this crisis. Of course, they can avail themselves of all the various interventions we have put in place more generally, but they also have one specific benefit: for most of these businesses, rent is a significant part of their cost structure, which is why we have given them a complete business rates holiday for this entire year.

**Julie Marson** (Hertford and Stortford) (Con) [V]: The economic package that my right hon. Friend has put in place is historic in its scope and ambition and has been an absolute lifeline to so many people and businesses in Hertford and Stortford. The bounce-back loans will help still more. Some—mainly larger—businesses are entitled to taxpayers' support but do not need it, so they have not taken it. Does he agree that we should applaud the lead they have taken and encourage others that do not need it to do the same in the national interest?

**Rishi Sunak:** I thank my hon. Friend for her kind comments. I agree with her that they should be applauded. As I said earlier, as we go through this crisis, everyone has their own role to play, and they should play that

role responsibly. Whether it is individuals, Government or businesses, I am glad to see everybody taking that advice to heart. She is right that the businesses that have done that deserve our praise. More generally, we are trying to support workers remaining attached to their jobs, and I will try to do that in as broad and comprehensive a way as I can, but she is right that those businesses deserve our praise.

**Stephen Farry** (North Down) (Alliance) [V]: Like others, I am sceptical that we will see a V-shaped recession with a sharp recovery. Some sectors and some regions will struggle more than others. Does the Chancellor accept the need for some form of future economic stimulus to restart the economy? Surely it is not simply a case of restarting the engines of the economy; the economy may need a bit of a push.

**Rishi Sunak:** The most important economic policy at the moment is to maintain the productive capacity of the UK economy during a period of shutdown. Our interventions are designed to preserve as many businesses, jobs and connections as possible. That is the best way to ensure that the recovery can be as strong as we would all like it to be. For the moment, that is where we will focus our attention.

**Andrew Selous** (South West Bedfordshire) (Con) [V]: I am grateful to the Treasury for the work it has done to keep the economy going. However, I have a tourism business and a leisure business that have been turned down by their banks, even though they are both viable, and they will need more than the £50,000 from the bounce-back scheme announced by the Chancellor today. These are excellent businesses that we must not lose. Will he continue to look further at such cases and consider grants for where there are very difficult situations?

**Rishi Sunak:** Without knowing the particular details of those businesses, I can say that many businesses in the retail, leisure and hospitality trade will be eligible for cash grants of £25,000. Also, all businesses can use the furlough scheme, which is significant, and there will be business rates holidays for those businesses. Furthermore, the statutory sick pay rebate scheme I announced earlier will be up and running next month, which will allow businesses to apply for a rebate on their statutory sick pay bill for up to 14 days per employee. That could benefit businesses by up to £48,000 as well. I hope that all those packages put together provide some relief to my hon. Friend's business and many others.

**Andrew Gwynne** (Denton and Reddish) (Lab) [V]: The Chancellor rightly stepped in to do the right thing by many of our businesses as covid-19 hit our economy, but is he aware that there is a small group of people who took on pub tenancies between the last eligible date he set in the grant rules and the lockdown? I have three in my constituency. It is a sizeable financial commitment, and even more so when they then cannot trade for the foreseeable future. Will he look again at the rules and assist this small number of people now in limbo with no access to help?

**Rishi Sunak:** I am happy to look at the specific situation the hon. Gentleman raises, although I would caution that it is difficult to make changes to these schemes. As many Members have said, the important

thing is now getting cash out to people, and the only way to do that is to let these systems run as designed, but I am happy to look at the issue he raised.

**John Lamont** (Berwickshire, Roxburgh and Selkirk) (Con) [V]: I congratulate the Chancellor and his team at the Treasury on everything they are doing to support the country through this very challenging time. On Scotland and the Barnett consequential, how much extra funding has flowed to Scotland as a consequence of his announcement, particularly the business support? How much extra money has come to Scotland as a consequence of that?

**Rishi Sunak:** My hon. Friend is right. When I say that we are all in this together, I mean every part of our Union. The Government are steadfast in their support and are determined to get through this crisis by supporting and working very closely with all members of our Union. I can tell him that from the Budget onwards £4 billion in Barnett consequential has been provided to Scotland, £3.5 billion of which relates specifically to the range of announcements in response to the coronavirus. Those numbers are in addition to the UK-wide measures that support business, such as the jobs retention scheme.

**Angus Brendan MacNeil** (Na h-Eileanan an Iar) (SNP) [V]: I hope you are all doing well overseas in London.

Last week, a member of the Bank of England Monetary Policy Committee said that monetary financing for financial fiscal spend with central bank money rather than Government bonds is something that central banks are always doing. Direct funding of Governments by their own central banks is therefore a fact. Can we remember the words of the late American economist J. K. Galbraith, who said that the process by which money is created is so simple, the mind is repelled? Will the Chancellor take this opportunity not to repeat the socially divisive policy of austerity? Coming out of this crisis, the last thing any of us needs is another round of austerity.

**Rishi Sunak:** Rather than commenting on monetary policy, which it is obviously not my place to do, I can tell the hon. Gentleman that we are determined, as I have said, to preserve as much of the productive capacity of the UK economy as we can throughout this crisis. Such interventions will ensure that we can bounce back as strongly as possible and recover as much of our potential output as possible. Hopefully, that will put us in a strong position to carry on delivering on the agenda that we set out at the Budget: spreading opportunity to every part of the country and levelling up through investments in education, infrastructure and ideas.

**Steve Double** (St Austell and Newquay) (Con) [V]: As has already been highlighted, the tourism and hospitality sector will be hardest hit through this lockdown. As we are unlikely to come out of lockdown soon, the sector will need further support. Will the Chancellor reassure the sector that he will consider further support for tourism and hospitality? Will he reflect in particular on the seasonal nature of the sector? If we cannot reopen fully ahead of the peak summer season, many businesses will in effect lose a whole year's worth of revenue.

**Rishi Sunak:** For as long as I have known my hon. Friend he has been an incredible advocate for the small tourism businesses in his constituency, which are a big

driver of his local economy. I assure him that I will continue to keep a very close eye on the situation. As we think about exiting from the economic and social restrictions, I will look at the right interventions for every sector.

**Stephanie Peacock** (Barnsley East) (Lab) [V]: New research conducted by the Centre For Towns has found that one in three ex-industrial towns is among the most economically at risk from covid-19. Worsbrough in my constituency is the 10th most at-risk town. What plans does the Treasury have to help areas like mine in Barnsley to cope with this crisis and then recover from it?

**Rishi Sunak:** The significant economic interventions that we have put in place will help every part of the country, whether north or south, rural or urban—that is what they are designed to do. Businesses in the hon. Lady's constituency will benefit from all the schemes. More broadly, the Budget set out an ambitious programme of investment in our regions to ensure that opportunity is felt wherever in this country someone happens to live. We remain incredibly committed to that agenda.

**Robin Millar** (Aberconwy) (Con) [V]: At least one forecast has predicted that coastal communities will be hit the hardest by any economic downturn following the covid-19 crisis. Here in Aberconwy, our queen of resorts, Llandudno, has been singled out as one of those communities that may well be hardest hit in the UK. The situation is further exaggerated by the fact that we are still approaching the peak of the crisis in north Wales. What measures has my right hon. Friend put in place to ensure that he will reach that balance between stimulating our economy, particularly the hospitality trade, and making sure that that stimulus does not come too soon with the result that we get hit by a second wave here in north Wales?

**Rishi Sunak:** This is why it is so vital that we get the timing absolutely right. We are not there yet, as the Prime Minister said. We have made good progress but we are all concerned about the risk of a second peak, which is why we must meet the five tests that the First Secretary of State set out a little while ago so that we can restore our economy gradually but with confidence.

**Stewart Hosie** (Dundee East) (SNP) [V]: I agree with the Chancellor that covid-19 is causing significant local and global economic problems, and I am sure he would agree with me that trade will be a vital ingredient in recovery. Is it not the case that—he should take this on board very seriously—notwithstanding the need to ensure security of supply for things such as medicine and medical equipment, he and the Government should resist any move or any siren voices that would push the UK towards general protectionism in trade?

**Rishi Sunak:** The Prime Minister has been completely clear in his commitment to free trade; it is an important part of what we believe. It is also right, especially during this time, that we can ensure the security of supply that the hon. Gentleman mentioned. That is what the Government are doing, but it requires working with our international partners as well as focusing on domestic sourcing. We can continue to do both things, especially to ensure that our workers get all the equipment and supplies that they need at this time.

**Dr Andrew Murrison** (South West Wiltshire) (Con) [V]: I very much welcome the statement, particularly the news about the bounce-back loans, which will be very helpful for small businesses in my constituency. Selling milk and meat into the non-domestic market has largely stopped, as have farm diversification schemes that were necessary to cross-subsidise land-based businesses. What more can the Chancellor do, beyond that which he has announced today, to assist agricultural businesses—land-based businesses—across the country?

**Rishi Sunak:** Representing a rural constituency myself, I understand very well the comments that my right hon. Friend has made. I am in constant dialogue with the Secretary of State for Environment, Food and Rural Affairs on these issues. We are making sure that all the economic interventions that we have put in place can benefit not just the agriculture sector but as many sectors as possible.

**Margaret Ferrier** (Rutherglen and Hamilton West) (SNP) [V]: Fairs and shows are on the back burner for the summer. That means that the livelihoods of show families in my constituency are on the line. They purchased rides and equipment through asset finance companies and they need to cover the repayment costs, which have not stopped amid this pandemic. What assurances can the Chancellor give me that the coronavirus business interruption loan scheme is offering the funding needed to support travelling funfairs?

**Rishi Sunak:** If I understood the hon. Lady's question correctly, I can assure her that the coronavirus business interruption loans apply to meeting asset-related costs already, so it is perfectly possible to use that scheme for a finance arrangement like that. But if that was not her specific question, I would be happy to answer in writing.

**Kevin Hollinrake** (Thirsk and Malton) (Con): May I first declare my business interests, and, from a business perspective, thank the Chancellor for the excellent work that he is doing—a view shared widely across the business community? On the business interruption loans, I welcome the removal in the new micro-loans scheme of the forward viability test, which is one of the complexities that slow down the current scheme. Will he commit to looking at removing that from the main scheme as well, which would help to get money out of the door much more quickly?

**Rishi Sunak:** My hon. Friend has been not, I would say, a thorn in my side but a doughty champion of those who would like to have access to these loans. He has made this point forcefully and repeatedly to the Economic Secretary and to me. I am pleased to tell my hon. Friend that we have been working with the banks over the past week or so and we have been able to make, on his recommendation, several changes to the scheme, including from the regulatory side through the Prudential Regulation Authority and the Financial Conduct Authority, to give banks the comfort they need, as well as reassurances from the Government. A statement will be issued shortly by UK Finance confirming that banks will not require from businesses the provision of forward-looking financial information or business plans. I hope that that gives him the reassurance he needs. It will give comfort to many businesses. I congratulate him on making this point so forcefully and effectively over the past week or two.

**Mr Alistair Carmichael** (Orkney and Shetland) (LD) [V]: I think we all understand that, as the Chancellor said, these schemes were designed at pace, but I have to tell him that here in the northern isles our economy is predominantly based on small businesses, where every day it becomes more apparent that there are too many people falling through the gaps, especially the self-employed, people working from home, and those relying on directors' dividends for their income. If it is just too difficult to design a scheme to help all these people, will the Treasury now look seriously at the idea of a universal basic income? Yes, it might risk handing cash to people who do not actually need it now, but that can be clawed back through the tax system, and it will give help to people who are feeling desperate for it now.

**Rishi Sunak:** As I have said previously, I do not agree with a universal basic income. I do believe, though, that our schemes will benefit many, many millions of people, particularly the self-employed scheme, which will benefit over 3.5 million people who need it, and, indeed, the new bounce-back loan I announced today, which will also be available to those in self-employment with business accounts.

4.34 pm

*More than two hours having elapsed since the commencement of hybrid scrutiny proceedings, the Speaker brought them to a conclusion (Order, 21 April).*

**Mr Speaker:** Order. That concludes scrutiny proceedings for today. I will now suspend the House for 30 minutes to allow Members to safely leave the Chamber and to allow broadcasting colleagues to make the necessary technical changes prior to the start of substantive proceedings.

4.34 pm

*Sitting suspended.*

5.1 pm

*On resuming, the House entered into hybrid substantive proceedings (Order, 22 April).*

*[NB: [V] denotes a Member contributing virtually.]*

**Mr Speaker:** Welcome to the first substantive proceedings of the House of Commons in hybrid format. As Speaker, I announced last Wednesday that parliamentary privilege applies to all participants in proceedings and the rules and courtesies apply as far as practicable in the same way to all Members, whether participating virtually or here in the Chamber. I remind hon. Members that interventions are not possible and hon. Members present in the Chamber must not give way to other Members in the same position, as that is inconsistent with the principle of equality. I advise all hon. Members speaking virtually to use their own timing device to assist them in dealing with speaking limits.

## BUSINESS OF THE HOUSE (27 APRIL)

*Motion made,*

That—

The following arrangements shall apply to today's business:

Business	Timings	Remote Division designation
Finance Bill: Second Reading	Up to two hours; suspension; up to two hours	None
Finance Bill: Programme	No debate (Standing Order No. 83A(7))	None

(2) At the conclusion of the debate on the second reading of the Finance Bill the Speaker shall put the Question, That the Bill be now read a second time.—(*Leo Docherty*.)

*The Speaker declared the Question to be agreed to (Order B(4), 22 April).*

**Mr Speaker:** I shall now call Minister Jesse Norman to move Second Reading. The Minister is asked to speak for no more than 20 minutes.

## Finance Bill

### *Second Reading*

5.2 pm

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

I congratulate the new shadow Chancellor and her shadow Treasury team on their appointments. Six weeks ago, on 11 March, this House assembled to hear my right hon. Friend the Chancellor deliver his Budget speech. How long ago that seems now when every day feels like a decade. A Budget statement is a central part of our democracy; indeed, it is at the very heart of a parliamentary tradition of accountability for taxation that goes back to the 13th century. It is deeply sobering to reflect that that 11 March moment might be the last great parliamentary occasion we have in this Chamber for some time to come.

Truly, we know better now. We live in a disenchanted world, a world of self-isolation, of social distancing, of shielding, of lockdown. In the Treasury and across Government as a whole we have worked around the clock since then to respond to the extraordinary challenges posed by the coronavirus to people's lives and livelihoods. The same has been true in this Palace of Westminster. I know that I speak for all my colleagues in saying that I have the greatest respect for the work that you, Mr Speaker, and so many others, including parliamentarians across this House, have done to prevent covid-19 from becoming a threat to our democracy itself. I pay special tribute to all the Clerks and staff of this House of Commons and of the Palace of Westminster for working so quickly and creatively to adapt to this new reality and for their skill in drawing on the flexibility and resilience of our uncodified constitution to create a virtual Parliament.

When this Chamber was bombed and destroyed on the night of Saturday 10 May 1941, with the fires raging, the roof fallen in and the Lobbies and corridors gutted, it was decided that the Commons should sit immediately in Church House. Extraordinary measures were undertaken at great speed to transfer proceedings to the new location. The Commons rarely sat on Mondays, so it duly reconvened in the normal way on Tuesday 13 May, but it did so in Church House. There were oral questions to the Secretary of State for War, including on officers' outfits and the collection of swill and vegetable waste from military units, followed by a full Order Paper of business and, at the end, a short statement from the Prime Minister in which he reported that the old Chamber was damaged beyond immediate repair and that preparations were already under way for a move to a further location, if that should be necessary. Thus the biggest and the worst raid of the blitz resulted in the loss of not one single day—indeed, not one single minute—of sitting time for Parliament. It is a moment of which this country can be intensely proud.

Why so much determination and so much speed? It was so that, as Churchill said:

“hon. Members may be reassured that the work of our Parliamentary institutions will not be interrupted by enemy action”.—[*Official Report*, 13 May 1941; Vol. 371, c. 1086.]

It was so that British democracy should not be thought to have been destroyed amid the burning ruins of the Commons Chamber, and so that the great thread of public scrutiny and parliamentary accountability that

[*Jesse Norman*]

gives legitimacy and authority to our Government should not be broken. So it is again today, Mr Speaker. For that, we are, and we will always be, profoundly grateful. I hope that we shall soon return to the close combat of political business, whether that be the intimate interrogation of the Chamber, the camaraderie of the Lobbies or the noise and clamour of a full House packed to the rafters with MPs, press and public looking on, all fully intent on our national political business; the House of Commons as the cockpit of the nation.

Here again, history can be our guide. When the Chamber was rebuilt, special care was taken to make it, as it had been, too small for the number of Members. That was at the specific insistence of Churchill. In his words, the essence of good House of Commons speaking is the “conversational style”. This requires a

“fairly small space, and there should be on great occasions a sense of crowd and urgency...a sense that great matters are being decided, there and then, by the House”.

Not for Churchill the vast, empty hall of Deputies, the amphitheatre, or what he called “Harangues from a rostrum”. Without that collective sense of crowd and urgency and the ever-shifting energy of the House in action, we lose something vital.

Mr Speaker, I ask you this: can we not also gain from this great virtual experiment? Through new forms of questioning and calmer, more dispassionate cross-examination of Government, may we not find glimmers of new possibility amid the present gloom? I believe that we can. The significance of today’s debate lies not just in this Finance Bill, important though it is; it marks a new legislative beginning for Parliament. As we go forward together, I hope that we in this House can restore not merely our old ways, but what was best in them, and use this moment to add, to develop, to reform and to make them better still.

When my right hon. Friend the Chancellor addressed the House on 11 March, he announced a Budget focused on delivering the Government’s manifesto commitments from the general election last year. He not only did that; he also set out and carefully explained the reasons for a very ambitious and wide-ranging set of measures designed to tackle the coronavirus head-on, to buttress our frontline services and to support people, families and businesses affected by the pandemic.

Since then the Government have gone much further still. Indeed, we have announced what we believe to be the most comprehensive and far-reaching economic response to covid-19 in the developed world, and Ministers and public servants across Government have worked to deliver it. Among its many different packages, that response includes a job retention scheme, which guarantees 80% of the wages of furloughed workers, and which has been conceived, developed and launched by Her Majesty’s Revenue and Customs in just a few weeks.

Alongside the job retention scheme is a similarly generous scheme aimed at supporting the self-employed for 80% of taxable trading profits up to £50,000. This covers some 95% of those who are mainly self-employed, including cleaners, taxi drivers, plumbers, musicians, journalists, electricians, childminders and many others. Businesses can also benefit from more than £300 billion-worth of Government-backed loans, numerous tax cuts

and grants, with a business rates holiday for the worst-affected sectors of the economy. There has also been a further package of measures aimed at the charitable sector.

These are unprecedented measures for unprecedented times. The impact of the coronavirus falls not only on businesses, but directly on the wellbeing of some of the most vulnerable people in our society, whom the Government are determined to protect. For that reason, the Government have raised by £1,000 the universal credit standard allowance and working tax credit basic element for a year. Almost a billion pounds has been allocated so that the local housing allowance can cover at least 30% of market rent, and the Government have offered vouchers or meals at home for children who would otherwise be eligible for free school meals.

This Bill goes beyond the immediate response to covid-19 by delivering the Government’s manifesto commitment to make the tax system fairer and more proportionate. For example, care leavers who start apprenticeships will pay no income tax on bursary payments that they receive. I am delighted to say to recipients of payments under the Windrush compensation scheme and the troubles permanent disablement payment scheme that those payments will be exempt from income, inheritance and capital gains tax, and inheritance tax will not be collected on Kindertransport fund payments.

Taxes are rarely popular or straightforward, but they are necessary to support our public services. Now, more than ever, the Government have a duty to ensure that the rules are applied correctly. Last month, my right hon. Friend the Chief Secretary to the Treasury announced that, in the light of covid-19, the Government will delay the introduction of reforms to the off-payroll working rules in order to give businesses more time to adapt. However, he was clear that the Government remain fully committed to introducing these reforms to ensure that people working like employees but through their own limited companies pay broadly the same tax as individuals who are employed directly. That has not changed, and the Government will introduce an amendment to the Bill in due course to legislate for a new commencement date of 6 April 2021. The Government will use the additional time to commission further external research into the long-term effects of the reforms in the public sector, with the intention that that research will be available before the reforms come into effect in the private sector in April 2021.

Meanwhile, this Bill implements the recommendations of Sir Amyas Morse’s independent review of the loan charge. It will mean that the loan charge no longer applies to loans entered into before 9 December 2010, which is the point at which Sir Amyas found that the law put beyond doubt the fact that disguised remuneration schemes were a form of tax avoidance. The Bill also brings forward legislation to repay taxpayers who voluntarily settled for years that are no longer in scope, while those still able to pay will be able to spread their loan balance over three tax years to suit their finances.

The Budget also included changes to help businesses to prosper for years to come. This Bill will implement the Government’s manifesto commitment to increase the research and development expenditure credit rates from 12% to 13% in order to help drive growth and productivity across the UK, and to continue to support this country’s proud history of innovation. It also raises

the structures and buildings allowance rate from 2% to 3%, which should help to stimulate long-term capital investment in the United Kingdom by strengthening the business case for investment in shops, factories and agricultural buildings. Those changes apply nationwide, underlining the fact that, even in these times of uncertainty, the Government are seeking to level up investment and opportunity right across the whole United Kingdom.

The Government have made successive cuts to the rate of corporation tax since 2010 and we now have the lowest headline rate in the G20. That has helped to create a corporate tax system that supports British businesses, boosts economic growth and strengthens the UK's pull for inward investment.

However, the extra benefits of lowering corporation tax rates still further must be balanced against other objectives, such as funding the NHS and the public services on which we all rely. That is why the Chancellor announced that the Government will not cut the corporation tax rate further this year, but instead will maintain it at 19%, in line with their manifesto commitment.

Likewise, while the Government are committed to encouraging entrepreneurial activity, the evidence indicates that entrepreneurs' relief in its current form is neither effective in stimulating new business growth nor good value for money. By reducing the lifetime limit from £10 million to £1 million, we are returning the relief to its original purpose while continuing to promote and reward enterprise.

Finally, following an extensive period of consultation, the Bill will implement the digital services tax. Digital businesses providing search engines, social media platforms and online marketplaces derive significant value from their UK users, but current international corporate tax rules mean that that value is not reflected in the level of UK tax they pay. Setting a tax on revenues from those digital services at a rate of 2% will make the system fairer and should raise up to £2 billion over the next five years, but the Government's ultimate goal is to secure a long-term global solution. We are working with international partners through the Organisation for Economic Co-operation and Development to agree a way forward.

Covid-19 is the most pressing challenge for the country—and, indeed, the world—at the moment, but it is by no means the only one. Notwithstanding our intense focus on tackling the pandemic, the Government have not lost sight of longer-term public concerns, notably the need for the UK to move to a greener and more sustainable economy in the years ahead. Now that we have left the European Union and as we prepare to leave the EU emissions trading system, this Bill introduces legislation for both a charging power to create a UK emissions trading system, and a carbon emissions tax.

This twin-track approach is designed to ensure that, whatever the circumstances, the UK will have an effective carbon pricing regime in place. In the Budget, the Chancellor also revealed key elements of the plastic packaging tax, which should significantly increase the use of recycled materials in packaging. This Bill allows preparatory spending ahead of its introduction.

The Bill will also encourage the uptake of zero-emission vehicles by removing them from the vehicle excise duty expensive car supplement, which will mean that employers and employees pay no tax on zero-emission company

cars in 2020-21. The United Kingdom has led the world in introducing legally binding carbon emissions reduction targets; these measures underline once again how serious the Government are about meeting those targets.

My right hon. Friend the Prime Minister has made it quite clear that we will do what it takes to support our public services and key workers as they respond to this pandemic, and to safeguard jobs and businesses so that our economy can bounce back as quickly as possible. Yet we must also look to the future. The advent of a virtual Parliament is a chance to chart new territory, and this Bill is a first step on that journey.

The Bill also redeems the manifesto promises of the last election. It points the way to a fairer tax system and a greener and more sustainable future. With the support of Members from across the House, and as we look beyond lockdown, it gives us all an opportunity to cement the United Kingdom's place as one of the most innovative, exciting and enterprising nations in the world. For all those reasons, I commend this Bill to the House.

**Mr Speaker:** I call Anneliese Dodds, who is asked to speak for no more than 15 minutes.

5.18 pm

**Anneliese Dodds (Oxford East) (Lab/Co-op):** Thank you, Mr Speaker. May I echo the Financial Secretary's comments about the hard work that you and the parliamentary authorities have gone to, to ensure that these proceedings could go ahead? Of course, as the Opposition we are well aware of the need for Government to have a legal basis to continue levying taxes, and we approach this Bill very much in that spirit.

Many of the clauses in this Finance Bill were written many months ago, with a large number of them involving relatively minor fixes to existing tax legislation—not exactly the vegetable waste and pig swill that the Financial Secretary referred to in his colourful and wide-ranging perorations, but none the less in large part delivering technical aspects of already announced policies. In fact, overall, this Bill presents a picture of continuing the business as usual of the last 10 years.

However, it is unthinkable that we will go many months before additional fiscal measures will need to be brought in by this Government. There will be an urgent need to stimulate the economy as and when we move out of the lockdown, and when boosting consumption will not threaten to damage disease containment. Other measures may well be needed to help alleviate some of the numerous supply-side problems caused by the current dislocation.

Finally, of course, we will need to deal with the considerable burden created by the costs necessarily incurred in fighting coronavirus. Subsequent Finance Bills will need to be very different from this one, and I want to use the time I have available to spell out why. We will need new approaches to taxation generally, the social contract with business, funding public services, the climate crisis and tax reliefs. I will deal with each area briefly in turn.

First, we of course need a different and fairer approach to tax. The Bill largely continues the previous framework, with its reductions in the tax paid by the very best-off people, while support for the worst-off has been reduced. The Financial Secretary will, I am sure, be aware of the Institute for Fiscal Studies analysis of the distributional

[Anneliese Dodds]

consequences of successive Budgets since 2010. As of 2019, for example, due to changes in tax and social security, the poorest 10% of households have seen losses of 11% of their income, on average, as a direct result of reforms. Among those with children, the losses amount to 20%: that is £1 out of every £5 being removed from low-income families with kids. Large numbers of frontline careworkers fall into that category. We know from recent research by the Resolution Foundation that half of careworkers are not paid the real living wage, and tens of thousands appear to be paid even below the national minimum wage. They deserve better. In contrast, the best off 10% of people have seen losses of only 2% in their incomes due to tax and social security changes since 2010.

As all in this House will remember, George Osborne maintained that, in his recovery, 80% of the reduction in debt should come from cuts to spending and only 20% from tax changes, yet the latter went alongside cuts in income tax, inheritance tax and capital gains tax for the very best-off people.

There is already a lively debate about how we should deal with the costs incurred by the coronavirus. The academic consensus is that decisions taken to load the cost of debt on to spending cuts in the 2010s made our recovery slower than it would have been otherwise, so it was the slowest not only in a generation but in eight generations, and slower than in many other countries. I am not saying that to castigate the Government; I am saying it because we will need to adopt a radically different approach to future Finance Bills from that seen over the last 10 years.

We are currently feeling the impact of that decade's fiscal approach very keenly, especially when it comes to UK households' resilience. A quarter of UK families entered this crisis with less than £100 in savings—making it impossible for them, for example, to buy a new cooker or get their car fixed—and almost 2 million households did not even have a cooker in their home in the first place. As and when we return to what will be a very different normality, we must have building up financial resilience at the core of future Finance Bills. That will mean instituting a more progressive tax system, with those with the broadest shoulders contributing to services that benefit us all.

Secondly, we will need a new social contract with business. As discussed at length during the statement, huge numbers of businesses are currently struggling like never before. We have already discussed the Government's economic package today, and I must emphasise again that there is a very strong expectation from the public that public support must translate into protecting jobs, not the extraction of value into already deep private pockets.

We have called for the Government to consider the examples of other nations, such as France and Denmark, as well as that of the Labour Government in Wales, when approaching the bail-out of different large firms. Jobs must be retained, workforces must be supported, and we should expect and require good corporate behaviour going forward. That means a ban on public funds being passed into tax havens or doled out immediately in dividends, no share buy-backs on bailed-out companies, and a commitment to improvements in environmental performance in future.

We also need a renewed focus on dealing with the enablers of tax avoidance and evasion. I regret that we still do not see that when it comes to those who facilitated disguised remuneration loan arrangements, while those who received such arrangements continue to be affected by the loan charge.

The Bill rightly rows back on the Government's previous ill-advised commitment to cut corporation tax further to 17%, by maintaining it at 19%. The OBR estimated that a cut to the latter rate would reduce receipts by £5.4 billion a year in three years. Recent reductions in corporation tax have not boosted investment in the UK. It was clear that such a reduction simply could not be afforded in current circumstances, and we therefore welcome that element of the Bill. When we talk to businesses, as I am sure Government Members do regularly, rates of corporation tax are not the headline reason given for locating in the UK. Other factors are far more important, such as workforce development and training, logistical factors such as transport, and—critically—business rates, which are a key issue for many companies in our nation.

There is, of course, an imbalance in the taxation of those businesses based in fiscal property compared with internet-based businesses—the division between bricks and clicks. The Bill details the digital services tax—a new 2% tax on the revenues of search engines, social media platforms and online marketplaces that derive value from UK users. We welcome that tax to the extent that it recognises the comparative under-taxation of many digitally provided services, but we are concerned about the restricted scope of the measure. It means, for example, that Amazon will continue to pay a lower rate of tax in relation to revenue than many high street bookstores and other retailers. In addition, it fails to fill the gulf in unpaid corporation tax from many of the largest technology firms. TaxWatch UK has suggested that the UK is losing £1.3 billion in corporation tax from just five of those firms, and the digital services tax would make up less than half of that.

The current crisis suggests that digitally based businesses will amount to an even larger part of our economy in the years to come, so we need to get this right. Above all, our Government need to be more explicit about their discussions with international partners about the move to a formula-based corporation tax system. Given the ability of those firms to shift profits between countries, we must work with other countries to apportion taxing rights better.

The OECD's anti-base erosion and profit shifting project was a good start, but it failed sufficiently to inform countries in the global south. I hope Ministers will be more forthcoming in future about what they are doing to seek that international consensus, not least given current hostility from the US towards multilateral approaches in a number of areas. This topic is controversial, and we need to hear more than just that our nation is engaged in those discussions.

I hope Ministers will be more forthcoming in their approach when it comes to local government finance, which is crucial in providing public services—from social care, to helping the homeless, to providing areas for leisure and play. Local authorities will be crucial in helping to rebuild the economy after this period, through their work on economic development.

My third point concerns the need for the Government to commit to a proper, deep and wide review of local government finance that takes account of the full impact of the crisis in terms of extra expenditure and forgone income, and which considers business rates and council tax in the round. We still only have a commitment to yet another restricted review of business rates. Surely we can be more ambitious in that area, as the need for a deeper review is now very strong. The goal must be to provide certainty and stability about the provision of local public services.

An additional area where action is needed is tackling the climate crisis. Survey evidence, albeit tentative at this stage, suggests a renewed appetite from the public to grasp the challenges posed by the need to decarbonise. The Bill makes small moves in the right direction. It incrementally increases vehicle excise duty, using emissions as a benchmark—the Chief Secretary to the Treasury mentioned that—and it introduces the world-wide harmonised light-duty vehicles test procedure, a UN-established vehicle testing procedure, in an attempt to prevent the gaming of emissions standards by vehicle manufacturers. We encourage the Government to adopt a steady replacement of all testing procedures within that framework. More broadly, we need a far stronger shift in taxation to disincentivise carbon production. The previous Finance Bill continued implicitly to support fossil fuels in a number of areas, and this one only sets the scene for some elements of the promised new plastics tax and the new emissions controls that will be necessary. Given that we have declared a national climate emergency in this very House, we need far stronger action in subsequent Finance Bills.

Finally, we fail to see in the Bill any substantive change in the Government's approach to tax reliefs. This is essential. Public funding will be under pressure, so we must choose very carefully what we subsidise through these reliefs.

The incidence of tax reliefs has increased over recent years, yet there is little thorough oversight of their impact. Labour has called repeatedly for a thorough review of tax reliefs, but this Bill does not deliver one. As public finances come under substantial pressure, that position is no longer sustainable.

The National Audit Office's recent report on tax expenditure showed that the Government are not reporting costs of over two thirds of reliefs; that must change. Alterations are made in this legislation to entrepreneurs, relief—that was right to state—but the Institute for Fiscal Studies has suggested that the £1 million limit is still too generous. Furthermore, it does not achieve its principal aim of boosting investment, with the IFS stating:

“If one of the aims of reduced capital gains tax rates on business assets is to incentivise individuals to invest more in their businesses, this evidence suggests they are not working.”

We must ensure that corporate tax reliefs are focused on employment retention and promotion, and the provision of public goods. That is as essential for entrepreneurs, relief as for the hundreds of others that continue to receive little public scrutiny.

There are many measures in the Bill that are sensible, that tidy up anomalies and that make life easier for taxpayers and HMRC, and we welcome them. But, as I have said, in many ways this feels like a Finance Bill for a different age. Subsequent Budgets and Bills will need

to recognise the need for a much more resilient household financial situation and much more resilient public services, and will need to move away from the demand-sapping, confidence-stripping approach that has characterised the response to the last crisis. We stand ready to work with the Government where we can to achieve that new approach.

**Madam Deputy Speaker (Dame Eleanor Laing):** We now have to introduce a formal time limit of five minutes. Members in the Chamber will be able to observe the clock, but I strongly advise Members who are participating virtually to have a timing device nearby that they can see, because, due to necessity, the five-minute time limit will be very thoroughly enforced.

5.32 pm

**Mel Stride (Central Devon) (Con) [V]:** The economic backdrop to this Finance Bill is among the most challenging that this country has ever faced. The Office for Budget Responsibility, for example, in the scenario that it put forward, suggested a 35% contraction in the economy followed by a rapid bounce back—the so-called V-shaped recovery. Whether that is realistic or not remains to be seen, but it is the case that the Government have some significant control over two areas of policy that will determine whether we come back with a V-shaped recovery or not: the timing and nature of our exit from the lockdown.

On timing, as the House will be aware, the Government have put forward five tests, one of the most important of which is the fifth test, which is that we should extract ourselves from lockdown but in a manner that does not cause a second flare-up of the virus, which happened with the flu pandemic of 1918. This is critical; if the Government get it wrong and we do have that second surge in the virus, it will be a catastrophe for our economy and we will have not a V-shaped recovery, but at best a double-dip recession of some magnitude. It is therefore very important that the Government be allowed the time and space to take those decisions, and that we are patient with them.

Secondly, on the nature of our withdrawal, it is important that we have transparency. As the Chair of the Treasury Committee, I urge the Government to engage with businesses on the broader elements of the plan, so that they can both input and adjust accordingly. The element of which the Government have control, of course, is the support they are providing to the economy, at considerable scale and pace. The Chancellor is to be congratulated on that, but with scale and pace come hard edges to policy and challenges in delivery. Examples of both that the Government should focus on are, first, making sure that, for the self-employed who work through their own companies, dividends that result from self-employment can count when it comes to assessing the furlough amount that they can qualify for. Secondly, on delivery, we heard from the Chancellor earlier about bounce-back loans. I welcome those a great deal, but we also need to ensure that the banks are on notice that we expect them to deliver on the coronavirus business interruption loans and the other loans concerned. Through the Treasury Committee, I have had conversations with the British Business Bank and also written to the banks on its lending panel to urge them to come forward transparently and provide us with data on how much money is going out of the door relative to the number

[Mel Stride]

of applications on a daily basis. I call on the Financial Secretary to the Treasury and the Government to row in behind us and ensure that transparency, because what gets measured tends to get done.

Let me turn to two specific points in the Finance Bill. The first is the changes that the Financial Secretary to the Treasury has just outlined in respect of entrepreneurs relief. He is right to make those changes; it is a relief that is not fit for purpose. However, there are £24 billion-worth of reliefs every year relating to businesses, and at a time when we need economic growth encouraged at every single turn, it is imperative that the Treasury examines all £24 billion-worth of those reliefs and makes sure that they are all fit for purpose.

Secondly, I was particularly pleased to see such a large number of clauses relating to the digital services tax. It is not right that search engines, online marketplaces and social media platforms should not be paying a fair level of tax in our country. It is not a case of evading tax; it is a case of the taxation system not being adequate for the 21st century. We cannot assess national taxation rights on property, on where people are, on where the management are or on where the intellectual property resides; we must do it on where value is created. These measures are a big step in the right direction. I urge the Financial Secretary to stick to his guns. He will face great pressure from the United States in particular, but in the absence of an international approach to this matter, it is vital that we take action.

I think my five minutes are now up, and I am very aware of your exhortation, Madam Deputy Speaker, so I will conclude, except to say that I will be supporting the Second Reading of this Bill.

**Madam Deputy Speaker (Dame Eleanor Laing):** Exactly five minutes; I commend the right hon. Gentleman. I call Alison Thewliss, who, as her party spokesperson, is asked to speak for no more than 10 minutes.

5.38 pm

**Alison Thewliss (Glasgow Central) (SNP) [V]:** I welcome the shadow Chancellor to her role. She is the first woman ever to do the job. I wish her all the best and look forward to working with her.

Time is tight, so my remarks will not cover all my thoughts on this 186-page Finance Bill. It seems to me that each Finance Bill tries to fix the errors of those that preceded it, and this is no different. It would be useful to have the opportunity to take public evidence on the Finance Bill, because if ever there was a time to ensure that the measures and reliefs proposed by the UK Government are appropriate, it is now. If we are to believe that austerity is over, this Finance Bill must be followed by a recovery package that grows our economy in an inclusive way and protects the most vulnerable.

The UK Government continue to short-change Scotland. We are seeing the limitations of the Barnett formula writ large. The UK promised £242 million for regional deals in the Budget, but we have not yet made up for the £400 million shortfall relative to the money that the Scottish Government are putting in. Scotland is still waiting for Scotland's £5.8 billion of the DUP's Brexit bungs and the £175 million of VAT owed to Police Scotland and the Scottish Fire and Rescue Service.

Clause 12 gives Ministers the power by regulation to exempt certain social security benefits from income tax, which is fair enough, but far more extensive measures are required to address the flaws in the social security system. The welfare cap set out in the Budget is surely now set to be breached, and instead of setting a new cap, as he is required to do, the Chancellor may want to consider whether it is a useful tool in the first place.

People who have never had to rely on benefits to put food on the table and meet their rent are suddenly finding out just how pitiful the UK social security system is. A letter from 50 campaigners led by the Child Poverty Action Group and the Bishop of Durham has highlighted the fact that tens of thousands of the 1.5 million households that have applied for universal credit will lose out due to the size of their family. I have been saying, ever since the two-child limit was proposed in 2015, that no one can predict their circumstances. The letter states:

“Even in normal times, no parent can be sure that their financial security will withstand unpredictable events such as illness, bereavement or redundancy. Certainly no parent could have had foresight of Covid-19, and so planned their family size accordingly.”

I urge the Chancellor and the Financial Secretary to the Treasury to bring forward measures to remove the two-child limit and end the unfairness being meted out to families in need.

This UK Government have failed to go far enough for workers. The cut to employers' national insurance goes only a third of the way that we demanded towards the £2,500 in the Tories' own manifesto commitment. Younger workers will continue to suffer state-sanctioned age discrimination, and this is really a missed opportunity to introduce a real living wage for all. The Chancellor previously claimed that he would do whatever it takes to help people affected by the coronavirus crisis, and the UK Government must follow through on that commitment and strengthen welfare provision so that people get the help they need now. They must scrap the five-week wait, turn the loans already given into emergency grants and ensure that all new claimants are given automatic grants to prevent millions being plunged into debt and poverty. If the UK Government had listened to our calls to introduce a universal basic income at the start of this crisis, the huge difficulties people are now facing could have been avoided.

I also support the calls from the Low Incomes Tax Reform Group, Age UK and the TUC for action on the net pay pensions issue. Due to a flaw in the tax system, around 1.7 million lower-income workers, mostly women, are being unfairly charged 25% more for their pensions as a result of the way in which their employer pension scheme operates. I ask the Government to look at this.

Firms are already finding it difficult to access cash, not least because of the limitations of the UK Government's coronavirus business interruption loan scheme. Part 4 of the Finance Bill lays out plans to grant HRMC preferential status in insolvency procedures from December this year, and measures to make directors personally liable for a company's tax liabilities where HMRC considers avoidance is taking place or where there is evidence of phoenixism or tax abuse via insolvency. I very much want to see companies and their directors take their responsibilities seriously and to avoid phoenixism wherever possible, but I am not alone in questioning whether this

is the correct approach. R3, the Association of Business Recovery Professionals, wrote to the Chancellor last September:

“While extra money for HMRC in insolvency procedures may appear positive, it means less will be going back to trade creditors, pension schemes, and consumers. This will hurt the economy in the long run. Poor returns from insolvency procedures can jeopardise the health of other businesses, can make creditors more likely to vote down rescue proposals, and can trigger further insolvency. The government’s policy increases the chances of this happening.”

Coronavirus has brought this issue into sharp focus. UK Finance estimates that this policy could hit lending by at least £1 billion per annum. Furthermore, if HMRC gobbles up the largest amount first, there will be very little left for unsecured creditors such as small and medium-sized enterprises. Examples include the contractors and clients of a building company, food suppliers and parents who have paid upfront for a nursery that has gone bust. Why should creditors—real people in the real economy—lose out on much-needed pay-outs because of the vague notion of giving value to the taxpayer? The City of London Law Society also highlighted, in a letter in September last year, that this proposal erodes protections and would put the UK at a competitive disadvantage, so I urge the Chancellor and the Financial Secretary to the Treasury to give further thought to this measure. What would help to prevent phoenixing would be to tackle this matter at Companies House, giving it the full powers under anti-money-laundering legislation to carry out due diligence, rather than simply nodding companies through. This would protect consumers and other businesses that end up losing out.

The Scottish National party welcomes the Bill’s attempts to counteract tax avoidance laid out in clause 64 on anti-avoidance. The UK Government must urgently introduce a robust and transparent system of company registration in order to combat money launderers’ attempts to register entities for illicit and avoidance purposes. The UK Government must act to tackle the ongoing improper use of Scottish limited partnerships through a proper reform of Companies House. In reference to clause 72 of the Finance Bill, relating to properties and trusts, will the Chancellor also update the House on what has happened to the Registration of Overseas Entities Bill, which seems to have disappeared?

The SNP will support a fit-for-purpose digital services tax. We agree that it is unfair that huge multinational online firms pay less in tax than small high street businesses, but the devil will be in the detail, as the shadow Chancellor laid out. Firms may seek to get around measures, which is where good evidence comes in. The UK Government must be a step ahead of, rather than several steps behind, those companies that seek to evade paying their fair share. It is regrettable that the UK has failed to implement the measure alongside international partners, despite countries such as France, Spain and Italy seeking to introduce similar measures.

The Finance Bill is another example of the Tories yet again failing to support the oil and gas sector when it needs support to transition to a greener future. The oil and gas sector has generated £334 billion in net tax revenues to the Government since 1970-71, but the Tories have failed again to support it in its time of need. Promising a sector deal within the term of this UK Parliament is just not good enough; the sector needs fiscal support, and it needs it right now. OGUK chief executive Deirdre Michie has said:

“OGUK will be pressing the case for a COVID-19 resilience package to governments in the coming days which will focus on protecting the supply chain, jobs and our ability to continue to reposition ourselves for the future.”

I urge Government Front Benchers to listen carefully to that plea.

I also encourage UK Government Ministers to do all they can to finally deliver justice for the former Roadchef workers who have been waiting for decades for their employee benefit money. My hon. Friend the Member for Airdrie and Shotts (Neil Gray) has offered one solution via early-day motion 268; the other solution would be for HMRC to act reasonably in recognising that the employee benefit trust was non-taxed at its establishment and negotiating positively with the trust to allow payments to happen quickly.

Our economy does not need Ministers to be given trade war powers. To protect jobs, we believe that the Brexit transition should be extended by two years. Clause 94, “International trade disputes”, will amend the Taxation (Cross-border Trade) Act 2018 as follows:

“In section 15(1)(b)...(import duty: international disputes etc), for ‘is authorised under international law’ substitute ‘considers that (having regard to the matters set out in section 28 and any other relevant matters) it is appropriate’”.

What that amendment means, in short, is giving the UK Government the right to abrogate from international agreements and engage in trade wars at the whims of a Brexiteer Government, which is really not what we need right now. The Government need to decipher whether that is really what they mean by the clause.

The UK Government should ask the EU today for the maximum two-year extension to the transition period. An extended transition will keep the UK as close as possible to the EU and provide an opportunity to rethink the future relationship. The Scottish economy just cannot afford the double hit of covid-19 and the growing likelihood of no deal, or at the very best a hard Brexit deal, in eight months’ time.

The SNP seeks to work constructively with all parties on the Finance Bill. We know that voting will be a challenge and that proceedings will be very different this year. The UK Government have a majority, but they do not have a monopoly on wisdom. They should listen carefully to ideas from every part of this House and from people across the country.

5.47 pm

**Sir Charles Walker** (Broxbourne) (Con): The chief medical officer has said that we will have to learn to live with covid-19 for perhaps the next 18 months. I have received scores of emails from constituents who are fearful of losing their business, their employees and ultimately their homes because of the current crisis, so living with covid-19 also has to mean working with covid-19.

This is not a lives versus the economy argument, as some have disgracefully suggested. Most hon. Members know that the economy is lives and that the two march hand in hand. As each day passes, fractures in supply chains and the onward routes to market grow deeper and will therefore take longer to repair. If producers do not have the raw materials to produce, they do not produce. That is a real problem, so it is no good suggesting or thinking that in two or three weeks, in two or three months or in six months we will be back to

[*Sir Charles Walker*]

work and everything will be fine. It will not; supply lines will take time to gear up again, and I hope that the Finance Bill will take that into account. Without cement and without plaster, it is very difficult to build homes.

I hope that the Bill will address the following concerns. Will it look again at the business interruption loan scheme? It is just not sensible for banks to ask desperate businesses, “Can you give us a cash forecast for the next nine months?” Of course they cannot; nobody can. The Government cannot give a cash forecast for the next nine months, let alone a business.

Can we look again at extending the £25,000 grant scheme to all businesses that have rates assessed at £51,000 or less? There are many good businesses not directly involved in leisure, tourism or hospitality, for example, who are nevertheless feeling the pain of this crisis and fear for their futures and that of their colleagues.

Can we also look at dividends? In my constituency, PB Plumbing has been in business for 30 years. It is a great little family business that supports the pub trade in the constituency and surrounding constituencies. The founder/owner of that business pays himself with dividends, mostly—he is not a greedy man. This is the way that he structured his business but he is really not now eligible for any form of support, and I think that that needs to be addressed.

We heard this afternoon—the hon. Member for Oxford East (Anneliese Dodds) mentioned this during the statement earlier—that there needs to be some flexibility in furloughing. It would be really useful for many businesses to be able to have a member of staff in for one or two days a week, just to keep things ticking over and going during busy periods. I know the Government say that this is a very difficult thing to achieve, but lots of things are very difficult to achieve and this Government are the Government to achieve them. I say this very generously: the Government are getting things right. They just have to get things even more right, if that is possible.

We have a fantastic Treasury Minister here today, and we need a dedicated Treasury Minister responsible for filling in the gaps. I sometimes think that the media have better access to Ministers not only than I do, but, more worryingly, than my constituents do, so let us have a consultation with all colleagues. How can these schemes be made better? There are these Downing Street statements every evening, where the media get to ask questions. I think there are some fabulous people in the media. There are a few moderate ones, but there are some very good ones. However, let us allow small businesses—they are the engine of our economy—to ask questions.

In my remaining minute, I will focus on one constituency business, called Kupros Dairy. It makes fabulous, award-winning cheeses, which it was selling to 200 great restaurants in London and a few specialist food shops. All of these restaurants are no longer open, so its market has entirely disappeared. Supermarkets will not take specialist cheeses in the main, because they cannot stock them from Land’s End to John O’Groats—by the way, the supermarkets have done a simply fabulous job in rising to this challenge. Could the Minister get in touch with Dave Lewis of Tesco and others and ask them to have a dedicated aisle, or part of an aisle, for local produce? That would save Kupros Dairy and allow it to start making cheese again, stay in business and employ people and pay mortgages.

5.52 pm

**Rushanara Ali** (Bethnal Green and Bow) (Lab): We are humbled daily by the efforts of the NHS workers and all the other key workers in our country. They are making unimaginable sacrifices to treat the sick and care for the vulnerable, and to provide supplies of medicine and food. We owe them everything and it is right that we should continue the pressure to ensure that PPE, testing and equipment are provided, as we continue to enforce the lockdown.

This is a national struggle but it is being fought hardest at the local level in communities. My constituents in Bethnal Green and Bow are resilient people. Some still recall surviving the blitz, and today, there are many who survive a daily struggle of poor housing, low wages, a lack of opportunities and antisocial behaviour, but no matter how resilient and tough they are, they need the Government on their side. They need targeted interventions to help them in these difficult times. They need protection against the vagaries of a global economy, to protect their jobs, incomes and businesses.

The economic projections are chilling. The latest International Monetary Fund analysis suggests that the global recession is going to be far worse than the 2007 global crash. The World Trade Organisation says that global trade could collapse by 31% this year, just as post-Brexit Britain is desperate to strike deals.

A terrible economic storm is coming, and we are just not ready. The UK is ill prepared after a decade of under-investment, imbalances between the nations and regions and the deep scars of inequality and poverty caused by a decade of austerity characterised by stagnant wages and cuts to our public services.

Young people are once again likely to be the lost generation unless our Government take immediate steps to ensure that they have the training and support—virtually, while we are in distancing mode—and other provisions they need to get into the labour market. We need to use the hundreds of thousands of people who volunteered to help the NHS to support young people by mentoring and backing them, as we find a way through this crisis.

This Finance Bill does little to strengthen our economy or make us more resilient. Even before the covid crisis, it was inadequate. It does not deal with the challenges of climate change and the climate emergency, and it does not go far enough to reverse the challenges posed by the deep-seated inequalities in health, education and other spheres over the last decade.

The Office for Budget Responsibility predicts that there will be a 35% reduction in GDP in the second quarter of the year and that unemployment will rise by more than 2 million. Already, the deficit hawks are circling over the Treasury Bench, calling for huge cuts in public spending. Another decade of austerity as the answer to Government debt is absolutely not acceptable. Surely we have learned from the financial crisis in recent weeks that we have to ensure that our public services are resilient and strong in order to face the threats of global pandemics and economic downturns.

We need to ensure that we protect those on the frontline, who have often been the low-paid and have not been treated well—the teachers, nurses, carers, delivery workers and shop workers. They do not run the country, but they make the country run, as we have seen in recent weeks. We need a modern-day Marshall plan, rebuilding

and reconstructing our NHS, social care, police, schools and other vital public services, rather than leaving them vulnerable and fragile as we face crises like the current pandemic.

We need to ensure that local authorities on the frontline get the support they need. Tower Hamlets Council in my constituency is having to spend around £25 million and is losing £35 million of income—that is a significant amount of money. I call on the Minister to ensure that local authorities get support. The job retention scheme is welcome, but hundreds of thousands of people in hospitality and other sectors are still being excluded, and they need help urgently.

Finally, I want to highlight the impact in the global south. In countries like Bangladesh, the failure of companies such as Asda, New Look, Edinburgh Woollen Mill, Peacock and Urban Outfitters to pay up for contracted work is leaving millions of people vulnerable to unemployment and starvation. It is important to ensure that our companies are responsible and that people's lives are protected. We have a duty to work together domestically and internationally.

5.57 pm

**John Penrose** (Weston-super-Mare) (Con) [V]: We have already heard how the coronavirus crisis has fundamentally changed our economy and is in the process of changing our society too. We have also heard how the Bill makes changes to important items such as entrepreneurs' relief. As someone who co-founded and ran two software start-ups before being elected to Parliament, I am a huge advocate of encouraging wealth creators, particularly the ones who are at the technological leading edge and may be creating the fourth industrial revolution jobs in Britain in companies and industries that have hardly been invented yet.

But we have to be fair in the process, and the coronavirus lockdown has revealed an uncomfortable truth. It has turned Britain into a two-nation society, where better-paid, white-collar professionals work from home, while often less well-off key workers keep travelling to work, often on crowded public transport, in riskier jobs where they have to wear PPE. Of course, the lockdown is temporary, but it has shone a spotlight on a more long-term structural problem. Those less well-off key workers are paying a much higher overall tax rate—the marginal effective tax rate, or METR—than the safer, better-off white-collar professionals, because tax rates on investment income are lower than on wages and salaries, and because benefits withdrawal rates only apply to low-income households. The combined effect often means that low-income key workers pay an effective marginal tax rate of up to 75%, while better-off people pay dramatically lower rates. The haves are being subsidised by the have-nots. If we are all in this together, and if we are to go down in history as acting in the Conservative party's best and finest traditions, how can we ignore that? How can we not act? It cannot be right.

The changes to entrepreneurs' relief are a small but extremely welcome step in the right direction, but I hope the Chancellor will use the clarity and the challenge of the coronavirus process to make it the first step in a much longer journey. We need to encourage wealth creators, but they should not pay lower tax rates than the people who clean their offices or drive the trucks that deliver their goods. If we believe—as I and many

others do very strongly—that rates of tax much above 40% will undermine an incentive to work for high earners, why is the same thing not also true for someone on the national living wage? The last time Britain taxed earned income and investment income equally was under a Conservative Government, when Nigel Lawson was Chancellor.

If we can go back to taxing all income the same, whether from benefits, work or wealth, it will be transformational. It will show that we are serious about helping the people who voted Conservative in their tens and hundreds of thousands, some for the first time ever, in the general election last year. It will create clear and stronger work incentives for everybody, not just the rich. It will make our economy work better by allowing investment to flow to wherever it can be used best without distortions in the tax system, and it will make taxes simpler and harder to dodge. It will reduce in-work poverty, because less well-off families will keep more of any extra money they earn, and, as we come out of the coronavirus crisis, it will prove beyond a shadow of a doubt that Conservatives really mean it when we say we are all in this together.

Changing entrepreneurs' relief is a good sensible Conservative idea, but it is only a start. The Chancellor has taken the first step. I hope we will all go with him on a much longer and more important journey.

6.2 pm

**John Spellar** (Warley) (Lab): Thank you, Madam Deputy Speaker. You missed the historical perspective given by the Minister, but I will, if I may, focus on the economics and the politics—the politics being about decision making.

Before I came into Parliament, I was a national officer in the electricians' and plumbers' union. I used to have to explain to people that the reason a problem got on to the general secretary's desk was because it was insoluble. Otherwise, someone else would have made the decision and claimed the credit. In government, it is the same. The reason decisions are at No. 10 is that there are no easy answers. It is dealing with ambiguity and it is dealing with possibilities and probabilities, but nevertheless decisions still have to be made. There will be some that go wrong. It is the Eisenhower doctrine—all plans break down on first contact with the enemy. He also added, as people forget, that it is nevertheless still necessary to plan. That is where the military mindset of making decisions rapidly and moving rapidly towards implementation comes in. Frankly, the Treasury, while it is talking to other Departments and giving them money, has to insist on a change in practices. The old dither, delay and process-driven mechanisms are no longer acceptable. They have to either change their ways or move out of the way.

The other message I would like to get across is that we have to get our country moving again by opening up our economy and, at the same time, ensuring the safety of workers and customers alike. I am sure the Minister will join me in welcoming the positive message from the Trades Union Congress and the negotiations that are taking place right across the country between unions and companies about how they can safely restart work. It must be the frontline that Government support goes to. Denmark and Poland have, very helpfully, led the way in seeming to be declining subsidies to companies

[John Spellar]

based in tax havens or paying dividends or lavish bonuses or using share buy-back schemes. We should be following that and supporting real engineers, rather than financial engineers. The same goes for public procurement. If we look, for example, at the production and distribution of PPE equipment, I have to say that I am slightly concerned that the Government seem to have, as always, gone straight to the big consulting companies, rather than real industrial and commercial companies that actually have that experience and know how to join it up.

This crisis has also revealed a neglect of our manufacturing base by Whitehall. We must hope that the lessons have been fully learned, and our national recovery must be focused on rebuilding industry. That requires Government to act as not only legislator and administrator, but customer. We may well be facing a deficiency of demand that will mean that the restarting of the economy is in fits and starts, and Government needs to look at what role it can play. It can order buses, cars, vans and trucks to get the auto industry going; it can have a programme of council housing and of road repairs, in order to get construction and building materials moving; and it can give orders to British firms for health service equipment, protective clothing, chemicals and a reconstruction of our vaccine production capacity. There are many more things it can do, but time does not permit me to mention them all. Equally, time does not permit me to raise the issue of the difficult situation supply teachers have got themselves into with umbrella companies, which puts them in a grey zone. I have been warning about this for a number of years, since as far back as five years ago, but I will write to the Minister about it.

In conclusion, I wish to echo the words of the new Leader of the Opposition—colleagues will understand what great pleasure it gives me to be able to say that after five years. He told the Prime Minister:

“This is a national crisis and therefore needs a national response. Will you therefore commit to publishing an exit strategy as soon as possible?”

The country desperately needs that strategy, a way forward and, most importantly, hope. We do not want to be told that everyone is focusing on the coronavirus epidemic; during the second world war they were in an existential world war and we had a command economy, yet they were still able to produce the Beveridge report and a host of other measures planning for the future. That report identified five giants—want, squalor, idleness, ignorance and disease. We are focusing on disease, but those other giants are still killing people, here and around the world, which is why we need an urgent strategy from the Government and why we need Britain back to work safely.

6.7 pm

**David Mundell** (Dumfriesshire, Clydesdale and Tweeddale) (Con) [V]: It is a real pleasure to be able to connect to you and to the House of Commons today, Madam Deputy Speaker, and to take part in the Second Reading debate on the Finance Bill. I wish to begin by echoing comments made by the Chair of the Treasury Committee in relation, first, to those who receive a significant part of their income through dividends. I believe that there must be the possibility for the furlough

scheme to accommodate a calculation of income that is based on those dividend receipts—that is used for many other income calculations. The second point is that we need to ensure that the banks are playing their part. I receive a lot of emails from the banks telling me what a great job they are doing, but I receive even more emails from constituents about the bureaucracy and difficulty that the banks are putting in their way in respect of securing not just the loan guarantees, but wider loans.

I wish to raise two specific points, one of which is access to cash. I raised that in my contribution to the Budget debate on 16 March, which seems like a lifetime ago. The second relates to the Roadchef employee benefits scheme, which the hon. Member for Glasgow Central (Alison Thewliss) mentioned and which is particularly relevant in my constituency. We are seeing during this crisis that access to cash is even more important than it would be in so-called “normal” times. People need cash, often to get others to buy their weekly shop or to get them to do other tasks, or simply to have the reassurance of having cash at home in order to meet unforeseen circumstances. That is why this remains such an important issue.

As I highlighted when I spoke previously, the average cash transaction is £10 or £20. When someone is paying £3 to get £10, that creates a huge distortion in the ability to have cash. It impacts on the most vulnerable in our communities, and that is why I welcomed the fact that the Chancellor has said that he will legislate to ensure access to cash, but that has to be on a fair basis. It has to be on the basis that there are not disproportionate charges and that cash is accessible across the whole of the United Kingdom, particularly in rural areas.

I represent one of the largest rural constituencies in the UK, so I welcome the fact that LINK has made some announcements on how it might approach the issue. I also welcome the fact that NoteMachine, the second largest provider of cash machines—it does so on a charge basis—has indicated that it would go back to free charging if the significant change of a return to the previous interchange rate was put in place. I therefore urge the Chancellor and Treasury Ministers to actively consider making that change, which would make a real and significant difference to people’s ability to access cash machines and to do so on a free basis. The crisis has shown more than ever the need for people to be able to access cash.

I will move on to the issue of the Roadchef employee benefits trust. I will not give a detailed outline of the issue, because it has a long history. I know that the Financial Secretary was able to meet the chairman of the trustees and the hon. Member for Airdrie and Shotts (Neil Gray), who has done so much to pursue the issue. I have a service station in my constituency that you may have used yourself, Madam Deputy Speaker. It is now called Annandale Water, but it was previously under the branding of Roadchef. Roadchef set up the first tax-exempt, all-employee share ownership scheme of its kind, but unfortunately the former chief executive of Roadchef plundered that trust, causing all sorts of difficulties, not least that it was not registered in—

**Madam Deputy Speaker (Dame Eleanor Laing):** Order. I hope that the right hon. Gentleman is drawing to a close.

**David Mundell:** I am coming to a close. The trust was not registered. The funds cannot currently be distributed on a tax-free basis. I hope that, either by an amendment to the Finance Bill or through the Financial Secretary's good offices with HMRC, that issue can be satisfactorily resolved.

6.13 pm

**Mr Barry Sheerman** (Huddersfield) (Lab/Co-op) [V]: What a pleasure it is to contribute to this debate while in my isolation that I am still under, which meant that I could not accept the invitation to be in the Chamber today. I have one very quick point to make on the background of this debate. The Finance Bill, more or less like the Queen's Speech, was redundant almost before the print had dried, because we are in a situation we could not have imagined when either was first framed.

I want to make a pitch in particular for an unrepresented group in our society: children and young people. I believe that young people—school leavers, children in school and children in pre-school—have had a pretty tough time during this coronavirus epidemic, and they are still having a tough time. Looking forward, we are going to see real problems. If we have the recession that every authority is predicting, we will have a very serious problem of youth unemployment, and young people will have to accept jobs that they would not otherwise have dreamed of accepting. We have to concentrate and modify at every level to prepare for that great demand, and we must amend the Finance Bill, because we have a responsibility to look after young people well.

When I first came into Parliament all those years ago in 1981, everyone was surprised when Margaret Thatcher, the new Conservative Prime Minister, introduced a windfall profit tax on the banks, because they had made money while doing very little about it. I want this Bill to be amended very soon to include a windfall profit tax on those who have done rather well, even though they did not plot or plan it. I am thinking of Amazon, Google, Netflix and the gambling sector, all of which are ripe for a windfall tax that could be distributed to look after young people.

One way to do that would be to learn from the Americans—from the Kennedys and the peace corps—and give young people at 18, at 21 or at any stage of their lives the chance to go and serve the community abroad or at home. I would like us to take a bit of that, and perhaps a bit of the green apprenticeship in Germany, and create a new green national service. It would give every young person in our country an opportunity—at the age of 16, 18, 21 or whenever they chose—to spend a year working on climate change and the environment. We need the money to do that, and I think a windfall profit tax would be the way.

I believe that that would go some small way to addressing the unfairness of the taxation system, which other colleagues have spoken about eloquently. In Huddersfield, the typical town of Britain, we know that very well. We know that universities, which are the heartbeat of many communities such as mine, will be under threat in the coming months and years. We need to focus on young people, education and higher education, and we need a windfall tax to give us the resources and the opportunity to do something substantial rapidly in the coming months and years.

6.17 pm

**Sir Graham Brady** (Altrincham and Sale West) (Con): We meet for this debate about 10 days before the end of the extended period of lockdown, and we want this process to continue to succeed. The number of new cases has started to fall, the number of hospital admissions is coming down and, while the tragic death toll remains too high, it looks as though that is falling, too. We want that to carry on, but if we want the public to continue to engage in this battle, as they have done magnificently, we need to offer them hope and a light at the end of the tunnel.

We need to look ahead to the point where more people return to work and more businesses operate. An extraordinarily difficult political judgment faces the Government: the need to balance the recovery of the economy and the protection of jobs with the need for common-sense measures for hygiene and distancing, which might continue as people get back to work and business gets moving again.

The only thing from the 11 March Budget that I want to mention is the one-year extension to the IR35 changes. The Minister said that that time would be used well, and that research would be conducted into the impact on the public sector before the change was extended to the private sector. I hope that Ministers will also take the opportunity to look at whether more could be done to achieve proper clarity of definition between contractors and employees, and at the ill-defined status of worker, which causes considerable confusion.

Moving to more recent financial measures, I warmly congratulate the Chancellor on the bounce-back loan. It is a sensible compromise between protecting against potential high levels of fraud—by introducing the limit of £50,000, or 25% of turnover—and meeting the need to get money out quickly. I commend the Government for listening to calls for changes to achieve that. All measures should be focused on getting the economy moving again once it is judged that the acute phase of the crisis has passed.

I have a couple of specific points to mention. A number of Members have made the point that although the job retention scheme has been hugely successful, it is inflexible. As we look towards the phase during which people will gradually return to work, it would be immensely helpful if it was possible to furlough an employee for part of the week, rather than the whole of it, to assist a gradual return to work.

The small business and hospitality grants are extremely beneficial to small businesses, but some have found themselves excluded. I refer particularly to those that operate in shared premises, paying rent and not paying their business rates directly. It is manifestly and especially unfair for small cafés and restaurants that have been required to cease trading yet find themselves specifically excluded by the technical terms of the grant regime.

Finally, I turn to the aviation sector. My constituency is adjacent to Manchester airport, which is directly or indirectly the source of the greater number of jobs in my constituency. We all know that the aviation sector is facing perhaps the greatest problems of any in the current crisis, and they look like going on for longer, so will the Minister ensure that he and his colleagues do everything possible to look ahead at how the sector can be supported through recovery? In my remaining half

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minute, I leave with him the suggestion that it might be a good time to consider a holiday, as it were, for air passenger duty, by cancelling it for a 12-month period.

6.21 pm

**Richard Burgon** (Leeds East) (Lab) [V]: The coronavirus pandemic is the greatest crisis that most of us have ever lived through, so the values of solidarity, co-operation and support for—[*Inaudible.*]  
—are more important than ever at this critical time. In his March Budget speech, the Chancellor said that we were entering this crisis from a position of economic strength; for millions of people, that could not be further from the truth, and nor was it the case for our public services. A decade of austerity and a 40-year period dominated—[*Inaudible.*]

**Madam Deputy Speaker (Dame Eleanor Laing)**: Order. I hesitate to interrupt the hon. Gentleman—I do not know whether he can hear me—but the sound quality is very bad. Let us try again to see whether it improves; if not, I will have to move on to the next speaker and come back to the hon. Gentleman.

**Richard Burgon**: A decade of austerity and a 40-year period dominated by marketisation, deregulation and privatisation has left us less prepared to deal with this crisis—[*Inaudible.*]

**Madam Deputy Speaker**: Order. To be fair to the hon. Gentleman, I am going to interrupt him, because the House cannot properly hear what he is saying. I judge it would be better if we could come back to him later in the proceedings.

6.23 pm

**John Redwood** (Wokingham) (Con) [V]: I have declared my interests in the Register of Members' Financial Interests.

At the time of the Budget it was a very different world. The Government were forecasting a little bit of growth and recommended a modest stimulus. I remember that I was able to welcome that stimulus in the Budget debate—I thought it was right that we boosted public spending a bit and borrowed a bit more—but with masterly understatement I said that I was a bit surprised by the magnitude of the stimulus: I thought that perhaps something more was needed. In the six weeks that have elapsed since then, we have seen a blizzard of announcements that have made it clear that the Government recognise the magnitude of the downturn that now besets us and the world economy and are rightly moving swiftly to try to provide some compensation to the many businesses that cannot trade and the many people whose jobs are under threat or whose income is disappearing because of the lack of work. The response is correct, so the Government should look again at the Finance Bill in the light of the fact that the events that led to its formation have been completely overtaken by the magnitude of this crisis, and because we will need quite soon a Finance Act that does everything in its power to promote recovery.

Tax rises are not a good idea at all. The Government, in this period of response to the crisis, have offered tax holidays, tax reductions and tax deferrals, which is the right response as the private sector and individuals

cannot afford those taxes at the moment with their incomes so rudely interrupted. The Government must also look at the groups of people they are targeting. I urge the Minister to think again about changing the rules on IR35. There are about 5 million self-employed people in this country who have been doing a magnificent job for us. They provide flexibility, service and products that we need and they are very competitive. A number of them have been living under the shadow of those tax changes; some have lost contracts and work to overseas companies and competitors simply from that threat. I therefore urge the Minister to think again and recognise that we need to reward and encourage those people, not threaten them with a new tax. Above all they will offer a lot of the flexibility, hard work and energy that the recovery will need.

The Government are right to provide as much compensation as they can and the Bank of England is right to buy a lot of bonds and create money, but we all know that that is not a sustainable model for the economy in the medium to longer term. I echo the comments of colleagues who rightly said that we need a way back to safe working as quickly as possible. The only way we can afford to pay for the NHS is to have more people at work paying taxes and earning decent incomes, and more companies generating turnover who can then afford company taxation.

Through the Finance Bill and all the other measures the Government can undertake, we must together ensure that we have as early a return to work, and as safe a return to work, as possible, and that means working away with business on better safety so that people have the clothing and equipment they need, automating where necessary and allowing proper social segregation while people are working in warehouses, offices and shops. We need to develop those new business models, and the Government can provide a lead by showing how they can continue to administer their great services while looking after the safety of their employees to the best possible effect. That requires reshaping the Finance Bill. I am delighted that the Minister is thinking of making amendments to the Bill during its passage through the House. I ask him above all to look at measures that could reward companies that go in for a new model, and reward employees and the self-employed who go that extra mile to work safely and create some restoration of service and activity in our economy.

No one in this House has seen anything on this scale or magnitude before. Never have we got to the point where a quarter or more of the companies in the country are not allowed to trade and millions of people are banned from doing their job because of public health and safety considerations. In this situation, we need to offer them a Finance Bill with hope, a Finance Bill that will help them finance the recovery and a Finance Bill that will make it worthwhile for them to lead that recovery as soon as the time comes.

6.28 pm

**Shabana Mahmood** (Birmingham, Ladywood) (Lab) [V]: When the Minister introduced the Bill's Second Reading, he spoke for everyone in the country when he said that every day feels like a decade. There is an air of slight unreality about the debate. As other Members have remarked, the Budget was out of date almost immediately from the moment the Chancellor sat down after delivering

it, because of the scale of the crisis, the fast-changing situation that we are living in and the difficulties that businesses and people are facing all over the country. It is vital that we do everything we can in a national effort to keep people in work and to get cash to struggling businesses.

In that context, I welcome the Chancellor's announcement today that the bounce-back loans are now 100% Government backed, but I must say we are far behind other countries—in particular the US, China, Germany and Switzerland—on measures to get money through to small and medium-sized enterprises. So often we describe SMEs as the lifeblood or the engine of our economy, yet we are failing to get the right level of support to them quickly enough in this crisis.

That is why we have seen multiple announcements made to correct defects in previous announcements. That approach is simply not good enough. In my view, the Government need to go much further than the current schemes, because they are not equal to the task that we face. In particular, they must as a matter of urgency streamline the application process and remove the high barriers that are in place at the moment for businesses to prove their viability.

I understand the argument about placing too high a burden on future generations, but if we fail to take adequate action now, that burden will be high in any event. We must try to limit the long-term damage to our economy, and that means supporting small and medium-sized enterprises much more than we are doing at the moment.

This crisis highlights more than ever the need to deal with fundamental weaknesses in our economy. I think in particular of my constituency, the challenge that we have with long-term unemployment and the plight of the working poor. We cannot allow such structural weaknesses in our economy to continue after the crisis, which has exposed the dangers that we see as a result of those fundamental weaknesses.

The shadow Chancellor said, and I agree with her, that after the crisis we will need a new economic settlement. We will need a new economic settlement not only in our domestic politics and economy, but in the international sphere as well, so I will speak a little about the digital services tax. I welcome the new 2% tax on revenues of search engines, social media platforms and online marketplaces that derive their value from UK users. As we all know, this measure will not deal with the differential tax treatment between brick businesses and click business, and it will certainly not deal with Amazon, which continues to grow exponentially, but it is a step in the right direction. I appreciate that there is a debate to be had about whether to take multilateral or unilateral action in this space, but as far as I am concerned the status quo needs breaking apart, and that can happen only through Governments taking unilateral action. In this case, I urge the Government to go further. We cannot keep standing by, watching this ridiculous situation where hugely wealthy companies pay little or no tax in countries such as ours where they have a huge presence.

The current crisis means that, once we emerge from covid and all its related difficulties for our economy, it will not simply be a case of playing populist politics; I simply do not think the public will accept a situation in which such huge multinational enterprises do not pay a fair share of tax in countries such as ours where they

create a huge amount of their value. Something needs to break open the logjam on this in the international sphere. We know that the US will react, but we must be bold and we must be brave—we must grasp the nettle on this, because we need well resourced Governments if we are going to deal with the challenges that we face as a result of the covid crisis.

6.33 pm

**Dr Liam Fox** (North Somerset) (Con): It has often been said in this debate that this is the most difficult and unusual backdrop to a Finance Bill that any of us can remember, but at the time of the Budget, the global economy was already slowing. Growth in trade across the globe last year was downgraded from 2.8% to 1.8% to 1.2%, and actually came in at about 0.7%, and global trading growth went negative in the last quarter of 2019. That is unlikely to be reversed, because all of that was pre-covid. It was partly due to US-China trade tensions and partly due to greater protectionism since the global financial crisis, which saw an increase in the number of non-tariff barriers to trade operated by the G20 from 300 in 2010 to 1,200 by 2015. Dependence on global supply chains is not a bad thing, but one of the first lessons that we will have learned in this crisis is that over-dependence on just-in-time supply chains has tilted the pendulum too much towards efficiency rather than towards resilience. I predict that one of the changes that will come in the post-covid economic environment will be a move towards greater stockholding and warehousing.

I have never been a big believer in the big state. David Cameron once asked me what type of Conservative I thought I was, and I told him that I was an unreconstructed free-market Thatcherite, Unionist, Eurosceptic Atlanticist. I do not believe that we are seeing the re-emergence of the big state that many of my colleagues on the right of politics so fear and that those on the left would love to see, but what we are seeing from this Government is a sensible suspension of the norms so that we can go back to free-market economics. If we had not supported jobs and businesses, we would be seeing not the sort of evolution that we get in a free-market economy, but millions of jobs lost. We would have seen the well-being of families and communities destroyed, the loss of viable businesses, the loss of valuable jobs and a huge burden of the costs of unemployment falling on the taxpayers for absolutely no economic benefit.

I never imagined that I would be in the House of Commons calling for an increase in Government spending, even a temporary one, but as I used to tell my patients, there is no point in complaining about the air when there is nothing else to breathe. We are in a situation that demands unusual measures, but it is also fair for us to point out to taxpayers that the longer that we have to keep the economy in so-called sleep mode, the higher the cost will be for future taxpayers to bear over a longer period.

We need to see both domestic and global demand increasing, because there is a link between trade and prosperity and security. Oil demand is 30% below what it was at this time last year. That is great for the countries that import oil, but very bad for the economies of the producers. It is not in our interests globally to see destabilisation in states such as Saudi Arabia, which is what some of this lack of demand will ultimately lead to.

[Dr Liam Fox]

We need to support demand, encourage confidence on which that demand rests and promote our own entrepreneurial creativity and talent. I echo the comments of my right hon. Friend the Member for Wokingham (John Redwood) that we need to do everything to promote recovery, which leads me to two brief practical points and one question for my right hon. Friend the Financial Secretary to the Treasury.

The first is a comment on bank lending. The problem is not that the money is not there and being underwritten by the Government; the problem is the lending criteria being operated by many of the banks, which apply more to some sectors than to others. In the tech sector, for example, the value lies in internet protocol and not in physical assets. That makes it very much more difficult for the sector to borrow against standard bank lending criteria. That needs to be looked at.

Secondly, I reiterate the points that have already made by some of my colleagues about IR35. Some of our most flexible and resilient workers in our economy are in that grouping, and what we must not do in trying to right a wrong is put them in a position where they are disadvantaged, without sick pay in line with other workers in the economy, for example.

This is a global pandemic that requires global co-operation. Are we, in the long term, to paralyse the global economy for the emergence of every new virus? Will we be governed in fact by the smallest pathogen on the planet, and if not, how will we develop the protocols that we will need to manage the situation? Globally, we need to find solutions. We will need them to be adhered to, to be transparent and to be verifiable. We cannot deal with these matters as single nation states. We have to find new ways to co-operate in an interdependent global economy. The risks will affect us all. Contagion in one bit of the global economy will affect us all, whatever our political beliefs. That is one of the greatest tasks, and I urge my right hon. Friend to take a lead for Britain in that global debate.

6.39 pm

**Tonia Antoniazzi** (Gower) (Lab): I would like to take this opportunity to congratulate the shadow Chancellor, my hon. Friend the Member for Oxford East (Anneliese Dodds), on taking her place on the Front Bench.

I highlight my hon. Friend's striking words that this Finance Bill is really a Finance Bill for a different age, because so much has happened and our economic backdrop is now frighteningly challenging. We have therefore reached a point where the public want to know and understand the proposed exit strategy. There are a number of reasons for that. People do not like to feel helpless. They want to see and plan their future during this covid-19 crisis and pandemic. For many of my constituents, that is about protecting the long-term future of their businesses and their employees. There must be a mechanism of support for businesses, many of which may not currently be in profit but which are crucial to the future of our economy in Gower, including those in the hospitality business. For many who rely on seasonal trade to stay open, debt is really not a solution. I have been contacted by a number of iconic and well respected family businesses such as Castellemare in Mumbles and the King's Head in Llangennith, all with

grave concerns about their future viability. Will this Bill and this Government provide large seasonal businesses with the certainty and flexibility to continue to employ locally and provide a warm welcome to the community and to tourists all year round?

UK business organisations and the UK Government would do well to look at the decision-making powers we have in the Welsh Government, as quite a few of the gaps in the different grants and loans that we are calling on the UK Government to fill have been filled in Wales; additional grants to businesses are available to fill in the gaps in the programmes of Her Majesty's Treasury. There are obviously limits to what we can do with the block grants, but many companies in Wales will have a safety net that is not available elsewhere.

I thank the Government for the support they are providing to furloughed workers, and commend the unselfish dedication of all our key workers at this time of national crisis. However, there are many people working on the frontline in the fight against coronavirus who should not be there because of the severe danger that the virus causes to them and their families. I am talking about key workers who are deemed clinically extremely vulnerable or those who have family members who have been put in the same category by the Government. These people should be shielded and furloughed right now, but many cannot be because the Government's guidelines on furloughing do not give them that right.

The Government have placed our key workers in a financial and public health trap. Many are finding themselves in an agonising situation where they have no choice but to work through the dangers caused by the coronavirus so that they and their families are not faced with financial ruin. For example, I have a constituent who works in a care home who had his spleen removed just before the outbreak. Working from home or maintaining social distancing at all times is not possible, but his employer will not furlough him because that has not been mandated. That leaves my constituent with two choices: to take unpaid leave or to take statutory sick pay, placing a heavy income penalty on him and leaving him not protected at all.

We are seeing that where employers are not compelled to act, they are not acting. We therefore need the Government to clarify the guidelines on furloughing key workers who are clinically extremely vulnerable or who are carers to family members who are in that category. How is it right that the Government expect these key workers to choose to stay in work at immense personal risk, potentially putting themselves and their families in jeopardy? We needed clarification to be written into the Government's furlough scheme. We know that key workers' hourly wages are 8% lower, on average, than those of other employees. If vulnerable key workers cannot be furloughed, the Government have a duty to increase the level of statutory sick pay to ensure that no key worker is left behind as a result of this Bill. I would hope that the Bill can be amended to provide such support to our key workers.

6.43 pm

**Lilian Greenwood** (Nottingham South) (Lab): Next week is the 10th anniversary of my election to this House. There have been some memorable moments in that time, but none as discombobulating as making a speech sitting in my own kitchen.

However, if the surroundings are very unusual, some of the concerns we are debating today are not. For too long, the UK economy has not been working for many of my constituents, particularly the lowest paid. While they are working hard but struggling to make ends meet, there are others who simply have not played by the rules, whether they are multinational tech giants avoiding billions of pounds of tax or wealthy individuals and companies failing to pay their fair share.

In recent weeks, we have seen more clearly than ever how much we rely on our key workers, whether the staff in our NHS, careworkers, teachers, bus drivers or shopworkers, and so many more. They deserve our thanks, of course, but they also deserve a new social contract: a recognition that the economy has to change so that they are fairly rewarded for the work that they do and our public services receive the investment they need. For too long, real wages have been depressed and services decimated in the name of austerity, while there have been tax cuts for people and organisations that could afford to pay more.

Some of the measures in the Bill represent a step in the right direction, but they do not go far or fast enough to match the scale of the challenge. No one could have anticipated the immense shock to our economy from the measures needed to fight the coronavirus, and it places a great responsibility on the Government. As my hon. Friend the shadow Chancellor has said, it is absolutely critical that the Government now do all they can to minimise the depth and length of the economic impact.

The measures that the Government have introduced to protect businesses and individuals are welcome, but, as all Members must know, the schemes announced leave gaps—as things stand, there is a real risk that some workers and businesses will miss out on the support they need. This will lead to unnecessary damage to the economy and hardship to individuals. I hope the Minister can give us some reassurance this evening that he is listening and that he will act swiftly to close those gaps—to keep people in work, to keep businesses afloat and to keep families out of poverty.

I do not have time to speak about all the issues of concern, but it is clear that the business interruption loan scheme is not getting help to those who need it. The East Midlands chamber of commerce has told local MPs that businesses describe accessing the scheme as “a complex and lengthy process with no consistent approach between lenders”.

Certainly, the number of loans agreed does not reflect the level of need. The chamber has called on the Government and lenders to work together to address these issues and improve the way the scheme works; I can only echo its call. I have heard from very many self-employed constituents who cannot access the Government’s support scheme, perhaps because they have a new start-up or because they run a limited company and take their income through dividends. Will the Minister address their concerns this evening?

Our social security system needs urgent change. My hon. Friend the Member for Stalybridge and Hyde (Jonathan Reynolds) has made five very straightforward proposals to the Government, and I hope they will adopt those to prevent more individuals and families from falling into poverty.

I would particularly like to highlight one gap that the Government must address in their support for small businesses. I know that local councils around the country have worked incredibly hard to distribute the small business grants as quickly as possible. I pay tribute to the staff at Nottingham City Council, who have ensured that over £33 million of grant funding was paid out by last Friday, processing every application they had received.

However, there is a problem. Many small businesses rent space in a multi-occupancy building—an office, a shopping centre or a small business incubator—and they pay their landlord a fee that includes rent and rates. The landlord does not qualify for small business rate relief, which means that neither the landlord nor the small business tenants can access the £10,000 small business grant. Both I and the council have written to the Chancellor on this point, and I hope the Minister can tell me that he intends to address this anomaly, which is preventing dozens, if not hundreds, of Nottingham small businesses from receiving much-needed support.

These are unprecedented times, and it is more essential than ever that we have an economic system in which those with the broadest shoulders bear the heaviest burden. I hope the Government recognise that we need a new approach to tax and spending decisions that learns from this crisis and produces a better and fairer system for the future.

6.49 pm

**Mr Steve Baker (Wycombe) (Con):** “Unprecedented measures for unprecedented times”—that is how my right hon. Friend the Financial Secretary introduced the Bill at the Dispatch Box, and of course he was absolutely right. I believe that, across this House and the country, there is overwhelming support for the necessity of these measures.

I wish to make a speech that will touch on some subjects that I think would otherwise not be touched on in the debate. I apologise in advance to my constituents. This is in no way to neglect the cracks through which many people have fallen, but we will simply pick those up through the Treasury Committee in future, as we have been doing over the past few weeks.

I will make three points in the short time available. First, I will say a little more about the context of the Bill. The threat of disease and death on a mass scale has dramatically rolled forward the state in a way that I never thought I would see in this country, let alone under a Conservative Government. It has been necessary for all the reasons that are common territory, but it fills me with a little horror. It is not the consummation of all my worst fears because, of course, my right hon. and hon. Friends on the Front Bench do not wish to nationalise the means of production. They are not dramatically hiking taxes, so things could have been worse had we lost in December. [*Interruption.*] I hope that Opposition Members will forgive me, but we cannot take interventions.

Taxes are not being dramatically driven up by the Finance Bill, and thank goodness for that, because I believe that the economy is already at or near its taxable capacity. I am working with economists to set that out shortly. I am not surprised that the Bill has to fiddle around at the edges with such things as IR35, because we are at or beyond the taxable capacity of the British economy. The Government are having to go where in other times they might not; they might simply raise

[Mr Steve Baker]

other rates. Who, though, could imagine going up from 20% VAT? The very idea is an absurdity, as that tax hits the poorest hardest.

I wish, of course, to turn to borrowing and monetary policy, because the Debt Management Office has announced that it will borrow—that the Government will borrow—an extra £180 billion, which is an absolutely extraordinary sum. Still more extraordinary is the reality that the Bank of England is going to buy bonds faster than the Debt Management Office is selling them. We are in the most extraordinary situation. Quantitative easing will go up to a total of £645 billion. I should say, in passing, that I am going to guard my remarks, because I wish to have regard to the need for monetary stability.

QE is going up by an extra £200 billion. If that were not enough, the countercyclical capital buffer is being released, which releases £190 billion of extra lending capacity for the banks. Many Members may not know this, but I recommend that they Google “Money creation in the modern economy” by the Bank of England. They will see that that £190 billion will be loaned into existence. That is where most of our money is created.

We have the borrowing of the DMO, bought through QE, and the countercyclical capital buffer. Though it is a technical point, the Treasury Committee has just had it put on the record that an accounting change in relation to loan loss provisioning is as important as the countercyclical capital buffer, because it would undo the benefits—the additional lending—that one gets by releasing that capital buffer.

These are enormous times. We are talking about loan loss provisioning being changed in order to massively add to the stock of money through new lending. In the past, I have talked about the covid corporate financing facility, which I think I heard the Minister say is adding £13 billion—it is in the order of tens of billions of pounds—to the money stock. Then, of course, there is the ways and means facility of the Bank of England: a kind of overdraft facility.

I put those things on the record in this place not because I want things to go wrong, but because I want to highlight the sheer scale of the extraordinary measures and the extraordinary times through which we are living. Were all that to go wrong, and I pray to God that it does not, we would need to have understood what was being done at the time. When the spending, interventions, borrowing and monetary policy is all unwound, it will be really important to have some ideological keel to get us through difficult times.

No one could say that this is an ideological Government, but times will be difficult and we will need to aim very firmly at a free market economy. As we do so, we will need to understand monetary policy as well as other factors. That is why I have put it on the table today. Far too often—I hope that the Minister will forgive me for saying so—Ministers say, “That’s a matter for the Bank of England.” The Bank of England is not above the law. It operates within a framework of law that this House sets, and I believe that we shall need to revisit that.

6.54 pm

**Sir Edward Davey** (Kingston and Surbiton) (LD) [V]: Today’s economic crisis is the worst and most alarming of our lifetimes. Never since the second world war has

Britain’s economy faced such damage and uncertainty. I recognise just how difficult it is for Treasury Ministers, the Bank of England and other policy makers trying to tackle this crisis, but the Liberal Democrats agree with the Leader of the Opposition that we need a public debate about how the lockdown can be phased out in due course. I would add to that that we need a really mature debate about how economic policy will help in the economic recovery. Indeed, whether it is in the immediate solutions, the emergency packages or the preparations for that recovery, Liberal Democrats believe that economic policy must be guided by three key objectives: producing a fairer society; building a more sustainable economy; and restoring our reputation as a country that is outward-looking and internationalist.

Economic policy must tackle Britain’s unequal society, so exposed in this crisis, including the poor pay of people in the care sector, the problems with the universal credit system and the low levels of statutory sick pay. All these problems show that we must do far more to increase social justice in our country, and I believe that they show that we should look more seriously at proposals for a universal basic income.

Alongside greater fairness, we must move our economy much faster towards net zero so that we address the climate emergency in the recovery. I am pleased that the Government are talking about this, but we need urgently to debate specific policy proposals to make sure that the new economy that we must build is genuinely low carbon. We are seeing how fast the Government can move in a crisis; well, there is a climate crisis and we need to move just as fast to tackle that, too.

We must also work with other countries to ensure that the recovery is as strong as possible, and deepen international co-operation, especially with our closest allies. We cannot allow this crisis to move us back from support for free and fair trade, even where we adapt trade to secure an improvement in our biosecurity. We must remember how the recovery from the second world war was driven so much by agreements such as Bretton Woods and by growth in international trade.

I have already commented widely elsewhere on the Chancellor’s emergency packages. The business loan scheme has just been too slow and although today’s micro-business loan scheme is welcome, it is very late. I urge the Chancellor to go further and look at the Liberal Democrat plan for new online marketplaces for these Government-backed business loans. Using existing platforms such as Funding Xchange, Funding Options and Alternative Business Funding, businesses could fill in just one form and those applications would be sent immediately to lenders whose lending policies show that they are much more likely to say yes, so the businesses could get the cash more quickly. If we do not see businesses getting the cash quickly, we will see more businesses fail.

The element of the Government’s emergency package that I would most like to talk about today is the challenge facing local authorities. The Government’s help so far just is not sufficient to help councils on the frontline of this crisis, which are so crucial to helping vulnerable people and businesses. Councils are having to increase spending dramatically just at the time when their income is also being slashed—from a huge loss in income from parking and services such as leisure centres, to real concerns that council tax income will fall significantly too.

May I ask the Treasury today to commit to the principle that for councils across the country it will not just fund extra crisis-related spending in full but provide grant funding to cover these dramatic losses in revenue? Just as the Chancellor wrote off the debts of NHS trusts as part of his emergency assistance, will he now look at reducing or writing off councils' debts? Writing off housing debts could help stimulate a council house building boom in the recovery. Writing off debts linked to spending on special educational needs and disabilities would help our schools recover, too.

When it comes to planning the recovery, may I ask Treasury Ministers to consider three key issues? The first is how the furlough scheme is wound down to make sure that we protect jobs. We must prevent staff who are furloughed today from becoming staff who are laid off tomorrow. The second is that in the recovery we must achieve a historic and dramatic rise in both private and public investment in green technology and climate-friendly infrastructure. After solving the current international crisis, let us solve the next global crisis—the climate crisis—that we all know is facing us.

Finally, over the thorny issue of Brexit and the transition period, I once again urge the Minister to recognise that this crisis and its immediate aftermath is exactly the wrong time to add to the uncertainty, the cost and the loss of markets that businesses are already facing. Surely suspending the Brexit talks and seeking an extension to the transition period is just economic common sense.

This Finance Bill will pass its Second Reading, but the Chancellor must do far more to ensure that Britain's economy after this crisis is fairer, greener and more outward-looking to the world.

**Madam Deputy Speaker (Dame Eleanor Laing):** The hon. Member for Leeds East (Richard Burgon) is still having some technical difficulties. Although we are not able to see him in action, we have his photograph and are able to hear him.

7 pm

**Richard Burgon (Leeds East) (Lab) [V]:** The coronavirus pandemic is the greatest crisis that most of us have ever lived through, and the values of solidarity, co-operation and support for public services are more important than ever at this critical time. In his March Budget speech, the Chancellor said that we enter this crisis from the position of economic strength. But for millions of people, that could not have been further from the truth, nor was it the case for our public services.

A decade of austerity and a 40-year period dominated by marketisation, deregulation and privatisation left us less than prepared to deal with this crisis. The crisis has brought the failings of all that into sharp focus: weak public services, a broken social care system, a woeful lack of workers' rights, a hollowed-out social security system, and a housing market that treats housing as an asset rather than a human right. The priority of the Government must, of course, be saving lives, but we must also do all we can to stop this public health crisis from becoming a social and economic crisis.

The Chancellor, since his Budget, has provided additional support. That is welcome, but it falls far short of what is needed. It is rightly said that this virus does not discriminate, but our society and economy do: that is clear from how many people are suffering in this crisis. Families in my

constituency were struggling to get by before this pandemic. Many are now in crisis. The bills have not stopped, even if their ability to pay them has. Many were on poverty pay before the crisis. Now some are receiving just 80% of the minimum wage on furlough. The Government must act immediately so that no one is left on less than the minimum wage during this crisis.

We urgently need to see action over the shockingly low level of sick pay. It should be increased to real living wage levels, and we must ensure that millions of low-paid—mainly women—workers can access it too. We also still need to see much more support for renters, starting with rent suspensions, as well as social security set at levels that families can live on, not levels designed to punish them.

The Chancellor recently said that the financial support for those affected by the coronavirus crisis will need to be paid back at some point. When we draw up the list of who should pay, at the top must be the super-rich, who have profited from a decade of tax giveaways from the Conservative party. There must be no question of us repeating the injustice of the past decade while working-class people have paid with their wages frozen and their services cut. This crisis has underlined who we really rely on: workers deemed unskilled or undeserving of proper pay rises just a few weeks ago. When this is over, we have to build a country that treats those workers and working-class families across the country with the respect that they deserve, and which they have not been shown for far too long.

7.4 pm

*More than two hours having elapsed since the commencement of proceedings on Second Reading, the Deputy Speaker suspended the sitting (Order, this day).*

*On resuming—*

7.30 pm

**Mr Marcus Fysh (Yeovil) (Con) [V]:** It is a pleasure to reopen proceedings. I welcome this Finance Bill and I support the Government in dealing with this most difficult challenge of covid-19 and the lockdown that has been required. It is right that we protect the NHS and increase its capacity; I am proud of the part that Somerset has played in that, with firms such as Numatic, Oscar Mayer and others doing a brilliant job, helping to manufacture PPE, get meals out and get involved with ventilator production and with looking for vaccines and treatments.

Test and trace is clearly the way to go, and it is right that we stay locked down for a few more weeks, because we absolutely need to avoid a second lockdown, which would be a proper catastrophe for the economy. It is worth buying time now to be able to control the virus's spread, so that we can spring back with confidence about our health, our travel and our interactions with others.

However, the scale of the downturn that we are in globally even now makes lifting the lockdown as soon as possible of critical importance. At that time, a new Budget and a new Bill will be needed, for incentive for research and development, for investment and reinvention. I believe that the multi-year scope and huge scale of this downturn mean that it will not be V-shaped.

[Mr Marcus Fysh]

The scale of the destruction of consumption and supply that is going on and the crisis in real demand, which is seen in things such as unemployment—for example, in the United States they are now expecting 30% unemployment by the summer—mean that it is a massive challenge. Just expanding the money supply does not conjure up that demand. We are seeing major problems in the oil markets; money is being printed to support them, but nevertheless, large swathes of oil production around the world will be taken out and there will be major debt crises in emerging markets coming down the road.

The other problem we have seen with massive monetary easing is that it destroys the mechanism of the markets for discovery of prices of different types of assets. We have a massive challenge coming down the line. However, as I said, I support these measures to keep the economy from its heart attack; even if those immense problems are being stored up for the future, there is really nothing else to be done about it.

It is right that we support those who genuinely cannot work through this crisis, but the furlough is creating some of its own issues and it cannot be afforded forever. We need to incentivise people to get back to work and companies to get back into operation as soon as we can.

The other thing to understand is that it is massively important that we maintain confidence in markets in our public finances. At 100% borrowing as a percentage of GDP, it really makes a difference whether we are paying 1% or 5% on the debt service: 5% would give us a very big problem and would see 25% to 30% of Government spending going on debt service. It is an unpalatable choice that we and nations around the world will face about how to deal with that—whether to go for some element of inflation, whether more monetisation is the order of day, whether there might even have to be debt forgiveness, such as happened in the 1930s, or whether we have extra taxation. The point is that all those things are massively challenging and are, in one way or another, an assault on the value of money. Maintaining confidence in money itself will be one of our key tasks.

We need our economy here to be ready to spring out, powered by research and development and reinvention. We need to be open to trade and innovation. We must not be seduced by the sirens of protectionism that led us into a terrible place a century ago. We must, as a nation, pursue a US trade deal. We must pursue deals with all nations around the world, and we must not be scared into thinking that we need to be protectionist at all costs. I want to say to people in Somerset: you are doing a brilliant job—keep going. We need to come out of this in the right way, and everything you do now is going towards that.

7.35 pm

**Debbie Abrahams** (Oldham East and Saddleworth) (Lab) [V]: As so many of us speak virtually for the first time in a House of Commons debate, it is clear that the impact that—[Inaudible.] The early response to the pandemic was to provide some relief to businesses. The array of support, added to as the gaps in it were revealed, is not only inadequate but has too many hoops for businesses to jump through and is too slow to get to them. That is particularly the case for small businesses.

I wrote to the Chancellor five weeks ago about the gaps in the various business support schemes he announced. Among the questions I asked him were whether he would ensure that all Government Departments had paid their suppliers and that those suppliers had in turn paid their supply chain. I also asked him why he chose the small business rate relief option instead of an HMRC delivery mechanism. An HMRC route would have supported 7,000 small businesses in Oldham, instead of only 3,900 that have received rate relief. I have yet to hear from the Chancellor on those points, and I would be grateful for a response tonight. Fundamentally, his package of measures does not do what it is meant to do: keep businesses afloat until we are able to come out of total lockdown. I heard from a local business last night which has had to close after nearly 30 years of trading and another that is close behind.

Similarly, the Government's response to the hundreds of thousands of individuals who do not qualify for, or whose employers are refusing to use, the job retention scheme has been found wanting. Ministers at last week's Work and Pensions Committee were not able to answer when asked how many people will have been pushed into debt after having to rely on social security support for the first time or about estimates of the increase in poverty. The £20 a week extra in universal credit and the increase in local housing allowance will be completely wiped out for some claimants, given that the benefit cap is still in place. Again, I would be grateful for a response on that tonight.

Disabled people are disproportionately represented in the self-employed workforce. Although I am pleased that the minimum income floor has been lifted from universal credit, why has disability social security support not been uprated, given the additional costs that disabled people are facing on top of the average pre-pandemic costs of over £530 a month?

This health emergency will be followed by an economic and potentially social one as well. Many have predicted that the economic effects from the pandemic could last for most of this decade, and in that regard, it is a reminder of the 2008 global financial crash. As we prepare for a partial lifting of the lockdown, we need to learn from other countries how to do that safely and effectively—something I fear we did not do when planning our covid strategy.

We also need to recognise the impact that austerity has had on too many of our citizens over the last 10 years. Nearly six in 10 people living in poverty come from working households, compared with less than four in 10 20 years ago. Two thirds of the 4 million children living in poverty live in working families. Sick and disabled people are being isolated and excluded from society, with over 4 million living in poverty. There are increasing inequalities in income, wealth and power. The richest 1,000 people in the UK have significantly more wealth than the poorest 40%—that wealth increased by nearly £48 billion in 2019 and by £253 billion over the last five years. After decades of growth, we are now seeing our life expectancy flatlining, and for women and people in deprived areas it is actually going down. We have the worst child mortality rates in western Europe; four babies in 1,000 will not reach their first birthday.

Another round of austerity must not be allowed, and it certainly cannot be endured. Globally, it is estimated that the covid pandemic could cost as much as \$10 trillion,

and for each percentage point drop in the economy, 10 million more people typically fall into poverty. We must make sure that the poor, who are predicted to suffer disproportionately in this crisis, do not also suffer in its aftermath through widened socioeconomic and health inequalities.

We are at war with this virus. Out of this health emergency, and the tragedy and heartbreak that so many will endure, we must ask ourselves, “What type of society do we want?” It is my sincere hope that the Government’s long-term economic response will be to provide adequate support for all, as Labour did when we created the welfare state after the second world war.

7.40 pm

**Mr Peter Bone** (Wellingborough) (Con) [V]: It is a great pleasure to follow the hon. Member for Oldham East and Saddleworth (Debbie Abrahams). She made a wide-ranging speech, and I would not want to comment on one aspect of it.

I very much welcome the Finance Bill and the efforts that the Government have made during the pandemic to support the economy and businesses, but the same cannot be said for the major banks. They have failed to act in the national interest. Their response to the national emergency has been marked by indifference, greed and self-interest. I have had many complaints from my constituents about the attitude of the banks. Let us look at just one example.

A director of a small business contacted me last week. He has built his business up over a decade and he directly employs a handful of people, as well as using a number of subcontractors. He said, “Of course we are feeling the impact of a covid-19 lockdown, and without financial help we will have to make redundancies. Should furlough payments come through, we will be able to make salary payments, which is life-saving for our business. However, cashflow has dried up, with outstanding debtors holding back funds, so I applied to my bank for a CBIL. It took three weeks, with three telephone calls, before I was given the application details. I have since applied and chased up for a response after a further seven days. I had applied for £30,000 on the understanding that I could pay off the loan early, as I am optimistic that our turnover will return, putting us back in profit. The £30,000 will help us ride out the uncertainty and keep our suppliers paid and their businesses stable. Without it, we will not survive. These funds are needed now.

The response from my bank has been far from dynamic, and even if my loan is approved, it may be too late. If the Government are paying 12 months’ interest and securing 80% of the loan, why are the banks taking such a long time to get the funds out to businesses?”

My constituent poses a very good question. Why has it taken the banks so long to provide support to small and medium-sized businesses when the Government are guaranteeing 80% of loans and paying all the fees and interest in the first year? Nationally, the banks have lent £2.8 billion through the scheme to 16,600 firms, yet more than 36,000 firms have applied for loans—that is an acceptance rate of just 48%—whereas in Germany, £7.4 billion has been lent and the approval rate has been 98%.

Businesses do not go bust because they make a loss; they go bust because they run out of cash. The business interruption loan scheme has been running for seven weeks, yet the banks are failing to get the money to businesses.

Today’s announcement by the Chancellor of a bounce-back loan will help my constituent, but I hope he will consider making all the loans 100% guaranteed.

Some people may ask, “Should the banks act in the national interest?” Of course, there is a moral reason why they should do so, but the banks do not seem to have any morals. Yet during the banking crisis, the taxpayer injected £137 billion in loans and capital into the banking system, plus hundreds of billions of pounds of guarantees. The banks still owe the taxpayer £27 billion. Taxpayers saved the banks; now the banks have a duty to help save the country.

7.45 pm

**Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op) [V]: Like that of my hon. Friends and many across the House, my primary aim today is to highlight the reality on the ground in our economy in constituencies such as Cardiff South and Penarth. It is clear that this unprecedented crisis has shown up the historic strengths and weaknesses of our economy and society, the fragility of our global trade and supply links, and the fact that we have for far too long undervalued many of those who are the lifeblood of our economy and society, including our incredible NHS, care and key workers and our small and micro-businesses.

This Finance Bill provides opportunities to address those challenges, and it is absolutely right, as the shadow Chancellor and others have done, to set out the challenges that apply equally at home and globally, whether that is keeping people in jobs and incomes, getting cash to, and ensuring liquidity for, struggling businesses to enable them to keep jobs now and recover quicker later, or preventing a slide into devastating poverty and deeper inequality by providing the right safety nets.

I praise the work of our Welsh Labour Government here in Wales and my local councils in Cardiff and the Vale of Glamorgan for the speed and effort they have shown in responding to the crisis, getting cash out of the door and into the hands of those who need it. The Welsh Government’s £500 million economic resilience fund, part of over £1.7 billion of support, has been intended to fill as many gaps as possible in the financial support for businesses. Since it opened to applications, it has received almost 9,000 requests for support, which is evidence of the scale of demand. The Development Bank of Wales is also making real money available to businesses and processing applications faster and more efficiently than many of the high street banks—a point that I will come to, and which the hon. Member for Wellingborough (Mr Bone) exposed.

Although I welcome the Chancellor’s announcements today on smaller loans, I note that the Welsh Government have already stepped in with grants for micro-businesses, including start-ups. The Welsh and UK Governments must also work together to support major anchor industries, including the steel and creative industries, which are crucial in my constituency, whether it is Celsa Steel or our world-beating film and TV production companies. Immediate support is needed, but beyond that it is also important to ensure support for the UK Steel Charter, for example, and its procurement principles.

I heard today from the internationally renowned Wales Millennium Centre—it is currently displaying in its window a huge “Diolch yn fawr NHS” sign to say

[Stephen Doughty]

thank you—which has an annual economic impact of over £70 million locally and sustains over 1,000 jobs. The Wales Millennium Centre has benefited from the furlough scheme, but it seems likely that restrictions on theatre and mass gatherings will be among the last to be lifted, so will the job retention scheme be extended to cover the whole closure period?

The hon. Member for Wellingborough, who spoke before me, was absolutely right to highlight the reality of the CBILS scheme. I am finding very similar issues, with banks making themselves inaccessible even to phone calls, let alone giving the loans that businesses have needed. I have had businesses refused on viability grounds, which in one case was apparently based on poorer than expected performance for the last two years during the Brexit uncertainty. Despite a significant upturn since last year, that business has had a loan refused. It is simply not good enough, and I hope the Chancellor will crack down on UK Finance and its members.

A particular concern that I have encountered is the issues facing the creative industries, particularly pay-as-you-earn freelancers. A Musicians' Union survey of over 1,000 musicians shows that 38% of respondents do not qualify for the Government's assistance schemes, with one in five saying the problems caused by coronavirus may force them to abandon their career as a musician in the long term. One of the issues appears to be whether people were on the RTI—realtime information—submissions scheme to HMRC in time. I would argue that we should use the end of March RTI, to include freelancers on contracts who started before 19 March.

There is also an issue facing those who did not have an employer from 28 February onwards, who therefore do not have an employer to furlough them, and who are ineligible for the self-employment income support scheme as they pay their tax by PAYE. The Chancellor needs to take steps to support those individuals. There are also major issues affecting the newly self-employed, who do not have access to the support systems because the system does not allow for 2019-20 tax returns, and who have no employer to furlough them. What can the Government do to support those in that group, who seem to be falling through the gaps?

I have also heard from many in the taxi and private hire industry, which is facing particular strictures, who also need support. I urge the Chancellor to listen closely to the trade unions and others who are exposing the issues that they are facing. The issue of those who pay themselves through a small number of dividends has also been highlighted. I have been contacted by local companies affected by that; indeed, I was approached by one business of that type just today. Many such firms are weeks away from folding after burning through their cash reserves and finding little support.

Insurance companies have been mentioned. The Association of British Insurers and others need to start acting in the interests of the economy and in the spirit of these difficult times. One of my excellent local pubs in Grangetown in Cardiff has paid substantial sums for insurance but is now facing difficulties making a claim with the firm RSA, which made more than £7 billion of revenue in 2018.

Internationally, it is clear that we face a massive crisis—it is not just in this country—and the only way to approach it is multilaterally. That is in our national interest as well. We must maintain such levels and ambitions for co-ordinated action as the former Prime Minister Gordon Brown and others have argued for, lest we see economic and financial contagion rebound on us and the ability of our economy to come out of this. We need support through liquidity injections, debt relief and the maintenance of aid and investment flows. That will be in the interests of us all in the future.

7.50 pm

**Sally-Ann Hart** (Hastings and Rye) (Con) [V]: I endorse the comments on the gaps in the financial support but, at the request of several of my constituents in Hasting and Rye, I wish to highlight the measures on the loan charge in clause 16.

There is no doubt that the loan charge is an anti-avoidance measure: it was introduced in the Finance Act 2016 to address the tax lost to the Treasury through a variety of disguised remuneration schemes. In the 2016 Budget, the Government announced a package of changes to tackle the existing disguised remuneration avoidance schemes and prevent their further use. The loan charge was introduced as a new charge on disguised remuneration loan balances outstanding at 5 April 2019. It is absolutely right that the Government take action to ensure that everybody pays the taxes that they owe and contributes towards the publicly funded services from which they benefit.

In September 2019, the Government commissioned Sir Amyas Morse to lead an independent review of the design and implementation of the loan charge. Sir Amyas was asked to consider whether the policy was an appropriate response to the tax avoidance behaviour in question, and whether changes that the Government had previously announced addressed any legitimate concerns raised. The review was published in December, alongside the Government's response, which welcomed Sir Amyas's acknowledgement that disguised remuneration schemes are a form of tax avoidance, but recognised the concerns raised by the review about the impact of some aspects of the loan charge. The Government have, in this Bill, accepted all but one of the review's recommendations.

The review found that legislation announced in 2010 removed any doubt that tax was due. However, it is argued that the law was not clear on tax after 2010, as explained by Members in this House on 19 March this year. I will not revisit those arguments. The all-party group on the loan charge formally disputes the review's finding that the law on the use of loan schemes became clear from December 2010.

It has also been argued that some of those caught by the loan charge were misled and, in some cases, coerced into entering schemes as the only way of securing a job. Although the loan charge was intended to shut down loan schemes, the Morse review found that the use of some schemes continues to be extensive in the 2019-20 tax year, with more than 8,000 individuals having entered into schemes between April and October 2019. Some promoters and professional advisers are still selling schemes, in spite of the law becoming clear from November 2017. That needs to stop.

My concern centres around the retrospective aspect of the loan charge. The loan charge does not change past liabilities, because it is a new tax on loans outstanding as at 5 April 2019. It changes the current tax effect of previous events and therefore brings past tax years back into charge. It is structured to correct past avoidance. In common law there is a presumption that a statute does not have retrospective effect, largely because of the serious injustice that that could engender. However, retrospective legislation is not necessarily unconstitutional, and legal argument and case law are available to support that view.

Retrospective legislation can right a wrong when law is an ass, but when it is used to penalise retrospectively, it undermines public confidence in the rule of law. A person must know in advance whether their conduct is or is not legal. There is no punishment without law. The rule of law is fundamental to our democracy. It ensures accountability and trust in our institutions. The principles of the rule of law, including legal certainty and open government, are the processes by which the laws are enacted, administered and enforced. They are accessible, fair and efficient and must be respected and not undermined.

I am speaking on behalf of my constituents in Hastings and Rye and providing them with a voice. They have ended up as victims of the loan charge. I am asking for a just decision to be made that the loan charge takes effect from the date of Royal Assent of the 2017 Finance Act. That would avoid the retrospective element, and would give certainty from that point onwards regarding loan arrangements.

7.55 pm

**Meg Hillier** (Hackney South and Shoreditch) (Lab/Co-op): It really is a pleasure to be back in this place today. I welcome the bold steps that have been taken by the Government since the Budget, which seems like aeons ago, and the subsequent support in the Coronavirus Act 2020 and in the Chancellor's settlement. I particularly welcome the support for start-ups, of which my constituency has many, especially in the Shoreditch part of Hackney South and Shoreditch. They will be the engines of the future economy, so the move is very welcome. None the less, some very big issues obviously exist, so while those bold steps were necessary—I pay tribute to the Chancellor, to the TUC and to so many others who have contributed to this thinking—we do need to have some answers to some very important questions. I want to rattle through some of them before touching on a couple of other very important issues around the Budget.

Will the Minister today confirm that the coronavirus business interruption loan scheme does not require a personal guarantee by businesses? Only today, I spoke to a business in my constituency, which has been hampered in trying to get this loan because the bank has asked for a raft of personal information about the financial arrangements of every director of that company. This is a company that has praised the Government for the furloughing scheme, but struggling on this point. We have heard that that personal guarantee is not necessary, but really clear guidance is needed from the Government to make sure that those banks that were bailed out in 2008, as the hon. Member for Wellingborough (Mr Bone) highlighted, are going to support the economy now.

One of the big issues in my constituency relates to other forms of work. There are those who are self-employed, those who freelance and the many people on repeated short-term contracts who fall outside the employment support schemes. The self-employed and, in fact, most of those workers will often have an accountant or will have very clear financial records, so just as the PAYE scheme has been reverse-engineered to support furloughing, there must be a way that HMRC and the Government can work together with those people to make sure that there is a scheme in place to support them.

Many people are really scared. The emails in my inbox are not from people I normally hear from. They are from people who are about to lose their jobs. They are people who never thought that they would be in a position to have to consider claiming from the state, but they actually cannot even do that—they cannot even qualify for universal credit.

Another group caught up in this is sole directors, including those of personal service companies. I can relate an ironic example that really highlights this matter. An occupational therapist working in the national health service was told by the NHS that, for liability reasons, she had to set up a personal service company. She is a frontline health worker supporting our NHS and yet does not qualify for any of the business and employment support schemes. That surely shows this up as a nonsense. The chickens are coming home to roost in this crisis: the economy has split in a different way, which means that people are working in different ways and that businesses are setting up in different ways. They are now being penalised because of a system that grew up like Topsy, with little thought for the consequences.

I want to touch on the huge demand on the hardship fund, which is the responsibility of local authorities. Those local authorities are already overspending on this. Everything that is not quite fitting has to come from the hardship fund, which is a huge problem. The overall cost to local government is enormous, with many councils now effectively bankrupt. Although the extra injection of cash the other week was welcome, it will not be enough. We may have to be very careful post-cv-19 to ensure that those very councils, which were going to be the engines driving the support that people will continue to need, are well resourced to do that.

I want to highlight an issue around housing. In 1992 and in 2008, under Governments of different political colours, money was given to housing associations to buy up unsold properties. In 1992, a housing market package was in place to buy up properties on the street, and in 2008, unsold properties from private developers were bought up. That money was there to buy those houses to create homes for homeless families. Many people in my constituency are living in severely overcrowded conditions, including a woman with a seven-year-old daughter who has had four years in a single hostel room with shared facilities, and a mother and daughter living with grandmother—one family in one room and one in another. I have many other examples like that. Such a move would keep the housing market going and, crucially, give a fillip to the social housing market and give people a chance, in the long-term future we want to see, to support themselves.

The £1 billion announced in the Budget for cladding is about a tenth of what is needed, but will the Minister tell me when we will get the detail on how that £1 billion will be bid for? If not, perhaps the Treasury will write to me.

[Meg Hillier]

It was supposed to come in June, but with coronavirus it is likely to be delayed. When we reach the day of reckoning on the pounds that we are spending now that will have to be paid back, that is just one of many issues that will need to be sorted. Many of my constituents are paying over the odds to support things such as waking watch while they wait for that money to come and, because of coronavirus, those who were already hit hard are being hit harder still.

8 pm

**Saqib Bhatti** (Meriden) (Con) [V]: The First Reading of the Finance Bill back in March seems an age away; the country has been through so much since then. The world is now a very different place, and I fear that that change is not yet complete, nor has it been fully comprehended. In line with the medical advice and scientific data, entering into a lockdown was the only option available to protect the most vulnerable in our society and limit the spread of the silent and invisible enemy that is covid-19. That was possible only with the co-operation of the British public and, over the past few weeks, they have been nothing short of heroic.

There is a significant economic cost to covid-19, which has been much documented over the past few weeks. Indeed, the Office for Budget Responsibility's analysis made for harrowing reading, with its published scenario predicting that the UK economy could fall by 35% by June, and recent analysis by KPMG predicted that the west midlands will be the hardest hit region of the United Kingdom. Given that Meriden is an economic hub in the west midlands, that concerns me deeply. I was, however, reassured by the OBR's prediction that by the end of 2020 we would return to our pre-crisis growth trend, with an economic recovery under way in the three months to September.

As the Chancellor of the Exchequer said in this House on 11 March,

“this virus is the key challenge facing our country today, but it is not the only challenge.”—[*Official Report*, 11 March 2020; Vol. 673, c. 278.]

He recognised that there will be a temporary disruption. Beyond that, the Bill secures our financial security and sets the foundation for our future recovery. If we are to embark on the route to recovery, the Bill will be central to achieving that.

When we read statistics, review economic analyses and read the headlines, it is easy to forget the real, hard-working individuals—the business owners, the wealth creators and the employees—who ensure our economic success and, in turn, drive our society forward. A number of measures in the Bill will help those who need our support and give us the tools to do exactly that. I commend in particular the Chancellor of the Exchequer's measures to increase the national living wage by the end of the Parliament, and the increase in the minimum threshold for national insurance that will mean more money in the pockets of those who need it. I also endorse the increase in the research and development tax credit from 12% to 13%. That is an invaluable tool for many businesses and, as we look beyond the coronavirus, we must do absolutely everything we can to reward those who undertake research and development and innovate. If ever there was a time to reward those who undertake R&D and innovate, it is now.

I was also pleased to see the delay in the implementation of IR35 reforms to 2021. Our flexible workforce have seen serious strains in recent weeks and continue to experience significant difficulties, yet they remain an essential part of our economy. We do not yet know what the world will look like in 2021 or what the landscape for our flexible workforce will be, so it is sensible that we continue to monitor this area, ensuring that our flexible workforce is not left behind.

In the past few weeks there have been countless stories about our businesses and entrepreneurs stepping up in various ways to support the demands of the nation and our national health service. That reaffirms that the only way to succeed as a nation is by ensuring that we continue to encourage and nourish the entrepreneurial spirit that is the foundation of our society. In that vein, I commend the Chancellor for the announcements he made earlier today to make sure that our smallest businesses, the backbone of our economy, can get the funds they need to survive and thrive. In the coming months, the road ahead will be difficult; a lot of people will be worried about their uncertain future. I believe that this Bill sets the foundation to help grow the economy and give the people the security they need, and I am pleased to support it.

8.5 pm

**Chris Evans** (Islwyn) (Lab/Co-op) [V]: Let me begin by thanking you, Madam Deputy Speaker, Mr Speaker and all the staff for all the work you are doing, in difficult times, to keep our Parliament running. When the Chancellor stood before the House to make his Budget speech, no one would ever have thought that some two months later the entire country, and indeed our way of life, would come to a complete standstill. There is no historical precedent for the crisis we face. The works of Adam Smith, John Maynard Keynes and Milton Friedman make no reference to the crisis we face; we have lost not only supply, but demand. Therefore, this Government should look again at this Finance Bill, and once the lockdown is at an end they should present a new Budget, one that puts people, and small and medium-sized businesses, at its heart.

Through no one's fault, the Bill before us is out of date and belongs to another age. Not since the financial crash has the local economy felt fear and panic like this; many look to the future with dread. As many Members will know, my constituency has a proud industrial past, but in the past few years we have seen a revolution; I have witnessed a burgeoning tourism industry, with many people coming to south Wales to enjoy the mountains, the greenery and the healthy lifestyle. We have seen eco pods, cider producers and biking all contributing to a growth in our tourism industry. However, many constituents have been in touch about issues relating to accessing the grant and loan schemes, especially the coronavirus business interruption loan scheme—CBILS. These businesses cover a wide range of sectors, including agriculture, dairy and food suppliers, pubs and clubs—even dental practices have got in touch with their concerns about the access to financial support. Recently, a rugby club has been in touch about the struggles it is having in accessing business rate grants. Many of these businesses are micro-businesses that cannot access anything at all. In addition, many still find themselves excluded from the Government's self-employment and furlough schemes. For example, the dairy industry cannot furlough staff or switch off production.

In this new world, where the Government are getting it right, the Opposition must be supportive. Therefore, today's announcement of bounce-back loans with a 100% Government-backed guarantee for lenders is most welcome. Labour has been calling for that, and it is positive to see that, for once, the Government have listened and acted. However, applications for those loans will not open until next Monday, and for some companies these measures have already been introduced far too late. The main issue has been that money has been delayed in getting to them.

Under the bounce-back loan scheme, businesses will be able to apply for loans of between £2,000 and £50,000. However, we need to consider what this means for SMEs that require more than £50,000. The Chancellor has said that small businesses are the backbone of the economy and of communities, and that is very true in my constituency, but I have heard too many reports of businesses being denied financial support. The CBILS, which most businesses are relying on, is having enormous problems. The scheme is designed to help SMEs with an annual turnover of up to £45 million, and they can access up to £5 million. However, there have been countless complaints from constituents about the application process. The Government must simplify it if businesses are to be able to access support quickly. Switzerland introduced a straightforward one-page form for businesses to fill in, and it is encouraging to hear that the Government have adapted something similar for the bounce-back application scheme. However, the Government are still not approving enough loans and they are not being supplied quickly enough. As of 23 April, just over 16,000 had been approved, with only 9,000 being provided, whereas in France 170,000 loans have been provided and in Switzerland the figure is 100,000, and Germany has an approval rate of 98%, as we have heard. Although we have to factor in some risk—that is what business works on—those people were, only a few weeks ago, running perfectly viable businesses. Action has to be taken now. Small businesses need help, and it should not be found wanting.

Many of the Government measures are welcome, but the present situation is not sustainable. There is now a compelling case for an exit strategy. Business owners and companies need to be assured that business will continue to be financially supported during the pandemic and beyond. Nobody is expecting social distancing measures to be lifted, which is why there needs to be a roadmap out of the present lockdown. Business needs it, but most importantly, as humans, families are desperate for it.

8.10 pm

**Suzanne Webb** (Stourbridge) (Con) [V]: The Finance Bill is presented at a time when the UK is fighting a destructive, invisible force, which is, of course, covid-19. The Government are operating and developing policy in unparalleled times and at unprecedented speed. Co-operation and collaboration are key to overcoming covid-19, and to making, and keeping, people safe.

That co-operation and collaboration are evident nowhere more than between the Government, the Treasury and the Bank of England in their financial response to tackle the consequences of covid-19. The Chancellor acted swiftly and decisively, with a profound level of financial support for individuals and businesses, to cushion them from the economic impact of policy to

tackle covid-19, with a keen eye to preserving employment and productive capacity. Our Prime Minister is orchestrating the limbs of Government, demanding that they stretch every sinew to ensure that the engine rooms of our great economy have the support that they need to recharge our return to economic normality.

Of course, given their heroic efforts, it is those on the frontline and operating in the care community to whom we owe a debt of gratitude. They are our life-support system at this time of extraordinary need. It seems that we are a country with a deeper and perhaps more visceral understanding of the vital role of the NHS in our lives—a sense of rekindled communion. It is with that same sense of communion that we must, as a nation, seize new opportunities and new ways of doing things as we emerge from this immense time of uncertainty.

The economy is a vital component of that. One of the biggest discussion points has been how far policy should go in constraining the economy in order to beat covid-19. Just as the NHS and other key workers have been instrumental in safeguarding us through lockdown, we must now look to unleashing the entrepreneurial endeavour and innovation of businesses that will, with the support of the Government, be the next stage of delivering us out of these astonishing times. I therefore welcome the Government's clear plan of investment in research and development, which will stimulate growth, drive technological change and attract foreign direct investment.

The Bill provides companies with the ability to push ahead and invest in world-leading research due to the increase in public investment in the area to £22 billion per year by 2025. It is a landmark investment, doubling the amount previously spent supporting world-leading research and infrastructure, investing in experimental research and supercharging public investment in science. It encourages innovation, with research and development tax credits set to rise, creating an environment where private companies will have the fiscal confidence to invest in new products, people and new ways of working, which will be vital during this national crisis.

Investment is essential if we are to maintain international competitiveness and deliver economic sustainability, wellbeing and prosperity to constituencies such as mine in Stourbridge. Advancement in research and development has never been more crucial than now, in combating covid-19. However, we can do more. The Government should consult on widening the definition of research and development tax credits, qualifying expenditure to include data cloud computing. As we enter a world of augmented reality, the next technological revolution is paramount to making a success of post-covid-19 Britain.

We do not need to be experts to understand that the economy is contracting. Less trade is being shipped, productivity is down, and there has been severe disruption to global supply chains. It is, of course, a simple consequence of people not working. People want to be responsible and to contribute to the foundations of society. The welfare state is a safety net that has caught so many people who are in need at this time, but it should never be a long-term solution. We must look at getting people back to work. After all, we have some pretty big bills that will have to be paid.

We must orchestrate our way out of covid-19 together. This is a Finance Bill from a Government taking decisive action towards long-term opportunities using the great

[Suzanne Webb]

evangelism of entrepreneurialism—opportunities that will bring real benefits not just to businesses, but to people in my constituency. I urge the businesses of Stourbridge to take note of the measures outlined in the Bill. It is imperative to have one eye on our collective recovery, as well as navigating through the immediate challenges in these difficult times. The jewel in the crown of this Government is that they put people first. The Bill puts people first. At its heart, it is about getting people back to work, but lifting lockdown only when it is safe to do so.

8.15 pm

**Kate Osborne** (Jarrow) (Lab) [V]: I am sure that all Members agree that the covid-19 crisis is unlike anything we have experienced in our lifetimes, and life will possibly never be the same again. This Government, however, have a duty to ensure that people's jobs and incomes are protected. The crisis, as we know, has caused serious financial suffering for businesses, for people and for their families. Although everyone's lives have been affected by the efforts to contain covid-19, so many people are struggling to cope with the financial and practical repercussions of tackling the spread of the virus.

According to the Centre for Economics and Business Research, households across the UK face a fall in disposable income of £515 a month due to the pandemic. Well over 1 million new claimants have signed on for benefits since the start of the coronavirus crisis, and there are genuine fears that unemployment is heading towards levels not seen since the 1980s. The Government's emergency measures are welcome, but, along with the measures set out in the Finance Bill, they simply do not go far enough.

My constituency of Jarrow has already been hit hard by a decade of austerity and remains an area of high unemployment. The north-east has the highest unemployment rate in the country, which is extremely worrying, but equally concerning is that many of the tens of thousands of people employed across our region are in low-paid, part-time or insecure jobs or on zero-hours contracts. If the coronavirus crisis leaves 2 million more people unemployed, as suggested by the Office for Budget Responsibility, it will be crucial that the Government do everything in their power to minimise the depth and length of the economic impact.

My two local authorities, South Tyneside Council and Gateshead Council, have lost more than half of their funding during the past decade, leaving services stripped to the bone. That cannot continue, and they cannot be expected to pay for the crisis. In the South Tyneside and Gateshead local authority area, one in three children are already living in poverty and thousands more families are living on the edge of the poverty line.

Nationally, people have lost their jobs or seen their income fall during the pandemic and the lockdown, and there have been more than five times as many claims for universal credit in the space of a month. I am regularly contacted by constituents who receive universal credit and have been left with no choice but to turn to a food bank, left unable to pay for heating and struggling to pay their rent. This Government say that universal credit is working, but from the people of Jarrow and the whole of the country I tell the House that it is not.

We know that businesses have been hit hard, but the coronavirus business interruption loan scheme, though welcome, is going only a small way to helping those firms that are now struggling to stay afloat. Providing 16,000 loans in four weeks in a country of 6 million small and medium-sized enterprises is simply not good enough. Those 16,000 loans amount to £2.8 billion of lending to SMEs. In comparison, the French scheme has provided 174,000 loans worth €24 billion.

So many workers are falling through the cracks. I have written to the Chancellor about the cut-off date for employees to receive support through the coronavirus job retention scheme. Although the extension from 28 February to 19 March will allow more employees to be furloughed, a lot more new workers will still miss out because they are paid towards the end of each month. Some have contacted their previous employer and asked to be re-employed on furlough, but I am informed that some companies are either unwilling or unable to help. The Government must consider further extending the cut-off date for the coronavirus job retention scheme to include the large proportion of workers who are paid monthly and giving the opportunity for other new employees also to be furloughed.

With economic growth already predicted to fall even further in the months ahead, the coronavirus crisis must not be used as cover for all the problems that have resulted from the lack of investment over the past 10 years. Lessons need to be learned from this crisis. This Government's Finance Bill does not come close to reversing the damage of the past 10 years of austerity. The Government need to make sure that no families, workers or businesses fall down the cracks, because there is no doubt whatsoever that after this crisis is over our society and our economy will have to be very different.

8.20 pm

**Lee Rowley** (North East Derbyshire) (Con): I refer Members to my declaration in the register, which pertains to some of the remarks that I will make today.

Thank you, Madam Deputy Speaker, for the opportunity to speak at this incredibly odd and strange time. We are in truly unprecedented times. I am not sure that we would have expected just a few short weeks ago that we would be here in the Chamber with some of our colleagues dialling in.

Debating the Budget, and the Finance Bill which I warmly welcome that succeeds it, almost feels as though we are talking about another time. We have moved on, but it is important to go back to many of the measures in the Budget—which I welcome, as one would expect of a member of the governing party—because it demonstrated this Government's commitment to levelling up in many regions such as my own by putting additional investment into areas that perhaps have not received the investment that they have needed and desired over the past half century. That ranges from broadband to R&D and to all the many things that so many of us across the House, particularly on the Government Benches, will welcome, not least the continuing commitment to debt falling as a proportion of GDP. That is important for constituencies such as mine because, although talking about bypasses might not seem to strike quite the right tone, there is money in the Bill for a bypass for which people in North East Derbyshire have waited for nearly

a century. We first proposed it in 1927 and we are hoping that it might be built before 2027. With the help of my colleagues on the Treasury Bench, I will continue to push for that.

I warmly welcome the Budget. Of course, one can never agree with absolutely everything in a Budget package. There are challenges in my constituency. I have bent the ear of Ministers on the Treasury Bench about the challenges with regard to dilution—an issue relating to alcohol duty that was introduced in a previous Budget but implemented just a few short weeks ago. Such things cause challenges to towns such as Clay Cross in my constituency that are heavily reliant on companies that work in that sector. I look forward to the alcohol duty review, because I am very keen to promote the importance of fairness and equity in alcohol duty laws to support businesses and employees in my constituency.

I want to turn to what has been talked about both remotely and here in the Chamber throughout today's sitting—the thing that is in front of us and has caused unprecedented changes to the way we work, the way we live and the way we are as a society, hopefully temporarily. I welcome what the Government have done over the past six weeks to respond to the most unprecedented crisis in our lifetimes. We forget, because we move very quickly through this, that we are trying to do something—I say this as somebody who was a historian many years ago at university—that is utterly unprecedented in the history of humanity: to turn back the tide of a pandemic which at any other time in our history would have overwhelmed us. The efforts that have been put in across the community, across local government and national Government and at the frontline of the NHS are absolutely unprecedented. I welcome and pay tribute to those efforts not just in North East Derbyshire but across the country as a whole.

In particular, I welcome what the Government have done to bring forward their support for people and for businesses, including today. I was in the Chamber when my right hon. Friend the Chancellor brought forward the latest in the package of bounce-back loans, and I look forward to businesses in North East Derbyshire benefiting from them.

We have said that we are trying to put ideology aside, and in the main I think that we have been positive in doing that in this debate. I say this as somebody who is genuinely a smaller-state liberal economic free marketeer who wants to see us thrive through those means: even I recognise—as do my right hon. Friend the Member for Wokingham (John Redwood) and my hon. Friend the Member for Wycombe (Mr Baker), who have already spoken, and many other colleagues—that now is the time to ensure that people have the support to get through these unprecedented times, and that is why I support these measures. However, that creates a responsibility for us in this House. I say this without any real ideology: we have a responsibility to support the immediate challenge in front of us, which is to ensure that the health of our nation and our communities is protected, but we also have a responsibility to ensure, as the Government and many Members of all parties are doing, that the health of our economy can come back in the medium term.

There is something that has not been talked about so much tonight, perhaps understandably, although I hope there will be more time to do so in the future. We also have a responsibility, in what we are doing as a nation,

for the long-term health of our public finances and for the debt, so that when we pass this on to future generations, if they have a similar challenge to this one—God forbid that they do—they will be able to tackle it in the way we are doing at the moment.

8.26 pm

**Mr Alistair Carmichael** (Orkney and Shetland) (LD) [V]: Thank you very much for calling me, Madam Deputy Speaker. It is a great pleasure to be able to join you from a mere 718 miles away.

In the normal course of things, the purpose of a Finance Bill is to give legislative underpinning to the Budget. As others have reflected, however, it is a mere seven weeks since we heard the Chancellor's Budget, and in that time most of it has been fed into the shredder. Obviously, this Bill reflects the legal necessity of having a Finance Act, but I think we all know that there will be further fiscal measures this year. It may be at that stage that we get a truer sense of the Government's intentions.

We have all fallen easily into the habit of using the rhetoric of war when speaking of the challenge of tackling the covid-19 pandemic. I can see why, but it is worth remembering that for a Government to get the support of the people for a war, it is essential that they are able to give a clear vision of the purpose of that war. What is it that we are fighting to preserve? As I look around my communities, I am pretty clear about what I am prepared to fight for in this war. I want to preserve and protect the small businesses that are the lifeblood of the economy in the northern isles. We are overwhelmingly a small business economy. I hear so often from the builders, plumbers, electricians, joiners and decorators—people who may be working out of their house or the back of a van—and they tell me that the schemes that are available are not going to help them, and that this war effort is not going to give them the assistance that they need to get to the other side.

I also want to protect the myriad people who are part of the important visitor economy here in the northern isles. That is something that we have built up gradually and organically over decades. It involves the tourism guides, the food and drink manufacturers and the people who run café and bed-and-breakfast businesses or provide self-catering accommodation. This is something that we have all built up, and those people are all essential to that future offering. Just recently, I spoke to someone at a local hotel who told me that, having come through the six difficult months of the winter, they were now looking forward to the six productive months. However, they have had to close, and they see little prospect of opening again. They say that if they do not open over the course of the summer months, they will stay closed until next Easter. That will be absolutely critical. The people who work in those businesses will find something else to do with their time if they are unable to continue to work in them.

At the start of this pandemic, my inbox was overflowing with messages from people wanting to know that there would be help, and I am sure I was not alone among hon. Members in that. Recently, that has changed. The volume of correspondence is perhaps not as big as it was, but the pleas are just as heartfelt. People are telling me time and again that the help that is available is not going to work for them. One chartered accountant in

[Mr Alistair Carmichael]

my constituency recently told me that he reckoned that about 75% of his clients would get no help from the available schemes. That is why, when it came to the Chancellor's statement today, I made a very unusual-for-me step—to ask him to consider the introduction of a universal basic income.

Let me be quite clear: that runs against just about everything I have ever believed. I was always brought up to believe that you work hard, you get on, you contribute and you pay back. The idea of effectively giving people something for nothing would otherwise be anathema to me, but in these times if the schemes we have are just too difficult and complex to reach the people who have worked hard and taken risks, surely we are going to have to do something different. Consider, for example, the position of those who rely on dividend income; people are going to be left without the protection they need, and they will not then be there when the good times return and our businesses want to open up again.

8.31 pm

**Anthony Browne** (South Cambridgeshire) (Con): I have been engaged with Government Budgets for over two decades, either as an economics journalist, a political adviser or chief executive of the British Bankers Association, but this is my first speech in the Second Reading of a Finance Bill, and it is almost certainly the most surreal that I will ever make—not just because this debate was virtually entirely virtual, but also because many of the measures announced in the Budget, as well as the fiscal projections, have been overtaken by events.

Since the Chancellor made his Budget speech, he has announced the most comprehensive and generous package of measures to support businesses and individuals that any industrial country has made in this crisis. As someone who has in the past been involved with launching business support schemes throughout the banking sector, I have to say that I am amazed by the speed at which these packages have been launched. The Chancellor and his Treasury team, including the Economic Secretary to the Treasury, my hon. Friend the Member for Salisbury (John Glen), have packed years' worth of work into weeks. It is an extraordinary achievement, but I still share the frustrations of others that the banks have not quite stepped up to the plate; things are moving faster now, I hope.

Many of my constituents—individuals and companies—are really hurting, but many are also really appreciating the support that the Government are giving. I think we all appreciate the new announcement today of the bounce-back loans, which should really help the smallest businesses to get quick access to the financing that they desperately need.

But even with all the support, the economic damage caused by this lockdown is deep. Some forecasters are predicting the sharpest recession for a century or more. As the Chancellor has made clear, he cannot save every business and every job, but with this package of measures, most of the productive capacity of the economy should be preserved for when the economy bounces back, which it surely will. We do not know how long the lockdown will last or to what degree it will cause permanent damage, but we do know that the UK and most other developed countries will be left with vastly bigger national debts.

The Office for Budget Responsibility, in what was widely deemed an optimistic scenario, said that the national debt could rise to as much as 100% of GDP. That is why I wanted to speak tonight—to touch on our longer-term economic strategy. How do we deal with this huge public debt? What impact will it have on the Government's other plans, such as investing in infrastructure, levelling up and becoming carbon neutral?

I have long been a believer in sound finance—that we should all strive, in the long term, to live within our means. There is an intergenerational unfairness in one generation passing on their debts to another. I believe in fixing the roof when the sun is shining, but we are in the middle of the worst hurricane for a generation and the roof has been blown off.

It is absolutely right that the Government are being so generous in support of the economy, but how do we deal with the inevitable growth in national debt? The traditional answer to that question is to raise taxes or cut expenditure, or a mixture of both, but we have just had roughly a decade of so-called austerity that was necessary to reduce the huge annual budget deficit—getting the Government to live more within their means, and starting to patch up the roof. But I think even the strongest advocates of austerity would agree that there will be very limited public appetite for another wave of it, and big question marks about the impact on growth.

When it comes to raising taxes, there are also limits. According to the Office for Budget Responsibility's recent Budget forecast, taxation is already heading to its highest level for 50 years. We know from decades of economic evidence that the risk of raising it further is that that slows economic growth, and that will make the national debt less affordable.

There is another solution: go for growth. The national debt is large, but interest rates are so low that it is actually surprisingly affordable. The debt interest to revenue ratio is below 4%, and at the time of the Budget it was predicted to carry on falling. If there was ever a time for a country to reconcile itself to high debt, it is after an historic economic crisis, with historically cheap borrowing costs. The national debt is a ratio of absolute debt to GDP. We might not be able to get the national debt down that much in absolute terms, but an alternative is to focus on growing GDP. That will steadily make the national debt more affordable. If the GDP growth is higher than the budget deficit, the national debt will go down.

After the economic shock we have had, we need a determined national focus on growth. We need to fire up the engines of the national economy. That means pursuing supply-side reforms, supporting free enterprise, taking advantage of some of the opportunities we have from leaving the EU, and pursuing trade and innovation. Despite the crisis, we still have dynamic growth sectors such as fintech and biotech—as we have in South Cambridgeshire, where we are in many ways world leading. We must promote them. We are combating the coronavirus crisis now, and soon we will have to deal with the consequences. This ambitious Budget is a good place to start. I commend it to the House.

8.36 pm

**Kim Johnson** (Liverpool, Riverside) (Lab) [V]: We are living in unprecedented times. Since the Prime Minister announced the police-enforced lockdown on 23 March,

the country has experienced the biggest challenge it has had to face in a long time. During the weeks since the lockdown, I have received a high volume of correspondence from non-essential businesses forced to close and from constituents experiencing financial hardship and uncertainty during this crisis.

The Riverside constituency covers Liverpool city centre, with a large number of leisure and hospitality businesses, hotels, micro-businesses, universities, private dentists' practices, and freelancers and the self-employed engaged in a variety of enterprises. It is vital that the coronavirus economic schemes are effective so that we can protect people's incomes, jobs and businesses, and prevent a deeper and longer-lasting recession.

The current guidance states:

"The government will provide additional Small Business Grant Scheme funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief... This will provide a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs."

Tying eligibility for these grants to the business rate relief schemes has unintended consequences that will result in legitimate businesses, which are contributing to the economy through the tax system, not being supported through the scheme as was originally envisaged by the Chancellor.

In Liverpool, Riverside there are thousands of community businesses and charities providing essential frontline public health and wellbeing services to our most vulnerable residents that are not eligible for the grant and face closure. It would appear that the criteria being applied by some local authorities are resulting in a large number of small businesses not having their applications approved, and this is specifically the case in a number of circumstances.

Businesses that occupy separate designated office space under their tenancy licence agreement pay a contribution to the shared business rates in managed workspaces where one rateable value is applied to the whole building. This is often advised as the most appropriate method for business rates collection by the business rates officer. Social enterprises can have many structures, and one such is charitable status. It has been suggested that as these small businesses receive mandatory relief for charities, not small business rate relief, they will not be eligible for this grant.

CBILS has been operational since 23 March, but as of Thursday 16 April, only 6,020 loans, worth £1.1 billion, have been made as part of the scheme, with the survey data indicating that just 1% of firms have been able to access it. The Government will provide lenders with a guarantee of 80% on each loan to give lenders further confidence in continuing to provide finance to SMEs. However, the commercial banks are not acting in a consistent way, nor are they operating in the spirit of the guarantee. Banks are pushing their own products and seeking collateral security from the business owners rather than the business interruption product. Not all banks are offering the scheme, and other banks offer it only to their current customers. There is significant variation in the interest rates being charged to small businesses, and the terms and conditions and rates being offered, despite interest rates being so low, can only be described as extortionate.

The Government must act to increase the uptake of CIBLs, including offering a 100% guarantee, as other countries have. Providing 16,000 loans in four weeks in a country with nearly 6 million SMEs is not good enough. The Government must recognise that the scheme is not working adequately and change it urgently. The future of many of our small firms depends on their decisions.

The Government should also act urgently to protect the incomes of those who are falling outside existing schemes and on to universal credit. There are 9,000 self-employed people in Liverpool, Riverside, many of whom are creative freelancers working in our film, theatre and music industries who have seen their income dry up overnight. The self-employment income support scheme is intended to support self-employed individuals who have lost income due to the pandemic. The scheme allows self-employed people to claim a taxable grant worth 80% of trading profit, up to a maximum of £2,500 per month, for the next three months.

But there are anomalies. Newly established businesses that have submitted their first tax return for part of a year will have the self-employment income scheme 80% profit assessed for a whole year on this amount. While waiting for assessment and the release of the self-employed income support grant in June or July, self-employed people with no income are advised to apply for universal credit. This application results in immediate cancellation of any other benefits to which they are currently entitled, such as working tax credit, housing benefit and council tax benefit, leaving them with no income and in some cases destitute. Self-employed people with personal business savings of more than £16,000 are not entitled to universal credit or associated benefits. They are expected to use their savings to subsidise their income. This compares with the larger businesses—

**Mr Deputy Speaker (Mr Nigel Evans):** Order. I am terribly sorry, but we have run out of time there. I call Miriam Cates.

8.42 pm

**Miriam Cates (Penistone and Stocksbridge) (Con) [V]:** May I refer the House to my entry in the Register of Members' Financial Interests?

The context of this debate is substantially different from that surrounding the Budget statement on 11 March. We are now facing significant economic challenges and we do not yet know the full financial impact of covid-19, but the reasons for introducing the measures in the Bill have not changed. We must make Britain the best place in the world to set up and run a business and we must level up our economy with more innovation outside London and the south-east to grow high-skilled, well-paid jobs in areas that have been left behind.

It has been wonderful to see the outpouring of gratitude across the nation to our NHS and care workers, who are on the frontline of the battle against covid-19. It is absolutely right that we recognise their bravery and dedication and the key part that they are playing in keeping us safe. But I also want to pay tribute to the millions of businesses in this country whose hard work and innovation have generated the tax revenue that funds the NHS as well as our schools, our roads and our railways.

[*Miriam Cates*]

The risks of setting up and running a business are considerable. Indeed, many fail. Many small business owners are now facing the toughest financial challenge of their lives. The coronavirus small business grant scheme, business rate holidays and loans, including the bounce-back loans announced today, have been a lifeline to these companies, but some still will not make it through this crisis and many lifetimes of hard work and investment, and jobs, will be lost.

When we emerge from this pandemic, we need our businesses to recover, to grow and to be profitable. That is the only way in which we will be able to continue to afford to invest in our NHS and public services, but we also need our businesses to innovate, to increase our productivity and to build on the UK's reputation as a leader in science and technology, so I welcome the plans to increase spending on research and development to £22 million a year and the £200 million boost to our life sciences industry. Right now, we are seeing the immediate importance of research and development with the ongoing search for an effective coronavirus vaccine. The UK's scientific community has already made important breakthroughs, including introducing a new swab test to overcome global reagent shortages, but it is important to remember that research and development does not only take place in our universities. Businesses up and down the UK are creating new technologies and making scientific advances that benefit all of us. The nature of R&D, as we can see from the vaccine trials, is that we cannot tell when a breakthrough will come. This presents a significant risk to businesses, which continue to pay their staff and fixed costs, whether or not the breakthrough has been made.

The increase in R&D tax credits in the Bill is an enormous boost to businesses in this position and will give them the confidence to continue to innovate and invest in new technologies. I know at first hand how vital this is from the small software company that I own with my husband. As we have worked to deliver technical advances, we have had some years when R&D credits have made the difference between staying in business and not.

Since 2010, British businesses have created over 3 million jobs, although, undoubtedly, employment levels have been negatively affected by coronavirus. But as we emerge from covid-19, we must make sure that we are creating productive jobs—skilled jobs—by capitalising on the knowledge and talent of our scientific and technical communities. Support for R&D will help our growing tech sector to continue to lead the world and to create the kind of well-paid jobs that present real opportunity to our young people.

We must also make sure that growth and innovation are spread equally across the country. As my right hon. Friend the Prime Minister has said, talent is spread evenly across this country, but opportunity is not. In my constituency of Penistone and Stocksbridge, there is a lack of skilled, well-paid jobs and too many young people are forced to leave the area to seek opportunities. This Government's plan for infrastructure investment, a towns fund and investment in further education will help to rebalance our economy and make sure that skilled jobs can be created across the UK. In the past, manufacturing in the north of England was the powerhouse

of the UK economy. Every manufacturing process, cottage industry and new factory was born of innovation and risk. In the north, we need a revival of this drive to start new, innovative businesses, and the measures in the Bill—particularly the support for research and development—will be crucial to our economic recovery.

8.46 pm

**Apsana Begum** (Poplar and Limehouse) (Lab) [V]: I begin by saying that my thoughts are with the loved ones of those individuals who have sadly died in the UK, and with those who have contracted covid-19.

People in my constituency are worried about their security, their income, their job, their home and the wellbeing of their families, children and elderly relatives. The job of Government is to provide reassurance, especially at this most worrying of times, yet this Finance Bill fails to do so. With the economy necessarily being shut down in an unprecedented way, it is urgent that the Government act to protect jobs and incomes. It is now becoming clear that there are severe problems with the design and performance of many of the programmes that the Government have introduced to deal with the current crisis, and that these are reducing their take-up. This Finance Bill does not resolve those problems.

Due to time constraints, I will raise just a few specific examples today. As the Institute for Fiscal Studies has pointed out, the self-employed are more likely than employees to be in relative poverty and are more likely to work in sectors currently seeing large falls in demand. This Finance Bill offers such people little, if anything. I have been contacted by local nurseries regarding recent information stating that nurseries would not be able to claim furlough payments for all employees while also receiving local authority funding. They have argued that, as a result of the Government's approach, they will probably have to make staff redundant. Basing eligibility on receipt of relief on business rates means that some businesses in need of support have been left behind. Many businesses in my constituency have contacted me with concerns that they are not eligible for this crucial lifeline, because they are not registered for business rates as they are renting a small space within a larger property, paying a proportion of business rates to the landlord.

On the wider economy, this Finance Bill does not properly address the fact that, according to the Office for Budget Responsibility, public health restrictions and social distancing mean lower incomes, less spending and weaker asset prices, which all reduce tax revenues, while job losses require more public spending. We already know that the covid-19 crisis is causing serious financial suffering for people and their families, and that while coronavirus can affect everyone, it does not affect everyone in the same way. It differs depending on class and status, and this Finance Bill does nothing to address that inherent systemic imbalance. This is of particular relevance to my constituency, Poplar and Limehouse, which already suffers from the highest rate of child poverty in the entire country. After a decade of austerity, too many people remain trapped in low-paid, insecure work, and they are invariably failed by the social security system.

After all our lobbying, the Government are now launching a review of the impact of covid-19 on BAME communities, which is to be welcomed, but for any review to be meaningful it must address the underlying

economic system and the fact that years of austerity have had an utterly devastating impact on ethnic minority communities. I am hoping, therefore, that the Chancellor and his Department will accordingly carry out and publish a review of the Bill's effect on equality.

This pandemic has exposed the fact that the Tories' economy for the few is not fit for purpose, and it is fundamentally unfair and unequal. For example, Care England has today published a paper calling for greater financial support for the care sector, yet CareTech, which runs a large number of established residential care homes in the UK, has seen its shares rise by 12% in the last five days since announcing, in its words, "stronger" revenues and margins. Is it not obscene that as the coronavirus outbreak streaks across our care homes, with the death toll rising, profits are being pocketed by a rich few? The truth is that our social care system is a national scandal. Nearly £8 billion has been taken from councils' social care budgets since 2010. At the same time, many big care providers have developed highly complex corporate structures involving offshore tax havens.

There have been emerging discussions about the need for new forms of progressive taxation as opposed to spending cuts, yet the Bill does not include an immediate windfall tax on the banks and finance sector, combined with a wealth tax on the richest in our society—policies proposed by my Labour colleagues that would ensure that there were enough resources to pay for our public services in a fair and just way.

Although this crisis is exposing the weakness in our economy and society, I have been inspired by the number of people who have organised to protect their communities. We need a Government who follow their lead and ensure that our economy is defined by solidarity and compassion, rather than by insecurity, fear and inequality. Unfortunately, this Finance Bill is further evidence that the Conservative party is unable or unwilling to be such a Government.

8.51 pm

**Andrew Griffith** (Arundel and South Downs) (Con) [V]: I am pleased to be the first Member for Arundel and South Downs to speak in a virtual Parliament. This debate on the Finance Bill comes at a vital moment, and it is appropriate that we give the Government the resources to support our health and social care systems and protect the economy.

In respect of covid-19, we may have succeeded in flattening the infection peak, but today I support the Prime Minister and the Chancellor as they seek to flatten the economic trough and do the vital work of rebuilding our economic capacity. The first step was to stabilise the economy, and I congratulate the Government on the package of business support measures—some of the most generous and comprehensive anywhere in the world—to which they have added today with the very welcome bounce-back loan scheme. I know from my own career in business that is not easy to build an online delivery platform from scratch and still get money into bank accounts within a month. All involved deserve our recognition for what has been achieved.

I would like to single out the schemes aimed at small businesses and the self-employed, of which my constituency of Arundel and South Downs has one of the greatest concentrations. The retail, hospitality and leisure grant

is a successful and well-executed initiative, which is pushing vital financial support to where it is needed. Perhaps because of this success, the current cliff edge of £51,000 is problematic, whereby a difference of a few pounds in rateable value can produce a large difference in outcomes. As Members from across the House well know, rateable values are an imperfect science, with almost 40% of appeals upheld. I raise the case of my constituents Gavin and Carole Austin at the 12th-century George and Dragon in Houghton—the only such premises in a five-mile radius not to find itself eligible—and that of landlord Paul Hills at the 15th-century Village House Inn in Findon. Those are just two of many. It was right to solve for simplicity and speed when the scheme was launched, but it would now be right to soften the sharp edge and introduce a taper, so that for every £1 by which the rateable value exceeds £51,000, the grant would reduce by £1 but would still be payable in part. Will the Minister consider that proposal?

This Bill will be the last from the pre-covid era. The Chancellor has the chance to be one of the great reformers, to rebuild our tax system to be fit for the 21st century, and in so doing, to unleash Britain's potential. As those of us who have lived the reality in business know, the burden of tax is much more than the rate; it is about complexity, certainty and the approach to compliance. The World Bank ranks us eighth in the world for ease of doing business, but only 27th for ease of paying taxes. Our tax system is simply not simple enough. It is time to unify the income tax and national insurance regimes, to move much faster to a digital-only tax system, and to simplify radically the tax code.

To focus on the future, we must release time and energy by not refighting the battles of the past. That means dealing with historical issues, such as properly compensating Equitable Life policy holders, many of whom were doctors and nurses, and giving an amnesty for all but the most egregious cases of abuse in respect of the loan charge. The only way to truly rebuild the economy is with an enterprise-led renaissance, as only business can create real jobs, opportunities and prosperity.

8.56 pm

**Ben Lake** (Ceredigion) (PC) [V]: As others have already highlighted, the economic backdrop to this debate is unrecognisable to that envisioned only a few months ago, and it is likely that the coming months will bring further significant social and economic challenges. Before discussing the challenges facing the economy of Ceredigion, I wish to speak briefly to some of the amendments. Amendment 1, which is tabled in my name, relates to the Government's proposal to increase research and development expenditure credit from 12% to 13%. Under the proposal, tax relief would rise by a mere 0.81%, to only 10.5%. If the Government wish to increase productivity in a meaningful way, they should consider going further and increasing that credit to 15%. I would also be interested to learn what plans the Government have to redistribute funding beyond the golden triangle of south-east England.

I support the campaign by the Women Against State Pension Inequality, and in particular the calls for the introduction of emergency measures to support women born in the 1950s who are not only waiting for receipt of their state pension but who, due to the destruction caused by covid-19, are now in even greater financial

[Ben Lake]

difficulty. I support the amendments that would provide employees who are participating in employee share schemes with legal protection against abuse by trustees, as occurred in the Roadchef case, and I put on record my appreciation of the work done by the hon. Member for Airdrie and Shotts (Neil Gray) on that issue. Although the amendments will not be pushed to a vote this evening, I hope the Government will consider these issues seriously and look to incorporate them in future measures.

The past few weeks have demonstrated the strength of society and its ability to respond to a crisis, but we have also seen that the impact of covid-19 will differ from person to person, between sectors of the economy, and between different countries and regions of the UK. I urge the Government to consider those differences as they formulate economic support measures.

The Institute for Fiscal Studies has identified some sectors as being particularly vulnerable to job losses in the light of the response to covid-19. According to a business register and employment survey by the Office for National Statistics, in 2018, 24% of employees in Ceredigion worked in one of those vulnerable sectors. That compares with 18% of employees in the rest of the UK. That might seem surprising to those who have not had the fortune of visiting Ceredigion, but according to a 2018 report by Universities Wales, the higher education sector generates up to 2,900 full-time equivalent jobs in the county, representing around 7.5% of total local employment. The sector has already proposed a package of measures that will ensure its survival, and I hope that the Government will consider that seriously.

Agriculture, and particularly the dairy sector, has experienced incredible volatility in recent weeks, and the restrictions necessary to contain the spread of the virus have effectively closed the hospitality sector overnight. Existing processing and supply chains have unsurprisingly struggled to absorb such a significant and sudden shift in demand. The beef and lamb sector is not immune to those challenges either. There is widespread concern that unless the Government intervene to support processors and to stabilise the incomes of the worst-hit farmers, the next few weeks could inflict serious long-term damage on such a key sector in Ceredigion and Wales by dealing a heavy blow to its processing capacity, suffering just as much as the tourism and hospitality sector, which, understandably, was asked to close in order to help to contain the covid-19 outbreak.

A survey conducted by Visit Wales, of over 400 tourism businesses, identified a number of concerns that need to be looked at closely. Businesses conveyed concerns about fixed costs, from bills and interest on loans already taken out, to the issue of refunding deposits and balances to customers. As with agriculture, the tourism and hospitality sector can be typified as seasonal. In that regard, the lockdown could not have come at a worse time.

To conclude, these businesses face the terrible prospect of a three-winter scenario, whereby they are closed for the summer months when they typically make their year's earnings, before being plunged into yet another winter. I hope the Government can offer this sector, along with Welsh agriculture and higher education, some reassurances that bespoke support measures will be forthcoming to enable them to weather the storm.

9 pm

**Mr Mark Harper** (Forest of Dean) (Con) [V]: The Financial Secretary, who opened the debate and is my constituency neighbour, made the point that the Budget seems like a very long time ago. It does to me too, having spoken in the Budget debate. The concerns we expressed then do not seem quite so present today, with the Government having to deal with the huge threat from coronavirus. I want to make several national points and then I want to raise with the Minister a couple of issues that are specifically relevant to my constituency.

My first point is that we have heard a lot of talk about how we exit lockdown, but I think it is much more relevant to talk about a recovery plan. We are going to be living with coronavirus until we either find a vaccine or until we have a successful treatment. It is possible—I hope it is not the case, but it is possible—that we never find a vaccine, so we need to think about how we enable the economy to operate with this virus. It is going to be with us for some time. I have one question for the Minister, relating to the fifth test, on how the Government wish to start easing restrictions. When it was first set out by the First Secretary, the Government said that they wanted to avoid a second peak in cases, which would overwhelm the NHS. We all, rightly, want to avoid that. However, in the slides published today, that caveat at the end about overwhelming the NHS had disappeared. It seems to me that that is a very important omission, because, as we relax restrictions, we will inevitably see more cases. The question for us is not whether we will see more cases, but whether we will see them at a level that is able to be dealt with by our fantastic NHS. I therefore hope the Minister can answer the question about exactly what that fifth test is.

The second point I wanted to raise is about openness and how we develop that plan. I am pleased that the Prime Minister, in his very welcome statement today on his return to Downing Street, confirmed that the Government would work as openly as possible as they set out their case. He said, for example, that they would look at bringing with them industry, constituents and Opposition parties as they develop their plan. I want the Minister, as we bring industry in, to think about the businesses that will have to change their business models to reflect the fact that social distance will be with us for some time, and to think about how we might help those businesses deal with the effects of coronavirus going forward.

My third and final national point, which was raised by a number of colleagues, is how we get economic growth to go sufficiently fast to deal with the debts we are going to have. We need to go back to the measures in the Finance Bill that were in the Budget relating to driving up research and development spend, and to driving up spending on education and skills. They will be critical.

The local points I wanted to raise have been raised several times in the debate already. They relate to the use of the rates system to qualify for grants. We have a number of serviced offices and business parks, such as Vantage Point at Mitcheldean and the Newent business park, where individual tenants have rates rolled up into their rent. Because they are not ratepayers, they are not eligible for any of the grants that the Government are using to assist businesses in trouble. I urge the Minister

to see whether there is a way that those small businesses can be helped with the valuable grants that have been raised.

My final point is again about the use of the rates system, with the £51,000 rate cut-off, which has already been mentioned in this debate. It means that some businesses in my constituency, particularly those in the leisure and tourism sector, find they are not eligible for any of the help that the Government have delivered, because there is a hard edge at that £51,000 cut-off. As others have said, if that could be tapered, it would be incredibly valuable and welcome.

With those national and local points, I pay tribute to all those who have made this virtual sitting possible. It is fantastic to have been able to participate in this debate in the House from my Forest of Dean constituency.

**Mr Deputy Speaker (Mr Nigel Evans):** Order. To finish at 10 past nine, I call Ian Byrne.

9.5 pm

**Ian Byrne (Liverpool, West Derby) (Lab) [V]:** Thank you, Mr Deputy Speaker. At times of crisis, we come together. I have been inspired by the generosity and everyday solidarity of my own community in Liverpool, West Derby: mutual aid groups, initiatives to tackle social isolation, the distribution of food to the vulnerable, and community PPE production lines set up to supply frontline workers who have been left unprotected by the failings of the Government's response. The coronavirus has at the same time kept us apart and brought us together.

But a crisis also shakes the foundations of the status quo. It poses questions about how our economy is run and who it is run for. When the Government released their list of key workers, it was a long-overdue recognition of the people who really keep our country moving: not the corporate executives or the hedge fund managers, but the nurses, the cleaners, the porters, the posties, the transport workers, the shop workers and so many more—the working class in all its diversity.

Just weeks earlier, many of those same workers were being labelled low skilled by the Home Secretary. That goes right to the heart of the problem, because when the Government say low skilled, what they really mean is low paid or underpaid. Indeed, the Resolution Foundation highlighted that 61% of English care workers are paid below the real living wage. The way work is rewarded in this country is completely detached from the social value that it creates. We overvalue those at the top and we undervalue those at the bottom.

While I do not want to put a dampener on the collective appreciation when our nation comes together every Thursday to applaud our key workers, that applause will ring hollow if we do not also give those same workers the PPE, the testing and then the pay rise that they deserve. This crisis shows that the real wealth creators are those at the base of society, not those at the top.

That fundamental truth has to be central to the debate about where the burden of this crisis should fall. Working-class people were forced to pick up the bill for the last crisis through austerity. The choice was made, following the last crisis, to have the most sustained funding squeeze in NHS history. The choice was made, following the last crisis, to make cuts to social care, with more than £7 billion cut from council budgets. The choice was made, following the last crisis, to let emergency

stockpiles of PPE dwindle and go out of date. Those damaging and short-sighted choices crippled our ability to respond to the situation we find ourselves in, as pandemic planning became just another casualty of austerity.

Once again, the Government have a choice to make. This time they must learn from their mistakes and not follow the bankrupted doctrine of austerity or the words of its architect, George Osborne, who continues to promote it despite witnessing the dire consequences of his actions during this crisis.

Never again can the consequences of a crisis be heaped on those least able to bear it. We know that extreme wealth in this country is accumulated by taking rather than making. Indeed, the TUC recently highlighted that some hedge funds are raking in billions as a result of this crisis, while careworkers, who are putting their lives on the line, can barely scrape by.

This time, instead of squeezing wages for those at the bottom, we should ensure that those at the top pay their fair share. Instead of cutting funding for our vital public services, we should restore them to properly funded, publicly owned institutions that we can all be proud of. Instead of bailing out corporate tax dodgers and big polluters, we should prioritise people and communities. If we want appreciation for our key workers to be more than just empty gestures, let us take this opportunity to restructure our economy so that it works in their interests. In other words, let us build a society that works for many, not the few.

9.10 pm

**Bridget Phillipson (Houghton and Sunderland South) (Lab):** I would like to begin by thanking all the staff who have worked so hard to put arrangements in place so that parliamentary scrutiny can continue. I would also like to extend my thanks for the efforts made by key workers across the country, for which all of us in this House are grateful.

We have had a good debate today in what are difficult and unusual circumstances. My hon. Friend the Member for Bethnal Green and Bow (Rushanara Ali) made a passionate appeal for the Government to avoid the mistakes of the last decade, highlighting the pressures faced by local councils, as did my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier), who underlined the real challenges we face around housing, with far too many families forced to live in overcrowded and cramped conditions.

My right hon. Friend the Member for Warley (John Spellar) was right to emphasise the importance of businesses and trade unions working closely together at this time and the tremendous work of the TUC, particularly in recent weeks. I hope the Minister will take heed of the point my right hon. Friend made about the role for Government in stimulating demand as we emerge from this crisis.

My hon. Friend the Member for Huddersfield (Mr Sheerman) is a tireless campaigner for children and young people, and he used his speech to press for greater opportunities for them, following this difficult time for so many families. My hon. Friends the Members for Nottingham South (Lilian Greenwood) and for Leeds East (Richard Burgon) called on the Government to look carefully at gaps in existing provision and the urgent need for a social security system that properly

[Bridget Phillipson]

supports families through this crisis and beyond. My hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams) also picked up that point, reminding us that far too many children—including those in working families—are already growing up in poverty.

We heard a great number of speeches from Members on both sides of the House highlighting the acute pressures faced by businesses. My hon. Friends the Members for Cardiff South and Penarth (Stephen Doughty), for Gower (Tonia Antoniazzi) and for Islwyn (Chris Evans) emphasised the real difficulties in accessing lending for business, but they were also clear about the additional support that the Labour Government in Wales are providing at this time of crisis.

My hon. Friends the Members for Birmingham, Ladywood (Shabana Mahmood) and for Liverpool, Riverside (Kim Johnson) stressed just how difficult it is for many firms—especially small businesses—to access the cash that they need to stay afloat. In Committee, I hope we will be able to discuss in more detail the concerns that my hon. Friend the Member for Birmingham, Ladywood rightly raised about the inadequacies of the proposed digital services tax.

My hon. Friend the Member for Poplar and Limehouse (Apsana Begum) drew our attention to the disproportionate impact of coronavirus on black and minority ethnic communities, which will only serve to exacerbate the existing social and economic injustice that those communities face. We heard from my hon. Friend the Member for Jarrow (Kate Osborne) about pre-existing regional inequality and the fact that the Government must do all they can to limit unemployment in areas such as the north-east, where the current level is already too high. Finally, the speech that we just heard from my hon. Friend the Member for Liverpool, West Derby (Ian Byrne) reminded us all of the debt that we owe to our incredible key workers.

Those contributions highlighted the scale of the challenge that our country faces today and the responsibility that the Government have to ensure that we as a country can overcome them. That is why the Opposition have sought to take a constructive approach at this time of national crisis, encouraging the best possible response from Government and pressing for the support announced to work effectively.

That brings us to the context of the Bill—whether it does enough to help those at the sharp end of the current crisis, to put our tax system on a fairer and more progressive footing and to shape our economy for the rather different world of the future. The changed circumstances and the new personnel on the Government Front Bench should not fool any of us about where this Budget comes from or which party is responsible for the underlying weaknesses in the shape and nature of the economy going into this crisis. The Conservative party has now been in power for 10 years. The inadequacies of our tax system and of our society, and the structural weaknesses in our economy, are its responsibility.

Labour's economic priorities for the current crisis are straightforward, as the shadow Chancellor, my hon. Friend the Member for Oxford East (Anneliese Dodds), set out again today. We want to keep people in work, and the schemes that the Government have laid out are welcome but need improvement, especially as circumstances

change in the months ahead. We want to get cash to struggling businesses, and we are concerned that, as we have heard today, too many firms are not getting the support that they need. We want to make our social security system sufficient to provide proper support to families, because we know that for too many it simply is not enough—and the current crisis is making things worse, not better.

The Budget focuses on maintaining the status quo and delivering limited reforms, rather than the ambitious reforms that we need. The Institute for Fiscal Studies has said that the tax measures announced in last month's Budget look

“piecemeal...it is not clear they are part of any long term thought through strategy.”

The dire forecasts made by the Office for Budget Responsibility about the state of public finances owing to the covid-19 outbreak show how grave the challenge is likely to be, and they have already rendered the predictions included in the Budget out of date.

Our concern is that the Bill, even in a time of national crisis, is not enough. It is not enough to solve the immediate financial and economic problems that the covid-19 outbreak presents. It is not enough to solve the searing inequalities in our country, inflicted by 10 years of Conservative government. We need a more ambitious approach to making our tax system fairer and building a society and economy fit for the future—an approach that recognises that the consequences of covid-19 and the lockdown are being felt most by those who can ill afford it: those on low pay, those with insecure employment and those who face additional costs to access public services.

Too many of the people on whom our country's response to the virus depends have seen their true worth to our society ignored for far too long. Too many are today among the poorest in our society and risk being the worst affected by the coming recession. Others, such as those joining the labour market for the first time and lower earners, are likely to feel the impact for years to come.

We accept that much of the Bill was drawn up before the current pandemic, and we know that Ministers do not have a crystal ball with which to make policy, but they must know, as the country knows, that the Bill was an inadequate starting point even when it was drafted and that it fails to respond to the deep-seated problems of our country. Far more needs to be done to clamp down on tax avoidance, individual and corporate, which deprives our public services of the funding that they need, but there is little in the Bill to suggest that the Government have the appetite for pursuing that at the scale that is needed.

It is welcome that the Government maintain corporation tax at 19%, rather than cutting it to 17% as initially planned. Perhaps that suggests that Ministers have accepted the arguments made by many Opposition Members for many years that whittling down the rate, which is already among the lowest in the G20, is not the best approach. It has not given us a productivity miracle. It has not tempted companies to set up shop here on a scale adequate to balance the flow of companies moving away as a result of Brexit. What it has given us is overstretched public finances and underfunded public services. Instead, we should be asking that profitable companies, especially those for which the current situation

has provided an unexpected windfall, contribute more to help to provide our public services with the funding that they need.

The digital services tax is a long-overdue step to make the tech giants pay their fair share. We welcome the intent behind it, but like so much of the Bill, it does not go nearly far enough. The tax and spend trade-offs that have been forced on us by the covid-19 pandemic cannot be put off for long, and when Ministers come to these decisions, they should learn from the mistakes of the past. The Labour Government's immediate response to the 2008 financial crisis showed the good that Government can do, but since 2010, a decade of Conservative cuts has made the economic damage from that crisis fester.

Too many in our country have seen little improvement in living standards for a decade now. The Bill, and the further fiscal measures that the Government are likely to have to bring to the House in the months to come, should be about ensuring that the burden of current costs and the benefits of the recovery to come are fairly shared across our society. This Bill is not that. It is very far from being the basis on which our country can draw a social contract fit for the future. From these Benches, we will continue to call for a better settlement for today and a better plan for tomorrow.

9.19 pm

**The Economic Secretary to the Treasury (John Glen):**

It is a privilege to close this debate on behalf of the Government. This is my first opportunity to congratulate the newly appointed shadow Treasury team and to welcome the hon. Member for Houghton and Sunderland South (Bridget Phillipson) to the Dispatch Box. I also welcome the hon. Member for Oxford East (Anneliese Dodds)—I spent a lot of time with her in Committee debating Brexit matters before Christmas—to her role and welcome the constructive tone that she took in opening this debate.

In last month's Budget, my right hon. Friend the Chancellor initiated a coherent, co-ordinated and comprehensive economic response to the challenges of covid-19. As the shocking impact of the virus around the globe has become more apparent, the Chancellor has announced further unprecedented packages of support, doing so most recently this afternoon, with the new bounce-back loan scheme and refinements to make the CBIL scheme more accessible—points that I am sure my hon. Friend the Member for Wellingborough (Mr Bone) and the hon. Member for Hackney South and Shoreditch (Meg Hillier) will welcome, given what they said in their speeches. Such measures may not be to the taste of true free marketeers such as my hon. Friend the Member for Wycombe (Mr Baker), or even my right hon. Friend the Member for North Somerset (Dr Fox), but when they and my hon. Friends the Members for Yeovil (Mr Fysh) and for North East Derbyshire (Lee Rowley) welcome them, we know that such measures must be necessary.

The hon. Member for Bethnal Green and Bow (Rushanara Ali) was among those who argued that we should invest in public services to protect frontline services—and we are. The Government have allocated more than £14 billion from the covid response fund to go towards public services, including the NHS and local authorities.

I recognise that some sectors of our economy are experiencing enormous disruption. My hon. Friend the Member for Altrincham and Sale West (Sir Graham Brady) highlighted the challenges faced by the aviation sector, which is of course eligible for the coronavirus jobs retention scheme, under which the Government will pay up to 80% of staff wages up to £2,500 a month. We have offered support to households, too, by increasing the universal credit allowance by £1,000; providing meals or vouchers for eligible home-schooled children in place of free school meals; and making nearly £1 billion extra available for local housing allowance.

I acknowledge that the task is by no means complete. As my hon. Friend the Member for Broxbourne (Sir Charles Walker) eloquently argued, our wellbeing and our economy are not in competition. The Government will do whatever it takes to safeguard people's health and livelihoods as the situation develops. We will continue to back NHS workers and those who support them on the frontline—for example, by exempting from vehicle excise duty medical courier vehicles that transport medical products and by reforming the tapered allowance so that doctors can spend more time treating patients without facing a higher tax burden.

As my hon. Friend the Member for North East Derbyshire reminded us with his reference to the 93-year wait for a bypass in his constituency, the Bill also delivers on commitments made to the British people at the general election in December. It is vital that these measures are not delayed. The Bill furthers the Government's ambition to unleash the potential of our economy by increasing the credit rate for research and development expenditure credit and for the structures and buildings allowance—measures welcomed by my hon. Friends the Members for Meriden (Saqib Bhatti), for Stourbridge (Suzanne Webb) and for Penistone and Stocksbridge (Miriam Cates).

The digital services tax will improve the fairness and sustainability of our tax system by ensuring that digital businesses that access the UK market make a fair contribution to the Exchequer. It is anticipated to collect £2 billion in revenue. I welcome the support expressed from all parts of the House for the concept of a digital services tax, and thank the Chair of the Treasury Committee, my right hon. Friend the Member for Central Devon (Mel Stride), for his remarks on the subject. I acknowledge the work that he did on the matter while in government. I also note his reference to the need for better data on the loans scheme; the Government will address that and his letter will be responded to shortly.

The Bill reduces the tax burden on some of the most vulnerable and deserving members of our society, including the Windrush generation and victims of the troubles, for whom compensation will no longer be subject to income, inheritance or capital gains taxes. Kindertransport payments made by the German Government will no longer be subject to inheritance tax either.

This Bill helps in the Government's efforts to move towards a greener and more sustainable economy, as mentioned by the right hon. Member for Kingston and Surbiton (Sir Edward Davey), and confirms that the CO<sub>2</sub> emissions figures for vehicle excise duty will be based on the worldwide harmonised light vehicle test procedure for all new registered cars from 1 April 2020. In addition, zero-emission cars will no longer be subjected to the VED expensive car supplement. These measures

[John Glen]

will help to ensure that, as our economy develops and grows, it does not jeopardise our environment. I know that many of these measures will attract widespread support across the House. I thank Opposition Members for the constructive and collegiate approach that they have taken over the past few weeks. In that spirit, let me address some of the valuable points raised further in today's debate.

The shadow Chancellor raised a number of important issues, including tax avoidance, which was also raised by the right hon. Member for Warley (John Spellar). This is a priority for the Government, and in last month's Budget the Chancellor announced further measures, including legislation to strengthen HMRC's existing anti-avoidance powers. The Government also plan to issue a call for evidence on the next steps to reduce or end the use of disguised remuneration schemes.

The shadow Chancellor also touched on the subject of entrepreneurs' relief, a point echoed by my hon. Friend the Member for Weston-super-Mare (John Penrose). Most of the cost of this relief previously came from those making gains over £1 million. With such extreme gains now ineligible for this relief, we can ensure that the support is targeted where it was intended: at small businesses.

My hon. Friend the Member for Arundel and South Downs (Andrew Griffith) raised the prospect of a unified income tax and national insurance regime. The Government are indeed committed to a tax system that is simple and easy to use, which is why we created the Office of Tax Simplification in 2010 and put it on a permanent statutory basis in 2016. We have implemented more than half of the 400 recommendations that the OTS has made to date.

Tonight, this House once again has the opportunity to come together in the national interest. This Bill gives us the tools we need to mitigate the worst effects of the virus today, but it also lays the foundations that will allow our economy to return to strength in the months and years ahead. This is a Bill that will ensure that we truly have a 21st-century tax system: one that is not only competitive but fair and sustainable—a Bill that will help to deliver our commitment to zero carbon emissions by 2050, positioning the United Kingdom at the forefront of clean and sustainable future growth; a Bill that will help Britain to bounce back, levelling up investment and opportunity and putting in place the pro-enterprise policies that will ensure that this country remains one of the best places in the world to start and grow a business, a point made very eloquently in an informed speech by my hon. Friend the Member for South Cambridgeshire (Anthony Browne).

Through the action that the Government have taken, and with the support of the whole House, we will defeat this virus. We have heard speeches from the Shetlands to Central Devon, and from many constituencies in between. Everyone is committed to ensuring that the Government do everything they can to relieve the distress that our nation is now enduring. We will shepherd our

country safely through this period of uncertainty and disruption. The United Kingdom will emerge from this crisis stronger, more resilient and more united than before. For all these reasons, I commend the Bill to the House.

**Mr Deputy Speaker (Mr Nigel Evans):** I, too, would like to associate myself with the comments of the shadow Minister in thanking all those who have made today's proceedings work so smoothly. Thank you very much.

9.29 pm

*Two hours having elapsed since the resumption of proceedings on Second Reading, the Speaker put the Question (Order, this day).*

*Question put, That the Bill be now read a Second time.*

*Question agreed to.*

### FINANCE BILL (PROGRAMME)

*Motion made, and Question put forthwith (Standing Order No. 83A(7)),*

That the following provisions shall apply to the Finance Bill:

#### *Committal*

1. The Bill shall be committed to a Public Bill Committee.

#### *Proceedings in Public Bill Committee*

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 25 June 2020.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

#### *Proceedings on Consideration and up to and including Third Reading*

4. Proceedings on Consideration and up to and including Third Reading shall be taken in two days in accordance with the following provisions of this Order.

5. Proceedings on Consideration and any proceedings in legislative grand committee shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the second day.

6. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on the second day.

7. Standing Order No. 83B (Programming committees) shall not apply to proceedings on Consideration and up to and including Third Reading.—(Mr Marcus Jones.)

*Question agreed to.*

### ADJOURNMENT

9.29 pm

*House adjourned without Question put (Order A(5), 22 April).*

## Written Statements

Monday 27 April 2020

### BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

#### Coronavirus Large Business Interruption Loan Scheme

**The Secretary of State for Business, Energy and Industrial Strategy (Alok Sharma):** I am tabling this statement for the benefit of hon. and right hon. Members to bring to their attention the details of the Coronavirus Large Business Interruption Loan Scheme.

Like the Coronavirus Business Interruption Loan Scheme, the Coronavirus Large Business Interruption Loan Scheme will be facilitated by the Government-owned British Business Bank and delivered through its delivery partners. Lenders will offer loans of between £30,000 and £50 million to support viable businesses with a turnover of £45 million and above that are affected by the coronavirus outbreak. There will be no limit on the number and aggregate value of loans that can be made under the scheme.

The scheme is available on a temporary basis from 20 April for an initial six months, and can be extended as required. The key parameters of the scheme are as follows:

- the percentage of the remaining balance of each loan that is guaranteed by the Government will be 80%;
- there will be no portfolio cap for the lender, enabling lenders to benefit from capital relief to help lenders to price loans competitively;
- a personal guarantee approach that mirrors the existing CBILS programme (no personal guarantees permitted on loans below £250,000, and personal guarantees up to a maximum of 20% of losses post-business recovery);
- interest charged at commercial rates (but lenders are expected to 'pass through' benefit of the guarantee);
- businesses with turnover of up to £250 million can access a maximum debt facility of £25 million, those with higher turnovers can access facilities of up to £50 million; and
- facilities will be available with a maximum term of three years.

The new scheme was launched on 20 April. The Government will be subject to a new statutory contingent liability, and I will be laying a departmental minute today containing a description of the liability undertaken. For more information on this and other support for business, please go to: <https://www.businesssupport.gov.uk/> [HCWS198]

#### Contingencies Fund Advance

**The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Nadhim Zahawi):** I hereby give notice of the Department for Business, Energy and Industrial Strategy having drawn advances from the Contingencies Fund totalling £12,409,000,000 to enable expenditure on covid-19 support packages for business to be spent ahead of the passage of the Supply and Appropriation Act. The schemes are:

- Small business grant scheme
- Grant scheme for retail, hospitality, and leisure sectors

	Small business grant scheme	Grant scheme for retail, hospitality, leisure sectors	Total £m
RDEL	7,330	5,079	12,409

The funding is urgently required to support businesses during the coronavirus pandemic, and to enable local authorities to administer the scheme.

Parliamentary approval for additional resources of £12,409,000,000 will be sought in a main estimate for the Department for Business, Energy and Industrial Strategy.

Pending that approval, urgent expenditure estimated at £12,409,000,000 has been met by repayable cash advances from the Contingencies Fund.

The cash advances will be repaid upon receiving Royal Assent on the Supply and Appropriation Bill.

[HCWS197]

### CABINET OFFICE

#### Recall Petitions: Indemnity for Petition Officers

**The Minister of State, Cabinet Office (Chloe Smith):** It is necessary for the Cabinet Office to indemnify petition officers in England, Scotland and Wales against uninsured claims that arise out of the conduct of their duties should a recall petition under section 1(1) of the Recall of MPs Act 2015 be triggered. This is because for the purposes of recall petitions, like returning officers and acting returning officers at elections, petition officers are independent officers. They are separate from both central and local government. As a result, they are exposed to a variety of legal risks varying from minor claims for injury at designated signing places, to significant recall petition complaints and associated legal costs.

Insurance for specific elections has historically provided extremely poor value for money, with claims made under such cover being smaller than the cost of the insurance premium. An indemnity therefore provides better value for money and this approach has been taken for elections since 2009.

It is normal practice, when a Government Department proposes to undertake a contingent liability in excess of £300,000 for which there is no specific statutory authority, for the Department concerned to present to Parliament a minute giving particulars of the liability created and explaining the circumstances; and to refrain from incurring the liability until 14 parliamentary sitting days after the issue of the minute, except in cases of special urgency.

On this basis, I have today laid a minute setting out the Cabinet Office's intention to extend the current arrangements which indemnify petition officers for claims that arise out of the conduct of their duties in relation to the Recall of MPs Act 2015. This Act requires a recall petition to be held if one of the provisions under section 1 of the Act is met in relation to an MP. The responsibility for the conduct of the petition will rest with the petition officer for the constituency in which the petition is to be held. Section 6 of the Recall of MPs Act 2015 provides that every constituency is to have a petition officer for a recall petition and identifies who the petition officer is for each constituency: in England and Wales, it is the person who is the acting returning officer for UK parliamentary elections for the relevant constituency; in Scotland it is the returning officer for

UK parliamentary elections for the relevant constituency. The petition officer is an independent entity, separate from both central and local government.

On account of the House having agreed to rise early for the Easter recess and also to reduce the number of days for which it will sit each week, the current indemnity will expire before the full 14 sitting days are possible. Consequently, there will be a short period of time where petition officers will not be covered by an indemnity. However, this causes no problem in practice, because the Coronavirus Act 2020 makes provision for the deferral of the organisation of any recall petitions (on the basis that the petition officer no longer needs to open the recall petition on the 10th working day after receiving notification from the Speaker but instead needs to open the petition before 6 May 2021). So the course of action described in this statement and the minute protects petition officers appropriately, and ensures that the House is provided the full 14 sitting days to lodge any objections.

We will also provide a certificate confirming that we will bear any employee liabilities of the returning officer which would otherwise be covered by insurance procured under the Employers' Liability (Compulsory Insurance) Act 1969.

An indemnity was previously provided by the Home Office to returning officers for the 2012 police and crime commissioner elections and the Cabinet Office regularly provides indemnities for UK parliamentary elections. HM Treasury has approved the indemnity in principle.

[HCWS202]

## TREASURY

### Contingencies Fund Advance

**The Financial Secretary to the Treasury (Jesse Norman):** HM Revenue and Customs will incur new expenditure in connection with the Government's response to the coronavirus covid-19 pandemic in 2020-21.

Parliamentary approval for additional resources of £42,000,000,000 for this new expenditure will be sought in the main estimate 2020-21 for HM Revenue and Customs. Pending that approval, urgent expenditure estimated at £42,000,000,000 will be met by repayable cash advances from the Contingencies Fund.

[HCWS201]

## EDUCATION

### Qualifications Summer 2020

**The Minister for School Standards (Nick Gibb):** I would like to update the House on arrangements for awarding qualifications in England this summer following the Secretary of State's previous written ministerial statement (HCWS176) made on 23 March.

In the Secretary of State's previous statement, he said that the independent qualifications regulator, Ofqual, would develop and set out a process for GCSEs, AS levels and A levels that would provide a calculated grade to each student which reflects their performance as fairly as possible, and work with the exam boards to ensure this was consistently applied for all students.

On 3 April, Ofqual set out details on how GCSEs, AS and A levels will be awarded this summer. The information can be found on: [www.gov.uk](http://www.gov.uk).

Ofqual has also launched a consultation on aspects of the new system for grading these qualifications, with a deadline for response of 29 April. The consultation is available on: [www.gov.uk](http://www.gov.uk).

I can confirm that AS and A level results will be published on 13 August and GCSE results on 20 August, as originally planned.

Releasing results on the planned dates will enable students to progress to higher or further education and allow students time to decide whether they wish to sit exams in the autumn term, and to prepare for those exams if necessary.

I can also confirm that we are continuing to work at pace with Ofqual to determine the approaches to assessment and awarding of vocational and technical qualifications, as well as other general qualifications which are not GCSEs, AS levels or A levels. On 9 April, Ofqual set out its approach for the assessment and awarding of these qualifications. Qualifications which are used for progression to further and higher education should, as far as possible, be treated in the same way as GCSEs, AS and A levels, with students receiving a calculated result. Calculated results will draw appropriately on a range of evidence, depending on the structure of the qualification. It will not be appropriate to issue calculated results for all vocational and technical qualifications, such as those used to signal occupational competence. These qualifications should, wherever possible, receive adapted assessments. The information can be found on: [www.gov.uk](http://www.gov.uk).

On 24 April, Ofqual also launched a consultation on implementation of these measures. The consultation closes on 8 May. It can be found on: [www.gov.uk](http://www.gov.uk).

The aim is to ensure that results for vocational and technical qualifications and other general qualifications that are used for progression to further or higher education are made available at the same time as GCSEs, AS and A levels.

[HCWS199]

## WORK AND PENSIONS

### Pensions: COVID-19 Response

**The Parliamentary Under-Secretary of State for Work and Pensions (Guy Opperman):** I am writing to inform the House of the steps this Government are taking to support pension savers, pension schemes, trustees, employers and existing pensioners during the coronavirus pandemic.

#### *General pensions levy*

On 31 March 2020, the Government revoked the planned increase in the general pensions levy on occupational and personal pension schemes that was due to take effect on 1 April 2020. The levy recovers funding provided by the DWP in respect of the core activities of the pensions ombudsman, and part of the activities of the Pensions Regulator and the Money and Pensions Service. These measures will result in an estimated £4.9 million of savings for the private pensions sector.

We will now be focused on reviewing the structure of the levy and engaging with industry, at the appropriate time, on the best way forward on levy funding.

### *Coronavirus job retention scheme*

Key to supporting both businesses and pension savers is the coronavirus job retention scheme (CJRS) which offers an unprecedented package of support for businesses. This scheme has been designed to be as straightforward as possible, ensuring it aligns with and works for most business practices.

Under this scheme, the grants available to employers will support business by covering up to 80% of a furloughed worker's regular salary, capped at £2,500 per month. Additionally, these grants will also cover employer pension contributions into registered pension schemes on behalf of furloughed employees for any workplace pension scheme. Employers can claim up to the minimum employer pension contribution of 3% of qualifying earnings required under employers' automatic enrolment duties, even if it is not an automatic enrolment pension scheme.

By easing the burden of workplace pensions for employers with furloughed staff we are helping them better manage costs during the crisis while supporting long-term saving for the future. The measures recognise the importance of protecting the hard won improvements in retirement provision for millions of savers achieved through automatic enrolment.

The CJRS went live on 20 April and claims can be backdated to 1 March where workers have already been furloughed. Information on the scheme can be found here:

<https://www.businesssupport.gov.uk/faqs/>.

To help support employers, the Pensions Regulator has detailed guidance on its website here:

<https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/automatic-enrolment-and-pension-contributions-covid-19-guidance-for-employers>.

We are continuing to work closely with the pensions industry to explain the detail of the CJRS scheme and to help providers take a pragmatic approach to disruptions to workplace pensions experienced by their clients.

### *Defined benefit schemes*

The Government also recognise that these are challenging times for defined benefit pension schemes. The current scheme funding regime, overseen by the Pensions Regulator, is sufficiently flexible to cope with the current situation and the Regulator's guidance published on 27 March sets out specific easements to its regulatory regime in recognition of the difficulties that some schemes and sponsors may have in the context of the current emergency. This can be found at:

<https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/db-scheme-funding-covid-19-guidance-for-employers>.

The best possible protection for members of defined benefit schemes is a strong profitable employer, and with the existing flexibilities and easements there is no reason why a pension scheme should push an otherwise viable employer into insolvency.

In the event where a sponsoring employer does become insolvent, and the scheme is not well enough funded to secure full benefits, the Pension Protection Fund, which is well equipped to weather market turbulence, will pay members compensation.

The Pensions Regulator has already set out its expectations of trustees of both defined benefit and defined contribution pension schemes and for employers and administrators, including the key risks they should focus on. The Regulator has confirmed that it will take a proportionate and risk-based approach towards compliance and enforcement decisions during these challenging times, with the aim of supporting employers, providers and savers.

### *Pension scams and transfers*

The Government are committed to protecting savers during these unprecedented times and we are working with regulators to identify additional ways to support and safeguard individuals. At present, there is no robust evidence to suggest that savers are making hasty decisions to transfer pension funds or are being targeted by fraudsters. However, we are continuing to work closely with the Pensions Regulator, the Financial Conduct Authority (FCA), the Money and Pensions Service (MaPS) and pension providers to identify any new trends or issues and will take proportionate action if required.

In addition, we have supported the collaborative approach the Pensions Regulator, the FCA and MaPS have taken, communicating to savers to use MaPS, Pensions Wise or the Pensions Advisory Service channels for guidance before making decisions about retirement to protect people against scams. Furthermore, MaPS has produced information and guides to support individuals in making decisions about their money, debt and pensions at this challenging time. This includes reiterating that where appropriate Pension Wise guidance sessions can help an individual to understand their options fully. This can be found at: <https://www.moneyadviceservice.org.uk/en/articles/coronavirus-what-it-means-for-you>.

### *Access to state pension and benefits for people asked to shield themselves*

There are approximately 900,000 users of the Post Office card account (POca) system for accessing their pensions or benefits. These POca customers ordinarily need to leave the house to access payments at the Post Office. The Department has worked closely with the National Shielding Service which is contacting clinically vulnerable citizens who have been advised by NHS England to shield as a result of the coronavirus pandemic.

We launched a new service on 10 April through which we have contacted 27,000 citizens who have POca accounts and we considered who may need support to access their benefit or state pension payment.

The Department has worked tirelessly to identify those older, vulnerable customers who urgently require help to access their payments. For those needing help, DWP visiting officers are able to discuss a number of options available to customers over the phone and we have worked closely with Post Office Ltd to provide contact free cash payments by Royal Mail special delivery to support the most vulnerable, with guaranteed next day delivery. This cash service adds to a range of measures we are using to support these individuals shielding at home.

### *State pension*

In November 2019 the Government announced measures to increase most state pension rates by 3.9% in line with the annual growth in earnings, at the same time as announcing an end to the benefit freeze.

This meant that on 6 April 2020 the full rate of the basic state pension increased from £129.20 to £134.25 per week and the full rate of the new state pension increased

from £168.60 to £175.20 per week—with working age benefits uprated by inflation. This was the largest increase in state pension in eight years.

[HCWS200]

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